

WHITE PAPER

UNDERSTANDING THE NONPROFIT EMPLOYEE LANDSCAPE

SEPTEMBER 2021



HALLETT
PHILANTHROPY



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KEY LEARNINGS



Key Learnings

- Gift Officers do not believe their salaries are compared accurately within the organization and thus feel as if they are underpaid. Higher-level leaders do not have that impression.
- Although 66 percent of respondents felt they were underpaid, only 30 percent said they would leave their current job for a 10 percent raise
- Respondents with 14+ years of experience are significantly less likely to leave their current job for any reason, including compensation
- 55 percent of respondents with three years or less at their current job would leave for a five percent increase in pay
- Those without a bonus structure are 5 times more likely to be open to a new job
- 55 percent of respondents do not receive annual or regular feedback from their supervisors, causing increased dissatisfaction with their current job
- 56 percent of respondents said flexibility with working from home/away from an office is either very important or important in their job satisfaction. And for those WITHOUT a bonus structure, the number is even higher.



OVERVIEW

This white paper was created to help readers understand the current climate surrounding nonprofits and the employment challenges they face. While the nonprofit world is quite expansive, this paper focuses primarily on the fundraising and revenue-generating areas of nonprofits, specifically, dealing with chief development officers, major gift offices, internal fundraising support, and other related positions.

For the past 18+ months, the world has been in a pandemic lockdown. This has generated a great deal of discussion, nationally, around what one article called “the great resignation,” a term first coined by a Texas A & M professor, Anthony Klotz. Klotz contends when there is uncertainty, people tend to stay in their current position, leading to pent-up resignations which did not happen in the previous year. “In the end, this could mean a significant increase in job turnover across all industries.”

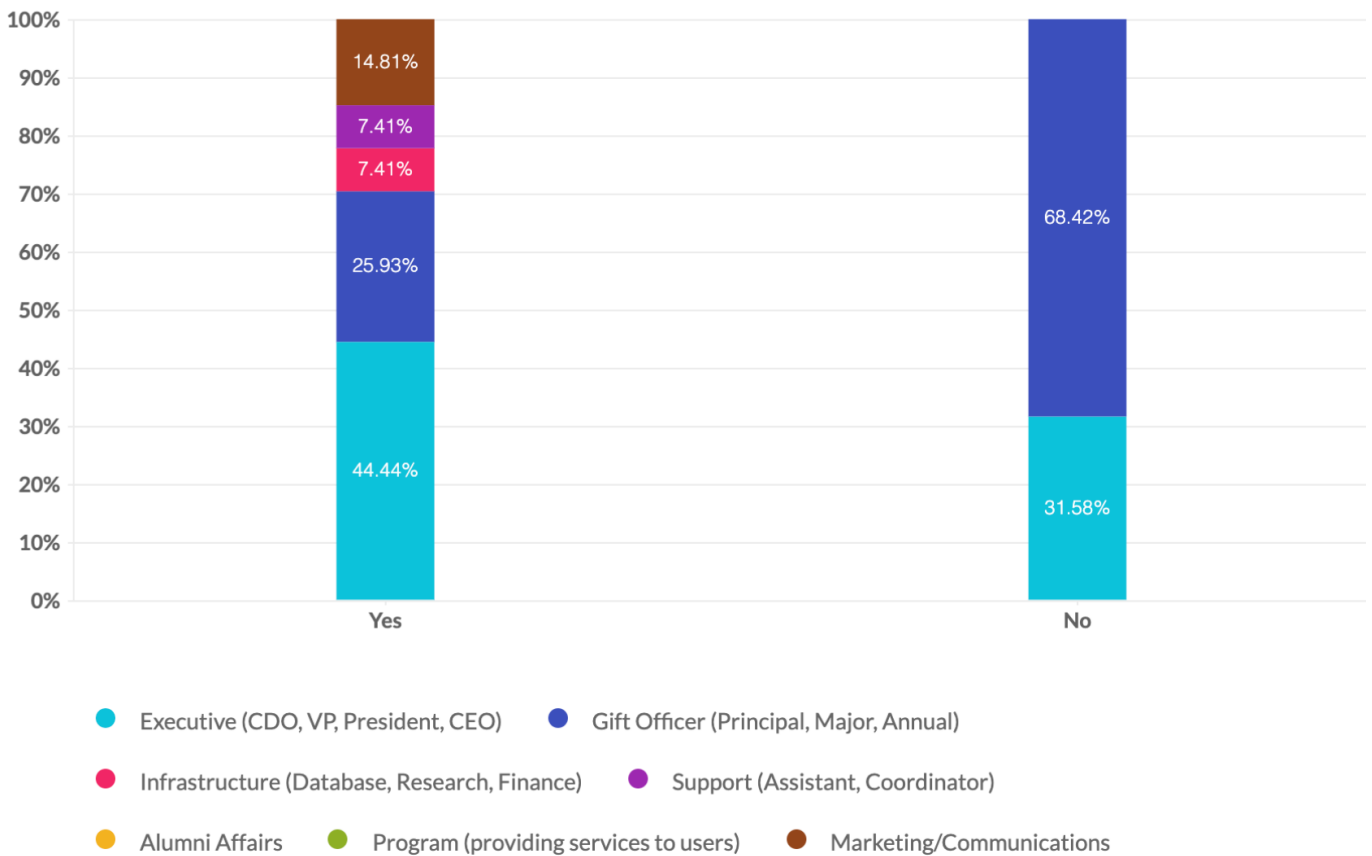
To craft this white paper, Hallett Philanthropy opened a survey in June 2021 in which 1,482 individuals responded. The survey was designed to elicit information about self-perceived feelings regarding compensation and willingness, or interest, in changing jobs in the current environment, information about why one might leave a job, fairness of current compensation, percepts of leadership, bonus structures, other non-monetary recognition, and goal setting. The aim of the data collected was to determine if the “great resignation” was true within the nonprofit sector.



