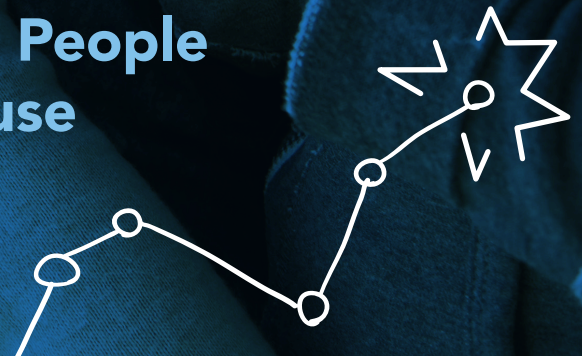




ENGAGING NONPROFIT EMPLOYEES

3 Key Strategies to
**Retain & Engage the People
Behind Your Cause**



INTRODUCTION

Today, the law of supply and demand
doesn't favor nonprofit employers.
Here's why:

1

An entire generation
of senior nonprofit
leaders is about
to retire.

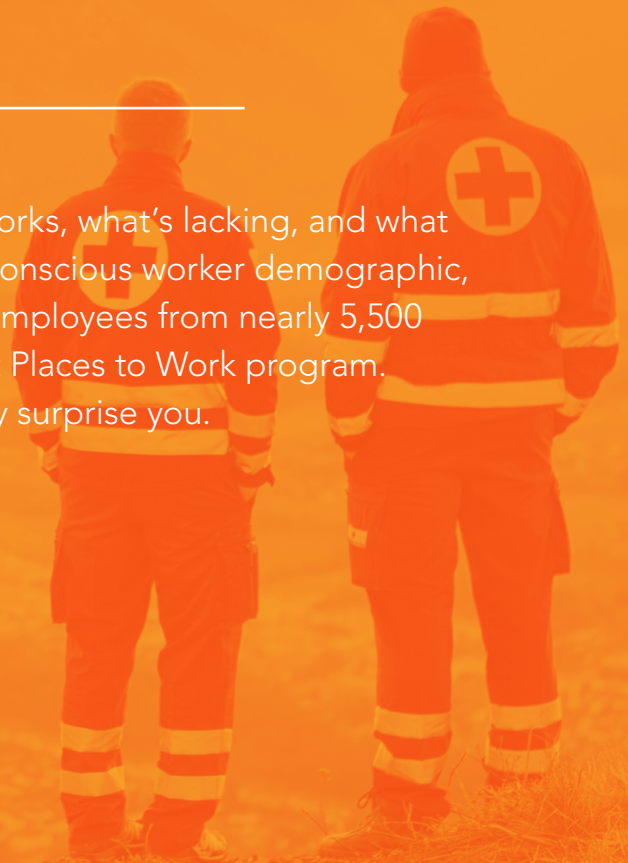
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Competition for
next-generation talent is
fierce—among NPOs and
with added pressure from
for-profit employers.

3

Attracting, engaging,
and developing Millennial
employees (not to
mention Generation Z) will
be essential to the long-
term success of any third
sector organization.

In an effort to shed light on what works, what's lacking, and what
inspires loyalty among this socially-conscious worker demographic,
we surveyed more than 440,000 employees from nearly 5,500
organizations through our Best Places to Work program.
What we found may surprise you.



