



**Fund the
People Toolkit**

Case Making

Top Reasons to Invest in Nonprofit Talent





At a Glance



Type: Case Making Tool

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Top Reasons to Invest in Nonprofit Talent

What Does Investing in Nonprofit Talent Mean?

Intentional deployment of resources to support and develop professionals and leaders in the nonprofit workforce. These resources may include financial capital, political capital, time, attention, skill, etc. Investments may be made internally (by the board, executive director or by others) or externally (by foundations, donors, government or corporate funders). Talent-investing may support various types of interventions, depending on context, need, interest, and level of intervention.

Audience

Intended primarily for foundation grantmakers, this tool is also meant to be useful to individual donors, governments, corporations, capacity builders, and nonprofit boards, executives, and fundraisers.



Purpose of Tool

This tool provides succinct language and anecdotes that can be used to introduce the concept of talent philanthropy to foundation staff and board trustees and to communicate the compelling reasons for investing in nonprofit talent.

Call to Action

The impact of the work of a nonprofit or a grantee can be broadened and deepened on an exponential scale if talent is funded with as much intelligence and intention as other significant budgetary expenditures. While Fund the People believes it is essential for foundation grantmakers to support nonprofit talent development, we also encourage nonprofits themselves to develop planned allocations of such resources in order to grow and strengthen the talent in their organizations and to bolster their effectiveness and impact.



People

1. Funders and nonprofits intentionally, substantially, and continuously invest in nonprofit professionals.

It starts with rising investment in nonprofit professionals from both funders and nonprofits themselves.

External funders could include foundations, individual donors, government, corporate contributors, and other sources. Foundations, in particular, have the incentives and systems to increase investment in nonprofit people. For example, foundations have the flexibility that government often does not, and the stake in organizational effectiveness that often individual donors do not.



Performance

1. Strengthens nonprofit performance and organizational effectiveness. Intentional investment in people is the most important ingredient for attaining the highest morale, productivity, and service to communities.

Organizations performing at this high level are able to achieve the greatest mission-driven results. Investing in talent is widely believed to optimize the effectiveness of organizations, including individual leaders, ideas, dollars, and culture. Grantmakers for Effective Organizations supports this belief by stating that building the capacity of leaders is the single most effective way to make a nonprofit's work more meaningful to its community.



2. **Creates great places to work.** Investing in talent shapes organizational cultures that heighten staff morale, increase engagement and satisfaction, and elevate performance. In fact, data shows that Talent investment has been shown to prevent staff turnover and burnout.¹

Impact

3. **Clears the leadership bottleneck. Nonprofit Boomer executives are delaying retirement in part because of philanthropy's failure to invest in nonprofit talent, and specifically in their successors.** This lack of funding has exacerbated nonprofits' struggle to properly compensate their employees and provide for their retirement. Executive Directors rightly fear a wait-and-see approach by funders rather than timely investment to help ensure healthy executive transitions. The result is a dangerous instability in cash flow. It is essential that funders and nonprofit executive directors initiate the difficult but courageous conversations necessary to develop plans for talent investment; prepare for executive transitions; and build the talent of their grantees.

4. **Counters the leadership investment deficit. There isn't a deficit of nonprofit leaders, but there is a deficit of investment in nonprofit leaders.** Only 1% of foundation dollars was allocated annually for nonprofit leadership development over the last 20 years. This percentage computes to \$29 spent per person while businesses spend at least \$120 per person. With an adjustment in perspective or outlook, the lack of investment in the bench strength of nonprofits can be turned around to increase leadership opportunities for nonprofit talent. Funders and nonprofits must work together to tackle this critical issue. Otherwise leadership crises will become commonplace, adversely impacting nonprofit effectiveness and impact.





5. Harnesses diversity. The U.S. is becoming more diverse. People of color will constitute majority of the population by 2025, and more women and LGBTQ people will join the workforce. But the composition of nonprofit executives, boards, donors, and staff is not keeping pace with this reality. Only 16% of people of color hold positions of leadership at nonprofits, with those next in line being only 18% people of color. A 2014 national BoardSource study found that 89% of nonprofit CEOs were white, as were 90% of board chairs and 80% of board members. Lack of attention to these trends impedes the ability of nonprofits to maximize their community impact. In order for nonprofits to be responsive to the community, remain relevant, and achieve their desired impact they need leadership and staff to not only reflect the diversity of the population but also to embrace equity and inclusion.

6. Ensures inter-generational collaboration. Career and economic conflicts among the generations have reached a low boil in the nonprofit workplace. By investing in nonprofit talent we can appropriately begin to address conflicts among the generations of Baby Boomers, Gen Xers, Millennials (and soon Generation Z) who currently work together. Talent development spans building the skills of emerging leaders, preparing mid-level managers to take on more senior leadership roles, and helping long-time executive directors to determine the next phase of their careers. It also helps teams to build their impact and effectiveness. Such comprehensive strategies will increase morale, clear communication, and productivity at work.²

Sustainability

7. Expands the nonprofit workforce's value to society.

Employing 11% of the U.S. workforce, nonprofits are formidable job-creators. Our workers produce immeasurable benefits for the public good. Investing in the performance, impact and sustainability of nonprofit professionals fuels the economic and social health of our society.



8. Advances long-term sustainability. Today's premier corporations and thought leaders believe that investment in employees is essential to both financial viability and to achieving their mission over the long term. The nonprofit sector, however, has not yet adopted this view. Yet now, more than ever, the high demand for our services presents an opportunity for us to establish our value, make the case for investing in talent, and build a platform for best practices.

9. Fulfills our moral mandate. Investing in the people who do the work of the social sector is consistent with the values of our collective mission. When we work to improve the quality of life in our communities while maintaining a poor quality of life for our own employees, we undermine our mission and lose our footing, both morally and ethically.



¹ ROEI® : Return On Employee Investment® Increase
Competitiveness Through Your Biggest Asset. White Paper. SAGE.

² Linnell, D. and Wofred, T. "Creative Disruption: Sabbaticals for Capacity Building & Leadership Development in the Nonprofit Sector".



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

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