



Nonprofit Turnover Playbook

How To Build A Strong
Leadership Pipeline

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Introduction

The Nonprofit Turnover Crisis

Turnover is among the most persistent and costly challenges facing nonprofit organizations today.

Leaders within the nonprofit sector often find themselves caught in a cycle of hiring, training, and rehiring, diverting precious resources away from mission-critical work. CharityVillage, a leading resource for nonprofit sector news and human resource (HR) insights, reports that nonprofit employee turnover rates average between 19% and 27%, significantly higher than in other industries.¹

The impact of high turnover is felt deeply, with the Society for Human Resource Management (SHRM) estimating the direct replacement cost of an employee to be as high as 50% to 60% of that employee's annual salary.² For leadership positions, the costs and consequences can be even more severe, affecting organizational continuity, donor relationships, and team morale.

The causes of nonprofit turnover are complex but well-documented: burnout due to high workloads, limited professional development opportunities, lower compensation than in the private sector, and unclear career paths.^{3,4} However, proactive organizations can significantly mitigate these risks.

Nonprofits that intentionally invest in leadership pipeline development — a structured approach to identifying and preparing future leaders — and in succession planning more broadly, experience reduced turnover and stronger organizational resilience.⁵

This guide provides nonprofit leaders and boards with actionable strategies, practical tools, and proven best practices to break the turnover cycle. By identifying and nurturing talent internally, nonprofits can better fulfill their missions, retain critical expertise, and create a more sustainable future.



Understanding Why Turnover Happens

To effectively address nonprofit turnover, it's crucial to first understand its root causes. The reasons behind turnover in nonprofit organizations are multifaceted, typically driven by the following factors:



Burnout and high workloads. Nonprofit employees often juggle heavy workloads due to limited resources and staffing restraints. High expectations, constant demands, and emotional stress from mission-driven work can quickly lead to burnout.



Lower compensation than in the private sector. While nonprofit employees are often driven by passion and purpose, consistently lower compensation can lead to frustration and dissatisfaction. Many talented individuals eventually seek greater financial rewards and job security elsewhere, further exacerbating turnover.



Lack of clear career growth opportunities. Nonprofits frequently struggle to offer clear, structured career advancement pathways due to flat structures and few senior roles. This can leave employees feeling stagnant, prompting disengagement or moves to sectors with better-defined career trajectories.



Limited leadership development. Leadership development opportunities within nonprofits are often limited due to financial constraints and competing priorities. Without consistent investment in leadership training and mentoring, employees may feel unprepared to assume greater responsibilities or uncertain about their future within the organization, increasing the risk of turnover.

60%

employees identify lack of opportunities for growth as reason for leaving³

By recognizing and proactively addressing these underlying factors, nonprofit organizations can significantly improve employee retention and build a stronger foundation for long-term success.



Is Your Nonprofit at Risk for High Turnover?

Turnover Risk Assessment

Complete the following brief self-assessment to gauge your organization's risk level for high turnover.

	No	Sometimes	Yes
Employees in our organization frequently report feeling overworked or burned out.	0	1	2
Our organization struggles to provide competitive compensation.	0	1	2
There are limited opportunities for professional growth and career advancement within our organization.	0	1	2
We lack a structured leadership development program to prepare employees for future leadership roles.	0	1	2
Employees express uncertainty about their long-term career path within our organization.	0	1	2

0 – 3 points: **Low Risk**

Your organization has good practices in place but should continue to monitor and enhance strategies to maintain low turnover.

4 – 7 points: **Medium Risk**

Your organization faces some challenges that may lead to turnover. Focus on addressing key issues such as development opportunities and communication.

8 – 10 points: **High Risk**

Immediate intervention is recommended. Prioritize the development of robust retention strategies and succession planning.

Building a Leadership Pipeline

It's clear that the nonprofit sector faces unique challenges, including frequent turnover and a strong dependence on passionate but often overworked employees. While turnover is a multifaceted problem, a structured leadership pipeline helps mitigate these challenges by proactively identifying, developing, and retaining top talent.

Effective succession planning is a key strategy that all organizations should employ to develop and maintain these pipelines. When staff members see a clear pathway for career growth, they are more likely to stay engaged and committed to the organization.⁶ Additionally, succession planning enhances organizational stability, reduces disruptions during leadership transitions, and strengthens internal capacity by preparing future leaders in advance.⁷

Succession planning is a multi-step process that ensures organizations have the talent needed to sustain their mission. SIGMA's [6-step succession planning process](#) provides a comprehensive framework for building a robust leadership pipeline. Within this framework, some components such as **identifying high-potential employees**, **creating development plans**, and **fostering a mentorship culture** can be particularly powerful approaches to improve employee retention. This section highlights these key areas and offers actionable strategies for integrating them into nonprofit succession planning efforts.



