Building Leadership Capacity in Nonprofit Organizations

Articles

- Planning in a Nonprofit Healthcare Organization
- Beyond Diversity and Multiculturalism: Towards the Development of Anti-Racist Institutions and Leaders
- Nonprofit Capacity Building: Who is Doing What for Whom and to What End?
- Minimizing Turnover among Support Counselors Through a Value Based Culture
- Compensation in Nonprofits: Why Variable Compensation is an Important Consideration in the Design of Effective Compensation Packages
- Building Leadership Capacity through Integrated Leadership Development Programs
- Using Baby Boomers to Expand Nonprofit Capacity
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From the Editor

Welcome to the eleventh edition of the Journal for Nonprofit Management. The articles in this issue cover a range of practical ways to build leadership capacity in nonprofit organizations. Karen N. King and David A. Green describe a succession planning process at a nonprofit healthcare organization and relate it to the importance of selecting a replacement CEO who is aware of his or her role in creating and sustaining the culture of the organization.

Mary Pender Greene recounts the Jewish Board of Family and Children's Service's journey from diversity and multiculturalism toward antiracism in its leadership, management, and supervision.

Judith L. Millesen and Angela L. Bies focus on the characteristics of effective capacity building initiatives by identifying who are the capacity builders, doing what kinds of support services, for what types of nonprofits, to produce what desired organizational change.

Peter Smergut describes how Life’s WORC has developed a long term employee support system that is based on a set of core values and a focus on hiring practices, training, evaluation, performance compensation and employee feedback.

Paul R. Dorf, argues that there is an overwhelming, growing, and recognizable need for nonprofits to actively compete in a real world labor market for the transferable skills of its labor force. This need requires that nonprofits not only recruit from that marketplace, but also be able to stand up to this market to which they may potentially lose their key staff.

Arlene Etengoff presents a case study of how an organization can fortify its leadership capacity to close the gap between actual and required leadership capabilities, and thereby ensure its long-term success. She outlines the necessary ingredients to successfully develop the talent and capabilities of current and future managers.

Dwight Denison and Ashley Moore discuss the potential benefits for nonprofit organizations that recruit volunteers from the Baby Boomer generation. The article includes methods for recruiting volunteers, effective strategies for working with Baby Boomers, and the national resources available to leaders of nonprofits. They also offer specific recommendations to help nonprofit organizations better utilize the talents and abilities of Baby Boomer volunteers.

We invite your comments about the current articles and your own articles for inclusion in future editions. Details about submission are on the inside title page of the Journal.

John D. Vogelsang
Editor
**Succession Planning in a Nonprofit Healthcare Organization**

Karen N. King, Ph.D, Associate Professor and MPA Coordinator, Department of Public Affairs, University of Wisconsin-Oshkosh; and David A. Green, MS, Executive in Residence, Center for Community Partnerships, University of Wisconsin-Oshkosh

Nonprofit organizations in the United States are periodically exposed to intensive public scrutiny and criticism, often the consequence of a very public scandal. In the wake of these upheavals, nonprofit leaders (governance and operational) are exhorted to demonstrate greater accountability in fiduciary responsibility, programmatic integrity, and compliance with legal guidelines on lobbying, transparency, and adherence to applicable tax codes to funders, clients, regulators, taxpayers, and the general public (Kearns 1994). Although hiring and firing the Chief Executive Officer (CEO) is identified as being an essential responsibility for the board of directors of a nonprofit organization (Grobman, 2002), systematic planning for the transfer of operational leadership from one CEO to a suitable successor has yet to be explored by the literature as a key aspect of accountability for nonprofit boards.

In this article, we describe a succession planning process at a nonprofit healthcare organization, and relate it to the importance of selecting a replacement CEO who is aware of his or her role in creating and sustaining the culture of the organization, and uses this knowledge to make decisions that reflect this understanding. To understand the following case study, it is important to review the concept of organizational culture and the process of succession planning.

**Organizational Culture**

Organizational culture as a hot topic in management studies emerged in the 1980’s and 1990’s (Morgan, 1997). Although there are multiple definitions of organizational culture, one that incorporates most of them was developed in 1985 by Edgar Schein: “A pattern of basic assumptions—inked, discovered, or developed by a given group as it learns to cope with problems of external adaptation and integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.” (p. 3); more succinctly, “culture is the glue that holds an organization together and unites people around shared values and beliefs” (Bolman & Deal, 2003, p. 243).

The culture of an organization will ultimately be the expression of the values of the CEO. For a healthy organization, the values of the CEO must be congruent with the expressed values of the organization as defined by the governing body. Without this congruity, the organization will not be viewed as having integrity by its employees, suppliers, and customers. People within an organization, however, may be unconscious of the culture which surrounds them. In fact, the culture becomes highly ingrained to the point of becoming invisible to the members of the organization. Because it operates at a level below their normal consciousness, it is difficult for group members even to talk about their culture.

Nevertheless, an executive chosen to lead an organization must be conscious of and support that organization’s culture if he or she is to continue on a path that has led to success in the past (Burke, 2005). Therefore, the governing body that selects the successor to a retiring CEO needs to make a conscious effort to articulate the organization’s...
culture before a succession planning process begins. Once the cultural indicators have been identified, the process for identifying a successor who will sustain the culture from among the candidates for the position becomes easier.

The importance of sustaining organizational culture is as critical for nonprofit organizations as for profit-making corporations and public agencies. Roger Lohmann, in describing his Theory of the Commons, lists continuity as one of the nine basic assumptions that characterize his integrated vision of nonprofit organizations. In exploring the importance of continuity for nonprofit organizations, he observes that “the experience of others in nonprofit and voluntary action is an ongoing one, characterized by past, present, and future and a sense of connectedness between them” (Lohmann, 2001, p.168). Although Lohmann’s inclusion of continuity as a characteristic of “the commons” is more descriptive than normative, he is concluding that sustaining an organization’s culture over time is important.

SUCCESSION PLANNING

Succession planning has been used to describe a wide variety of activities involving the planning for key transitions in leadership within organizations. Garman and Glawe define it as “a structured process involving the identification and preparation of a potential successor to assume a new role” (2004). Although planning for leadership succession has probably been around for centuries, it is only in the past several decades that succession planning has been practiced routinely and systematically, primarily in large, for-profit businesses. Early on, succession planning was a secretive process involving only top executives; succession candidates were often not aware they were being considered. More recently, however, succession planning has involved all levels of the organization, and has focused on meeting the needs of both the organization and the individuals involved in succession management.

Although the selection from the outside of a celebrity chief executive who is hired to “save” an organization is a popular image, it is more often the CEO chosen from the inside who provides the leadership needed to move an organization to the next level of achievement. As Jim Collins states in his monograph on good-to-great organizations in the social sectors, “Truly great organizations prosper through multiple generations of leaders, the exact opposite of being built around a single great leader” (2005, p. 35).

It is interesting to note that implicit within the word succession is the word success. This is an important observation because it implies that when a governing body implements a succession planning process, it is attempting to perpetuate the success that an organization is presently enjoying, not instigating major change in an effort to turn around a struggling organization. Thus, the focus in succession planning processes is typically on identifying and developing a person or persons within an organization who are qualified to take over when the current leader leaves. The process of developing an appropriate successor may take several years, involve internal and external stakeholders, incorporate multiple overlapping activities, and come with a price tag.

Nonprofits have been slow to employ this strategy because the time and cost involved may be a barrier for small organizations, and because people in senior leadership positions (both governance and operational) may not be aware of its importance to continued organizational success. According to a national study of nonprofits in eight cities in the United States, just over half of 2,000 executives in the organizations surveyed reported actively developing people on their staff to be an executive director someday; the range was from 33% for
small (1-4 paid staff) to 76% for more than 100 paid staff (CompassPoint, 2006). Of the nonprofits that have been involved in succession planning, healthcare organizations are prominent because their size, complexity and highly political environments require considerable time and effort for newcomers to learn to navigate them (Garman & Tyler, 2004).

CASE STUDY

Evergreen Manor, located in Oshkosh, Wisconsin, was founded in 1967, by an alliance of the Wisconsin Conference of the United Methodist Church and local supporters. Its name was changed to Evergreen Retirement Community (ERC) in 1989, to recognize the continuum of living options offered to retired persons. ERC currently consists of 27 buildings on a 35-acre campus in a residential area of this city of 65,000. Founded on Christian principles and open to people of any heritage or faith, ERC is dedicated to meeting the spiritual, physical, social, and emotional needs of its residents. Its mission is to provide beneficiaries of all a faiths a continuum of options and services that anticipate and respond to their changing desires, and to utilize skills and knowledge to serve community needs. It has approximately 280 staff members.

Prior to 2000, ERC did not have an executive succession process in place. The CEO had been there since 1976, and neither he nor the board of directors had given much thought as to how his successor would be selected. Everything changed in 1999, when a small group of members (Carver’s “expert elite”) from the boards of ERC and another long term care organization met secretly to draft a proposal to merge the two organizations (Carver, 1997). This proposal, presented to the full ERC board in February, 1999, was opposed by the board chair and the CEO, as well as all ERC residents. The ERC board became deeply divided over the justification for a merger. When, in August, the ERC CEO talked with the CEO of the other organization in an effort to find a way to collaborate without merging, the other organization took the merger proposal off the table. The three board members pushing the merger then convinced the board to reprimand the CEO for disclosing the board division to the other organization. The merger initiators also tried to get the ERC board to force the CEO to retire in the near future as punishment for the part he played in the defeat of the merger. A succession planning committee was formed for this purpose. When the initiators did not get their way, they resigned within six months.

The remaining board members realized that changes needed to be made in how the board functioned and that a succession plan for replacing the CEO, who was then 62, needed to be developed. To address the first two issues, the board hired a consultant to help them develop positive internal board relationships, define board roles and responsibilities, and develop a positive relationship with the CEO. To address the third issue, the board utilized the succession planning committee. The board liked what the organization had accomplished over the years, and wanted to sustain the culture that had developed under the leadership of the CEO. Therefore, the decision was made to try to develop several candidates for the CEO position from within the organization. The board recognized the high probability that the unique culture developed at ERC during the prior 24 years would change if the new CEO was selected from the outside. Therefore, they would use that option only if a qualified internal candidate could not be found.

In preparation to identify internal candidates, the CEO and board prepared a list of the characteristics of the Evergreen culture to be sustained through a change in CEO. They recognized that because the CEO lived the organizational values defined by the board, the culture that derived from his leadership was an expression of those values. In addition, the board had a consultant facilitate the use of a commercially available process to determine from the board, the residents council, and the executive team the top 12 characteristics of the desired CEO. These desired characteristics provided a standard
against which potential candidates could be measured, and which could be the ultimate goal in the creation of personal development plans for internal candidates.

In all four members of the executive team that reported to the CEO, the board saw leadership potential to be the new CEO. Therefore, in 2001, the board asked the consultant to provide a comprehensive leadership and management evaluation and development program for the team. The team decided to include all staff members with management responsibilities in the program. The program, which was conducted in the late fall of 2001, consisted of five ½ day sessions with homework. The evaluation process included a battery of leadership and personality tests. Those members of the executive team that wanted to consider seeking the CEO position at some time in the indeterminate future agreed to have their test results, with an interpretation by the consultant, shared with the CEO and board. Three of the four decided to continue with the process. The fourth member had been a CEO in the past and had no desire for the role again.

The board assigned the CEO the responsibility to work with each of the three remaining candidates to create personal development plans that addressed the gap between their qualifications and the desired characteristics of the new CEO. All three of the plans included identifying a personal mentor from outside the organization who had extensive experience in an executive position. The CEO had been part of an executive dialogue group for many years, and had become friends with several from whom he selected three who agreed to be mentors. Each of them spent significant time with one of the candidates over several months. Two of the candidates were not licensed as nursing home administrators so the CEO assisted them to begin that process. One candidate did not have a Masters degree so was assisted in entering a local program with financial support from ERC. These kinds of gaps demonstrate the need for a multi-year succession planning process. Some literature recommends four years; for ERC, the process extended to five years.

Another decision of the board was to provide the executive team with funds for team development. The board specifically stated that the funds were to be used by the entire team, not by individual members to support their personal development plans. Wisely, no guidance was given by the board on how the funds should be used, nor what the development process should accomplish. They only asked to receive periodic reports on how the funds were used and what was accomplished. The CEO and the executive team recognized that in order to preserve the effectiveness of the team when three of the four members were seeking the CEO position, a team development plan must focus on what is best for the organization. Because of the Christian roots and ongoing relationship of ERC with the United Methodist Church, the team decided to use the funds to retain the services of a nationally-recognized Christian management consultant, Larry Julian, the author of the book, *God is My CEO*. This turned out to be an exceptionally good decision which resulted in team development outcomes that exceeded any hopes the board may have had for the process. Basing the team development on Biblical teachings about teamwork, leadership, and succession focused the team members on meeting the needs of others rather than their personal desires.

In confidence early in the succession planning process, the CEO and the board decided that an appropriate retirement date would be sometime in 2005. The specific month would be determined by whether or not it was necessary to conduct an external search because going outside the organization could require up to nine additional months. The year 2005 was selected because in 2002, the CEO took on the role of project manager for a major construction project which would be completed in 2004. He was able to do this because prior to the start of the project, he had delegated most of the responsibility for operations to the executive team. The board decided that the retirement date would be confidential until late in the process to minimize the length of time the CEO would be in a “lame duck” position.
In September of 2004, the board announced to the residents of ERC that the current CEO would be retiring by the end of 2005 and that three of the executive team members were being considered for the position. At the end of the year, one of the candidates withdrew from consideration for personal reasons. The other two internal candidates affirmed their interest in the CEO position. The board made it clear to all stakeholders that they were holding open the option to look externally for a CEO.

As the final stage of the succession process began, the board decided that the entire board would participate in the CEO selection process. Task groups and committees would only be delegated supportive tasks such as drafting memos to the residents and staff, working with the CEO to develop a job description, preparing a candidate evaluation form for residents and staff, planning open forums for residents and staff, and obtaining professional references. The full board reviewed, edited, and approved each document and step in the process. The consultant was hired again to assess the candidates’ readiness to be CEO of Evergreen.

In February, 2005, the CEO provided input to the full board based on coaching sessions he had with both candidates. The full board then conducted an in-depth interview with each of them and reviewed their professional references, the resident and staff evaluations, and the consultant’s report. A preliminary straw vote of the board revealed a strong preference for one candidate. This was the first time the board members had been asked to express their views on the two candidates. The 18-member board then unanimously selected that candidate, thereby complying with the 2/3 majority required for CEO selection by the organization by-laws. Immediately after the vote, the selected candidate received the offer—which was promptly accepted—the current CEO was informed, and a personal visit was made to the second candidate. This individual recognized the fairness of the process and was given added growth and leadership opportunities by the new CEO so that after two years, she remains with the organization. The board promptly announced by letters to all residents and staff that CEO would retire on May 1, 2005, and named his successor.

**DISCUSSION AND RECOMMENDATIONS**

Without a crisis to drive it, the ERC board would not have embarked on the extended self-examination process that resulted in a successful CEO succession planning process. As described by the former CEO, the succession planning process was “not planned but divinely guided.” No one knew how the process would come together as the board made each separate decision, and the CEO and the executive team responded. Looking back, the board inherently followed the principles of Policy Governance: 1) they valued and supported the allegiance of the CEO and the executive team to the values of a key moral owner – the Wisconsin Conference of United Methodist Churches; 2) they assumed the proper role of the governance body as overseer of the organization; 3) they focused on the organizational ends and delegated to management the determination of the means; 4) they became a unified body thus utilizing the wisdom and abilities of all members in the decision-making process; and 5) they monitored progress using both internal and external sources. As a result, they made much easier the task of reaching a consensus on who should lead the organization once the current CEO retired. By implementing a planned leadership succession process based on the principles of Policy Governance, the ERC board of directors was holding itself accountable to its moral leadership (Carver, 1997) for insuring that the organization’s value and vision would continue to guide decision-making despite changes in top leadership.

**CONCLUSION**

Although the experience of Evergreen Retirement Community in selecting a successor to their veteran CEO was unique in several ways, underlying principles which guided the process are instructive for any organization facing a similar transition:
1. Planning for succession begins long before the resignation or retirement of the CEO.
2. Open communication and transparency are essential throughout the process.
3. All stakeholders must be included in the implementation of the process.
4. All board members must share responsibility for executing the selection process tasks.
5. The current CEO should be included in the process, but only to share thoughts with the entire board.
6. No board member should lobby for a particular candidate.
7. Confidentiality must be maintained.
8. The values of the organization which determine the culture are defined.
9. The characteristics of the culture to be sustained are defined.

Additional steps taken by the ERC board that might not be necessary for all nonprofit CEO transitions included:

1. Adopting the Policy Governance model for board leadership.
2. Developing new criteria for board members to insure that the entire board shared the same values and vision.
3. Hiring consultants to help with the process.

Wise board members, such as those on the ERC board, provide for organizational survival by implementing an executive leader succession planning process which assures that a successful culture is seamlessly preserved from one CEO to the next. Boards that fail to take this responsibility seriously will foster organizational difficulties because it is the CEO who inherently determines an organization’s culture. Without this cultural continuity, regardless of who occupies the CEO’s office, an organization can founder because it does have a clear identity and its staff struggle because they do not have a clear sense of what they should be doing and how. The consequences of this discontinuity can lead to an inability to generate charitable dollars, contribute to the loss of public confidence in its capacity to provide expected services, lead to the loss of key staff members, and create feelings of uncertainty among the organization’s clientele.