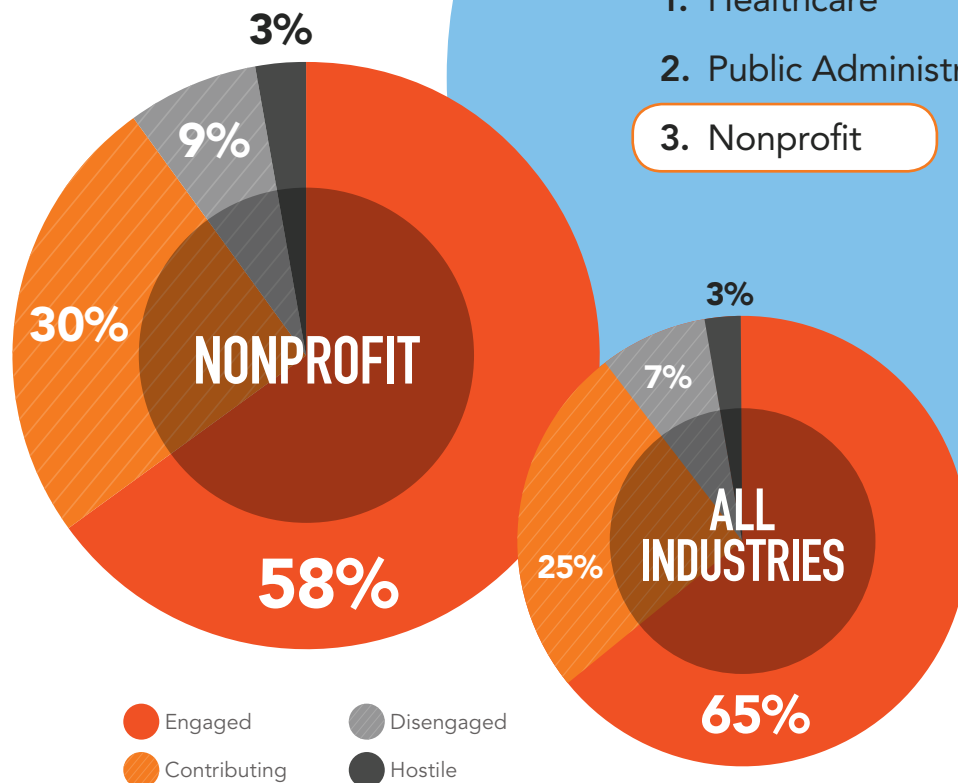
The Bad News?

NONPROFITS TRAIL NEARLY EVERY OTHER SECTOR IN ENGAGEMENT

Nonprofit organizations rank *third from the bottom* among the 18 different industries we profile each year. In 2015, only 58 percent of nonprofit employees were engaged, as compared to a 65 percent average across all industries. Subpar engagement means employees are less likely to put forth extra effort, preach organization love, or (here's the real grabber) stay employed in their current roles.

Least Engaged Industries in 2015

1. Healthcare
2. Public Administration
3. Nonprofit



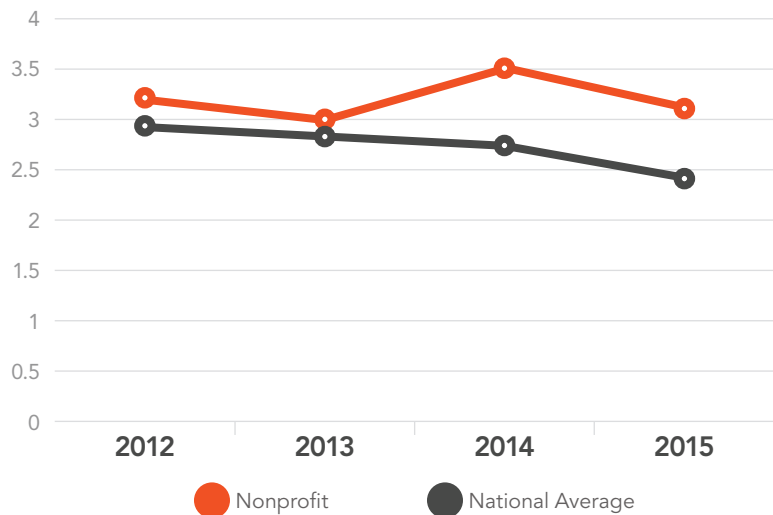
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Perhaps most disconcerting is the fact that nonprofits are still seeing a persistent trend toward hostility, or active disengagement, with sector rates exceeding the national average for the fourth year in a row. While the difference between 2.4 percent hostile (industry-wide) and 3.1 percent hostile (nonprofit) may seem minor, keep in mind: “hostile” employees aren’t just lacking motivation. More often than not, they’re negatively impacting others’ productivity.

YEAR-OVER-YEAR ACTIVE DISENGAGEMENT IN NONPROFITS COMPARED TO NATIONAL AVERAGE



The Good News?

SOME NPOs ARE DEFYING THE ODDS

Fortunately, we didn’t have to look far to find organizations that were bucking these trends. In the following pages, we’ve paired leading engagement drivers with nonprofit sector trends, as observed by various industry sources. Where these cues intersect, organizations can find the most promising opportunities for strategic input and engagement rate boosts.