ABOUT THE PARTICIPANTS

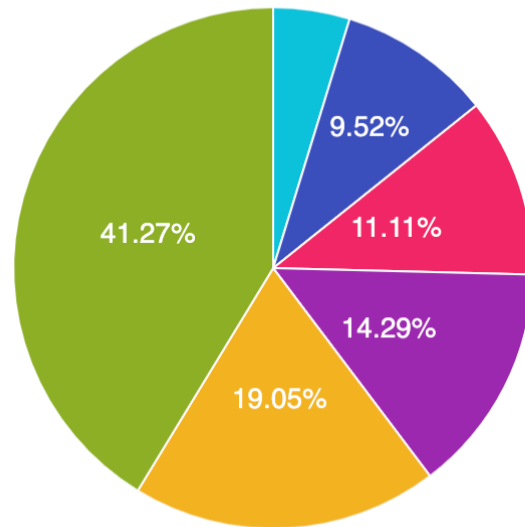
Of the nearly 1,500 survey respondents, just over one-third were considered executive level: chief development officer, president, video president, other leadership positions. Approximately 30 percent of respondents included gift officers or other positions who ask for financial resources (principle, major, planned, or annual). Another 15 percent of respondents were those working in marketing and communications roles.

PARTICIPANT POSITIONS



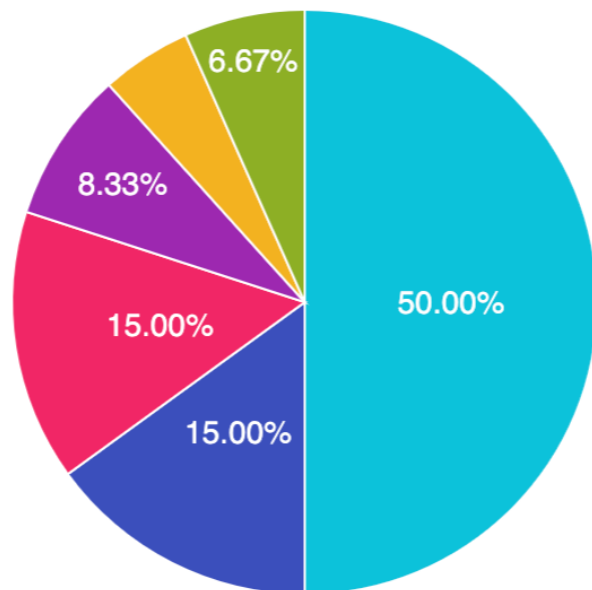
Longevity in the nonprofit sector was prevalent in this survey. In all, nearly 61 percent of respondents have been working in their careers for more than 20 years. Less than five percent have been working professionally for five years or less. It is interesting to note that while many respondents have longevity in the industry, more than 50 percent had been in their current job and with their current employers for less than three years, and more than two-thirds of all respondents have been in their job with their current employer for less than six years.

