



Recruiting and Retaining Exceptional Talent for Nonprofit Organizations

WHITE paper | Nonprofit Series



Contents

Recruiting and Retaining Exceptional Talent for Nonprofit Organizations	2
Organizational Planning Includes HR	2
Recruiting and Retaining Employees	3
What's Your Best Offer?	3
Finding the Right People	4
Shared and Outsourced Services for Greater Efficiencies.....	4
The Hiring and Managing Process	4
All Hired Up	4
How Do You Manage?	5
Conclusion.....	6

As part of Pacific Continental Bank's commitment to helping local businesses and organizations, the bank produces a series of biannual white papers for nonprofit organizations. These papers are intended to provide general best practices and ideas for readers to consider on timely business topics. The information may not always represent the practices of Pacific Continental Bank. For a full list of white papers in the nonprofit series, visit therightbank.com/publications.htm.

- *Taking a Strategic Approach to Planned Giving*
- *Purchasing Real Estate as a Nonprofit*
- *The Present State of Fundraising*
- *Using Social Media to Advance Your Mission*

Recruiting and Retaining Exceptional Talent for Nonprofit Organizations

According to the Society for Human Resource Management, 59 percent of HR professionals believe their biggest challenges over the next 10 years will involve retaining and rewarding the best employees, as well as developing the next generation of leaders. Solutions to this issue could include investing resources in making the workplace more attractive and setting up leadership programs for employees. But nonprofits face unique challenges in the personnel arena – notoriously low salaries, limited benefits and not enough staff to fulfill the demanding work. What can nonprofit leaders do to make their organizations more interesting to potential employees and retain those currently on staff?

Just like for-profit enterprises, nonprofit organizations are most successful when they employ talented and dedicated individuals. The key is ensuring the organization is appealing enough to compel those individuals to consider joining or staying with the team. There is an array of actions nonprofit entities can take, and perks they can offer, to make their workplace highly desirable.

Organizational Planning Includes HR

Nonprofit leaders know the importance of strategic planning to ensure they are working toward reasonable goals and actionable objectives. To carry out the strategies in the plan, the organization must have the appropriate resources, including a full staff. For example, the strategic plan may call for actions such as increasing services to clients, upgrading

technology or forming partnerships with other organizations. Each of these should have a budget, timeline and staff (or volunteers) assigned to execute the work.

With this in mind, the organization may not have resources today to fulfill goals that project three to five years out. Thus, leadership will need to plan for funding and staff growth necessary within that time period. A few questions to consider:

- What personnel will be needed to carry out these tasks? Do you need both operations and direct service staff? You may have a mix of full-time permanent, short-term or grant-funded positions, in addition to volunteers and consultants.
- What salaries and benefits should be allocated to these positions, including raises and bonuses?
- What equipment will the team members need to do their jobs?
- Does the office have enough space to accommodate more people?
- What is the approximate cost of these items?

Aside from new initiatives, organizations should also consider such things as the need for evolving skillsets, changes in the needs of clients, funders and other stakeholders, as well as normal attrition.

All of these considerations lead to the importance of developing a longer-term projection of expenses that includes human resources and associated costs. This will give organization leaders a baseline from which to assess revenue generation needs.

To carry out the strategies in the plan, the organization must have the appropriate resources.

Recruiting and Retaining Employees

In the Pacific Northwest, nonprofit organizations compete for talent with private businesses and large corporations such as Amazon, Costco, Microsoft, Nike and other companies that offer generous compensation packages, as well as attractive cultures. It can be tough for a nonprofit to keep pace.

One of the most powerful things a nonprofit has on its side in the recruitment and retention process is its mission. Often, potential employees will seek opportunities with an organization whose mission they value. So while competing with a Fortune 500 company may seem daunting, nonprofits have a service-driven purpose of which many people want to be a part. Couple that with having a strong brand within the community, and you have the credibility that people desire in a workplace.

What's Your Best Offer?

Aside from the importance of the mission, *The NonProfit Times'* Best Nonprofits to Work For survey revealed that generally speaking, employees value pay benefits and incentives, engagement and communication, and professional development for staff. While salary does not have to reach corporate levels, it is important to be competitive. That may take the shape of year-end bonuses for achieving individual or department goals, or if the organization reaches certain milestones. Also, perhaps spot bonuses can be given to employees whose ideas have made a measurable impact on the nonprofit.

Give thought to unique benefits and perks that can set your organization apart from competitors.

When developing compensation packages, also give thought to unique benefits and perks that can set your organization apart from competitors. These might include:

Friends and family appreciation events –

Nonprofits can leverage their own space and services to enhance employee benefits, including hosting small, private events for staff and their friends and families. These events can include special previews of art exhibits or theater performances.