ERC possessed the luxury of time and resources to develop and implement a multi-step, multi-year CEO succession planning process. Sometimes, however, nonprofit organizations have neither: a CEO may leave unexpectedly or there may not be sufficient money to hire a consultant to guide various steps in the process. Also, there may be no internal candidates or it may not be feasible to release staff members for training or reflection. Nevertheless, nonprofits benefit from having a CEO succession planning process in place to demonstrate to its shareholders that they have a plan to insure organizational survival in an increasingly turbulent and unpredictable environment.
References


Beyond Diversity and Multiculturalism: Towards the Development of Anti-Racist Institutions and Leaders

Mary Pender Greene, LCSW-R, Assistant Executive Director, Jewish Board of Family and Children’s Services

The Jewish Board of Family and Children’s Services has a century long tradition of helping New Yorkers, which began with services to poor Jewish families and immigrants and has now expanded to include more than 70,000 clients annually, from all racial, ethnic, economic and religious backgrounds.

We are a social work run organization and pride ourselves with providing quality services. The agency offers a continuum of services that has been shaped by the needs of its clients, from residential services to day treatment, to outpatient mental health services for adults, children and families. Many of our clients are people of color, and large numbers speak languages other than English, such as Spanish, Russian, Mandarin, Hebrew, Creole, Yiddish, and many other languages.

The staff of nearly 3,400 is also racially and culturally diverse and represents a range of professional and paraprofessional disciplines. This article describes the agency’s journey from diversity and multiculturalism toward antiracism in its leadership, management and supervision. The author, an African American woman, is Assistant Executive Director of the agency and a central figure in the process of the organization’s anti-racist evolution.

BACKGROUND

Due to our increasingly diverse client population, the nature of our original sectarian mission to serve the Jewish community, our name, and the way that we were perceived in our local community, we saw a clear need to address diversity and multiculturalism in order to improve our competence in serving culturally diverse populations. From the onset, this effort was viewed as a long-term goal. We assumed that it would require years of work to truly change the agency’s culture.

Our diversity work has taken many different forms over the past years, which has sometimes meant that we met as a task force, in subcommittees, as triads or dyads. These varied efforts created a deep bond among the members which included directors and senior management staff who were male and female, Jewish and Christian, Black, White and Latino, Gay and Lesbian, old and young, psychiatrist, psychologist, and social worker.

We entered our multicultural work at different levels and struggled with our own differences in worldview, philosophy, and experience. While we had many successes in our diversity journey especially as it related to gender and religious diversity, we discovered that issues of race had gotten short shrift in our diversity effort. Each time race matters emerged, they were quickly overshadowed by many other legitimate issues which occur in the life of an extremely large and complex organization.

Hindsight has shown us that since we lacked a common language and a clear vision for addressing structural racism, each time the organization attempted to openly discuss race, experiment with new processes, programs, and ideas, and begin to reappraise its mission in light of race related matters, tensions would arise and the subject would be tabled in lieu of another pressing matter.

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During our process, we became clear that race and racism greatly burden and impact the lives of all people of color which includes both our staff and clients. We later came to understand that racism is race prejudice and power, and it manifests itself, individually, culturally, and institutionally. This new understanding led to a shift in our efforts from an individual to an institutional focus. Thus began our clarity about the need to focus on the roles of our leaders, managers and supervisors as it relates to policies and procedures as well as the tone and tenor of our institutional environment.

Addressing structural racism is one of the toughest jobs that any leader can face. Although the reasons are indeed complex, the major difficulty for us is that many white staff viewed racism as individual acts of meanness and viewed any discussion of racism in our institution as a personal affront. They saw the agency and themselves as culture carriers of the agency as dedicated to doing good, a value that was inconsistent with a view of either as incorporating racism. They saw racism as being individual and intentional instead of structural and systemic.

Since we pride ourselves on being a learning institution, we were clear that we needed additional knowledge to move forward. We knew from past experiences that any major institutional culture change requires top down buy in. Thus, we sought some of this country’s best minds on race and race matters for their consultation on this process all of whom helped us in ultimately formulating our anti-racist organizational development plan that began with our leaders, managers and supervisors.²

ANTICHRISTI MODEL FOR ORGANIZATIONAL CHANGE

Our anti-racist model for institutional change was derived from a common understanding of structural racism as presented by the People’s Institute for Survival and Beyond in their Undoing Racism workshop. The People’s Institute is recognized as one of the foremost anti-racism training institutions in the nation. It moves beyond a focus on the symptoms of racism to an understanding of what racism is, where it comes from, how it functions, why it persists, and how it can be undone.

All of our executive staff and managers were required to attend the Peoples’ Institute’s two and one half day undoing racism training workshop in order to create a common language and to lay the foundation for our agency’s anti-racist organizational plan.

Through the Undoing Racism workshop we learned that structural racism refers to practices, policies, procedures and – most important – the social culture of institutions. In a society set up to support white-skin privilege, the inherent social culture of that society’s institutions will naturally reflect

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bias unless there is deliberate action to counteract that bias. In institutions where there is little or no consciousness of racial bias, the social culture of unconscious racism will influence basic policies and practices. Unfortunately, even in institutions that have a fairly high degree of awareness of race bias, unconscious or unexamined aspects of the institution’s social culture can unintentionally reinforce dynamics that continue to privilege people with white skin. It is in this manner that American institutions remain dominated by practices which produce racial inequalities (Better, 1998).

Structural racism requires institutional support and cultural nurturing. The core of anti-racist work is to seek to recognize institutional bias and to make structural changes that are supported by policies and procedures that are accountable with outcomes of equity. Leaders, managers and supervisors must be taught to recognize that contemporary forms of racism exist and become familiar with the various forms that it takes in the lives of all staff and clients. They must become vigilant in learning and identifying what those issues are and how they are perpetuated in the organization’s policies, practices and procedures. The goal of anti-racist work is to widen the circle of power and opportunity. The leadership must be taught how to help white staff as well as staff of color to better understand how systemic racism works and impacts all staff and clients, and be prepared to offer strategies and support for systemic change. Through a series of workshops that we described as Difficult Race Dialogues our managers were offered training on handling difficult race based discussions. These workshops were lead by outside consultants who shared our common language and principals of anti-racist work as developed by the People’s Institute.

In choosing trainers, we used the guidelines that were developed by Gail Golden (2005):

- Teams should be diverse, multicultural and multiracial. One person cannot address all the issues.
- The trainers should have a power analysis. This means that they need to go beyond racism just as prejudice based on skin color.
- They must also teach that what we understand as racism requires that those who hold prejudice based on skin color also have power, and control access to power based on skin color.
- The trainers must emphasize systemic, organizational and institutional manifestations of racism rather than emphasizing racism as manifested in interpersonal relationships.
- The trainers should teach extensively to the phenomenon of white culture and its manifestations in organizations.
- Trainers need to be able to teach to the link between racism and poverty.
- Trainers should have a global understanding of racism.

These workshops offered opportunities for managers to practice race dialogues, learn new techniques, and ask questions as well as learn from each other.

Additionally, it became clear that our managers needed specialized training in order to be able to fully integrate anti-racist principle into the core of their management. To realize this goal, we contracted the services of Sola Winley, the President of ProVision Consulting who aided us in developing our leadership institute and acts as its facilitator. The Leadership Development Institute (LDI) was designed to strengthen the leadership and management capacity of our agency. The LDI approach to management development is psychologically based and built on the premise that leaders and organizations are interdependent. It is a cohort-based experiential leadership and management development program that provides mid-to-senior-level managers with leadership development tools and formal training opportunities. Elements of the program were custom tailored to fit our desire
to produce anti-racist leaders. The program has several interconnected goals including: seeking to develop self-awareness through intensive exploration of personal issues that impact career objectives; examining real-life management issues and discussing concrete examples of challenges that leaders face; and improving and enhancing skills and creating and developing projects/programs that benefit the organization. Several of these projects were focused on our anti-racist mission. The entire group attended The People's Institute's two and half day Undoing Racism workshops which ultimately promoted authentic dialogue among the racially and culturally mixed group members. The structure of the program allows participants to incorporate and implement what they learn. The program has been an incredible success and has enhanced leadership skills as well as produced unexpected connections between managers who in the past had had little or no relationship with each other.

**RACE, RACE MATTERS, POWER, AUTHORITY, AND CHANGE**

Diversity is focused on helping people of color to achieve the goals and resources defined as important by the white society. Assimilating in this way may bring them into the dominant culture, but typically does not include a focus on power or decision making roles and responsibilities from a point of view that is culturally congruent to them. Undoing structural racism requires the sharing of power and decision making and presupposes that the core culture and institutional structures must fundamentally change, while recognizing that changes in personal attitudes are also essential. Anti-racism requires a broadening of the power base. It explicitly examines power relationships and sees the parallels, intersections, and distinctions between all forms of oppression and the ways they manifest themselves within an organization.

**THE ROLE OF TOP LEADERSHIP**

The organization’s leadership must consistently demonstrate it’s commitment to the process to all employees by setting a tone for honest discourse by openly acknowledging tensions. Friction must be resolved respectfully and swiftly when possible, and staff must be helped to accept a degree of uncertainty and discomfort. Since attitude change cannot be mandated, much thought and consultation is needed along with honest dialogue and an understanding that anti-racist work is a process.

A degree of backlash/pushback should be anticipated as some members of the dominant group begin to question the value of placing so much time and resources into race matters. One can also anticipate that other majority group members will feel left out, unsatisfied and unclear about the role that they could or should play in addressing structural racism. In addition, they are uncertain about whether there are benefits that can be gained for them from anti-racist work. Indeed white staff may fear they will have to give up position, access and power if their institution is guided by anti-racism. A leader cannot successfully guide this initiative without listening and creating a safe space for these divergent views and fears about issues of race and racism. It is important that a leader provide a space where shame, blame and judgment are not supported in these discussions about race and racism.

Structural racism exists everywhere. With this in mind it is important for the top leadership to ask the hard questions, such as:

- Are people of color thriving in our institution?
- Are there people of color in decision-making positions?
- Is there congruence between those in decision-making positions with those being served?
- When there is a change in client demographics, are the decision makers actively seeking to be more closely aligned with and responsive to the new group?

The challenge is to acknowledge the value of diverse views and incorporate them into the
organizational culture, clinical practice, administration, and policy decision making. This can be achieved only if these diverse voices are consistently and prominently present at each of these tables. The politics of race itself are defeating. Both good policy and good politics are necessary to move ahead. The leadership must establish policies and procedures that support institutional change, keep communication flowing and be open to hearing all sides of the race issues.

The ultimate role of an organization’s leader in an anti-racist institution is to create an organizational atmosphere of inclusiveness which tends to produce an environment of participation. According to Mahdi Fard, as he describes Human Relationship Waste (HRW), the individual in the organization has unused and misused human resources. All organizations are pushed forward by human energy which manifests itself as enthusiasm, passion, creativity, uniqueness of purpose and clarity of vision. Human energy is unlike any physical fuel source, because as long as a human being is focused on doing something evoking passion and enthusiasm, human energy will remain high. By burning human energy inefficiently, the productive activity of the organization slows down, falls out of harmony and loses its natural timing or rhythm, thus, causing the organization to be unable to function at its full potential. This can lead to the loss of important opportunities that drain the organization’s fiscal and psychological resources as well as cause its staff to have to do more with less. All of which can lead to low morale, internal power struggles, sabotage, and sub-standard productivity. Healthy relationships allow the organization to operate at full potential. Additionally, the organization needs perspectives and vision from all staff which allows the institution to have vision from many different angles. Racism destroys uniqueness and nullifies the experience and vision that could be offered by staff of color, thus leaving the organization with less than optimum vision for providing leadership and service. Mr. Fard further states that helping all staff to feel both appreciated and honored is key to reducing Human Relationship Waste.

We have learned that everyone is for change, in general, but may be opposed, in particular, when they themselves have to change. A shift in values takes time, and even if successful, it takes months and years to realize the full benefits. Systems can only absorb but so much change at any one time.

ROLE OF MANAGERS

Managers must become aware that culturally sensitive social work practice requires more than diverse entry level staff. In some situations “diversify” becomes entangled with the difficulty in finding the “right applicant,” who could clearly articulate treatment issues, and have the “right image” to fit in to the existing white-centric culture setting. On closer examination, it becomes clear that some managers want diverse applicants to think, speak and behave as if they were white. Their expectations, reflected in an article written by Valerie Batts (1998), were derived from cultural norms for U.S. citizens where evaluation is made based on how close one was to being a white, heterosexual, U.S. born and U.S. English speaking, middle-class and physically able male.

Managers must face the fact that most organizations, schools of social work, and most of society reflect the values of this “normative” group and thus learn to uncover and acknowledge white-centric bias. This awareness clarifies the need for further training as well as the need to hold people accountable for making the changes happen, just as one might do for other organizational goals. It is clear that if conformity to the dominant culture is viewed as “normal”...
it is likely that multicultural staff would be expected
to change their behavior to fit in, to be consid-
ered competent, desirable, talented and capable of
supervising or managing white staff. Therefore it is
exceedingly important for managers to understand
agency culture and the changes needed to make the
culture more inclusive, and then to address these
issues with all staff. The definition of normal must
become far more inclusive in order to reap the full
benefits offered by a diverse workforce.

True team work can only occur after many of the
staff have learned how to resolve conflict, respect
one another’s differences, and are ready to work
cooperatively, not just side by side. If the manager
is psychologically or ideologically blocked, perhaps
out of fear of the unknown, achieving coexistence
is very difficult, if not impossible. One of the
manager’s roles is to help some white staff to get
over their initial fear that they will be beaten up,
criticized, or made to feel guilty once issues of race
and racism are raised. If the manager sets a tone
of non-judgment, no guilt-tripping, no attacking
and encourages staff to speak for themselves and
not take things just personally, there is less chance
of white staff fears being realized. It is also impor-
tant for managers to encourage white staff to listen
non-defensively to staff of color and to encourage
staff of color to find and use their voice. Ken Hardy
expands on the concepts stated above in his delin-
eation of the tasks of the privileged and the tasks
of the subjugated when discussing racism or other
forms of social oppression in a mixed group.

The manager’s ability to help his/her staff openly
discuss issues of race and racism greatly enhances
the team’s ability to work toward developing health-
ier relationships and gaining full staff participation
on committees, in case conferences, treatment
planning, policies, office ambiance, general office
operation and service delivery. This participation
is essential to help staff move from defensive or
neutral behavior to coexistence with others whom
they found to be strange and/or threatening. These
approaches can enhance productivity, staff morale,
retention and cut down on burnout.

A clear understanding and awareness of white-
centric dominant thought will cause a racially
conscious manager to explore the larger question,
that is: how diverse is the staff in decision making
positions, such as senior clinicians and supervisors?
These employees control policy, programming,
treatment choices, program location, promotion,
hiring, and other key factors. In other words, how
is the money spent and who has power?

THE SUPERVISORY ROLE

It is often said that people do not leave jobs, they
leave supervisors! Thus the role of the supervisor
is key to the development and retention of staff
of color. Supervisors must be prepared to discuss
issues, or even perceived issues, involving race and
racism with the understanding that due to the
power differential, most staff will be unable to ini-
tiate these issues without permission. They must
become familiar with microaggressions, which
were first described in 1970 by psychiatrist Chester
Pierce, as a specific, less known form of individual
racism that merits special attention. *The American
Psychiatric Glossary* (2003) defines micro-aggres-
sion as “offensive mechanisms or actions by a
person that are designed to keep other individu-
als in an inferior, dependent or helpless role. These
actions are nonverbal and kinetic and they are well
suited to control space, time, energy, and mobil-
ity of an individual (usually non-white or female)
while producing feelings of degradation.” These
stunning, automatic acts of disregard stem from
unconscious attitudes of racial superiority and
may be unintentional. Examples include assuming
that a black physician is an orderly, automatically
presenting your valet parking check to a black
man in a suit and tie standing at the entrance to a
restaurant, or automatically asking a patient with
non-European features to present his welfare card
when seeking treatment. Such examples, though
seemingly subtle and innocuous, are perceived by
the victim as racist and accumulate over time to
burden the target of such acts.
These unaddressed racial attacks block both the worker’s and the team’s potential, which ultimately jeopardizes the organization’s ability to provide quality services. Such attacks are a part of non-white workers’ daily lives, and are not confined to the workplace. Whether they come as full-scale frontal attacks or smaller assaults to the flank, these subtle indignities are hard hitting. Since microaggressions strike at the core of a worker’s identity, an emotional response is normal. It is crucial to first acknowledge that microaggressions exist and become familiar with the various forms that they take. Workers who experience micro-aggressions need validation.

According to Dr. Richard G. Dudley Jr. (1988), repeated invalidated insults will eventually begin to destroy the worker’s self esteem and sense of competency. This battle can consume an enormous amount of energy and the worker needs emotional support and direction. Although it is difficult to assign energy points expended in each race-related encounter, it is clear that the personal cost is lofty. It is important that a supervisor is aware of the amount of time and energy that workers of color are forced to spend addressing these issues. This time and energy must come from somewhere, and it appears that it is taken from the more personal side of the ledger, which ultimately leads to burnout and retention issues.

Learning to distinguish between racially-motivated and substantive criticisms requires time, sophistication and intense awareness of one’s strengths and challenges. The supervisor’s role can be extraordinarily helpful to this process. Self-assessment is often quite difficult for the worker at these times, since some forms of racial insults may have been internalized and can affect the worker’s self perception. Therefore, at some level, the worker may have lingering questions about his/her ability and self-assessment may be inappropriately harsh.

Some workers, however, may be so well defended against race related insults that they tune out the insult and do not explore their own affective experience, especially vulnerability and pain. At the other extreme, some workers believe that all conflict is race-related, and tend to use racism as an excuse for not exploring personal and professional shortcomings. This could cause them to deny any substantive concerns that are raised and therefore find it difficult to grow and develop in their work.

Some supervisors may worry about being seen as racist thus denying workers of color vital feedback rather than confronting and dealing with difficult situations. The supervisor must play a vital role by helping the worker to sort out what is legitimate race bias, and what are professional development issues that need improvement on the worker’s part. The supervisor must also be instrumental in helping the worker focus on selecting realistic alternatives and strategies for coping. Workers can be helped to recognize that some situations are unworthy of a response. On the other hand supervisors must support workers by taking action on issues that require immediate supervisor and/or senior executive response.