Years of Experience



● 0-5 ● 6-10 ● 11-15 ● 16-20 ● 20-25 ● 25+

Years in Current Role



● 0-3 ● 4-6 ● 7-10 ● 10-13 ● 14-18 ● 18+

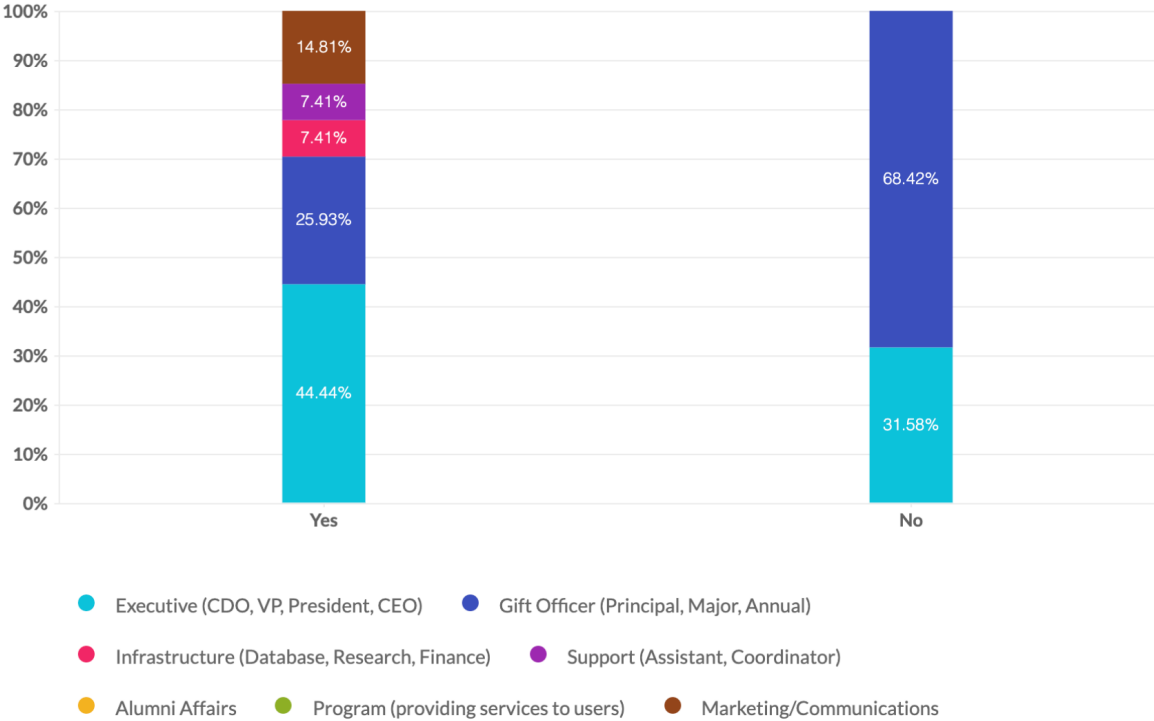


COMPENSATION & BONUS STRUCTURE

Compensation

Overall, Hallett Philanthropy observed a clear break in satisfaction with compensation between those at the executive level and those at the manager level or below. Nearly 67 percent of respondents at the executive level believe they are fairly compensated and appropriately evaluated against other like positions at their institutions. The exact opposite was true for gift officers. In this case, 63 percent of respondents believe their salaries were not compared accurately nor were they evaluated appropriately against other like positions. Those individuals with 20+ years of experience were three times as likely to feel as if the organization does not effectively compare fundraising jobs to other positions in the organization for compensation purposes. For gift officers, especially, it appears as though there is a massive misunderstanding of their job duties and responsibilities, which then impacts overall compensation for this group.

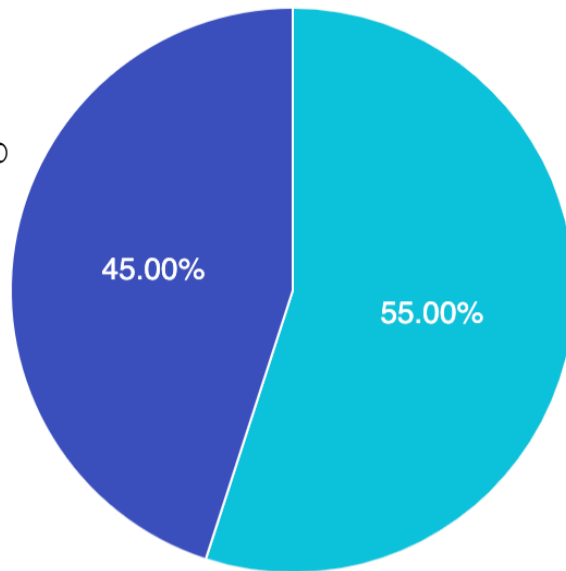
Internal Role Comparisons



