



**Fund the  
People Toolkit**

Case Making  
**Nonprofit Myths and Realities**





## At a Glance



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# Nonprofit Myths and Realities

## Introduction

Some nonprofit boards, executives and other leaders continue to employ out-of-date or disproven assumptions about the nonprofit workforce. These implicit assumptions, while often accepted widely, impair the ability of nonprofit organizations to invest in their own people, and endanger the mission and programmatic work of the organization. In order to secure and deploy resources for staff development, you may need to engage in dialogue with your colleagues to surface these myths and help them recognize the usefulness of alternative frameworks.

This tool is meant to help you turn these obstacles into opportunities. Based on what we've heard in the field, we've summarized five myths. With each, we offer a brief counter narrative and resources to help your organization learn more and shift its thinking.

In order to begin a dialogue at your nonprofit, you may wish to use [Talking Talent for Nonprofits](#), which can help you start an internal conversation about how your colleagues perceive the value of investing in staff members and the entire team.

To further that conversation, you may find it useful to distribute the following pages, copy and paste the text into your internal writing, or suggest some of the readings or resources provided in the Learn More section.



**1. Myth: “We don’t have enough money to invest in our staff.”**

**Reality: It is a matter of priorities and intention. Dollars will flow from there.**

If your organization prioritizes staff development, your will be able to find or raise money for staff development.

Nonprofit budgets are moral documents -- they are testimonials of the values and priorities of an organization and its leaders. If boards value their staff members, they can demonstrate it in their fundraising and spending plans.

It’s not a matter of how much, but how money is deployed. Nonprofit income tends to be cobbled together from heavily restricted resources. This often leaves little margin for staff investments. In this context, it is up to nonprofit boards and executives to prioritize, plan, budget, and fundraise for staff development expenses, and ensure that restricted resources include funds restricted for the purpose of staff development. It is up to nonprofits to ensure that funders do not define staff development out of the budget. Moreover, it is up to nonprofit leaders to invest unrestricted resources in their team.

Nonprofit people are nonprofit programs. So investing in staff (including administrative and managerial staff) is an investment in program. When organizations disinvest from staff and plow funds into program, they actually risk weakening their programs. Underinvestment in the team creates fertile ground for staff burnout, which damages performance and is costly in both financial and human terms.

The actual direct cost of programs tend to be relatively small in comparison to personnel expenses. Spending the majority of a budget on compensation (which may still be below market), without spending resources on the development of employees, is like putting all your assets into purchasing a house and never painting it, fixing the roof, etc.

When it comes down to it, nonprofits can invest in their people without directing significant financial resources. It is a matter of the time, thought and energy managers take to provide feedback, professional development planning and implementation, stretch assignments, cross-functional learning opportunities, and external networking and learning opportunities. All of this can be done with existing dollars.

**Learn More:** Many nonprofit boards and staff teams have simply never made the time to proactively discuss the state of staff development, and the needs or desires they have about how an investment should be made in their team.

- Learn more about the deficit of investment in the nonprofit workforce in Fund the People’s Toolkit’s [Resources Listings](#) section.
- **Discussion Guide:** We invite you to use the Fund the People Toolkit’s brief [Talking Talent for Nonprofits](#). This is an essential resource for beginning a productive dialogue within or across the board and/or staff about organizational talent development needs.
- **Fundraising Guide:** Our initial guide on fundraising for nonprofit staff development - “*Talent-Investing: Raising and Granting Funds to Develop Social Change Leadership*”- is available in *The Talent Development Platform: Putting People First in Social Change Organizations*. This guide, written by Rusty Stahl, president & CEO of Fund the People, offers extensive step-by-step guidance and self-diagnostic tools. You can find the book on [Amazon](#) or find a link to it from the [Fund the People website](#).



**2. Myth: “We don’t have the time to invest in our staff. We’re too busy trying to survive. The day-to-day work comes first.”**

**Reality:** You are prioritizing immediate needs such as paying for programs or maintaining cash flow over longer-term, less tangible investments in staff. With this attitude your staff is more likely to burn out, programs won’t be as good as possible, and your organization won’t be able to achieve its mission.

This type of organizational culture in nonprofits leads to feelings of being overwhelmed, staff burnout, dissatisfaction, and high turnover. Nonprofit professionals are unable to effectively deliver the programs and services that their communities need. The myth becomes a self-fulfilling prophecy that ends up harming nonprofits, their causes, and broader movements. Taking the time to invest in nonprofit people is one of the most valuable investments that can be made to help nonprofits to fully deliver on their missions.