The worker must be provided with an avenue to express feelings, since hurt and rage may initially take over the worker’s sound judgment. With support and time, workers will learn that intense feelings stirred by racism can be managed, and that they can develop healthy alternatives for dealing with unhealthy situations.

Race-related crises need to be responded to swiftly. Each issue of racism or perceived racism should be acknowledged, with the understanding that the feeling of assault is equally as painful to the worker. The supervisor’s feedback is not only acceptable but important for promoting the worker’s professional growth, preventing burnout and promoting job retention.
WHAT WE HAVE LEARNED

Our original goal was to attract a multicultural staff to better serve our broad array of multicultural clients, however, something even bigger happened. Over the years, in pockets of our agency, our demographically representative workforce brought fresh new perspectives. They were able to pursue and maintain cases that previously all-white staff had not been able to engage. They did outreach to the community’s natural support systems that the traditional white staff would not have thought relevant or appropriate because their link to clinical treatment was not obvious to them. We have learned that having multi-cultural staff can affect the work in terms of expanding our notions of what are treatment issues and taking on those issues and reframing them in creative ways that we had never done before. We have also learned that a racially diverse staff can really change the substance and enhance the quality of our work. We have become clear that leaders, managers and supervisors all need anti-racist training in order to identify, analyze and nurture these culturally based skills, beliefs, and practices so that we can learn from them and teach others. The goal of our anti-racist organizational development plan is to integrate these skills into the very core of the organization’s culture. All of these changes require systemic and institutional change in order to truly impact our agency and our practice.

For today, we are stuck between yesterday and tomorrow. Our goal is to build a bridge to the future while valuing our history. We passionately believe that our future can be better than our past. The future of our agency is our professional life’s work; there is much that still needs to be done. As we move forward, it is important that striving for perfection does not become the enemy of the good. Our pursuit of becoming an anti-racist organization is a journey and not a destination. We have seen the future and want to go there. For change to be lasting in our organization, we must sustain these efforts on all levels, beginning with the leadership, encouraged in management/supervision, and mandated in treatment. As leaders we must be mindful of the unrealistic expectations that there will be a comfortable, harmonious atmosphere, as diverse voices explore certain truths and biases around the human condition. We must expect a degree of discord and confusion; we anticipate that there will be a desire to let the anti-racist conversation fade into the background. Disagreement is freedom’s privilege; we must develop a higher organizational pain threshold in order to stay the course.

Dr. Nancy Boyd-Franklin taught us that the hope is in the struggle; therefore for today, we will continue to hope and dream as we struggle to move our beloved traditional Jewish organization towards an anti-racist mission.

We are mindful of the contemporary usage of the phrase Tikkun Olam, the Hebrew term literally translated as world repair, which has come to connote public policy and societal change, and with the Kabalistic notion that the world is profoundly broken and can be fixed only by human activity.
References


Anti Racist Alliance (http://www.antiracistalliance.com)


Nonprofit Capacity Building: Who is Doing What for Whom and to What End?

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Capacity building organizations have flourished in recent years, and so has the scope of their activities and services. Noting substantial growth in an “industry” of consultants, private and nonprofit firms, management support organizations, and academic centers dedicated to providing technical assistance and leadership training to Pittsburgh’s nonprofit sector, The Forbes Funds commissioned a research study to examine the quality of this industry. The findings we present here focus on the characteristics of effective capacity building initiatives by defining who (the capacity builders) is doing what (the kinds of support services provided) for whom (the types of nonprofits engaging in capacity building initiatives) and to what end (whether capacity building initiatives produce desired organizational change). Specifically our study addressed four key questions, the answers to which have broad applicability:

- Who is providing capacity building services to Pittsburgh area nonprofits?
- What types of capacity building initiatives are most desired?
- Do all types of nonprofit organizations engage in capacity-building initiatives?
- To what extent does capacity building result in greater ability to accomplish mission-focused, goals and objectives?

RESEARCH DESIGN

We created a four-stage multi-method research design that offered an opportunity to empirically examine the link between capacity building and organizational change. In the first stage of data collection, we collected archival data from capacity builders, nonprofit organizations, and area foundations to provide important insight into the region’s capacity-building landscape and establish the context for analyzing the interview and survey data. Archival data collected included an environmental scan of the Pittsburgh capacity-building industry; promotional materials and websites of local capacity-building providers and programs; and the funding priorities and grant-making guidelines for seven of the major foundations in the region.

Phase two involved conducting in-depth interviews with capacity builders and foundation executives. Capacity building professionals were identified by supplementing a list of providers given to us by Forbes with the list of consultants attending a Capacity-Building Marketplace where over 50 capacity builders were assembled to provide local grantmakers and nonprofit leaders with information about the services they provided. In sum, 34 providers representing 31 different organizations (8 were affiliated with educational institutions, 13 were nonprofit providers, and 10 worked for private firms) were interviewed. We also conducted telephone interviews with four foundation officers to learn more about the ways in which the foundation community supported capacity-building initiatives throughout the Pittsburgh region.

In the third phase of data collection, the team hosted five focus groups with nonprofit leaders representing organizations in various service fields. Focus group participants were identified by way of referrals from the capacity builders we interviewed.
This approach assured the research team that those invited to participate in a focus group had experience with capacity building. Forty-nine nonprofit administrators were invited to participate, 23 agreed to attend one of the 5 scheduled focus groups, and 19 actually participated. Three-quarters of the focus group participants served as executive directors, with the remaining serving in varied management capacities such as associate director or vice president for organizations in various service areas including children and families, education, faith-based, neighborhood development, environment, and human services.

The final stage involved distributing a web-based and follow-up mail survey to 880 Allegheny County nonprofit organizations to ascertain the degree to which they actually relied on the capacity building industry for training, skill development, and technical assistance. The survey was also used to assess user experiences and satisfaction with capacity-building initiatives, the types of change that had taken place, and to collect basic organizational and demographic information, including but not limited to capacity building expenditures.

The online survey or written questionnaire was completed by 202 nonprofit leaders, resulting in a 22.9% response rate. The largest category of organizations represented was human service organizations (38.1%). Following were educational institutions (16.8%), economic & community development (10.4%), health (9.4%), and arts/culture (7.9%). The sample was evenly distributed in terms of organizational age, with date of establishment ranging from 1839 to present. The average (mean) age of respondent CEOs was 48 years old, with an organizational tenure of 9.16 years. There was a fairly even distribution of annual income, with 21.8% earning $25,000-49,999, 30.7% earning between $50,000 and $74,999, 19.3% earning $75,000-$99,999, and 11.4% earning more than $100,000. This group was predominately Caucasian (76%), highly educated (67% with advanced degrees), and almost equally split in terms of gender (48.5% female, 50.5% male).

Nearly half of the respondents (46.0%) reported that continuing education expenses were reimbursed by the organization. In the past two-years, over 58.4% indicated they had hired a consultant, 59.9% said that they had attended a workshop, training, or seminar, and 55.4% claimed they had participated in a peer learning initiative. Over one third of respondents (39.1%) indicated that staff members spend at least one full day per month dedicated to professional development, and that in the preceding 12-month period, the organization had invested an average of $41,502 in capacity building initiatives, with the most frequent investment at a level of $15,000. On average, 2.7% of annual operating expenses were devoted to capacity building expenditures.

**RESEARCH FINDINGS**

The data we report contributes to a growing interest in measuring the effectiveness of capacity-building efforts and the degree to which those efforts influence nonprofit organizational performance (Elliott, 2003; Laedlein & Blumenthal, 2003; Linnell, 2003), by focusing on an enduring but as yet unresolved issue in nonprofit management, organizational, and sectoral capacity development: how best to conceptualize, develop, and evaluate systems to promote nonprofit effectiveness, sustainability, and capacity. We first discuss the major differences in the types of services offered by each of the different types of providers (academic centers, private firms, and management support organizations) and describe the types of services, interventions, and opportunities being provided by capacity builders in the region. We then explain the extent to which capacity-building needs vary among different types of organization. And finally, we provide information about the ways in which successful capacity-building initiatives leverage organizational change.

**Who is Doing What?**

Previous research points to an abundance of educational resources for nonprofit managers available through higher education programs in
the Pittsburgh area (Tripp, 2001). There is also an extensive repertoire of technical and consultative support activities that are just as diverse as the sector they serve. For example, Linnell identifies a wide range of capacity builders, including “consultants, management support organizations (MSOs), grant-makers, researchers, universities, academic centers, intermediaries and umbrella organizations, attorneys, accountants, technology firms, [and] national and international organizations” (2003, 14). This suggests that nonprofit managers have a wide range of available options when making the choice about capacity-building providers. To that end, we asked survey respondents to provide information about the source of capacity-building assistance as well as the type of assistance provided.

We relied on the work of Connolly and York (2003) to help frame the full range of Pittsburgh’s capacity building efforts. The authors argue there are “four core capabilities essential to any nonprofit” – adaptive capacity, leadership capacity, management capacity, and technical capacity. Adaptive capacity encompasses planning, assessment, evaluation, and collaboration; leadership capacity refers to board and executive leadership; management capacity is associated with effective use of human, operational, and volunteer resources; and technical capacity is related to the implementation of core organizational and programmatic functions (financial management, fundraising, technology, marketing, legal, etc.). The Connolly and York (2003) typology was used to frame the kinds of capacity-building initiatives nonprofit administrators were seeking, engaged in, or embarking upon.

Although the data indicate that there is a tremendous amount of capacity-building being facilitated internally, we found the two most prevalent sources of outside assistance to be private consultants and peer learning or exchange opportunities. The most common form of capacity-building help provided was in the area of technical capacity, followed by adaptive capacities, management capacities, and leadership capacities. The majority of respondents indicated they had sought help in the area of board development/governance (66.3%), program evaluation (64.8%), information technology (62.4%), strategic planning (61.9%), finance, budgeting, and accounting (55.9%) and resource development/fundraising (53.0%). These data are summarized in Table 1.

**For Whom?**

To better understand the types of capacity building nonprofits are engaged in and to help further understand the adequacy of the capacity-building industry, we gathered both qualitative and quantitative data about the ways in which capacity-building needs differ among different types of nonprofit organizations. We repeatedly heard that a “one size fits all” model of capacity building was ineffective for most nonprofit organizations. Respondents consistently told us organizational characteristics such as size, service area, and organizational life cycle were important characteristics that had to be considered when a consultant worked with a leadership team, a board of directors, or to build organizational systems (e.g., creating software for financial management systems, designing marketing, public relations, or fundraising campaigns). One capacity builder was quite eloquent in her assessment of the varied needs among the region’s smaller nonprofit organizations:

> First of all, some of the organizations are so small and have such limited management capacity that it’s almost hard for a consultant to work with them. They have boards of five and six or eight people most of whom, or many of whom, may have not served on a board before [and even] if they have the organization
doesn’t know how to manage the board well enough. So the consultant gets in there and it’s very difficult. The organizations have no language to work with. They have little capacity. The process of working on a consulting project falls apart as soon as they have to [deal with the day-to-day] because all the energies go there and there’s nobody left to do the project [implement the capacity building]…we don’t make any head way. We may solve one problem. But there’s no systemic change. There’s no institutional change, [and maybe that’s because some interventions are] totally out of scale of what these organizations should be doing. We need to consider what the baseline is for a small or mid-size organization, what is the minimum they should have in place…capacity building the small organizations is, really just trying to develop things like good cash flow management and predictability of earned revenue, giving them an understanding of what’s realistic and what’s not realistic, basic board roles and responsibilities, and how to sustain some sort of baseline management quality.

In addition to the functional challenges smaller organizations face, smaller agencies also struggle with staffing issues. Respondents explained retaining qualified staff is difficult because budgets are stretched thin and there is little room for advancement. For some, even though they recognize the value of providing additional training

Table 1: How and by Whom Capacity Building Services are being Provided

<table>
<thead>
<tr>
<th>Type of Assistance</th>
<th>Facilitated Internally</th>
<th>Peer Learning</th>
<th>Workshop/Training</th>
<th>Nat'l Org</th>
<th>Academic Center</th>
<th>NP</th>
<th>Prvt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaptive Capacities</td>
<td>223 (34.36%)</td>
<td>138 (35.84%)</td>
<td>45 (26.01%)</td>
<td>48 (44.44%)</td>
<td>18 (41.86%)</td>
<td>55 (33.74%)</td>
<td>54 (29.51%)</td>
</tr>
<tr>
<td>Leadership Capacities</td>
<td>86 (13.25%)</td>
<td>74 (19.22%)</td>
<td>42 (24.28%)</td>
<td>24 (22.22%)</td>
<td>9 (20.93%)</td>
<td>45 (27.61%)</td>
<td>50 (27.32%)</td>
</tr>
<tr>
<td>Management Capacities</td>
<td>171 (26.35%)</td>
<td>84 (21.82%)</td>
<td>42 (24.28%)</td>
<td>21 (19.44%)</td>
<td>9 (20.93%)</td>
<td>29 (17.79%)</td>
<td>38 (20.77%)</td>
</tr>
<tr>
<td>Technical Capacities</td>
<td>169 (26.05%)</td>
<td>89 (23.12%)</td>
<td>44 (25.43%)</td>
<td>15 (13.89%)</td>
<td>7 (16.28%)</td>
<td>34 (20.86%)</td>
<td>41 (22.40%)</td>
</tr>
</tbody>
</table>

*Note: n indicates the cumulative number of separate types of assistance related to each core capability
for staff (when they have staff), there was concern the investment would be wasted because trained staff members might market their newly acquired knowledge in pursuit of a higher paying job or an upper-level position at another organization. As one executive director lamented, “They’ve reached the point where the only next step within the organization is my job, and I’m not giving up my job.”

Respondents also told us service area was an important consideration capacity builders needed to take into account when designing interventions. With intensity that matched the passion nonprofit executives expressed for their unique missions, the individuals we spoke with were vehement in their assertions that all organizations are not the same, each have individual characteristics and important mission-related nuances that must be taken into consideration. “You [need to] look at the difference between arts organizations and educational organizations or the difference between educational organizations and social service organizations.”

Survey respondents also shared concerns regarding the flexibility of various types of capacity-building initiatives, specifically with regard to organizational size and mission area. “We don’t have a lot of extra time or money to pursue this [workshops], but we are interested. We try to take advantage of low cost services, but sometimes the materials are above our heads—not above our intelligence, just beyond where our organization is.” Another survey respondents shared this insight, “I like getting out and talking, meeting with others, but it would be nice to have some seminars that were especially geared up for small nonprofits. Also, I think religious organizations have some special challenges and opportunities. It would be nice to get us all together.”

Further illustrating the idea that different needs exist among various services fields, nonprofit administrators spoke highly about how much they got from attending conferences that brought together professionals in their field. They saw real value in being able to talk with people facing the same regulatory environment, similar service delivery challenges, and comparable expectations from constituent groups. Others who were part of an affiliate structure or a member of a state-wide association, talked about how comfortable and useful it was to access resources and help through these groups. They argued the learning curve was less steep and they were able to get the specific mission-related help they needed rather than a generic model they were then expected to make relevant to their operation. Focus group participants, those from local non-affiliated organizations in particular, expressed frustration at the amount of wasted energy and valuable resources spent bringing local consultants up to speed about the organization’s work. One provider shared an interaction she had with a nonprofit executive:

I was sitting at a meeting and this one woman said, 'I'm tired of people telling me what to do in areas where I know what to do, and I'm tired of training people in how to work with me. You know, they don’t know anything about the community and so I spend my time teaching them about the community and I don't get much.'

It is also important to consider stage of development or organizational life cycle characteristics when building capacity. In much the same way that smaller organizations have qualitatively different needs from larger organizations, and capacity-building needs differ among service fields, the age of the organization plays a part in the types of help these organizations need. Yet, as one capacity builder cautioned, “Even if they have been around for a long time, they are not necessarily at the same point at the same time...they may be at very different points in their thinking.”

Our survey data also supports the notion that organizational characteristics are related to the types of capacity-building assistance nonprofits seek. For example, total annual expenditures is positively associated with the use of the following types of assistance:

2 For all associations indicated in this section, there exist statistically significant coefficients at p < .05 or p < .001 levels.
capacity-building assistance: program evaluation, facilities planning, information technology, executive leadership development, and marketing/public relations. Similarly, the total number of paid, full-time staff also shows positive associations with the following types of assistance: program evaluation, facilities planning, information technology, executive leadership development, operations management, program development, and accountability/ethics.

In contrast, aspects of collaboration are associated with a nonprofit’s use of capacity-building assistance in the following categories: board development, program development, and fundraising. Finally, mission area is associated with different uses of capacity-building assistance in the following ways: program evaluation, information technology, executive leadership development, operations management, program development, volunteer management, and collaboration. These findings warrant further study, but suggest differences in nonprofit mission area and collaborative activities may lead nonprofits to need or use different types of capacity-building assistance than other organizational characteristics do.

**To What End?**

Because of the nature of organizational change processes, it is challenging to establish direct or causal links from capacity-building interventions to measurable organizational outcomes (either quantitative or qualitative). The sheer complexity of the issues addressed by most nonprofit organizations combined with interrelated and sometimes dependent inter-organizational dynamics and the financial, technological, operational, and human resource challenges facing administrators, make it difficult to distinguish how changes to one part of the system affect other parts of the system. In spite of this intricate web of interrelated issues and problems, survey respondents provided important data linking a general organizational orientation toward self-assessment and change with appreciable improvements in organizational performance.

Our survey data suggest organizational leaders who believe capacity building is a good use of organizational resources, crucial to success, central to achieving mission-related goals and objectives, and useful for organizational improvement, can directly attribute changes in their work and their organizations to capacity-building interventions. As one survey respondent indicated, “we have a broader perspective of the opportunities and potential models and methods. We’ve been inspired to ‘take the next step’ to grow the organization in terms of staffing, programs, and stature. There is a different working culture among our staff and board.” Moreover, when asked to think about how capacity-building helped their organization to improve, more than 40 percent of the survey respondents indicated great improvement (a score of 8 or higher on a 10-point scale) in the following areas: organizational control and monitoring systems, accountability, greater self-assessment, development of personal leadership plans for the executive staff, integration of evaluation finding into planning, and greater efficiency. In addition, board support and support from funders not only contribute to engagement with capacity-building assistance for a good portion of the sample, but may also play a role in leveraging organizational change. Table 2 illustrates key aspects of capacity-building orientation leading to organizational change.