In total, less than 66 percent of respondents felt as if they were fairly compensated. However, when asked whether or not they would leave their current job for another offering a five percent increase in salary, only ten percent indicated they would do so. When asked how much increase in compensation it would take for a respondent to leave their job, 83 percent indicated a 30 percent increase or less. Just over one-third of this group indicated it would take as little as a ten percent increase for them to be moved to take a new position.

Respondents who have been in their current job for 14+ years are less likely to be actively looking for a new job. In fact, the Hallett Philanthropy Employment Survey found that almost no one with longevity was looking for a new job. Of respondents who have been in their current position for less than three years, more than 55 percent stated they would leave their current employer for a salary increase of five percent or less.

Willingness to Leave a Current Position for a 5% Raise

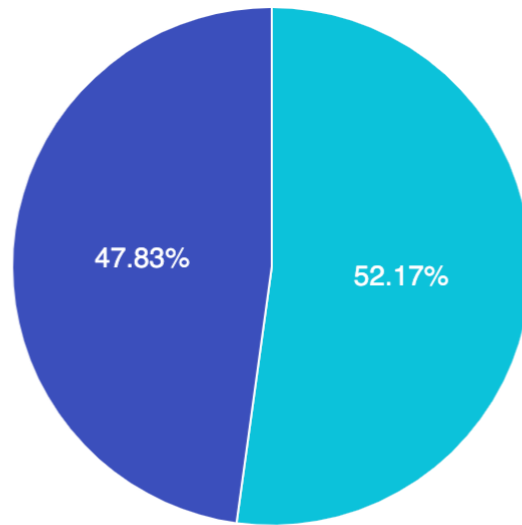


● Yes ● No

Bonus Structure

Survey results have highlighted a missed opportunity for nonprofits to express gratitude for a job well done, and in some cases, to retain top performers. Overall, 56 percent of respondents do not have an individual bonus structure. In fact, 53 percent of respondents noted their organization as a whole did not have a bonus structure, and 75 percent indicated the organization is not very open to recalculating compensation by either offering a merit raise or adding a bonus structure for exceptional performance.

