Nonprofit Workplace Trends: Putting Best Practices to Work

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Minnesota Council of Nonprofits
2014 Leadership Conference
Nonprofit HR

- Human Resources Consulting Services
- Talent Acquisition and Executive Search
- Education and Information for HR

Lisa Brown Morton, SPHR
President & CEO
- 25 years of HR experience
- 14 years as CEO
- Nonprofit board & senior management experience
Administered since 2007, the NEP survey collects information on current employment practices in the nonprofit sector.

Focuses on 3 key areas:
- Staff Size and Projected Growth
- Recruitment Strategies and Budgeting
- Staffing Challenges
Nonprofit Employment Practices (NEP) Survey

**Background**

- Nonprofits make up 10% of nation’s private workforce
- 10.7 million people are employed by the nonprofit sector; 3rd largest workforce behind retail and manufacturing
- More nonprofits reported growth than ever before in survey’s 7-year history
NEP Survey Respondent Demographics

Average Staff Size: 190

Responses are from over 400 nonprofits nationwide:
- Small Orgs (less than $5 MM) were 50% of participants
- Medium Orgs ($5.1 - $15 MM) were 28% of participants
- Large Orgs (greater than $15 MM) were 22% of participants

Top 3 Respondent Sectors:
- Human Services
- Education
- Health
Survey Findings: Staff Size & Projected Growth
Staff Size & Projected Growth

Growth in Nonprofits

<table>
<thead>
<tr>
<th>Staff Size Changes</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>46%</td>
<td>40%</td>
</tr>
<tr>
<td>Decrease</td>
<td>17%</td>
<td>20%</td>
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<tr>
<td>Stayed the same</td>
<td>38%</td>
<td>40%</td>
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Of respondents, 45% plan to create new positions in 2014
- International/Foreign Affairs most likely (75%)
- Membership Society/Associations least likely (26%)
Staff Size & Projected Growth

Where Will the Growth Come From in 2014?

- Overall Budget (38%)
- Private/Foundation grant funding (34%)
- Government grant funding (25%)

*Areas of Anticipated Job Growth

- Direct Services (42%)
- Program Management/Support (40%)
- Fundraising/Development (36%)

Many Opportunities for Upward Mobility & Professional Growth
Survey Findings: Recruitment Strategies & Funding
Recruitment Strategies & Funding

Primary Staffing Strategy: Hire New Staff!
- Reduces likelihood of burnout, stress, dissatisfaction and EE turnover
- *Fill the Skill Gap*: Opportunity to seek expertise outside of organizations
- Engage temp staff, consultant or volunteers/interns

Recruiting ROI
- 67% predict an unchanged recruiting budget
- Median Recruitment Budget at $8,500
  - Small nonprofits: $1K; Medium: $6,500; Large: $25,500
- Use of Social Media Outlets continues to rise
- Highest satisfaction w/ hires resulting from friend and colleague referrals
Recruitment Strategies & Funding

Turnover was 20% of respondents’ biggest employment challenge

- 2013 Turnover Rate: 16%, down from 17% in 2012
- Majority anticipate that turnover rates will stay the same in 2014
  - Rate of voluntary resignations expected to decrease more than that of any other changes (e.g. retirements, involuntary)

Impact

- Recruitment Costs (49%)
- Training Costs (49%)
- Institutional Knowledge (48%)

Turnover leveled off last year; expected to decline in 2014
Survey Findings: Staffing Challenges
Staffing Challenges

Retention is the Biggest Staffing Challenge. Here’s why:

- Inability to pay competitively (32%)
- Inability to promote/advance top performing staff (19%)
- Excessive workloads/insufficient staff resources (16%)

Only 17% of respondents indicate having a Formal Retention Strategy

- Retention Interviews
- Retention Bonuses
- Sabbaticals
- Flex schedules/flex time

Employees leave for other nonprofits, say 45% of respondents
Staffing Challenges

- Challenges with retaining these functional areas:
  - Direct Services (38%)
  - Program Management/Program Support (19%)
  - Fundraising/Development (16%)

- Other Staffing Challenges: Hiring Processes and Time to Fill
  - Time used for screening questions, checking references, etc.
  - 31 to 60 days for entry-level, mid-level and experienced support
  - 91 or more days for Senior-Executive support

- Only 33% of respondents report having a Formal Succession Plan
Staffing Challenges

- Diversity Challenges Are Real
  - Gender (83%)
  - Age (69%)
  - Ethnic/Cultural (69%)

- Just over one third (36%) have a formal workforce diversity strategy.

What strategies does your organization have in place to deal with its diversity challenges?
Finding Talent
Employment Branding

- Market your organization
- Describe yourself and your value proposition as an employer
- Do simple branding discovery
Where to Find Talent

88% rely on networks

Talk to your top talent

Where do they spend time?
Where to Find Talent

Nonprofit Use of Social Media Outlets for Recruitment Advertising

60% LinkedIn

42% Facebook

21% Twitter
Job Ad Placement

89% - no social recruitment strategy

Old way vs new way
Good Branding Messaging

...allows the right candidates to identify with you and allows the wrong candidates screen themselves out.
Messaging

Leverage all available outlets to send the message about who you are as an employer:

- Organization website
- Social media outlets (LinkedIn, Facebook, Twitter, Glassdoor, etc.)
- Job descriptions
- Internal communication
- Communications with donors and other key stakeholders
Finding Your Employer Value Proposition

• What phrases or words would you use to describe what it’s like to work here?
• What keeps you engaged in your role?
• If you were to describe the culture of this organization to a friend, how would you describe it?
• What’s unique about this organization?
• What type of people fit in best here?
• What type of people don’t fit in here?
Keeping Talent
### Know Why Your Employees Stay

- Consider Stay Interviews
- Engage your highest performers
- Proactively invest in your culture
- Address underperformance fairly but with diligence
How Hiring has Evolved

The Old Way
How Hiring has Evolved

The New Way
The New Workforce

Traditionalists

Baby Boomers

Gen X

Millenials
Four Generations Working

Traditionalists

Baby Boomers

Generation X

Generation Y a.k.a. “Millennials”
Why are Millennials Important?

52%

Millennials who say they volunteered in the past 12 months

PewResearchCenter

- Transparency
- Diversity
- Work-Life Balance
- Volunteer
- Flexible Hours
- Community
- Inclusion
- Environment
- Social Culture
Q&A
Thank You!

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