We argue that in order to fully appreciate the ways in which capacity building leverages other types of organizational change requires a basic
understanding that at the core of successful capacity-building interventions is a deep commitment on the part of nonprofit administrators to “do more better.” Capacity builders and focus group participants claimed behaviors indicative of this commitment are things like, an investment in professional growth and development; an ability to look objectively, critically, and strategically at organizational operations; the willingness to confront fear, embrace change and take prudent risks; and the humility to admit when you need help or when you have failed.

The descriptive demographic characteristics of survey respondents clearly indicate the value these nonprofit executives place on learning (over 67% have completed at least some graduate-level work or hold advanced academic degrees). Moreover, the total volume of the capacity-building services accessed by this group clearly suggests these individuals perceive there to be at least some value in pursuing these initiatives. What seems to be missing is the degree to which those who have engaged in capacity building have actually put what was learned into use. Our qualitative data provide useful insight in this regard.

A manager has to make a commitment to continuous improvement because changes are happening quickly and you must be responsive...an organization can't be viable without addressing fear and risk...if you are under a rock your organization is not going to survive.

The people we spoke with emphasized the notion of commitment to continuous improvement or active involvement. They told us that in order to be truly effective, nonprofit administrators needed to be proactive in their pursuit of ideas and solutions to address organizational issues and problems. They had to do more than attend the workshop or training sessions, they had to be motivated to apply the information they learned in ways that would contribute to organizational goals and objectives. Consider this comment regarding the importance of motivation:

Table 2: Capacity-Building Orientation in Nonprofits

<table>
<thead>
<tr>
<th>Statement</th>
<th>Percent of Survey Respondents who “Agree”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity building is a good use of organizational resources.</td>
<td>86%</td>
</tr>
<tr>
<td>We build capacity through our internal ability to solve problems.</td>
<td>84%</td>
</tr>
<tr>
<td>Capacity building was/is central to achieving our mission.</td>
<td>75%</td>
</tr>
<tr>
<td>The capacity building process was critical to organization’s success.</td>
<td>73%</td>
</tr>
<tr>
<td>Capacity building has helped us to gather information for improvement.</td>
<td>73%</td>
</tr>
<tr>
<td>Funders required that we engage in capacity building.</td>
<td>40%</td>
</tr>
<tr>
<td>Clients/customers required that we engage in capacity building initiatives.</td>
<td>21%</td>
</tr>
</tbody>
</table>
When people get lollled into a sense of complacency and feel that what we’ve been doing is fine, we don’t need to change it. There’s not going to be any desire to change. Every one of the organizations you’re talking about that attend those workshops have the ability to go back and look at themselves differently. Some have chosen not to do that. They’ve chose not to do that because it’s easier not to do that.

Our respondents were critical of those nonprofit leaders who were complacent or passive; either because it was perceived they were simply accepting the status quo even when there was documented unmet need, or when it was believed the only initiative being taken was waiting patiently for the next big grant to bail them out of financial difficulties. As one focus group participant explained, “There are too many stagnant organizations…smug and happy with the status quo.”

We found another distinguishing characteristic of active involvement was the investment in self- and organizational-improvement using a wide range of non-obvious or nontraditional resources to bring about growth. It seemed to us that those individuals, who we would describe as highly committed to capacity-building, were able to respond to stimuli in other areas of their lives and integrate information gleaned from those experiences in a way that was relevant and applicable to their professional and organizational development. For example, we received responses from survey respondents thanking us for sending the survey because it helped them think more critically about the work they were doing. We had focus group members tell us some of the most important things they learned from consultants and through other interventions was how to take a fresh look at what they were doing. Executive coaching was also praised as a way to bounce ideas off someone and to get the support needed on a regular basis. And we had capacity builders who argued increased interaction is a valuable way to share information and experiences across organizational barriers.

By far, the most common theme among all of our respondents regarding the success of capacity-building initiatives was the ability to not only to acknowledge when you need assistance but also to have the courage to admit when you had failed and the willingness to learn from your mistakes. The following comment from a focus group participant captures the essence of this characteristic:

I also think the most critical thing you can do to building capacity is being able to admit your shortcomings and expect to fail and learn from the failures, and be able to report back and share with the foundation community and the funders that you failed…you aren’t going to hit the timetable that you set. You don’t drop it on them in a report at the end of the year. You say ‘You know what, this is going to take us longer, here’s what happened, here’s why, here’s what we learned from it, and here’s where we think it’s going to go. And I just want to let you know.’ People [the foundation representatives] respond ‘That’s great, I’m fine.’ But if I had [sent a final report disclosing the failure] afterwards that said ‘You know what we didn’t spend the $300,000, we only spent $30,000 of your money for the grant period.’ You know, they’re like ‘You sent this to me in a grant report?’

In sum, even though assessing outcomes is difficult, we would argue capacity-building can leverage organizational change, particularly when the organizational leadership is predisposed to investing in professional and organizational development, and willing to actively engage in seeking out and applying information from a wide range of learning opportunities. As one focus group participant explained, “you know when an organization is on or off [if the leadership is open to change]…you know when it is in tune…it’s like a musical instrument…you can feel it.” Of course we understand that there is an objective assessment as to whether a musical instrument is in tune, but we also know that there are elements of great symphonies that extend beyond the simple tuning of instruments.
CONCLUDING COMMENTS AND RELATED RECOMMENDATIONS

Despite its prominence as a strategy to improve practice, the study of nonprofit capacity building is still relatively young. There is much to be learned about the possibilities for understanding alternative and potentially competing conceptualizations of capacity building, measurement of capacity-building dimensions, and competing forms of capacity-building assistance. Similarly, there is much to be learned about the organizational, process, and inter-personal dynamics of organizational change associated with capacity building. This holds true for dynamics between funders and nonprofits and contracted capacity builders and client nonprofits alike.

The research detailed in this article provides nonprofit practitioners, capacity-building providers, and funders with detailed information regarding the provision, utilization, and significance of capacity-building services in the Pittsburgh region. The findings are not only relevant to those in the Pittsburgh regions, but to those affiliated with or serving nonprofits across the country. That said, there are at least three universal implications and related recommendations. First, participants in this study indicated that they place a high value on activities that promote learning and professional development, especially when such activities foster interaction with peers. The establishment and promulgation of executive coaching, executive leader circles, and other opportunities for meaningful interaction are desired by nonprofit executives and middle managers. Because numerous participants in our study also expressed an organizational learning orientation, such activities could serve to stimulate, enhance, or extend peer interactions within individual organizations. These various capacity-building interventions could be developed with limited financial investments, and there are several model programs in other metropolitan areas that could be modified to fit a particular regional context.

Second, our research indicates that even when there seems to be an abundance of capacity-building assistance, critical gaps still remain (e.g., meeting the specific needs of small nonprofits). To address such gaps it would be useful to link interventions to the specific needs of particular organizations through the ongoing development of specialized expertise by capacity builders and increased awareness of organizational need throughout the funding community. This means that capacity builders and funders have an obligation to attend to their own capacity-building needs so they can better recognize organizational characteristics such as life cycle, age, size, mission area, and executive director tenure/experience that are likely to influence both the types of services desired and the ability for capacity-building interventions to be effective.

For capacity builders building capacity requires keeping abreast of what is happening in their area of specialization and the sector as a whole. For funders this means investing in mechanisms to assist nonprofits in determining their capacity-building needs and related assistance options. To reinforce the development of capacity builders and the funding community, nonprofits will not only need to become better consumers of capacity-building services but will also need to be recognized as equal partners in developing funding strategies to meet organizational challenges in ways that produce the desired results.

And finally, our research suggests that even though asking for help is hard, particularly when an organization may be concerned that such candor may affect its chances for future grant funding; being forthright about what’s needed is essential if the capacity building intervention is expected to produce the desired change. Capacity building is a complex business, and related change processes take time, are often incremental, and occasionally exponential. Success or failure is also not always attributable to one specific event, which make explaining the genesis, points along the way, and end points murky, even under the best of conditions.
Recognizing that the path to discovery is not always obvious or direct and that power dynamics between funders and nonprofits and contracted and contractors are part and parcel to capacity-building interventions, much more room needs to be made for dialogue, revisiting of plans, redirection in light of new information or data, ongoing attention to accountability and related expectations and outcomes, and most importantly, to learning.

References
Minimizing Turnover among Support Counselors Through a Value Based Culture

Peter Smergut, Executive Director and CEO of Life’s WORC

National organizations providing support for individuals with developmental disabilities are experiencing an extraordinary crisis in turnover among employees providing direct support. Yearly turnover rates are in excess of 50% (Larson & Lakin, 1977; Puddington, 2002). The traditional workforce for these positions is drawn from people between the ages of 18 and 44, a population which will shrink from 42% to 37% of the potential workforce by 2010 (Department of Labor, 2004). This reduction in the potential workforce is compounded by the expected growth in the census of people needing services. In New York State alone, more than 50,000 people are currently employed in the field of developmental disabilities as direct care workers (Duffy, 2004). In addition to the growing number of people with developmental disabilities receiving services as a result of de-institutionalization and improved longevity, the retiring baby boomer population will also start to compete for this limited workforce (Greengard, 2003).

It is anticipated that the home health aid industry will be the fourth largest growing occupation sector by 2010 with a projected 64% growth rate (Bureau Labor Statistics, 2004). Given the diminished demographics for the future labor pool, recruitment and retention has become a major policy concern and 37 states have identified retention as a critical issue (Stone, 2004). In the fall of 2003, the Congressional Direct Support Professional Recognition Resolutions were passed in the U.S. House and Senate. As the U.S. Secretary of Labor, Elaine Chao, observed on September 24, 2002, “The paraprofessional long term care workforce is the cornerstone of America’s long term care [and] the fundamental, long term challenge is how to develop a committed, stable pool of employees who are willing, able and skilled to provide quality care.”

The question of how to address this retention challenge is multifaceted. The literature does tell us, however, that supervisory practices (Kouzes & Posner, 2002; Larson & Lakin, 1977), training and orientation (Test et al., 2003; Hewitt et al., 2002), organization climate (Zinn, 2004), job satisfaction (Kleinman, 2004; Barak et al., 2001), and education support (Barak et al., 2001) all have an impact.

In organizations providing support for individuals with developmental disabilities, high staff turnover impacts on retention and the quality of consumer care (Connor et al., 2003; Test et al., 2004; Larson et al., 2004). People with developmental disabilities often require support and assistance in basic life skills, and the relationship between the support counselor and the consumer is typically very personal and intimate in nature. Addressing the unique needs of this population demands continuity, and the nuance of the needs of each individual cannot be effectively met when turnover is high and support counselors do not have the time or opportunity to get to know the individuals they support. Turnover has a significant implication not only on organizational effectiveness but also on the employees who stay. This dissonance further contributes to the challenge of stabilizing an organization (Krausz et al., 1989) and may reflect the findings of Land (2003) who posited that community-based organizations have a poor track record on meeting the needs of their staff.

Life’s WORC is a nonprofit agency in the New York City metropolitan area that supports individuals with developmental disabilities. It employs over 600 staff and offers assistance to over one thousand people with developmental disabilities.
people. Given the impact surrounding retention and turnover previously discussed, the agency has taken a proactive stance in insuring that it maintains an excellent committed workforce. Life’s WORC has developed a long term employee support system that is based on a set of core values and a focus on hiring practices, training, evaluation, performance compensation and employee feedback. Leadership is an essential component of this program and it serves as a complement to the values culture. Retention and turnover are closely monitored by the agency and a comprehensive retention strategy has been implemented.

THE VALUES BASED RETENTION STRATEGY
The strategy (Chart 1) begins with a behaviorally based hiring process that targets candidates most likely to resonate with the agency culture and values. It morphs into a training curriculum which is fully integrated into the agency values. All training modules reiterate the values while concurrently focusing on specific job responsibilities. The next phase of the cycle focuses on the employee evaluation which is benchmarked on a values continuum. Employees are rewarded on their personal scores by utilizing a tiered bonus plan. The cycle is completed with anonymous assessment protocols evaluating how the staff perceives the agency values (Chart 2) and how satisfied employees are with their jobs. This satisfaction survey assists the agency in closing gaps that exist between what employees want and what management perceives those wants to be.

Given the impact of leadership on turnover (Kouzes & Posner, 2002) a leadership assessment is also administered to all supervisory personnel by their direct reports and selected peers. This survey offers critical feedback to front line managers by providing them with a mirror as to how they are perceived vs. how they perceive themselves. Often there are
extraordinary differences in perception which lead to substantive coaching and training opportunities.

The core of the Life’s WORC retention strategy is based on a set of shared values. These values were created by the members of the organization during a three month period in the fall of 1999. They are the summary input of over 500 staff that worked for the agency at that time and represent a consensus of their opinion. The central element and driving influence for the agency’s mission and, therefore, the key core value is Responsibility to the Individuals we Support. This forms the basis for all agency decisions be they operational, financial, governance or ethical. The values also highlight the importance of Staff Development and Recognition. In a labor intensive industry which is deeply personal and intimate in nature happy staff is more likely to equate with happy individuals being supported. The value of taking good care of staff is therefore, not just the right thing to do but it is an essential ingredient in conducting a program which maintains and demands high quality.

The value of Communication can be nebulous in terms of its meaning but much effort has been made to define it as well as to categorize how it is demonstrated in the course of daily events. The operating definition has become: every staff member will communicate respectfully in an honest manner with genuine interest in reaching a mutual understanding. This definition categorizes the expectation and gives substance to the concept. It enables peer relationships to flourish and minimizes potential areas of conflict, two elements which have been shown to have a significant impact on retention (Zinn, 2004).

The value of Creating and Maintaining a Team has been operationalized to mean that every staff member will be equally invested in everyone’s success by creating a fun supportive place to work. Team work is a critical component in the building block for strong organizational commitment. It has also demonstrated to be a determining factor in people staying or leaving an organization (Stone, 2004).

The value of Quality while seemingly intuitive has also been defined not only in terms of specific comprehensive audit outcomes but also in more human terms such as every staff member will consistently put forth maximum effort to achieve excellence and exceed expectations.

These values reflect the culture of the organization and have become guiding principles which offer a gyroscope for daily decisions.

Over 500 of 600 staff responded to an anonymous online web based survey. Chart 2 represent the percent of staff who responded agree strongly and agree somewhat to the twenty five values based questions.

**HIRING**

With the values as a road map, hiring practices are tailored to reflect the agency values. Questions have been designed behaviorally to assist in assessing a prospective candidate’s potential in adhering to the value structure. All human resources professionals

<table>
<thead>
<tr>
<th>Value</th>
<th>2002</th>
<th>2004</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsibility to the individuals we support</td>
<td>89%</td>
<td>88%</td>
<td>97%</td>
</tr>
<tr>
<td>Staff development and recognition</td>
<td>73%</td>
<td>77%</td>
<td>91%</td>
</tr>
<tr>
<td>Communication</td>
<td>72%</td>
<td>76%</td>
<td>90%</td>
</tr>
<tr>
<td>Creating and maintaining a team</td>
<td>84%</td>
<td>83%</td>
<td>92%</td>
</tr>
<tr>
<td>Quality</td>
<td>74%</td>
<td>74%</td>
<td>92%</td>
</tr>
</tbody>
</table>

**Chart 2: Life’s WORC Report Card on Organizational Values**
engaged in the interview process have been trained in a similar style to insure continuity. This assists in weeding out individuals whose skill sets and resume may appear appropriate but who do not resonate with the agency’s culture. These hiring practices are rooted in the belief that shared values maximize opportunity for success. The hiring practices do not utilize standardized assessments such as the Minnesota Multiphase Personality Inventory (MMPI) or other empirically scored tools since these interventions have not encouraged hiring practices that demonstrate improved retention (Hall & Hall, 2001). In contrast, the agency incorporates a scoring rubric unique to the culture of the agency and its expectations of staff.

TRAINING

All training protocols ranging from new staff orientation to advanced leadership seminars and succession planning coaching are guided by the value culture. The specific tasks that are taught in the various classes all share the agency values. They form the basis for assessment and outline the criteria for success. Additional vocational and education training opportunities have also been identified as a desired outcome for 84% of staff in the employee satisfaction survey. Unfortunately there is a substantial difference between employees seeking additional training and those being able to afford it (29%). Information such as this gleaned from the Employee Satisfaction Survey assisted the agency in reallocating additional resources to support individuals in their goals of furthering their education. Retention among these employees engaged in additional training activities is over 90%.

EMPLOYEE EVALUATION

Every employee job category has a distinct evaluation protocol which addresses the specific job responsibilities of that position but also reflects how the job responsibilities are carried out within the construct of the values. An employee is graded not only on how a job is successfully completed but also if it is completed within the spirit of the agency values and culture. These evaluation tools are organic and continue to be redefined as we respond to the changing needs of the agency. They are interactive and each evaluation contains opportunity for an exchange of ideas and goals between the employee and the supervisor. They are completed quarterly in writing to assure that there is ample opportunity to adjust goals, discuss incremental progress and define strategies for success where specific items in the contract have not been met.

PERFORMANCE BASED BONUSES

The nonprofit community does not typically mimic corporate compensation strategies because it lacks the necessary resources to implement a meaningful program. This agency did however, at the request of its staff and the feedback from its values survey, initiate such a plan. Initial apprehension about the program included potential favoritism among management staff towards specific employees and a reallocation of limited resources. A cross section of the staff representing all elements of the labor force, however, determined that it would be worthwhile to create a tiered compensation plan and that it would ultimately benefit the individuals the agency supports. Chart 3 highlights the financial impact and the results of the program over the past three years. Employees at the top end were eligible for a bonus up to $800. Given the average annual salary of a support counselor at approximately $22,000, this represented a significant boost in compensation. Since the introduction of the performance based compensation program two years ago we have seen significant increases in the number of employees benefiting from its format. In year one 71% of employees were eligible for a bonus. By year two that number was over 85%. The constant focus on expected outcomes and a clear path on how to achieve them have had a significant impact on the performance outcomes of the staff.