Further, to illustrate how employers can take advantage of nonprofit pressure points, we’ve also included several organizational spotlights—quick case studies, featuring NPOs that dug into engagement and emerged with game-changing outputs: loyal employees, improved retention, and increased revenue.

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3 KEY STRATEGIES TO RETAIN AND ENGAGE THE PEOPLE BEHIND YOUR CAUSE





1

POSITIVE WORK ENVIRONMENTS—FOR EVERYONE

Of all the items on our survey, leadership's commitment to creating a great work environment had the highest positive correlation with employees' levels of engagement. Which immediately begs two questions: What does "great" look like in the eyes of NPO employees? And how can nonprofit employers go beyond the status quo in meeting these ideals?

#1 Survey Item Impacting Engagement of Nonprofit Employees

The leaders of this organization are committed to making it a great place to work.

Naturally, every NPO promotes its own unique mission and related values. But we know there's at least one ideal universally sought and appreciated by nonprofit employees: diversity. Workers in this sector are inspired by opportunities to improve lives, solve complex problems, and give voice to those who aren't being heard. Not surprisingly, they expect fairness, positivity, and inclusion in their day-to-day work spaces.

"In the nonprofit world... greater diversity helps expand the pool of donors willing to support charities, improves the quality of strategic thinking at organizations, and makes them more responsive to the needs of clients," explains Ann Lehman in *The Chronicle of Philanthropy*.

Yet many nonprofits aren't doing enough—in terms of employment policy or diversity initiatives—to attract, hire, and retain exceptional minority team members. In the absence of more representative org charts, some employees and constituents are losing faith, especially when facts like these persist:



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Although 63 percent of nonprofits say diversity is a core value, multiple employment surveys have found that white executives still lead 9.5 out of 10 philanthropic organizations. Only 7 percent of nonprofit chief executives and only 18 percent of nonprofit employees are people of colorⁱⁱ.

Another report shows that just 8 percent of nonprofit board members are minorities, while nearly one-third of boards lack a single member of color. All told, the percentage of people of color on nonprofit boards has not changed in 18 yearsⁱⁱⁱ.

Women are also underrepresented in senior leadership roles, especially at today's largest NPOs. Fewer than one in five charities with budgets of \$50 million or more are led by women^{iv}. And based on a 2015 compensation report of more than 105,000 nonprofits, we know the gender pay gap persists too. At organizations with budgets between \$2.5 million and \$5 million, female nonprofit CEOs earned 23 percent less than male counterparts.

"Nonprofits are at a unique moment in time to implement change," argues James Weinberg, the founder and former CEO of Commongood Careers. "If they don't, they may lose out to other employers who have made intentional efforts to increase and embrace staff diversity.^v" Weinberg's view is verified by a *Society for Human Resource Management/Fortune* survey^{vi}, in which the majority of HR respondents said that diversity initiatives affected their organizations' bottom lines in several positive ways—including improved workplace culture and improved recruitment of new employees.



NONPROFIT TREND: **DIVERSITY AND INCLUSION CONCERNS**

More than 70 percent of nonprofit employees believe their organization doesn't do enough to create a diverse and inclusive environment

—Level Playing Field Institute

32 percent of nonprofits say their greatest diversity challenge is "having their staff reflect the composition of the communities they serve."

—Nonprofit HR Solutions

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NONPROFIT SPOTLIGHT

The Boys & Girls Club of Dane County: Creating a Safe, Inclusive Space

Located in Madison, Wisconsin, **The Boys & Girls Club of Dane County** offers children a place of refuge where they can learn and grow. The club aims to be a leader in youth development programs by cultivating partnerships that benefit young people, families, and communities. Central to its mission is the goal that everyone—club members, volunteers, and employees—feel safe and included.

When employee/volunteer complaints and turnover started to climb, club leaders knew they needed to address engagement on a broader level. The Boys & Girls Club partnered with Quantum Workplace to measure, analyze, and ultimately increase employee engagement. Its efforts included:

- Standard survey items on issues that directly impact employee engagement
- Customized items to fit the unique needs and culture of the organization
- Unlimited access to aggregated and filtered engagement data
- Suggested next steps and best practices for targeting areas of improvement

So far, the results have been extremely positive. In the last three years, improved engagement has led to significant increases in revenue (2x), employee and volunteer retention (up 75 percent), and club participation (up 66 percent).