Identifying High-Potential Employees and Future Leaders

An important step in building a leadership pipeline is identifying employees who demonstrate strong leadership potential. Crucially, this involves more than looking at performance in their current role. While high performance is important, it doesn't always indicate leadership readiness. Employees may excel at individual tasks without possessing the strategic thinking, interpersonal skills, or adaptability needed to lead others. That's why succession planning requires organizations to look beyond current contributions and assess capacity for future growth.

High-potential individuals often show signs such as a willingness to take initiative, a commitment to the organization's mission, the ability to influence others, and a track record of learning and development. They demonstrate curiosity, emotional intelligence, and resilience in the face of challenges — traits that may not always be visible in day-to-day performance metrics. To add objectivity and depth to the process, tools like SIGMA's [Leadership Skill Profile – Revised®](#) (LSP-R®) can provide data-driven insights into an employee's leadership potential. The LSP-R® evaluates critical competencies across multiple leadership dimensions, helping organizations make more confident, informed decisions about who is ready — or can be developed — to step into key roles.

Common Characteristics of High-Potential Talent

High-potential employees may not always be the loudest or most visible in the room, but they consistently demonstrate qualities that indicate future leadership ability. In the nonprofit sector, look for individuals who:

- **Align deeply** with the mission and values of the organization.
- **Take initiative** and seek out ways to improve programs, systems, or outcomes.
- **Build strong relationships** across departments and stakeholder groups.
- **Adapt quickly** to change and remain solutions-focused in the face of challenges.
- **Embrace learning and feedback**, showing a desire for professional growth.
- **Influence others positively**, regardless of formal authority or title.
- **Think strategically**, connecting day-to-day work with long-term goals.
- **Demonstrate emotional intelligence**, including empathy, self-awareness, and the ability to navigate complex interpersonal dynamics.

These traits often signal readiness — or readiness with development — for future leadership roles. Identifying and nurturing this talent is key to sustainable succession planning.



See the LSP-R® in action

Try the Leadership Skills Profile — Revised® (LSP-R®) for [free](#) and discover how data-driven insights can help you identify and develop your nonprofit's future leaders.

Creating Development Plans for Key Roles

Once potential leaders have been identified, the next step is to [create tailored development plans](#) aligned with the organization's leadership needs. These plans should focus on building competencies essential for nonprofit leadership, such as financial stewardship, team motivation, advocacy, donor relations, and conflict resolution.

Developing leaders internally offers clear benefits: it supports retention, reinforces organizational culture, and increases employee engagement. However, external hiring can also be a strategic choice when the organization requires fresh perspectives or specialized skills. The key is to balance both approaches, guided by the organization's current and future needs.

Professional development doesn't have to be expensive. [Training workshops](#), cross-functional projects, participation in conferences, and online courses can all be valuable. What matters most is ensuring that development efforts are consistent, strategic, and aligned with the individual's growth trajectory.

Establishing a Mentorship and Coaching Culture

Mentorship and coaching are powerful tools for developing talent and improving retention. Employees who receive guidance from experienced colleagues are more likely to feel supported, motivated, and loyal to the organization.⁸ Mentorship helps transfer institutional knowledge, foster learning, and promote a culture of growth.

Pairing senior leaders with rising talent is a great way to nurture potential. In addition to one-on-one mentoring, nonprofits can implement group mentoring sessions or peer mentoring circles. Reverse mentoring — where younger employees share new insights with senior staff — can also be an effective and engaging model.

Even with limited budgets, nonprofits can develop mentoring initiatives that are impactful. Virtual mentoring, structured job shadowing, and internal leadership roundtables are just a few examples of low-cost strategies that create meaningful development opportunities.

Strategies for Retaining Top Talent

Succession planning prepares future leaders, but strong retention strategies ensure they choose to stay. In the nonprofit sector, where resources are often stretched thin, creating a culture where employees feel valued, supported, and connected to their work is essential. Here are some key strategies to improve retention outcomes:

Create a culture of growth.

Employees are far more likely to stay when they see opportunities to learn and advance. Offer low- or no-cost professional development opportunities such as group training sessions, conference stipends, peer mentoring programs, and access to online learning platforms. These investments signal that the organization is committed to employee growth.