An analysis of the results revealed that of the 148 people who scored less than 3 (the defining score...
for bonus eligibility) in 2005, 92 stayed and 56 left. This represented a turnover of 38% from among this cohort as compared to an average turnover of 22% for the agency as a whole. As a result, poorer performers left the agency at a rate 40% greater than better performers. The average score of the people who left was 2.87 vs. 3.02 for those who stayed, suggesting that the agency was successful in keeping employees who demonstrated a greater commitment to the core values. When evaluating the average score of people who scored less than 3 in 2005 vs. 2006 we see an increase from 2.96 to 3.02 suggesting that the improved scores may have been influenced by the performance based bonus plan.

An analysis of all evaluation scores indicates that turnover for individuals ranking in the 90th percentile or higher had a turnover rate of 9.3% while those scoring in the 10th percentile had an average turnover of 64%. This supports Conners et al. (2003) and Hall, et al. (2002) who posited that employee evaluation scores are contributing factors to retention and turnover. Chart 3 identifies the percentage of staff receiving bonuses and the proportion of bonuses received by staff in each performance evaluation range.

### Chart 3: Performance Based Score Results

<table>
<thead>
<tr>
<th>Evaluation Score</th>
<th>Amount of Bonus</th>
<th>% of Staff Receiving Bonus 2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5 to 4.0</td>
<td>$800</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td>3.25 to 3.49</td>
<td>$700</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>3.01 to 3.24</td>
<td>$600</td>
<td>43%</td>
<td>45%</td>
</tr>
<tr>
<td>3.0</td>
<td>$500</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Less than 3.0</td>
<td>$0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Satisfaction survey and the leadership survey has been a powerful tool in positioning the agency in designing benefits, salary schedules, and working conditions. It has for example focused the agency on maintaining its aggressive health care program, developing a performance based compensation plan, and creating opportunities for flex schedules and aggressive tuition and training assistance.

As might be expected the Employee Satisfaction Survey results highlighted additional compensation as a strong motivator. A review of the turnover and retention patterns among employees who were hired at different starting salaries however revealed that the maximum starting salary for the position of support counselor did not necessarily equate with the best retention rates.

The agency has five starting salary schedules based on experience and education. Salaries range from $10.00 to $12.50 an hour. A two way analysis of variance revealed that the main effect for Level of Salary Average Hire was significant, F (4,131) =2.89, P=.025. Post hoc results indicated that the percent of turnover was significantly lower for those hired at $10.80 (Mean=37.51, Standard Deviation =21.28) than those hired at $12.20 (Mean=69.61, Standard Deviation =46.46). There was no significant difference in the percent turnover among the other salaries. This has caused the agency to start examining possible contributing factors.

An analysis of the values survey results highlighted the differences among employees in their perception of the agency. Employees were asked...
to rate each question by responding agree, neutral or disagree. Demographics such as length of service and job category were determinants in how individuals view the value structure. Over the two year period of 2004 to 2006, there was a significant improvement in respondent scores. These increases significantly exceeded expectations as all twenty five value questions scores improved dramatically. The average increase for all respondents was approximately ten points.

The 2004 survey was conducted using paper and pencil while the 2006 survey utilized the internet via SurveyMonkey.com. Whether this change in methodology contributed to the variation in scores is not clear. Given that both surveys were conducted anonymously, however, it is unlikely that the change in procedure impacted on the outcome.

A review of the survey results reveals a change in the pattern of responses. Among responses categorized by job category, the biggest decline was among support counselors who had two of the lowest scores in 2004 and twelve of the lowest scores in 2006. Management staff conversely saw a substantial decline in the number of lowest scores reducing that total from ten lowest scores in 2004 to 0 in 2006. The executive staff also reduced their lowest scores from nine to three while simultaneously increasing their number of highest scores from eight to twelve. Administrative staff lowest scores increased from six to ten while their highest score total was reduced from five to two.

This data creates opportunities for the agency to target specific interventions for each discreet group. Employees who have longevity greater than seven years for example have more in common in their responses with those employees with less than one year tenure than those employees with tenure of one to six years. This relationship between tenure and value scores reveals that mitigating factors attributable to the enriched supports received by first year staff such as peer mentoring, job coaching, certificating and initial access to the benefits program create a potential halo effect. In order to keep long term employees satisfied they need to be treated like new staff and be offered aggressive supports. Towards this end the agency has added such interventions as a longevity salary schedule, succession planning programs and targeted employee empowerment opportunities.

When examining the survey by job title it is interesting to note that on the average for 2004, executive staff scores were lower than support counselor’s scores across all values categories with the exception of Creating and Maintaining a Team and while there was a significant improvement for 2006, the agency is still investigating these results while acknowledging that they offer tremendous opportunity for discussion and exploration.

In the length of tenure category the most substantial changes were for employees with more than seven years tenure. This category reduced their number of lowest scores from eight to four. The three to seven year tenured category saw the number of lowest scores decrease from eighteen to eleven. The one to three year tenured category on the other hand saw their number of lowest scores increase from two to eight. While the trends are noteworthy and valuable for the agency to explore as a tool for future planning, they must be considered within the context that the 2006 results typically show nine of ten employees agreeing that the value structure is sound and doing well.

Factors which might have contributed to these changes in scores include the following interventions...
introduced between 2004 and 2006: Introduction of a succession planning program, development of a performance based compensation protocol, enhanced longevity salary adjustments, utilization of Kouzes Posner Leadership Survey, strengthened Person Centered Planning approach to supporting the individuals in the agency, branding of the “It’s All About You” campaign for employees. The potential ramifications from these interventions are currently being investigated.

EMPLOYEE SATISFACTION
The employee satisfaction survey is adapted from the Staff Satisfaction Survey created by the University of Minnesota Institute on Community Integration (Larson & Hewitt 2005). It is specifically designed for organizations serving individuals with developmental disabilities. The survey assesses orientation and training, supervision, organization strength and weakness, education goals, supplies, environmental factors and organization commitment. The latter is of particular interest since organization commitment has been shown to be highly correlated to leadership practices .43 explaining 18.5% of variance of organization commitment and leadership practices (Glisson & Durick, 1988). Employees who feel enfranchised by their organizations have a greater intent to stay and demonstrate greater job satisfaction (Martin 1990).

The agency has introduced a Spot Award program. Through this program all staff are empowered to highlight the good deeds of another staff and the recipient is awarded a $25 gift certificate. Of the 153 employees receiving such an award for the six month period January to June 2006, 98.2% of the recipients were still employed with the agency. While anecdotal in nature these findings suggest a need for further investigation.

Chart 4 is an excerpt from the survey results and highlights the Life’s WORC staff response to questions on organizational commitment. Over 50% of the staff responded to the anonymous survey and results are promising given that over 80% of staff responses were positive (agree).

Training experiences which have also been identified as a significant contributing factor to retention (Test, et al., 2003) were also positively portrayed in the Employee Satisfaction Survey (Chart 5). Staff responses support that the organization is providing

<table>
<thead>
<tr>
<th>Statement</th>
<th>% who “Agree”</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am willing to put in a great deal of effort beyond what is normally</td>
<td>93</td>
</tr>
<tr>
<td>expected in order to help Life’s WORC be successful.</td>
<td></td>
</tr>
<tr>
<td>I talk about Life’s WORC to my friends as a great organization to work</td>
<td>89</td>
</tr>
<tr>
<td>for.</td>
<td></td>
</tr>
<tr>
<td>I find that my values and Life’s WORC values are similar.</td>
<td>85</td>
</tr>
<tr>
<td>I am proud to tell others that I am part of Life’s WORC team.</td>
<td>88</td>
</tr>
<tr>
<td>Life’s WORC really inspires the very best in me in the way of job</td>
<td>79</td>
</tr>
<tr>
<td>performance.</td>
<td></td>
</tr>
<tr>
<td>I am extremely glad that I chose Life’s WORC to work for over others I</td>
<td>84</td>
</tr>
<tr>
<td>was considering at the time I joined.</td>
<td></td>
</tr>
<tr>
<td>I really care about the fate of Life’s WORC.</td>
<td>88</td>
</tr>
<tr>
<td>For me, this is the best of all possible organizations for which to work.</td>
<td>69</td>
</tr>
</tbody>
</table>
the necessary training support to enable them to do their jobs effectively.

In the category of how supervision relates to employee job satisfaction, Chart 6 identifies employee responses to questions of supervision. With the exception of the response to a question about Recognition from you supervisor for your accomplishments which scored at 76%, all other questions relating to supervision practices scored at 81% or higher. The issue of employee recognition is currently being addressed through additional training and by its inclusion as criteria for the supervisor’s annual evaluation.

**LEADERSHIP SURVEY**

Leadership skills are assessed using the Kouzes Posner Leadership Practices Inventory (LPI) (Kouzes & Posner, 2002). This leadership survey assesses such characteristics as Modeling, Inspiring, Challenging, Enabling and Encouraging. Each characteristic is evaluated via a six question survey. Leaders can receive a maximum of 60 points with each characteristic having a maximum of 10 points. The authors have found that leadership practices are positively associated with job satisfaction with internal reliability figures for individuals employed in the health care industry registering
between .70 and .88. The LPI uses an anonymous 360 degree format to capture leader/follower perceptions of leadership style. The agency has used it to open a channel of communication and to close the gap of leadership perceptions in the organization. It allows subordinates to evaluate their supervisors while supervisors concurrently evaluate themselves using the same criteria. Differences in perceived results are then evaluated.

**Chart 7** identifies how leaders in the various job categories, i.e. administration, assistant managers, et al., score on the leadership assessment inquiry by comparing their personal scores to the scores of those who report to them. Scores in the positive range reflect subordinates rating their leaders higher than the leaders rate themselves. Conversely, negative scores indicate that leaders rank themselves higher than their subordinates.

The results are a useful tool in planning for additional training as well as developing individual coaching plans for the supervisory staff. The organizational results of this assessment clearly highlight the need for additional coaching with managers and assistant managers whose scores reflect a significant gap between how they perceive themselves and how their subordinates perceive them. Both have scores of greater than -17. This suggests that managers and assistant managers view themselves in a more positive light than their direct reports. Given that these positions represent nearly half of the supervisory workforce, it is critical that the leadership skills of these individuals be enhanced.

This leadership issue is of particular concern given that manager and assistant manager turnover at Life’s WORC when analyzed through a regression analysis, reveals that employees total turnover rate (percent) was a function of the manager/assistant manager turnover rate, \( r = .81, F (1, 29) =55.18, Pp \text{ less than } .001 \). The proportion of variance accounted for, as estimated with \( \text{rm squared} \), was \( .66(66\%) \). The evidence suggests that not only does the agency need to make a commitment to keep qualified supervisory staff but it must also insure that those supervisors are high performing leaders since both factors have significant impact on turnover.
QUALITY

The relationship between job satisfaction, retention, and quality care has been investigated by Conner et al. (2003) and Test et al. (2003). Consumers who live in settings with less turnover and lower vacancy rates were more satisfied with their services. Overall 16% of the variability of consumer satisfaction was accounted for (Larson et al., 2004). High vacancy rates created by excessive staff turnover have also shown to potentially increase the rate of injury and accidents among consumers being supported (Conner et al., 2003).

Life’s WORC’s vacancy rate is less than 2% as compared to vacancy rates of comparable agencies in Long Island of 14.4% and New York City area of 10.6% (NYSACRA membership survey 2004). When analyzing turnover data within the agency among the over thirty distinct cost centers, it was determined that the number of reported consumer incidents and staff medication administration errors was two and one half times greater in cost centers where the turnover was greater than the average turnover for the agency as a whole.

Cost center locations with turnover rates in the tenth percentile had average employee tenure of 3.52 years while cost centers with turnover in the 90th percentile had an average tenure of 4.63 years. A regression analysis revealed that employee total turnover rate (percent) was a function of their average years tenure =.49, F (1.28)=8.82, p=.006. The proportion of variance accounted for as tempted with r2, was .24(24%). There was also an inverse relationship between these two variables with the average years of tenure increasing as the employee total turnover rate decreased.

Audits by the New York State Office of Mental Retardation and Developmental Disabilities (OMRDD) also indicate that Quality is a function of turnover and retention. When comparing the number of audit citations given to the various programs during the OMRDD audits the results are self evident (Chart 8).

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Turnover for program sites with 0 citations averaged 14% for the 2004-2005 and 16.6% for 2005-2006. The turnover rate for programs sites receiving citations in 2004-2005 was 41% and 38% for 2005-2006 suggesting a relationship between turnover and audit results. This confirms Larson (2004) who posits that low turnover is equated with higher quality for consumer care.

SUMMARY

There is much evidence to suggest that retention and turnover are influenced by a variety of factors. To a significant degree these factors are under the control of nonprofits as they seek to maintain and develop their workforce. Support staff is the key to insuring quality care. Supporting an individual with a developmental disability is about compassion, understanding, continuity and learning. These elements of a relationship are missing when turnover exceeds 50%.

It is the responsibility of the nonprofit community not only to advocate for the people they support but also for the staff that supports them. This means creating an open communication and opportunities for exchange of ideas. It is the responsibility of the nonprofit to make sure that staff members have the proper tools and support to empower them to do their jobs. Support interventions can be as varied as supporting education, enhancing technical skills, providing better technology or just an extra pat on the back to say thanks.

Retention and turnover in this industry is a challenge and it will become more difficult in the future. Agencies need to be able to gather data on their workforce and identify the issues that impact on their lives. Agencies need to be able to respond to these needs and offer a partnership with staff in a values laden culture where staff feels empowered to make a difference.

The dilemma of utilizing limited resources to address retention of staff can be a conundrum, given that salary is an issue and not-for-profits are notoriously under financed. Alternative strategies need to be developed if a nonprofit agency is to grow and successfully compete in the marketplace for appropriate workforce. Retention is key to this puzzle given that reducing the cost of turnover enables us to reinvest these limited resources in our staff salaries and benefits (average cost of turnover of one FTE at Life’s WORC is $4,600).

Before investing in the infrastructure and salary/benefit schedules, however, it is important for an organization to determine how best to allocate those resources. Workforce priorities determine the course of action be it job flexibility, additional training or supervisory practice strategy. Information regarding the needs and wants of the staff are therefore critical components in putting together a comprehensive employee benefit/support program that addresses the particular culture of each individual agency. Towards this end, agencies must make every effort to insure that they have current and accurate data regarding employee feedback. Utilizing employee satisfaction surveys, agency culture values surveys or leadership surveys all contribute to the information base and allow the organization’s leadership to make the necessary decisions and adjustments. Each agency can do this with minimal cost. It is critical however that the results be utilized and that information gleaned from the surveys is used constructively. If the results of the surveys are not what the leadership team expected, it is important that they deal with the perceptions of the respondents rather than their own misguided impressions.

RECOMMENDATIONS

1. Gather as much data as you can from the organization’s staff. Ideally such feedback is anonymous and protective of respondents.
2. Create a culture where the feedback is embraced and utilized.
3. Create opportunities for sharing your plans of action to address the feedback.
4. Create opportunities for staff to share in the implementation of the intervention and create a work environment where empowerment is a key component of each staff member’s repertoire.

5. Brand your internal culture and reinforce it at every level.

6. Reward workforce members who embrace the culture and live it on a daily basis.

7. Create an organization which is accountable for its adherence to the values culture.

8. Think about the big picture and don’t get bogged down in the details. Retention and turnover are a multi-faceted challenge and require communication, perseverance and commitment if change is to be effected.

References


There is a long held belief by many people that because of the charitable mission of nonprofit organizations, providing market competitive or higher levels of compensation would merely be draining resources away from their mission. Since the history of many nonprofits can be tracked back to religious roots, this may have had some validity since social, medical and humanitarian purposes drove many of the original charitable actions of nonprofits. The argument in this situation is that the individuals who devote their lives to work at a nonprofit do not need any compensation beyond the barest of minimums. In other words, there is still a group, including some of the media, which believes that executives and employees working for a charitable organization should only have adequate compensation, since the individuals receive psychic remuneration for the good they do. This may hold true for those who have devoted their lives to a religious cause, in which they are able to live in a protected and funded environment, but for the majority of individuals who are working at nonprofits, this is not practical or realistic. They must live in a secular world in which virtually everything costs money, and bread, milk and housing costs are the same, regardless of how the money is derived. Few individuals are independently wealthy to the point that they are able to perform work without some level of compensation. Put another way, when people are involved in a job search, they are not only looking for the opportunity to join where they can use and improve their skills, but are also seeking good pay and benefits, all of which will satisfy their individual needs. When an organization is recruiting new employees, the amount of compensation that they offer versus another organization is therefore one of the key factors that comes into consideration.

Many continue to believe that nonprofits should not attempt to go head to head in competition for qualified candidates with for-profit organizations within the labor market. This infers that those who work for nonprofits are of a lesser quality or capability, and therefore unable to get a job in the for-profit world. Although not every nonprofit will have the resources to compete at the same level of pay, this doesn’t mean that they should knowingly provide below-market compensation, or that they cannot be more creative in how their compensation arrangements are structured. Neither the Board of a nonprofit, nor its top management, will knowingly seek less qualified people to staff their organization, in order to save a buck! Nonprofits, like any other organization, for-profit or not, are running a business, and the success of its business is based on the most valuable asset of any organization — its employees. Although many are driven to work for nonprofits in a desire to give back to the community, a properly constructed compensation package that provides fair compensation, with potential for rewards based on superior performance, will help tie these individuals to the organization, particularly in the case of high performers and qualified executives. Turnover of trained and qualified employees is a huge expense.
from three perspectives: the actual cost of recruiting and training, the lost opportunities related to not being able to get the “job done,” and the emotional burden placed on the other employees who have to shoulder the responsibilities for those who have left. In a nonprofit where every dollar counts, retention is a key consideration in the design of its compensation program.