**Learn More:** To address this myth we invite you to use several resources outlined below.

- [\*\*Talking Talent for Nonprofits\*\*](#), a discussion guide to help you begin a productive discussion with the board, staff or both about talent development needs:
- [\*\*Thinking Through Choices In Talent Investment\*\*](#), which outlines the different levels, points in the career trajectory, site of investment, and nonprofit professionals in which funders can make talent investments.
- [\*\*Social Entrepreneurial Pathways to a Culture of Wellbeing\*\*](#) (May 30, 2016), a research study by Ashoka Changemakers on of how social innovators – from banking, legal, healthcare, tech, and others – are shifting systems to create a culture of wellbeing for all.
- [\*\*Beth Kantor’s “The Happy, Healthy Nonprofit”\*\*](#) is a manifesto for a culture shift in the nonprofit sector by starting conversations about the importance of individual self-care and WE-care in the workplace. (2016)



### 3. Myth: “If we talk about our talent development needs, we will look weak and selfish.”

**Reality:** Talent development is a scary topic to discuss openly with your board members and funders. Asking for funding to fill the gaps in capacity can feel tantamount to saying you’re not good enough to do your jobs or to manage the grants you have received. Many nonprofit leaders work in the sector because they have a desire to serve others. Asking for funding to help your staff—and yourself—grow and develop can feel selfish, even though it is essential.

If your organization does its planning and uses “strategic vulnerability”, you can be successful at securing talent investments from funders who care about your work. Talent investments can result in increased levels of organizational effectiveness and performance. Therefore, it is critical for nonprofits to seek funding to develop staff.

#### Internalized Oppression > Exploitation

**Learn More:** To address this myth we invite you to use several resources outlined below.

- [Talking Talent for Nonprofits](#), a guide to begin a productive discussion with the board, staff, or both about talent development needs.

- [Talking Talent Between Funders & Nonprofits](#), a guide for discussions among funders and nonprofits.



**4. Myth: “We cannot ask. Our staff development needs are not something funders want to talk about. They think of it as overhead.”**

**Reality:** Funders who support your work may invest in your talent if you show that it is a priority for your organization, and make a compelling case.

Nonprofit fundraisers believe that most funders see investing in programs, not people, as the priority. Many say they are discouraged from even asking for a conversation on the topic. Grantmaking guidelines, requests for proposal, and grant budget templates tend to minimize talent development in favor of underwriting products, programs, and results.

**Learn More:** To address this myth we invite you to use several resources outlined below.

- The Harry and Jeanette Weinberg Foundation is a good example of a funder who is interested in learning about their potential grantees’ talent development needs. The Foundation’s [online application](#) now features a set of questions on the subject. Want to know what they’ve learned? Read our [field story](#).
- [Talking Talent for Nonprofits](#), a discussion guide to help initiate productive discussions about talent development priorities in your organization with your colleagues on the board, staff, or both.
- [Overhead Madness](#), a report from Full Costs Project which presents baseline data on the spectrum of current funder and sector practices that relate to real cost funding. This project objectively assesses the full cost for organizations to deliver their purpose for social good.



**5. Myth: “If we invest in our staff, they’ll gain skills and then leave or be poached by another organization.”**

**Reality:** When there is limited room for advancement or growth, your staff begins to feel stymied and pursues other opportunities. While investing in your team doesn’t guarantee they will stay indefinitely, when you prioritize their growth and development you help to increase their job satisfaction. This supports them staying with the organization and doing their best work.

Fund the People believes that in the nonprofit sector, staff naturally come and go. However, this should not stop nonprofits from investing in professional development for their staff. The more an organization is able to support its team members, the more it is able to recruit and retain excellence, build high performance, move under-performers out, and enable former staff to lead in other institutions. The key is for nonprofits that invest in their staff’s professional development to develop strategies and practices to institutionalize the knowledge these staff members have gained. This will allow for the wisdom of transitioning staff to remain with the nonprofit.

As the Pierce Family Foundation states in their field story “when talented individuals move from one organization to another, they are further benefiting the sector overall because they are sharing and applying the skills and knowledge they’ve learned more broadly.”

**Learn more:** The following resources provide helpful information to combat this myth.

• [The Alliance: Managing Talent in the Networked Age.](#)

Co-authored by Reid Hoffman, founder/chairman of LinkedIn, The Alliance teaches managers how to recruit, manage, and retain the entrepreneurial employees your business needs to succeed in the networked age.

• [“The Case for Investing in Nonprofit Talent”](#),

a blog post on Exponent Philanthropy co-written by Rusty Stahl, president & CEO of Fund the People, and Hahn Le, executive director at the Weissberg Foundation.



## About Fund the People



Fund the People is the national campaign to maximize investment in the nonprofit workforce. To achieve this goal, we make the case, equip for action, and build a movement to change the attitudes and behaviors of funders, fundraising nonprofits, and the intermediaries that support them. There is a long-standing, sector-wide deficit of investment in the nonprofit workforce. Nonprofit professionals work in environments typified by high burnout and stretched resources. So there is a real demand for equitable salaries and benefits, more and better professional development, improved

human resources functions, and healthy organizational culture. Together, we can address these challenges by reshaping existing resources to prioritize nonprofit people as the central asset of nonprofit performance. Now more than ever, we can ensure that America's civic leadership is diverse, well-supported, high-performing, and sustainable for the long haul. Launched in 2014 and headquartered in Beacon, NY, Fund the People (originally known as Talent Philanthropy Project) is a project of Community Partners. Our work is informed by an Advisory Council of diverse leaders and a team of skilled staff and consultants, and is supported by a coalition of regional and national foundations.

**To learn more about Fund the People visit:**  
[fundthepeople.org](http://fundthepeople.org)

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