2

CAPABLE, TRUSTWORTHY LEADERS

Convinced that nonprofit leaders misspend funds while getting paid too much, 35 percent of Americans have “little to no trust in charities^{viii}.” It’s a statistic that might sound skewed, until you acknowledge the mistrust emanating from *inside* charitable and nonprofit organizations too.

Indeed, only 58 percent of nonprofit employees report a strong or strong-leaning ethics culture (which means nearly half would qualify their culture as something less). Compare this trust rating against employee perceptions in business and government, and you’ll see that the ethics meter hovers at similar levels (52 percent and 50 percent, respectively). Shouldn’t the NPO standard for trustworthiness be significantly higher?

Nonprofit employees seem to think so. Our survey data shows that trust in nonprofit leadership ranks as 2015’s second highest engagement driver. Those who have confidence in top executives are more likely to work as loyal, outspoken advocates. Those who don’t may be holding back performance-wise, and eventually present retention risks.



NONPROFIT TREND: **TRUST** IS EVERYTHING

90 percent of Millennials surveyed would stop giving to a nonprofit “if they did not trust the organization.”

— *The Millennial Impact*

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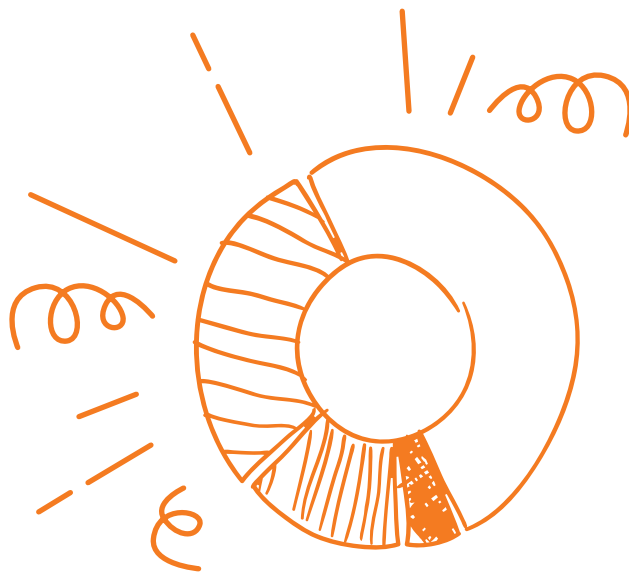


2nd Ranked Driver of Nonprofit Employee Engagement:

I trust the leaders of this organization to set the right course.

The primacy of trust won't come as a surprise to seasoned professionals in the nonprofit world. Mountains of research have been dedicated to unpacking the relationship between trust and charitable giving. Volumes of content marketing/social media advice are now available to help organizations communicate better and build credibility across digital channels. Organizations ramping up their defense against mistrust (specifically, charges of overspending and exorbitant salaries) was actually one of the "Six Trends to Watch in 2015," according to a leading industry publication^{viii}.

But what about communicating trust to *employees*? Instead of just collecting and leveraging feedback for the sake of donor buy-in (another trend to note from 2015^{ix}), nonprofit employers should be collecting and leveraging feedback from their own teams—in effect, trusting employee views to guide strategic priorities and buying into the maxim that "you get what you give."



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NONPROFIT SPOTLIGHT

Goodwill of Central Arizona: Building Trust as a Core Value

Goodwill of Central Arizona is an organization where employees are truly eager to contribute their thoughts and concerns. In its most recent Best Places to Work survey, almost 1,500 comments came from 1,063 employees. And Goodwill's leadership didn't take a single voice for granted, demonstrating a firm commitment to reinforce each employee's sense of value.

But in order to maintain such an expansive conversation, and to prove that individual feedback was being heard and exercised, Goodwill needed advanced reporting and survey follow-up tools. They joined forces with Quantum Workplace to take action, specifically:

- Organizing data into common themes, highlighting what the organization does well and what needs work
- Identifying the most promising, strategic initiatives
- Sharing progress updates linked to employee feedback
- Developing new programs to close communication gaps and build trust

The results have been incredibly positive for leaders and employees alike. "[Quantum Workplace's detailed reports] gave us the perspective and the momentum we needed," said Nobu Hara, Senior VP of Human Capital. "[They helped us] identify actions that align with our core values, as well as our strategies for growth, higher retention, and greater employee engagement."