Many perceive, by virtue of the name itself, that nonprofits do not make any profit, therefore, there would be nothing to share with employees, so there is a limited, if any, focus on the compensation program. Unfortunately, there are some nonprofits that have trouble sustaining themselves from a financial standpoint, and as a result, are less capable of supporting their mission and very existence. The reserve (profit) that is left over after payment of all operating expenses provides the funds with which to carry on their charitable role. Nonprofits cannot offer a portion of this reserve as compensation for growing the reserve; this is referred to as private inurement. However, there is nothing prohibiting the organization from crafting an incentive program where specific rewards are identified for achieving pre-established performance objectives relating to financial and/or operational results. For more sophisticated nonprofits, this becomes one of the means by which they help to achieve the main objectives of compensation: Attract, Retain, Focus, and Motivate. When these compensation objectives are achieved, there is a good chance that the organizational performance objectives are achieved as well, and will result in a healthy, successful nonprofit. Employees who succeed in this environment are the ones that grow with the organization, become its future leaders, and continue to contribute to the nonprofit’s on-going mission.

From a historical standpoint, nonprofits and government entities have been accused of providing low pay but very generous benefits. Previously, this was probably not far from the truth; good benefits were a cost effective way to raise an organization’s competitiveness without the greater expenses associated with higher pay. For many reasons, now this is no longer true. First, benefit costs have grown exponentially, whereas compensation costs have raised modestly in comparison. Second, the growing complexity of nonprofits have necessitated that they hire the technical skills required to operate and they have, therefore, had to compete directly with the private, for-profit sector. Another consideration is that many jobs are similar if not exactly the same as they would be in a for-profit company. Since the jobs are virtually the same, why should those in the nonprofit sector be paid differently, or less? Certain professional areas, most notably, Finance and Accounting, IT and Systems, Human Resources, as well as clerical and support positions, are very much in demand. In order to attract and retain these positions, the compensation that the nonprofit provides must be similar to, if not equal to that paid within the for-profit marketplace.

The necessity of comparing pay levels and compensation components is critical, not only for the purposes of being able to hire employees in the general marketplace, but also in their retention. The issue of determining comparability has been made much easier and more realistic, when the IRS indicated that for-profit data could be used in determining comparability for Intermediate Sanctions requirements. Intermediate Sanctions specifically address disinterested parties, which generally refers to the paid senior management of a nonprofit; these are the individuals who are identified in Form 990 filings. However, it can be argued that the concept of recognizing for-profits as peers for pay determination really extends to all positions. Certain jobs have traditionally been the exclusive domain of nonprofits, but this separation has been blurred as for-profits have entered into traditional governmental and nonprofit areas, including healthcare, education, social service, operation of highways and airports, and even prison facilities. Similarly, nonprofits have ventured into territory once exclusive to for-profits, including insurance, transportation, hotels, restaurant and bars, plus a multitude of other non-traditional areas.
Another issue affecting the types of pay programs found in most nonprofits is the lack of a sophisticated Human Resources (HR) function. This is not meant to cast any dispersion on HR. Their role has generally been more administrative in nature, which includes handling a wide variety of typical personnel functions: including staffing and recruiting, record keeping, training, safety, payroll, general employee issues, policies and procedure, pay and benefits, and much more. In most instances, as the organizations have grown, they have often deviated from the standard ratio of HR professional to staff, from 1 to 100, to staffing ratios that leave time only for the basics of pay issues and prohibit dealing in the intricate aspects of compensation and incentives. There is a shift in the general HR community to become more strategic by providing critical thinking in the areas of employee recruitment, retention, compensation plan design, and pay-for-performance. A well groomed HR function will serve to meet the challenges that the competitive market places on attracting and retaining key individuals, through compensation programs that reward these individuals for their efforts, commitment, and leadership capabilities.

For a variety of reasons, many of which are neither no longer relevant nor correct, recognition and reward programs within nonprofits have been pretty basic, and not necessarily competitive. However, Boards of nonprofits, in conjunction with HR and senior management are now taking a much more aggressive look at their pay practices, and changes are occurring which in turn have necessitated the design and adoption of new and more mainstream compensation programs.

**WHY THINGS ARE CHANGING**

The Board members of nonprofits have traditionally been made up individuals who have a strong belief in the mission and value of the religious, philanthropic and/or charitable nature of the organization on which they serve. In some bylaws there is actually a requirement that there be a defined relationship (i.e., users of the nonprofit’s services). However, because of recent legislation, the drive for good governance, and growing awareness by the Boards themselves, there is a significant increase in the desire to retain some Board members who possess strong financial and accounting skills, as well as successful business experience. This change has resulted in membership on nonprofit Boards that have become increasingly sophisticated from a business sense, including compensation acumen and knowledge about the value of jobs and trends in pay.

As the nonprofit industry matures, there is a greater recognition on the part of many Boards that nonprofits have to compete in a more aggressive labor market for top talent that includes both nonprofits and for-profit companies. There is no evidence that any Board would knowingly recruit for key leadership positions based on those applicants seeking lower salaries, particularly since lower pay infers less qualified individuals. Many positions within a typical nonprofit are not exclusive to nonprofits, such as a Chief Financial Officer or Chief Technical Officer, since the skill sets and experience of these and many other jobs are easily transferred to for-profit companies. This is even recognized by the Internal Revenue Service, which provided for the use of compensation data from for-profit companies when calculating the competitive market value of nonprofit executive positions. The Intermediate Sanctions regulations contained in IRC §4958 established the tacit recognition by the federal government that compensation within NPs could consider the for-profit world. Having the IRS recognize the use of for-profit data in setting compensation levels goes a long way to
legitimize this concept for use at both the federal and state level.

One significant impetus for the increased interest in nonprofit pay programs rests with the recently enacted requirement for transparency of compensation arrangements contained in various federal regulations (IRC § 4958, 457(f), etc.). The regulations require, among other things, that there is complete documentation covering all compensation arrangements, with no unwritten side deals. In March 2007, the IRS issued a report on executive compensation\(^2\), in which it provided an interesting insight into the need for complete documentation. Contained within the summary was the statement: “Although high compensation amounts were found in many cases, generally they were substantiated based on appropriate comparability data.” It is interesting to note, that one of the stated objectives of the IRS’ Executive Compensation Compliance Initiative is to “Increase awareness of compensation as a compliance issue with the charitable sector and establish an IRS enforcement presence in this area.”\(^3\) These statements from the IRS are very powerful: balance actual compensation levels with performance, and provide transparency to avoid issues of non-compliance.

**WHY NONPROFITS SHOULD PROVIDE VARIABLE COMPENSATION**

There is an overwhelming, growing, and recognizable need for nonprofits to actively compete in a “real world” labor market for the transferable skills of its labor force. This need requires that nonprofits not only recruit from that marketplace, but also be able to stand up to this market to which they may potentially lose their key staff. It is a rare organization that knowingly serves as a training ground for the rest of the labor market; in other words, expending the time and resources to recruit, train and then lose qualified employees to its competitors. This becomes particularly important for current and future leaders of the organization; qualified and talented individuals who are in a position to successfully fulfill the mission of the nonprofit, are key to its continued operation, and a well-structured rewards package along with a supportive work environment will serve to motivate and retain these individuals.

The use of variable compensation has a number of distinct advantages from a retention standpoint. The use of bonuses and incentives can raise the overall level of pay to competitive levels, making it less attractive to move elsewhere. Often, the variable compensation element is applied only to the top management positions. In reality, if properly constructed, variable pay consisting of bonuses and/or incentives can be used effectively at all levels within the organization. At lower pay levels, a small difference in pay between the organization and the marketplace can cause dissatisfaction, making a job with a 25 or 50 cent per hour difference seem like a lot. On an annual basis, this equates to approximately $500 to $1,000, which could be the difference it takes to aid in retention. Increase the difference to $1.00 and this is approximately $2,100 for the year or 10% to an individual paid $10.00/hour.

Bonuses tend to be much more subjective with the determination of individual awards based on a look back at an individual’s past performance and contribution. On the other hand, incentives require the establishment of goals and planning beforehand. This planning provides an added value to the organization, while giving the employees a roadmap of what is expected of them; specifically the goal setting process supplies the individual’s need to know what is expected, as well as requiring the organization to review performance at the end, and close the loop to indicate how well the expectations were met.

The typical compensation package within the nonprofit world consisted of two major elements; base salary and benefits. However, in order to successfully compete with the for-profit sector and in an effort to attract skilled business professionals and

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\(^3\) Ibid.
management, nonprofits have had to adopt executive compensation programs that more closely resembled those found in the for-profits, in variety, if not in total value. This compensation package now more commonly consists of five distinct elements, which include base salary, short-term incentives and bonuses, longer-term incentives, benefits and perquisites, and finally, employment and change of control agreements. As nonprofits begin to explore each of these components of the executive compensation package, the Board must not only consider the specific plan design issues, but also funding issues, and where appropriate, identification of performance measures upon which awards will be based. Even for non-management level positions, the use of variable compensation can be extremely effective for three reasons: 1) to enhance the nonprofits ability to attract and retain highly qualified talent; 2) to raise the amount of overall compensation, but tying it to the achievement of specific goals; and 3) to recognize both individuals and teams for their contribution and performance. This last factor is consistent with everything we have learned about providing feedback and managing expectations of employees.

A word of caution is warranted, however, since if meaningful objectives are not established and awards are paid when not warranted, the program could become an entitlement. Should employees and executives be entitled to an award every year? Probably not, since this may be indicative of goals that are not enough of a stretch. Setting meaningful objectives is a critical ingredient of the variable compensation process. In effect, the question that is raised is: Are the goals worth paying for? Whereas objectives are often thought about only in terms of financial measures, they can also be of an operational nature. Clearly, the nonprofit must have sufficient funds with which to operate and pay the variable compensation; however, meeting certain operational goals is of such importance that the funding can be considered as an investment towards their achievement.

DISCUSSION OF COMPENSATION ELEMENTS
For-profits and nonprofits swim in the same labor pool, and thus, nonprofits should provide compensation programs that contain similar, if not the same components, while offering something of value within the overall compensation package. The typical cash components often sought by executives coming into an organization, regardless of for-profit or nonprofit, include the following elements:

■ Competitive base salary that is commensurate with the executive’s experience and predicated on the market value of that position.
■ Short-term incentives that act as the primary motivators of performance and provide a clear link between performance and ultimate rewards.
■ Long-term incentive compensation that couples a retention device for key executives with a long-term capital accumulation opportunity.

THE SHIFT TO VARIABLE PAY PROGRAMS
Pay decisions in many nonprofits, as well as in many for-profits, have traditionally been based on length of service and, in some instances, the level of education of the employee. This system is still prevalent in some nonprofits; and is most evident in educational institutions and collective bargaining environments. Other common approaches to salary adjustments have been Across the Board Increases (ATB), Cost of Living Increases (COLA), and Step Systems in which the increases were tied to the length of service. In all of these salary increase methodologies, virtually all employees received increases, with the possible exception of a limited number of poor performers; virtually no system is provided to recognize and reward high performers. The “Holy Grail” of salary increases was to develop a method to allow companies to reward employees
based on defensible and significant differences in their individual performance; in other words, a method to consistently reward them based on their contribution and evaluated performance. The concept known as Pay for Performance requires that the organization have the ability to accurately and consistently measure performance. As nonprofits have embraced the concept of performance management programs, this has provided the means for them to also Pay for Performance. Although this concept may not be universally accepted, it has become very mainstream for organizations to strive to reward based on performance and contribution. According to the American Society of Association Executives, 58% of responding organizations reported that job performance is the primary determinant of salary increases.\(^4\) With the capability to measure performance, nonprofits are now able to apply the performance factor used for the determination of base salary increases to short-term bonuses and incentives, and longer-term awards.

The shift from a compensation program consisting of salary only to a combination of salary (fixed pay component) and bonuses or incentives (variable pay component) is due to the recognition by many organizations that they need to be competitive within the labor market, while at the same time, controlling fixed costs. By tying a portion of the pay package to the achievement of specific financial and/or operational objectives, it is easier to justify paying the additional money needed to remain competitive.

Short-term incentives act as the primary motivators of performance. Linking the achievement of critical performance objectives to awards that vary based on the level of performance attained provides nonprofits with an opportunity to achieve its primary objectives of compensation (Attract, Retain, Focus, and Motivate), while rewarding those individuals who play a key role in the organization’s leadership success with commensurate incentives. In order to achieve the full impact of short-term incentives, they must be just that - incentives. There should be no expectation on the part of the employee that the awards are automatic and irrespective of the level of performance achieved. Successful executives and employees realize that performance is a key driver of many compensation plans, and those that ultimately contribute to the on-going operation of the organization are those often recognized by the Board and the organization itself as its leadership team.

**IMPORTANCE OF LONG-TERM INCENTIVE PLANS FOR EXECUTIVES**

It is not intended that nonprofits should always compete head-to-head with the private, for-profit sector. It may be difficult, if not impossible, to do so in most instances. For example, the largest portion of many executive pay packages, particularly in publicly-traded companies, involves the potential increase in the value of stock based long-term incentives. Although the value of the stock derives from increases in market value of the company, the actual money when the stock is cashed in comes from the marketplace, not out of the operating capital of the company. Since nonprofits do not have equity, and certainly not any marketable stock, the funds for such a long-term program obviously must come from the organization itself. This traditionally has been seen as a prohibition to any nonprofit organization that wants to offer a longer-term incentive. The real difficulty lies not only with the funding of such a program, but also with identifying appropriate performance metrics upon which to base the attainment of such awards.

Many nonprofits have instituted Supplemental Executive Retirement Programs (SERPs), a form of deferred compensation, as a means of rewarding their long-service top executives. Since these are considered to be non-qualified deferred compensation plans, they are required by the IRS regulations to contain a forfeiture provision, in which they are subject to forfeiture if the executive terminates prior to their regular retirement. In addition, the funds, even if set aside; remain an asset of the organization, subject to claims of creditors. Because of the risk of forfeiture and the

\(^4\) 2006 Association Compensation & Benefits Study, ASAE & The Center for Industry Research.
prohibition on vesting prior to retirement,\(^5\) SERPs also act as a *Golden Handcuff* since they offer a strong financial deterrent against early termination, thus further serving to tie the leadership team to the organization and motivating them to maintain a financial stable organization.

SERPs in general provide additional post-retirement income, and since they are not required to comply with the Employee Relations Income Security Act (ERISA), they are provided selectively to members of senior leadership. As such, they have become an important part of the total executive compensation package. Traditionally, most of the SERPs that have been adopted by Boards provide a flat percent benefit (i.e., 70% of the executive’s highest salary for the last three years); these are known as a Defined Benefit (DB) plans. The amount of the benefit usually is based on competitive trends among peer organizations, rather than being based on any specific formula. Since the IRS tends to look favorably on compensation arrangements that are formulaic (as long as the formula does not lead to excessive compensation), some organizations utilize a standard methodology that takes into consideration years of service of the executive, with the higher level of SERPs being provided to the longest service executives. This formula provides for greater amounts of income replacement, consistent with a recognition of the total number of years served. There is typically a cap or maximum, which sets the upper limits of the benefit. Since the tendency for most organizations is to implement the SERP towards the end of an executive’s career, in most instances it does not matter which positions the executive held during their career with the organization, so that they receive credit for each year of service but at their highest pay level.

Based on recent trends however, there is a desire by Boards to move from the traditional Defined Benefit (DB) plan to a Defined Contribution (DC) type of approach in which the funding is spread over the career and the amount of the SERP is the sum of annual contributions and interest, rather than a fixed percentage of the executive’s ending salary. It should also be noted that in many instances, Boards are now providing the SERP benefit to additional senior management participants, rather than only to the Chief Executive Officer or top executive. Under these DC plans, the size of annual contributions takes into consideration not only the years of service, but also the position level of the individuals in the organization, so that higher-level positions receive larger contributions (e.g., 10% annual contribution for Vice Presidents, 15% for Senior Vice Presidents, and 20% for the President). The main advantage of the DC over the DB type plans is that the organization has eliminated the requirement to provide a large and often underfunded amount associated with a defined benefit, and can alter the annual contribution, based on the organization’s annual financial capability.

To better meet changing needs, DC plans can be structured to provide a DC contribution along with the opportunity for participants to earn additional contributions based on achieving specified annual performance targets. Since this plan contains a performance element, it has the attraction and retention advantages previously mentioned, as well as providing an extra level of incentive. This makes this hybrid arrangement more like the long-term incentives typically associated with For-Profit companies, which are considered to be so attractive to executives.

**DESIGN CONSIDERATIONS**

Regardless of its exemption status, the ability of an organization to utilize a variable compensation tool to drive performance and retain employees is based on a systematic process for plan assessment, design, and administration. The following six-step approach may be utilized for a systematic approach to plan design.

**Step 1—Clarify the Organization’s Mission and Strategy:**

There must be consensus among the Board and top management as to where the organization’s focus

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\(^5\) Internal Revenue Code Sections 409A and 457(f).
should be, which performance goals to emphasize, and in some cases, what the role of the executives and staff should be. In order for the plan to be effective, these focus items must be identified and prioritized from most to least important. This strategy should be used in defining the concepts for the new plan.

**Step 2—Determine the Desired Mix and Amount of Variable Compensation:**
The basis for the design of the executive compensation plan should begin with a determination of what the reasonable and appropriate compensation package is for the organization’s executive positions. This is particularly important for nonprofits in light of the Intermediate Sanctions rules. Reliance on relevant and appropriate market data, including data obtained from comparable peers, is an important step in this process. In addition, the degree of variability should be defined, i.e., what will be the mix between fixed pay (salary) and variable elements (consisting of short- and longer-term incentives). A similar exercise should be undertaken for determining variable compensation for non-executive positions.