Employee education – Staff members appreciate the ability to receive professional development. Whether it's ongoing training or as-needed skill building, investing in employees in this way shows them they are valued.

Financial planning services – Because it can be challenging to make ends meet on a nonprofit salary, financial planning assistance can help employees better manage their finances. Consider providing staff with access to a certified planner for individual consulting or group education.

Flexible schedules – Flex schedules can be attractive for several reasons, from reducing commute times to cutting down on child-care costs. Also, work-from-home policies and part-time opportunities can be great alternatives for staff. Reduced schedules can aid in mitigating the fatigue of dealing with difficult subject matter.

Health and wellness programs – Providing memberships to gyms or access to a nutritionist are not only excellent incentives, but keeping staff healthy also contributes to increased satisfaction and productivity. Organizations that offer mental health counseling could also offer this service as a benefit to employees and their family members.

Finding the Right People

When an organization identifies the need to hire additional personnel, one of the first places to look is within the current staff. Consider promoting one of your employees or hiring a volunteer, if possible. If not, ask staff, board members and other stakeholders to recommend potential candidates. But do take them through the full hiring process. As an added perk, consider offering a small bonus to an employee who refers someone if the person is hired and successfully completes the 90-day probationary period. This provides incentives for employees to refer exceptional candidates, and the referral can save time and money during the hiring process.

According to Yvonne Freitas McGookin, program manager for human resources and leadership education programs at Seattle-based 501 Commons, recruitment is an ongoing process. Additionally, everyone in the organization can be a recruiter. Keeping existing employees engaged with the mission encourages them to be effective ambassadors to potential staff.

Aside from the traditional methods of advertising open positions, such as online job websites, many companies and individuals are conducting the search process through social media sites, such as LinkedIn or Idealist. LinkedIn has a robust recruiting tool, which enables candidate targeting and pipeline management, as well as advertising on your existing employees' profiles, while Idealist is specific to nonprofit jobs and volunteer opportunities. For higher-level positions, some organizations form search committees to find candidates.

Nonprofits can collaborate to fund positions such as IT, marketing or administrative duties.

Shared and Outsourced Services for Greater Efficiencies

In order to defray the costs associated with full-time employees, organizations may opt to share certain functions with other entities. This model, intended to build organizational capacity within nonprofits, can be particularly effective with operations staff. For example, nonprofits can collaborate to fund positions such as IT, marketing or administrative duties. The shared staff person spends part of his or her time in each office, which creates efficiencies in process and implementation of best practices.

There are also organizations that provide consulting and services to assist nonprofits with back-office functions, including human resources and financial management. Nonprofits derive the benefits of working with industry experts to ensure the

organization is operating as efficiently and effectively as possible.

The Hiring and Managing Process

For organizations that do not have an internal human resources department, personnel hiring and management can be one of the biggest challenges to success. Without training and ongoing support, managers may not know how to recruit appropriate candidates or provide adequate supervision and mentorship. But with the right tools, the hiring and managing process can become more streamlined and effective.

All Hired Up

In the hiring process there are several things to consider:

Job descriptions – Ensure each position has a compelling job description that accurately describes

the job, as well as the organization and its culture. Stacey Graham, president of the Humane Society of Southwest Washington, says that all of the society's job descriptions start with the same four bulleted items related to excellence, service, attitude and collaboration.

Selection process – Once resumes start coming in the door, how do you determine who meets the requirements? Develop a score sheet to evaluate each candidate based on relevant experience and other important criteria. This score sheet can be utilized in the interview process as well. Nonprofit leadership should also consider whether to establish a hiring committee and who makes the final call if there is no consensus.

Testing and references – Beyond in-person interviews, some organizations test potential hires on specific knowledge and capabilities. This may include awareness of best practices in a particular field, writing, problem solving or customer service. And don't forget to check references. This is an important, but often overlooked, component of the hiring process.

Onboarding – The success of a new hire is not just dependent on the employee. The hiring organization can help create a path to success by establishing a formal onboarding process. Onboarding, which may include an orientation to organization culture, assigning a peer mentor, facilities tours and more, serves to engage the new employee and make them feel like a valued part of the team.

How Do You Manage?

Graham says when she joined the Humane Society, it had no salary structure or organizational chart, and managers had not received training in how to manage their teams. Morale was low, but creating

structure where there had been very little gave employees a new outlook and excitement about their jobs.

Consistency and communication are both key to successful employee management. Managers must be firm, yet flexible, and understand the different needs and work styles of various employees. Some considerations:

Clearly set expectations. Be clear in terms of what you expect your employees to accomplish and share with them why the task or project matters to the organization. Ask probing questions to ensure the employee understands the assignment.