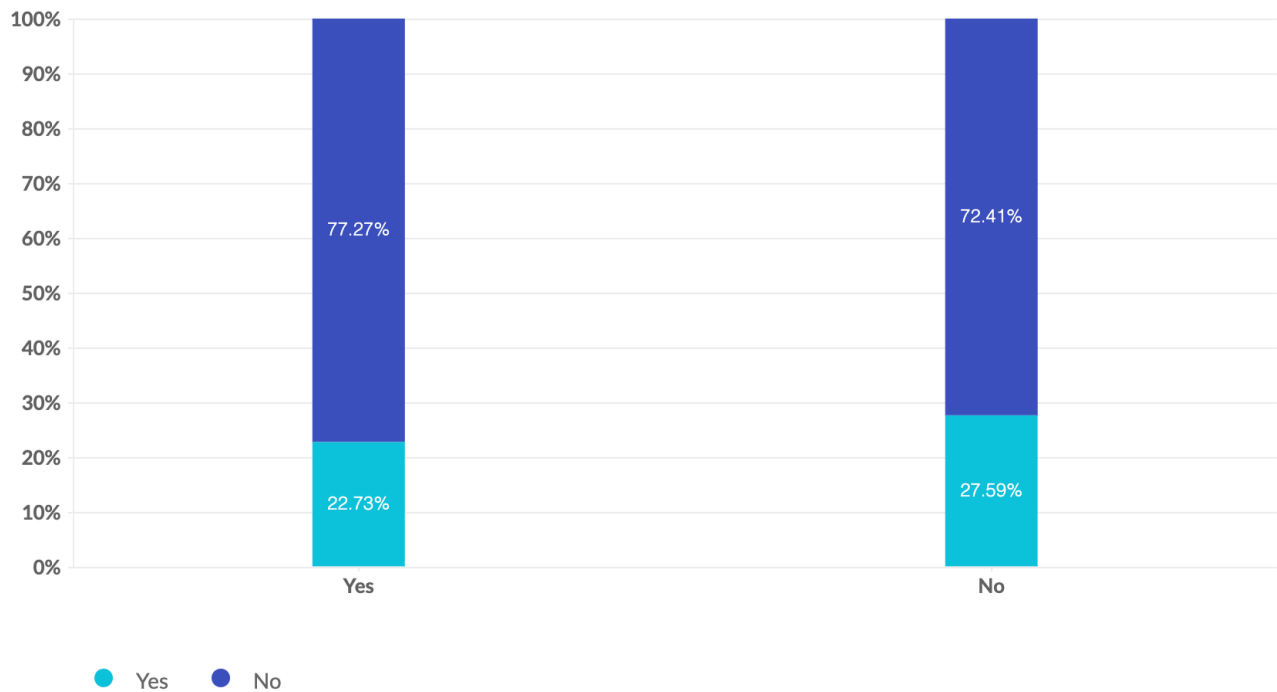
Respondents with Bonus Structure in Place



● Yes ● No

What's more concerning...the number of respondents willing to leave their organization to take a job offering a bonus. Seventy-five percent of respondents at the executive level receive a bonus, and 40 percent at the gift officer level do as well. But those who do not receive a bonus are nine times more likely to leave the organization and are five times as likely to be looking for a new job.

Respondents with Bonus Structure in Place - Looking for a New Job



Based on survey responses, it appears bonus structure - at both the office and individual level - is based on predetermined, quantitative metrics which mostly include dollars raised, number of gifts at/above a certain level, number of new donors at certain levels, and quality actions. For a number of office and individual goals, wider metrics are used to determine a bonus, including organization-wide performance measures (non-fundraising) and overall financial performance. So, while some respondents are seeing bonuses, bonus structure still has a ways to go to become equitable to other departments.