Once the compensation package mix is determined, the Board should define its Compensation Philosophy, to serve as the baseline for designing a new plan.

**Step 3—Develop a Draft Plan:**
The various plan components are combined to create a plan that will achieve the organization’s mission and Compensation Philosophy, with sufficient flexibility to adapt to changing internal and external conditions. The parts include, among other items, definitions of:

- Participation and eligibility
- Basis for payment of awards (performance metrics and weightings)
- Size and level of awards for different position levels.

- Timing of awards (current year, defined performance period, career-based, or deferred)
- Establishment and measurement of performance targets and thresholds
- Award determination and funding
- Administrative rules

A key element of success is to design a plan that clearly relates rewards to performance. Once the Board and Compensation Committee approve the draft plan, it should be appropriately documented in a written format.

**Step 4—Model the New Plan:**
To anticipate how the plan may operate once implemented, the organization should conduct a cost/benefit analysis to determine how the plan participant will be rewarded under different performance scenarios. Performance at target will relate to a reward that is typically at market. Not only will sufficient modeling help to highlight the organization’s key performers, but may have the effect of spotlighting and ultimately eliminating the weaker members of the team.

**Step 5—Implement and Administer:**
Communication is a key component to proper plan implementation and administration. This helps to ensure that participants understand the organization’s commitment to the plan’s success. The participants have a special interest in the new plan; the organization must clearly link the rewards to the desired performance objectives to be achieved. Care should be exercised when implementing a new or changed plan to avoid demotivating participants.

To ensure smooth implementation and to continue to focus the executive’s attention on the desired results, on-going communication and feedback are critical. Top management, the Compensation Committee, and the Board should be active participants in this process and should be able to take immediate corrective action when performance falls below
standards. Such a system continues to reinforce the organization’s commitment to the plan’s success and can enhance the motivational effect on the participant to perform. It is critical that the rewards reflect the actual performance so that the plan’s benefits do not merely become an expectation.

Step 6—Monitor and Correct:
Periodic, on-going examinations of the plan’s mechanics, implementation, and administration should be undertaken to ensure that the plan continues to meet its original objectives. If the results don’t match up with the expectations, the organization needs to examine why not, and take remedial action.

The success of any nonprofit is tied directly to its ability to meet the mission and goals of the organization. Having a motivated and focused team that embraces the organization’s ideals, and benefits from their performance through a well-designed and meaningful reward system, will enable it to operate more effectively and foster the current and future leaders of the organization. Variable compensation can be a key element that enhances a nonprofit’s ability to attract and retain the right talent to do the job, and helps the organization to compete for employees among for-profit companies.
Building Leadership Capacity through Integrated Leadership Development Programs

Arlene Etengoff, MA, Director of Staff Development and Training at OHEL Bais Ezra, and the Institute for Advanced Professional Training at OHEL

Building leadership capacity is one of the most crucial challenges facing non-profit organizations today. Competitive salaries and benefit packages in the for-profit sector have led to an exodus of leadership talent and potential. In addition, many organizations have responded to diminishing funding resources by resorting to restructuring and downsizing. This has often resulted in lean organizational structures that provide limited career and professional development opportunities to management staff, and diminish the pool of individuals ready to fill future senior leadership roles. Enhancing the leadership capabilities of current leaders and developing the talent of future leaders have, therefore, become strategic necessities.

In this regard, it is important to note the work of Molinaro and Weiss (2005), which cites research demonstrating the lack of confidence of many senior executives in their organization’s ability to achieve competitive advantage through existing leadership capabilities. Their work focuses attention on the wide gap that often exists between actual leadership practices and the results needed for organizations to succeed long-term. Leadership development programs constitute potentially powerful tools for filling this gap. However, despite widespread investment in management and leadership education in both the private and public sectors, such programs have not seen uniform success. According to Weiss and Molinaro, existing strategies for building leadership in many organizations are ineffective. They cite a 2002 survey of CEOs and HR executives of 240 major companies conducted by Hewitt, in which over two-thirds of respondents considered their leadership development programs ineffective in building necessary leadership capabilities.

How can an organization fortify its leadership capacity to close the gap between actual and required leadership capabilities, and thereby ensure its long-term success? What are the ingredients necessary to successfully develop the talent and capabilities of current and future managers? A recent survey of 500 public and private organizations across the UK by Petra Cook (2006), which found a relationship between leadership development programs and improved organizational performance over time, provides valuable insights into the ingredients required for successful leadership development. The study’s conclusions refer to the success of leadership development programs designed to build relevant competencies and linked to organizational strategy. Defining the specific leadership capabilities that are necessary to the success of a particular organization is, therefore, a key component of effective leadership development programs. Customized leadership development programs will, therefore, provide the advantage of being guided by an understanding of the capabilities required to enable a particular organization to fulfill its mission and meet its competitive challenges. The study’s results also point to the important link between leadership development initiatives and organizational strategy. This mirrors Hollenbeck and McCall’s (1999) discussion of leadership development curriculum design, in which they emphasize the importance of identifying competencies associated with future success. The link between strategic planning and curriculum content is essential. Programming based on the compilation of lists of currently required knowledge and skills,
without attention to future requirements, will be insufficient and at risk of rapid obsolescence. In determining curriculum focus, attention needs to be paid to the link that should exist between the content of the development program and the strategic vision of the organization.

The value of defining future leadership competencies extends beyond the provision of accurate focus to curriculum planning. Such definition also provides an essential guide for identifying those individuals in an organization who will be capable of filling critical leadership positions in the future. In this regard, it is important to note that while many organizations focus their leadership development efforts on senior managers, system-wide programs can have greater impact and effectiveness. Molinaro and Weiss (2005) assert that the most important and distinguishing feature of best practice organizations is their investment in strong leadership throughout their organizations. It appears that the reasons behind this go beyond the obvious value of tapping into the talent pool and identifying possible future stars. Building a strong leadership culture is necessary for turning managers into leaders. A program that fosters leadership throughout an organization makes staff more aware of their role in the leadership process, creating a shift in thinking away from the perception of leadership as the behavior of specific individuals to an understanding of leadership as something individuals do together. (For a further discussion of this concept, see Drath & Palus, 1994.) Moreover, a leadership development program that targets key career transition points will have the advantage of helping managers learn from experiences at their present level, while preparing them for expected leadership challenges at the next.

A leadership development program that targets key career transition points will have the advantage of helping managers learn from experiences at their present level, while preparing them for expected leadership challenges at the next. The inclusion of training in areas of mastery that will be required in future leadership roles is crucial. This inclusion will not only counter the tendency of managers to maintain the same mindset they had when they first experienced mastery, but will, most importantly, maintain focus on the development of competencies necessary for future success. Such training will ideally function as a catalyst to engage individuals in the process of preparing for increased scope of responsibility in the future. Cook’s (2006) study of public and private organizations in the UK points to an additional factor influencing the success of leadership development programs. The findings indicate that leadership development programs have greater potential for success when they represent a clear organizational priority. This translates into the necessity of explicit support from influential levels of management, based upon a perception of leadership capacity as a long-term investment and a commitment to sustaining leadership development programs, even during times of financial stress. Molinaro and Weiss (2005) provide additional insights into the ingredients essential to effective leadership development. They contend that the failure of many leadership development programs can be attributed, to a significant degree, to the almost exclusive provision of classroom-based training. Such formal training programs emphasize conceptual approaches to learning at the expense of experiential learning. While efficient and cost-effective in the short-term, they are often limited by lack of on-the-job support and poor transfer of learning. The importance of developing integrative leadership development experiences cannot be underestimated. Best practice initiatives will involve the inclusion of varied professional development experiences that complement didactic presentations and accommodate alternative learning styles by utilizing varied learning methods.
Assessments that identify trainees’ leadership strengths and capabilities can be valuable development tools with important instructional value, as they enhance managers’ awareness and understanding of their talent resources. The increasing use of 360-degree or other multi-source ratings of performance reflects the growing understanding in management circles that the measure of an organization’s success is its people. While 360-degree feedback constitutes a valuable developmental tool, it is important to note that it can provide an overwhelming amount of data. Trainees may need assistance in processing this data, and efforts to facilitate trainees’ acceptance of the feedback may be required as well. Considerable guidance and support in the application of results may also be necessary in order to achieve positive change. While such follow-up efforts necessitate the further expenditure of time and other resources, their value in assuring the benefit of evaluative feedback cannot be underestimated.

Executive coaching and other one-on-one learning opportunities can further assist individuals in understanding their talents and using them to increase effectiveness. As such, they constitute potentially valuable components of an integrated leadership development curriculum. Their influence can be augmented by continued guidance and follow-up support over time. Long-term developmental mentoring relationships and the facilitation of networking opportunities across organizational boundaries provide additional, valuable opportunities for promoting self-knowledge and behavioral change. Job assignments, simulations, and guided action learning projects that facilitate learning through doing can further accelerate development by challenging an individual’s capabilities and “stretching” his/her competencies within the context of real work imperatives. In structuring such activities, attention needs to be paid to the provision of sufficient structure for the learning experience, and caution should be applied in identifying possible conflicts between performance and development. (For a discussion of the pivotal influence of experience on promoting leadership skills, see McCall, Lombardo, & Morrison, 1988.)

Leadership development is a process, rather than an event. Therefore, the success of leadership development programming will be based more on achieving an integrative, holistic curriculum than on the particular components chosen. The ideal is the creation of a systemic initiative comprised of interdependent leadership development experiences. A program that consists of a series of unrelated experiences will be less effective than a design that links components in an overall, integrated developmental strategy. Successful leadership development also requires consistent implementation. These factors may be far more important than the inclusion of innovative techniques.

A discussion of best practices in leadership development programming would be incomplete without mention of the crucial role played by follow-up evaluation. The key to the success of leadership development programming is finding what works and, of course, implementing this consistently. Participants’ perceptions of the benefits of the program, assessment of information learned and behavioral transfer, and indications of improved performance all provide valuable insights into the impact of programming on individual and organizational effectiveness. The application of relevant metrics prior to and following leadership development training can be particularly helpful in demonstrating the effectiveness of such initiatives. Such assessment will be invaluable in promoting and ensuring the credibility and influence of leadership development programs. (For an example of a comprehensive
assessment of a Leadership Development Program for school superintendents, see McCauley & Hughes, 1994.)

The support of senior management in assisting the integration of leadership development initiatives within the culture and across the structure of an organization is of paramount importance. Such programming may require the investment of financial and other resources within the parameters of already extended budgets and work-loads. Forward thinking is therefore required to recognize the value of addressing leadership needs to ensure organizational effectiveness and prevent future leadership shortages. Much of an organization’s wealth rests in its leaders. Leaders shape their organizations. Their influence in building teams, inspiring staff, driving performance, and communicating vision are essential to the fulfillment of their organizations’ missions. Given the important role that can be played by leadership development programs in building leadership capacity, investing in such initiatives is an investment in the future.

CASE STUDY: Leadership Development at OHEL

Several years ago, OHEL, a nonprofit community-based organization with three decades of experience in providing a broad range of mental health and social services, made a commitment to create and implement a leadership development initiative. The objective was to build and enhance the leadership competencies of middle and senior managers, and thereby create the depth of leadership the organization would need to face future challenges. The initiative was spearheaded by the agency’s CEO, David Mandel, who drew the attention of senior management to the importance of succession planning, and, therefore, the need to identify and develop the pool of talent that would ensure the organization’s ability to achieve its strategic vision. Having the support and commitment of such an influential champion greatly enhanced the integration of programming within the structure of the organization, and hence, its potential for success.

The agency’s leadership development initiative was comprised of two major components, developed and implemented by the Institute for Advanced Professional Training at OHEL. The first was a Leadership Development Program, established in 2001 and designed to provide a select group of 4 or 5 middle-level managers with opportunities to broaden their knowledge of the agency and enhance their appreciation of the challenges involved in senior level leadership positions. The selection of Fellows was based on a written application, interviews, and input from senior managers. The Fellowship year experience was structured to include individual discussions with the CEO and senior agency managers, to provide Fellows with opportunities to gain insights into varied leadership styles and the challenges they could expect to face as future leaders. In addition, rotations were arranged throughout the agency over a six-month period to provide Fellows with an understanding of the depth and breadth of the agency’s administrative programs and clinical services. The rotations included attending team meetings, visiting outpatient programs, and observing shifts in the agency’s residential facilities. These learning experiences were complemented by discussions on leadership with visiting government and business leaders, and by the Fellows’ participation in meetings and events with the agency’s Board of Directors, as well as with community and governmental individuals and agencies. Each Fellow was also assigned an individual mentor to assist him/her in assimilating and integrating these experiences, and in developing an individualized plan for leadership growth and career enhancement. Fellows were encouraged to identify a particular program or management skill area to form the focus of the second half of their Fellowship year. These experiences included, for instance, more intense exposure to a particular clinical service, and participation in meetings planning the implementation of a new program initiative.

The agency’s Leadership Development Program has continued over the past six years. Feedback
from Fellows, their mentors, and their senior supervisors has consistently pointed to the value of these experiences in promoting the Fellows’ appreciation of the big picture and the role of strategic management, and enhancing their performance as managers. Fellows have credited the program with helping them prepare for the challenges of future leadership roles. In this regard, it is important to note that a significant percentage of Fellows have gone on to fill more senior positions of leadership in the agency.

The second component of the agency’s leadership development initiative was the establishment of a Leadership Development Academy, developed in 2003 in coordination with a graduate program in public administration at a major university center. The program consisted of two full and six half days of didactic and interactive classroom sessions that extended over a four-month period. The curriculum covered a range of leadership capacities that were matched to the current and future needs of the agency, and 2-4 week intervals were set between sessions to allow for integration of learning within the actual work environment. Approximately 20 middle and senior-level managers were identified as participants by a selection process that included a written, formal application and input from senior managers.

One major value which emerged from the Academy experience was the bringing together of managers from a wide range of positions and programs throughout the agency. Participants gained insight into the varied leadership challenges that faced their colleagues at different levels of management, in varying services with unique clinical and management demands. In addition, valuable networks of relationships were established that facilitated the immediate sharing of knowledge and enhanced the integration of services throughout the agency. The Academy experience was offered to an additional group of managers the following year. Participants from both years rated the Academy experience high in providing exposure to new concepts and ideas. Middle-level managers participating the second year urged the agency to transform its policy of providing optional monthly trainings for managers through its Training Department to one in which a minimum number of management training hours per year would be mandated for all current managers. The consensus was that this would ensure that the entire management staff of the agency would participate in training that would provide the networking and learning opportunities they had found so valuable in the Academy. This suggestion was immediately implemented.

The Academy experience, though challenging and exciting to the participants, had one major weakness. Post-program questionnaires and interviews revealed the need for more hands-on learning experiences. Although the classroom curriculum had included simulated activities, and individual and group discussions had been conducted to assist participants in identifying areas and ways in which they could apply their newly acquired knowledge, feedback indicated that participants felt insufficiently prepared for this task. Middle-level managers, in particular, stressed the need for follow-up activities to help them apply the didactic experience to their current management responsibilities and challenges.

Based on the feedback, consistent from both groups participating in the Leadership Development Academy, that more active learning experiences were needed, the agency has sought to fill this gap by concentrating its efforts on its other leadership development initiative, the Leadership Development Program. Efforts have been directed to fortifying this program with greater emphasis on hands-on involvement in the process of leadership. Fellows have been, for instance, included in the development of the agency budget and new program initiatives. The goal has been to enable them to follow a program or decision-making process from inception through implementation. In this way, they are involved in real-world and real-time events, and the training process moves from a didactic to an applied experience. This has enabled Fellows to gain increased understanding of the organic nature
of leadership processes and their integration within the overall organizational structure.

OEHL’s Leadership Development Program is evaluated by ongoing and post-program feedback from participants, and the assessment by senior leaders of Fellows’ improved performance as a result of participation. Such input continues to guide the refinement of the curriculum toward the goal of preparing managers to meet the challenges of future leadership positions. The initiative is fortunate to have the support and guidance of the agency’s CEO. As mentioned previously, leadership development programs have the greatest potential for success when they represent a clear organizational priority. Board members and senior leaders need to share the vision, as considerable investment of time, energy, monetary and other support may be required. Moreover, such initiatives need to achieve a position of significance within the overall structure of the organization. Building leadership capacity requires a long-term view. Investing in leadership development represents a major commitment to investing in the future of the organization and the success of its mission.

References
Using Baby Boomers to Expand Nonprofit Capacity

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Volunteers are a valued resource for many nonprofit organizations and are frequently used to augment day-to-day operations and participate in special events. As a result, there is a substantial demand among volunteer-dependent organizations for qualified and experienced volunteers. Despite the growing demand for volunteers to assist charitable organizations, many nonprofit organizations are not currently utilizing older volunteers and have no specified plans for targeting this generation in the future. The Baby Boomers are the largest generation in our nation’s history, comprising 28% of American citizens. Nevertheless, the Bureau of Labor Statistics reports that only one-third of those between ages 43 to 61 are serving as volunteers (US Bureau of Labor Statistics, 2004). This indicates that two-thirds of Baby Boomers are not currently volunteering and could be potential sources of time, financial support, expertise, and advocacy for these organizations.

Because many nonprofits have not taken advantage of the volunteer services provided by older citizens, they are not aware of the numerous benefits from this group. Nonprofits with a history of utilizing boomer volunteers have identified these benefits: wisdom and expertise, dependability, commitment to the organization, knowledge, leadership skills, consistency, and flexibility of scheduling. If nonprofits needing additional volunteers used appropriate recruitment methods and incentives for older volunteers, they may tap into a very fruitful resource. This is especially important for organizations serving a variety of community needs with limited resources to accomplish their mission.

The purpose of this article is to discuss the potential benefits for nonprofit organizations that recruit volunteers from the Baby Boomer generation. First, the knowledge, skills, and demographics of this group are discussed. Then methods for recruiting volunteers and effective strategies for working with senior citizens are discussed. Last, the national resources available to leaders of nonprofits are identified and specific recommendations are provided to help nonprofit organizations to better utilize the talents and abilities of Baby Boomer volunteers.