Recognize contributions.

Meaningful recognition goes a long way. Public acknowledgements during team meetings, written shout-outs, or spotlighting achievements can foster a sense of appreciation and belonging. Reinforce how each person's role contributes to the organization's mission to deepen purpose and motivation.

Rethink compensation and benefits.

While most nonprofits can't match private sector salaries, they can provide creative, meaningful benefits. Consider flexible work arrangements, additional paid time off, sabbaticals, wellness stipends, or student loan assistance. Ensure compensation practices are transparent and equitable, and review them regularly to stay aligned with sector standards.

Prevent burnout.

Burnout is widespread in the nonprofit world, and once it sets in, recovery can be slow, often taking months or even years, according to some experts.⁹ While wellness initiatives and self-care messaging are helpful, they are not sufficient. Get ahead of burnout by addressing root causes such as unmanageable workloads, lack of autonomy, and inadequate support.

Engage senior leaders.

Retention isn't just an HR responsibility — it's a leadership imperative. Boards and senior leaders should align on the importance of developing and retaining talent. This means including leadership development in strategic planning, dedicating resources to staff growth, and ensuring talent strategy is reflected in governance decisions.

“[A person's recovery from burnout] can take anywhere from **a few months to a few years.**”

— Natacha Duke, MA, RP

Implementing a Sustainable Succession Plan

Succession planning is most effective when it's not treated as a one-time event, but rather as a continuous, evolving process that becomes embedded in the organization's talent management strategy.

For nonprofits, this means building the right structures and habits to ensure leadership development remains a priority, even amid limited resources and competing demands. Below are some strategies to help nonprofits implement succession planning in a way that is practical, scalable, and sustainable over time.



Align succession planning with hiring and performance management.

HR teams should collaborate with department heads to embed leadership development into onboarding, goal setting, and evaluations. Encourage managers to identify team members with leadership potential and create clear pathways for growth.



Communicate internally and transparently.

Show staff that career advancement is a priority. Share internal promotions, leadership development initiatives, and success stories to signal that growth opportunities are part of the organization's culture — not confined to senior-level conversations.



Assess and adapt regularly.

Review development plans, track progress through performance metrics, and gather employee feedback via engagement surveys. Monitor turnover rates and adjust strategies as needed to ensure continued alignment and effectiveness.

By integrating these steps within the broader SIGMA 6-step succession planning framework, nonprofits can develop a robust leadership pipeline that not only reduces turnover but also strengthens the overall effectiveness of the organization. Investing in people is investing in the mission, ensuring a stable and resilient nonprofit for years to come.



Succession Planning Toolkit

Regardless of where an organization is in the succession planning journey — whether at the beginning or refining a more established process — SIGMA offers tools and templates to support each stage. These free resources address common challenges and provide practical support throughout the succession planning strategy.

- **Critical Role Identification Questionnaire**: The first priority in early planning is identifying which roles are most critical to long-term organizational success. While it would be ideal to have a succession plan for every position, limited time and resources often require focus. Start with the roles that would cause the greatest disruption if left unfilled. SIGMA's Critical Role Identification Questionnaire supports the evaluation and prioritization of these key positions.
- **SIGMA Success Profile™**: After critical roles have been identified, the next step is understanding what success looks like in each one. Many organizations make the mistake of defining roles based on the strengths of the current incumbent, rather than considering future needs of the position. A well-defined success profile should reflect how a role is likely to evolve and outline the competencies needed to succeed over time. SIGMA's **Leadership Competency Framework** supports the creation of a common language related to leadership requirements and helps build consistent, forward-looking success profiles.
- **Succession Nomination Survey**: For organizations that have identified key roles but face challenges in selecting potential successors, our Succession Nomination Survey template can help. This resource enables managers and leadership teams to nominate high-potential employees using a structured, objective process. It encourages inclusive talent conversations and ensures a diverse range of candidates are considered.

Succession planning doesn't have to be overwhelming. By focusing on your most critical roles, defining future-ready success profiles, and identifying and developing your top talent, you can create a sustainable leadership pipeline that strengthens your organization from the inside out. With the right tools, templates, and support, nonprofits of all sizes can build a succession plan that's practical, scalable, and aligned with their mission.



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How SIGMA Can Help

Ready to get started? [Contact us](#) for a free consultation. We'll help you take the first step toward building a leadership pipeline that will support your organization's long-term stability and impact.