Non-Monetary Compensation

While much of the survey focused on financial compensation, it is important to consider other benefits and recognition which factor into total compensation and employee satisfaction. In total, 63 percent of respondents indicated non-monetary recognition is important or critically important to them. Only 45 percent of respondents indicated their supervisor is good or outstanding at recognizing their contributions. Imagine 55 percent of respondents go about their business and never receive positive feedback or recognition of their work from leadership, which is important to note when 79 percent of all respondents noted growth and personal development is very important or essential to them.

When it comes to setting goals, 71 percent of respondents indicated their goals are very well defined, and 55 percent of respondents noted they personally take an active role in setting their goals annually.

What do employees want? According to the Hallett Philanthropy Employment Survey, employees want flexibility in their work - not only the flexibility to work from home but also flexibility in their schedule (44 percent), good job benefits with medical insurance and PTO (29 percent), and a great culture/team/leadership (16.6 percent). Most importantly, respondents indicated the most essential attributes in a manager or supervisor are trust, their ability to care for an employee as a person, strong positive communication skills, enthusiasm, and the ability to provide a clear vision.



A FLEXIBLE WORKPLACE

We would be remiss if we did not dedicate space in this white paper to flexibility, which was a common theme throughout the survey. As most employees have been working from home since March 2020 and have proven their ability to work from remote locations yet maintain or increase productivity, many employees across multiple industries are noting their desire to continue to work from home. The nonprofit sector is no exception.

Overall, 39 percent of respondents identified the ability to work from home as very important. Another 56 percent indicated the flexibility to work from home is important or very, very important. Forty-five percent of respondents indicated they spend at least 70 percent of their time working from home, and of that, 20 percent indicated they work from home more than 90 percent of the time. Those respondents who do not have a bonus structure in place are significantly more interested in having the flexibility to work from home.

Remote work is a trend that is not going away any time soon. Employers will be wise to embrace flexible workspaces and schedules in the near term.



CONCLUSION

The Hallett Philanthropy Employment Survey illustrates some disparities in the nonprofit sector as they relate to seniority and longevity in the industry and compensation. Those individuals who are newer to the industry do not believe they are compensated at competitive rates versus those who have worked in the nonprofit industry for several years. Many would appreciate a bonus structure as part of their compensation package. And nearly all would prefer more flexibility when it comes to where they work from, and the hours they choose to work. Are these qualities indicative of the industry? It is doubtful you would find employees anywhere in any industry who aren't asking for the same benefits. However, now more than ever, organizations must revamp their compensation packages, examine salaries and benefits, and ensure they offer more modern and cutting-edge benefits to ensure they can continue to attract the best and brightest employees.

Is the nonprofit sector falling victim to the “great resignation”? It appears at the gift officer level, there will be some movement unless employers begin offering more incentives to stay such as bonus structures and flexible workspaces. But overall, we should not expect a mass exodus from the industry as a whole.



ABOUT HALLETT PHILANTHROPY

Hallett Philanthropy is a leading full-service philanthropy consulting firm designed to amplify efforts for education, healthcare, and social services. Based in Omaha, NE, Hallett Philanthropy provides fundraising guidance, campaign feasibility studies and planning, campaign counsel, major giving counsel, board guidance and more to help nonprofit organizations maximize their opportunities to serve their constituents. Hallett Philanthropy works with organizations of all sizes, from large multi-state health systems to small community nonprofits, to ensure no funding opportunity is ever overlooked.

With clients around the world, the people at Hallett Philanthropy have worked with more than 150 individual clients, including Ronald McDonald House - Los Angeles, MOSAIC, Marshfield Clinic Healthcare Foundation (WI), IU Health Foundation, Cooley Dickinson Hospital, Marian Medical Center, St. John's Healthcare Foundation, St. Vincent's Curran Foundation, CommonSpirit Health System, Arroyo Grande Hospital Foundation, French Hospital Medical Center Foundation, Barrow Neurological Institute Foundation, and Ronald McDonald House - Omaha.

For more information about Hallett Philanthropy, please visit www.hallettphilanthropy.com.