BABY BOOMER VOLUNTEERS

Baby Boomers, identified as those 77 million babies born in the U.S. during the boom years of 1946-1964 began turning 60 last year. This is considered the prime age for volunteering due to the increased leisure time and familiarity with career experiences (Nonprofit Charitable Organizations, 2007). This is the largest generation in American history and considered to be the “healthiest, wealthiest and most active” of all their predecessors (White House Conference on Aging, 2005). According to statistics from the Council on Aging at the University of Maryland, in the year 2000 there were 34.7 million individuals over age 65 and that number is expected to double by the year 2030 (Wilson & Steele, 2001). The baby boomer generation can be of service to those nonprofit organizations seeking dependable volunteers with specialized skills who have had experience in areas such as health, education and social welfare.

The boomers also have an average life expectancy of 83 years and have a 33.2% volunteer rate, which is four points above the national average of

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29% (Bureau of Labor Statistics, 2006). Current statistics show that volunteering tends to peak at mid-life, around the current age of the boomers, and then decline slightly (Ibid).

The oldest of the Baby Boomer generation will begin retiring in approximately five years and will have an abundance of additional free time that they have not enjoyed in their working careers. This provides many opportunities for continued service and for nonprofits to utilize these potential volunteers. The boomers could assist nonprofits in implementing new activities and expanding current ones, while the nonprofit can keep them active and contributing to their communities. Also, this could help nonprofits to offset rising costs of providing services or lower current administrative costs.

The White House Council on Aging revealed some information about the demographics of baby boomer volunteers (White House Conference on Aging, 2006). This report indicated that boomers are more apt to volunteer with more than one organization, whereas the average volunteer supports only one organization at a time. Also, boomers who own businesses have a 45% volunteer rate compared with 34% of those who are not business-owners, controlling for other factors, including education levels, race and ethnicity. Approximately 36.9% of women volunteer compared with 29.4% of men, although this is still a higher rate than other male groups. College-educated boomers volunteer at a higher rate (49.8%) than those without a college education (25.7%) (Fritz, 2005).

There has been some research completed on the interaction of boomers and nonprofit organizations. The Corporation for National and Community Service has conducted state performance reports on the impact of SeniorCorps programs, such as foster grandparents, Retired Senior Volunteer Corporation (RSVP), and Senior Companions. According to their studies, 94 percent of SeniorCorps volunteers report that their service has improved their knowledge, health, or social connectedness (Corporation for National and Community Service, 2004). A study by Experience Corps (2006) found that volunteer seniors experienced significant increases in feelings of usefulness and physical strength relative to the control group. Senior volunteerism is not only a valuable asset for nonprofits, but includes substantial health and social benefits for those who volunteer.

RECRUITING VOLUNTEERS

The biggest enticement for Baby Boomers to volunteer is being asked by someone with whom one has an established relationship and as part of social interaction. If they are presented with the opportunity for self development or self-esteem building, they are more likely to get involved with the volunteering efforts (Get Involved, 2007). Although there is a great need for an increased volunteer force in nonprofits, a 2003 study indicated that “despite the fact that retirees respond positively when they are asked to volunteer, they are less likely to be asked to do so than those who are still working” (Association of Fundraising Professionals, 2003). The Association recommended that nonprofits need to plan ways to get people age 50 and older involved in their volunteer programs.

More recently, Moore (2007) reports that in her study of 21 organizations in Kentucky, only two organizations indicated any future plans for recruiting volunteers over the age of 55. She reports that vol-
Volunteers are currently recruited using United Way’s Volunteer Match website, television advertisements, and partnerships with businesses, churches, and volunteer fairs. However, none of their volunteer recruitment activities were identified as specifically targeted towards recruitment of older volunteers.

According to the Cornell Retirement and Well Being Study, 60% of older adults say that “feeling valued and needed” is important for personal fulfillment and 53% talk about the need to be intellectually challenged (Moen, 1999). Moreover, the study by the University of Maryland Center on Aging states that “if organizations are going to attract and retain a new generation of baby boomer volunteers whose education levels are higher than that of previous generations, are individualistic in their thinking and looking for meaningful roles, then status quo thinking must be replaced with new internal and external paradigms of operation.” The report suggests that nonprofit organizations consider seven important questions to prepare their organization for recruiting older volunteers (Wilson & Steele, 2001, p. 4):

- **Organization Strategies**: How might organizational strategies change? Outline a new strategic approach to address the next generation of volunteers.

- **Organization Structure**: What kind of structure will attract and retain the next generation of volunteers? Describe the ideal organizational structure for tapping the market and making the best use of the new generation of volunteers.

- **Organization Resources**: What resources will enable you to attract and retain the next generation of volunteers?

- **Organization Technology**: How can you use technology in new ways to attract, retain and support the work of the next generation of volunteers?

- **Organization Funding**: How can funding and/or investors play a role in attracting and retaining the next generation of volunteers?

- **What roles might volunteers play with respect to funding?**

- **Organization Partnerships**: Can you imagine new network strategies, partners, and partnership roles that might be created? How will these attract and retain the next generation of volunteers?

- **Organization Culture and Values**: How might organization cultures and values be affected in light of what we know about the next generation of volunteers? Will the way work is structured and conducted change in order to attract and retain the next generation of volunteers?

Successful recruitment of the Baby Boomer volunteers requires nonprofit managers to consider effective recruitment approaches in three areas: marketing, customer service, and event planning/volunteer roles (Corporation for National and Community Service, 2004).

A marketing approach should connect volunteers with community needs and impact; demonstrate the monetary value of their time to the organization; create partnerships to form boomer leadership institutes; find volunteer opportunities for grandparents and grandchildren to volunteer together; and advertise in locations boomers frequent.

A customer service approach should ensure that there is effective follow up and quick turnaround from the agency after the initial contact. It also requires respect for volunteer’s experience and provides a business atmosphere, and permits a choice in the agency and location where volunteers serve.

For effective event planning and volunteer roles, directors found that creating a program for professional placements through a Retired Senior Volunteer Program (RSVP), providing mentorship for young professionals, collaborating with other organizations such as American Association of Retired People (AARP), using volunteer skills to train others and finding intergenerational events were most effective. Fritz (2007) suggests that volunteer...
coordinators should focus on using other older volunteers to recruit their peers and friends.

The Boomer Project (2004) identified three of the most popular innovative ways to get volunteers involved in their community: workplace volunteering, family volunteering, and singles volunteering. Workplace volunteering may engage current and retired employees of an organization to donate their time and talents to a nonprofit while building teamwork skills and morale. This also allows employees to get involved with a local nonprofit during their employment years in order to continue volunteering after retirement. Fritz (2007) suggests recruiting Baby Boomers at the office by working with companies to present the organizational mission and develop programs for volunteering through their company.

Many Baby Boomers are also volunteering with their children, grandchildren and other family members, which not only allows them to make significant contributions to their communities but also provides quality family time, strengthens communication, and offers opportunities for family members to serve as role models (Boomer Project, 2004). Many retirees express a sense of loneliness from the absence of social bonds created at work. In order to effectively target these volunteers, nonprofits should emphasize the chance to contribute to the organization’s mission and build relationships while putting talents and skills to work (Corporation for National and Community Service, 2004).

**MANAGEMENT OF BABY BOOMER VOLUNTEERS**

Management of Baby Boomer volunteers may require nonprofit leadership and volunteer coordinators to rethink their policies and procedures for volunteer supervision, as the Baby Boomers are generally different from traditional volunteers in important ways. In a 2006 article in the *Arizona Daily Star*, Marc Freedman* 2* writes that Baby Boomers “want to make remarkable contributions to society.” It is suggested in this article and several others that this generation will not be satisfied with traditional retirement activities such as playing golf and watching television. Freedman goes on to suggest that the boomers are shifting their view of retirement from the traditional expectation of freedom from work to the freedom to work.

There are several key articles that provide recommendations to nonprofit volunteer coordinators for making the volunteer experience of senior citizens more positive. The following list of recommendations draws from Fritz (2007) and Freedman (2006), but also includes suggestions from a report produced by Points of Light Foundation and Volunteer Center National Network in 2004 and other sources.

- **Respect their schedules.** Organizations should seek to provide volunteers with flexible opportunities that include short-term timelines with clear start and finish dates and understand that they may still be working part-time, looking after children and aging parents, and traveling.

- **Treat them as colleagues.** Some anti-authoritarian boomer volunteers may resist authority, talk back or question how things are being done. Therefore, it is important to ask them, rather than tell them to do something and to take advantage of their intelligence, experience, and education, in order to get the most from older volunteers (Fritz, 2007).

- **Develop opportunities that really matter.** Most volunteers want meaningful and challenging volunteer opportunities that include their passions and knowledge and organizations are urged to involve them in decision making and goal setting. Remember that volunteering is optional and supervisors should understand that the volunteers are looking for friendship, recognition, the opportunity to be creative, and leadership roles. Volunteers may also be seeking to learn new skills or provide a good example of civic participation for their grandchildren. When possible provide volunteers a

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2 Marc Freedman is founder of Civic Ventures, a San-Francisco based organization that promotes the use of older adults to help nonprofit organizations.
choice as to the projects and tasks where they may participate.

- **Make sure the volunteer experience is organized and professional.** This includes treating volunteers as respected and valuable resources to the organization and providing clear expectations, job descriptions, orientation, training, and supervision (Freedman, 2006). Some Baby Boomers express a low tolerance for disorganization or sloppiness because they have worked most of their lives, often in responsible positions, so they know what works and what does not in organizations (Fritz, 2007). Be clear, be organized and don’t make volunteers wait an excessive amount of time to get answers to their questions. A staff member could be assigned to be the point person for a volunteer to contact with questions.

- **Train with relevance.** Provide training that is relevant, meaningful and well-presented and treats volunteers as colleagues as well as making lessons experiential and not entirely book-based. In volunteer positions requiring significant technical training, the staff should provide training in a learning style appropriate for the volunteers and ensure that the volunteer receives sufficient mentoring.

Several studies assert that it is very important to understand the motivations of baby boomer volunteers and to find innovative service opportunities for Baby Boomers. From the Points of Light Foundation and the Volunteer Center National Network, there have been three types of personalities identified that influence the satisfaction of Baby Boomers’ volunteering experiences: activists, consumers, and workers. These categories were generated from data provided by volunteer centers that work with nonprofit and government agencies to engage volunteers in service activities. The volunteer experience of the Baby Boomer should be tailored to fit the personality type.

Activists are those who share a deep desire to make a difference in ambitious and inspirational ways, many of whom were involved in the political activism that helped define the 1960’s. The best way to target these volunteers is to offer opportunities that bring purpose and change to their neighborhoods and communities. It may also help to advertise for activists rather than volunteers for a particular cause or mission objective.

Sophisticated consumers are accustomed to choosing among an abundance of options and consider time a limited commodity. The best ways to target these volunteers are to offer a variety of short and long-term opportunities and implement project-based opportunities with significant results for agencies and volunteer satisfaction. One strategy for recruiting these individuals is for management to compile an abundant list of volunteer opportunities that are project-based. Organizations should also have clearly stated goals and objectives in project descriptions, engaging volunteers in creating strategies for project implementation, and targeting adults that will be most interested and qualified to volunteer for the organization.

Workers are those volunteers who are overworked, thinly stretched and exhausted from their work lives. A survey conducted by the American Association of Retired People (AARP) shows that 70% of workers over the age of 45 plan to continue working into retirement. Supervisors should reward the commitment and accomplishments of volunteers with additional recognition and responsibility. These persons may also respond well to incentives that provide the opportunity for the volunteer to learn new things, make friends, and apply career skills (adapted from Points of Light and Volunteer Center National Network, 2004).

**Benefits**

The management of volunteers from the Baby Boomer generation may require changes in the recruiting and supervision of volunteers, but there are many potential benefits. Moore (2007) surveyed 21 nonprofits in Kentucky and asked the respondents to identify the advantages and disadvantages
of working with older volunteers. The responses provided by the nonprofit organization leaders in regards to their experiences with volunteers over age 55 are summarized in Table 1. The advantages and disadvantages marked with an asterisk indicate that at least 10% of the respondents identified the attribute. The most commonly sited benefit for volunteers over age of 55 is their flexible schedules.

**NATIONAL RESOURCES**

There are several national resources that can be of benefit to nonprofit organizations wanting to expand the number of volunteers from the Baby Boomer generation. Five are briefly described.

- **Corporation for National and Community Service.** The nation’s largest grant-maker that supports service and volunteering by providing opportunities for Americans of all ages and backgrounds to express their patriotism while addressing critical community needs. This includes the Senior Corps and RSVP programs. Website: http://www.nationalservice.org/about/volunteering/index.asp

- **SeniorCorps.** Its mission is to “tap the rich experiences, time and talents of the 55+ generation.” Grants administered through SeniorCorps provide funding for these three programs: foster grandparents, senior companions and the Retired Senior Volunteer Corps. The website provides state performance reports on these programs as well as publications that can be utilized for recruitment, research, and reporting concerning older volunteers. Website: http://www.seniorcorps.gov/about/sc/index.asp

- **Retired Senior Volunteer Corporation (RSVP).** It connects volunteers age 55 and over with service opportunities in their communities that match their skills and availability. From building houses to immunizing children, from enhancing the capacity of nonprofit organizations to improving and protecting the environment, RSVP help volunteers put their unique talents to work to make a difference. These 55+ volunteers choose how and where they want to serve and are provided with orientation, on-the-job training, and supplemental insurance. Website: http://www.seniorcorps.gov/about/programs/rsvp.asp

- **Experience Corps.** The Corps is widely recognized for its work to engage citizens over 55 to meet their communities’ greatest challenges and contributes more than 466,000 hours annually in tutoring and mentoring services.

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<th><strong>Table 1: Advantages and Disadvantages of Older Volunteers</strong></th>
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<tr>
<td><strong>Advantages</strong></td>
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<td>Flexible Schedules*</td>
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<td>Real-World Experience *</td>
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<td>Reliability</td>
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<td>Follow through with duties</td>
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<td>Willingness to do anything</td>
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* Indicates advantages or disadvantages identified by more than 10% of the respondents in the Moore (2007) study.
This program is active in 19 U.S. cities and engages more than 2,000 annual volunteers. This website offers several publications and programs including ideas for senior volunteerism and awards recognizing organizations effectively utilizing older volunteers. Website: http://www.civicventures.org/index.cfm

- **Get Involved.** This is a national campaign encouraging the nation’s 77 million Baby Boomers to get involved in their communities through volunteer service. The website includes links to volunteer opportunities, tools for getting older citizens involved, lists of corporate, media and nonprofit supporters and reports on the health benefits of volunteering. Website: http://www.getinvolved.gov/

Moore (2007) reports that few of the leaders of the nonprofit organizations in her study were familiar with national programs promoting senior volunteerism. Only five of the 21 organizations were aware of the mission of the programs and another two had heard of them before but were not familiar with their services. The other 14 organizations were not aware of these programs or the services and ideas they may offer for nonprofits seeking to recruit retiring volunteers.

**RECOMMENDATIONS**

Nonprofit organizations that rely on extensive use of volunteers should begin now to plan ways to recruit baby boomer volunteers. These efforts should begin as promptly as possible with the knowledge that this large group of citizens, beginning to retire and continuing to retire over the next 22 years, can be a valuable resource for these organizations. These efforts may include training management and volunteer coordinators about the characteristics of Baby Boomers and most effective recruiting practices.

A useful recruitment method is to utilize data from the most recent U.S. Census to identify geographic groupings of people age 55 and older. Nonprofit volunteer coordinators and CEOs can create a map and identify target areas where there is an opportunity for targeting older citizens, such as grocery stores, doctor offices, churches, and restaurants that are “favorites” of this demographic. After identifying these places it is important to go to them and talk with people there to let them know about the mission and need for volunteers in your nonprofit. Since it will not be possible to go to every location, establish relationships with business owners, social workers, veteran’s organizations and others who work with the public in order to get referrals and recruit volunteers who identify with your organizational mission. It is key to market your organization by identifying what is unique about your nonprofit, who the target audience is, what you are doing to reach them, and how volunteers can help (Allen-Cabellero, 2001).

After emphasizing the importance of seeking out this generation of potential volunteers and understanding their motivations and passions, nonprofit organizations may utilize the national resources like the Corporation for National and Community Service, SeniorCorps, and the RSVP program to gain connections and important communication in order to enhance recruitment efforts.

**CONCLUSIONS**

The Baby Boomer generation is going to be retiring in growing numbers over the coming years. There is a great potential for a win-win collaboration between the nonprofit sector and baby boomer volunteers. Nonprofit organizations can benefit from highly experienced and educated volunteers. The baby-boomers will find satisfaction through meaningful service and associations within the community. In order to retain their services, it will be important to recognize and respect these volunteers for the experience and knowledge that they will provide for these organizations. Nonprofit managers will also need to reconsider whether their current volunteer policies facilitate the recruiting and meaningful employment of their baby boomer volunteers. The burden rests with the managers of nonprofit organizations to see that the potential benefits of baby boomer volunteers are realized.
References
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Dwight Denison is associate professor of public and nonprofit finance in the Martin School of Public Policy and Administration at the University of Kentucky. Dr. Denison’s areas of teaching and research include nonprofit financial management, cash management, tax administration, and municipal finance. Dr Denison is currently the director of the graduate degree programs for the masters of public administration and masters of public policy.

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David Green retired in 2005 after 29 years as CEO of Evergreen Retirement Community in Oshkosh. Under his leadership, Evergreen received national recognition for developing the visionary Creekview Model household/neighborhood skilled nursing facility. In 2005, he received from the American Association of Homes and Services for the Aging, the Award of Honor, their highest recognition for service to this field; and in 2006 he received an honorary doctorate from the University of Wisconsin Oshkosh in recognition of his national contribution. He continues to provide consulting, education, and leadership services in the areas of governance and nursing home design.
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