A PROMISING OUTLOOK, FOR THEMSELVES AND FOR THEIR ORGANIZATIONS



The first college graduates from Generation Z are entering the workforce. Together with Millennials, they'll be taking stock of their five-year career plans, just as baby-boomer executives (purveyors of strategic vision, leadership, and historical knowledge) are taking steps toward *retirement*.

Over the past two years, 25 percent of nonprofit C-suite leaders have left their roles, and nearly one in four currently plan to leave by 2018. Unfortunately, only 30 percent of the roles vacated so far have been filled via in-house promotion—which is about half the rate of internal succession among for-profits^x.

Whether or not you're worried about the leadership gap, there's no denying a huge number of transitions remain in the offing. Even if your succession plan is rock solid and your talent pipeline is full, your teams will have some turbulence to ride out in the coming years. Frequent check-ins (to measure engagement and proactively address concerns) will be more essential than ever before.

"Poorly managed executive transitions incur high costs to organizations and communities," writes nonprofit consultant, Paige Hull Teegarden^{xi}. "In extreme circumstances, otherwise healthy organizations playing a vital role in their community may go out of business, leaving broken commitments and a lack of community services." It's no wonder then that belief in the future success of an organization is one of 2015's top differentiators, when it comes to fully engaged nonprofit employees.



3rd Ranked Driver of Nonprofit Employee Engagement

**I believe this organization will be
successful in the future.**

Think your nonprofit is immune? Not so fast... Two-thirds of Millennial nonprofit workers are already indicating “sector-switching” intentions, according to a recent survey^{xii}. Keeping them engaged—early and often—will require a coordinated effort beyond what most organizations are currently executing. As one talent acquisition director writes, “we predict that more nonprofits will begin to encourage real-time feedback and skills development supported by open and transparent communication between managers and their reports^{xiii}.” Altogether, this means nonprofit employers need to start laying the groundwork for a promising future—one that team members can champion with confidence.



NONPROFIT TREND: **RETENTION** STRATEGY

One engagement and retention strategy that seems poised for wider nonprofit adoption in 2016 is the retirement of traditional annual performance reviews.

— Nonprofit HR



NONPROFIT SPOTLIGHT

Nebraska Families Collaborative: Engagement That Spans the Entire Employee Lifecycle

Nebraska Families Collaborative (NFC) is a private nonprofit that provides a community-based system of care for at-risk kids and parents in eastern Nebraska. Understanding that every family will encounter challenges in life, NFC strives to preserve families whenever possible, while ensuring the safety of those who can't look out for themselves.

Recently, NFC realized it needed to make sure its own family was thriving. Turnover was a problem, and the organization was losing sight of employees' evolving needs, somewhere between orientation and separation. The organization wanted a streamlined solution for monitoring and managing the employee experience throughout each worker's entire employee lifecycle. So together with Quantum Workplace, NFC launched a series of engagement initiatives, including:

- Comprehensive employee surveys
- An online, peer-to-peer recognition board to celebrate employee excellence
- A mix of HR-initiated and employee-initiated one-on-ones for more effective performance conversations
- Social exit surveys to better understand inevitable turnover

"[Quantum's] unified platform enables Nebraska Families Collaborative to have all information pertinent to our employee engagement strategy at our fingertips," concluded Anita Bigger, HR Manager. "It gives both administration and employees an opportunity to assess their team and individual performance in real time."

Since implementing the platform, NFC has seen an 11 percent increase in job satisfaction, 276 peer recognitions per month, more than 550 performance conversations, and an exit survey success rate of 90 percent. Leaders say they are now better equipped to stay true to the organization's mission—both on the streets and in the workplace.



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ABOUT QUANTUM WORKPLACE

Your Partner in Making Work Awesome

Quantum Workplace offers an all-in-one employee feedback platform, helping organizations measure engagement and drive performance efficiently—without the hassle of multiple HR products, logins, interfaces, and data sets. Our tools are designed to work together, as a holistic strategy that spans the entire employee lifecycle. But they're also available as individual, a la carte solutions for employers who choose to get started in one focused area.



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SURVEYS**

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