Check in but don't micromanage. Ask for regular updates and encourage questions. But don't take over the task, even when it's quicker or easier for you to do so.

Give feedback. Be honest in your feedback to employees, and do so regularly – good and bad. Do not wait until an annual

review to provide guidance or critique. And be sure to highlight employee accomplishments.

Monitor performance. When employees are not meeting expectations, it's important to document concerns in comparison to expectations. If performance does not improve, it may require a plan to get the employee back on track. This plan should include specific areas of concern, the actions that need to be taken to address them and a time period during which the plan will be in effect. If the expectations are not met, it is possible the employee may need to be dismissed.

It's important for nonprofits to have a well-developed, strategic hiring process and commitment to hiring the best candidate for the job. This may take patience and perseverance, but the upfront time

Consistency and communication are both key to successful employee management.

is essential to hiring and retaining good employees. If the hire is not a good fit or cannot carry out the job duties, don't delay in taking action. McGookin of 501 Commons says it's imperative to deal with problems swiftly so as not to compromise the quality of service to the community.

Investing the time and resources in making the right hire is vital. The Department of Labor estimates that when companies make a bad hire, it costs them 30 percent of the employee's first-year potential earnings. There is also the cost of the impact on morale, as well as the perceptions of stakeholders or clients who came in contact with the individual.

Conclusion

As the economic environment becomes more competitive, employers — including nonprofit organizations — must position themselves to attract the best employees. Additionally they must offer valuable and creative incentives to retain the talented workforce they have in place. Although monetary incentives make a difference, value does not always equate to money. Nonprofits have an opportunity to leverage their mission, brand and creative benefits to entice leading talent to pursue their career in a nonprofit environment. With a strong mission in place, and the incorporation of human resources best practices, nonprofit organizations can hire the best and brightest for their team.

Sources:

Hrywna, Mark, Sullivan, Patrick, and Daks, Martin C. "NPT's Best Nonprofits to Work For 2014." *The NonProfit Times*, April 1, 2014. <http://www.thenonproffitimes.com/news-articles/npts-best-nonprofits-to-work-for-2014/>

"SHRM Workplace Forecast. The Top Workplace Trends According to HR Professionals." May 2013. http://www.shrm.org/research/futureworkplacetrends/documents/13-0146%20workplace_forecast_full_fnl.pdf

"Shared Services in the Nonprofit Sector. Management Tools for the Nonprofit Sector." Pillar Nonprofit Network. http://thechrisdawsonfoundation.com/files/sharedservices_3.pdf

Reeves, Laura. "Rewards at Work. Inspiring Productive Employees Across Career Stages." American Cancer Society Atlanta, 2010. <http://www.encore.org/files/Crossing%20Generations%20Benefits.pdf>

"Engaging the Nonprofit Workforce: Mission, Management and Emotion." Opportunityknocks.org, 2011. http://www.gcn.org/sites/default/files/ctools/OK_Engaging_the_Nonprofit_Workforce_Report.pdf

About Pacific Continental Bank

For more than 40 years, Pacific Continental Bank has served the Pacific Northwest with a focus on building long-term business-banking relationships. And along the way, we have forged a strong reputation as a proven business resource and proud civic partner. Pacific Continental Bank's strength lies in our extensive expertise in banking community-based businesses, professional service providers and the nonprofit sector. This expertise means we can help clients tackle the financial issues specific to their enterprise. What's more, clients have access to local bankers who have the authority to make decisions for them on the spot.

Pacific Continental Bank maintains a strong connection to the communities where we operate. The bank empowers its employees to actively engage in fostering an environment where all community members can flourish. We endeavor to work with local nonprofit organizations and community-based businesses, ensuring more dollars stay close to home. The bank supports hundreds of nonprofit organizations in achieving their missions — both philanthropically and through direct participation.

This document is not designed or intended to provide authoritative financial, accounting, legal, investment or other professional advice. If expert assistance is required, the services of a qualified professional should be sought. Reference in this document to any specific commercial product, process or service by trade name, trademark, manufacturer or otherwise does not constitute an endorsement, a recommendation or a favoring by Pacific Continental Bank. Please see full disclosure for more information available at therightbank.com/disclaimer.htm.

Connect with us.

GREATER EUGENE

541-686-8685

GREATER PORTLAND

503-350-1205

360-695-3204

GREATER SEATTLE

206-676-8880

425-688-3793

253-552-4800

TOLL-FREE

877-231-2265

EMAIL

banking@therightbank.com

WEBSITE

therightbank.com

SOCIAL



#PCBpublications



September 2014