Fund the People Toolkit

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Guide to Investing in Grantee Talent

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By Rusty M. Stahl, President and CEO, Fund the People

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Introduction

> **"Leadership development is not a stand-alone, separate domain. Indeed, building, fostering, and enhancing the leadership abilities of nonprofit partners is inextricably linked to the success of practically any activity that foundations support. We cannot overstate the centrality of effective leadership toward impact and outcomes."**

— James E. Canales, President, Barr Foundation, "What is a Leadership Funder?", Stanford Social Innovation Review blog, December 10, 2014

Grantmakers are only as good as the nonprofits they fund. And nonprofits are only as good as their people. Nonprofit professionals thrive when they are well supported and developed by their organizations. So, it is patently reasonable to suggest that investing in the human capacity of grantee organizations ought to be part of the job of every grantmaker.

Unfortunately, funder practices tend to make invisible the needs and potential of the people who work in grantee nonprofits, and instead emphasize strategy, programs, and organizational activities. Not only does this approach mean funders are misreading the real needs of many grantees; it also means they miss great opportunities to advance their missions.

This guide aims to help you change this dynamic in your grantmaking. While it does not claim to contain all the answers, it does argue that talent-investment ought to be among the recognized "best practices" in grantmaking. The guide is organized into two major sections. Part I introduces the idea and framework of talent-investing and baking it in. Part II focuses on the ways you can incorporate talent-investing into the work of foundations and nonprofits.

Part 1: Theory

What's the Problem?

There is a long-standing deficit of foundation investment in nonprofit professionals. A leading indicator of this problem is that **1% or less** of foundation grant dollars have been deployed for staff development in grantee organizations over the last 20 years[1]. Because of this, many nonprofits do not cultivate the budgetary resources, incentives, or knowledge and skills needed to invest in their leaders and employees. Indeed, one major funder recently found that 77% of nonprofits that applied for their grants had allocated less than 1% of their own budgets to staff development[2]. This investment deficit erodes the effectiveness of nonprofits and, therefore, those who support their work.

Someone Else's Problem

Historically, funders have regarded the staff development needs of nonprofits as something their grantees must support through other sources. When a funder takes this stance, a classic "free-rider" problem develops: the funder makes no investment, but that same funder benefits from the improved performance created when another funder does. When most funders abdicate this responsibility, nonprofits have no place to turn for talent-investments. Thus, the sector-wide talent-investment deficit persists. The signals are received loud and clear by nonprofit boards, executives and fundraisers. The negative incentive accounts for the lack of talent-development resources and commitments in nonprofit budgets and behaviors.

Lack of Ownership by Grantees

When funders address the need for leadership and staff development, they tend to structure these investments as programs (such as fellowships, recognition awards, or trainings). But these programs are external to nonprofits, and have no impact on internal operations. Expensive and limited to small groups of already established leaders, these programs tend to be created and managed by the funder or an intermediary of the funder's choosing. While these approaches can create significant value for participating nonprofit leaders as well as polish to the foundation's brand, they are not parts of grants or resources managed or controlled by grantees. Thus, nonprofits have no opportunity to internalize and build talent development into their budgets, operations, skillsets, managerial behaviors, and organizational cultures. Ultimately, the dynamic limits the impact and endurance of the programs that foundations run.

A Failure to Integrate at Foundations

Foundation leadership development programs for grantees tend to be disconnected from a foundation's core grantmaking. They are generally seen as one of many capacity-building efforts, and only indirectly connected to program work. On the other side of the desk, grantee staff who participate often value these opportunities more than other foundation resources, particularly when staff developmental resources are scarce within or around their organizations.

It's clear that many funders view talent-investments as icing on the cake. If we are serious about helping grantees achieve their missions, funders must make investing in grantee talent a primary ingredient in their work. Put simply: Bake It In!

Reflection Questions

1. **What are my attitudes about nonprofit professionals and the value of their work?**
2. **How do decision makers at my foundation (board, primary executive, etc.) view the staff development needs of our grantees? Is the topic ever discussed in key conversations or meetings? How is it prioritized?**

3. **If it is unclear how decision makers at my foundation view the issue, how could I find out?**
4. **Is my foundation acting as a talent-investment free-rider? (Here's an indicator: when important human-capital issues arise in our grantees, such as executive transitions, are we the first or last funder to respond? Do we believe that is 'some other funder's problem'?)**
5. **What do I know about the people-systems at the grantee organizations that are most important to our foundation (i.e. the "anchor" or "mission-critical" grantees)?** ***Please refer to Fund the People's*** **Glossary of Terms** ***for complete definitions.***

The Big Shift

Baking It In

The approach we propose is to "bake it into" the work of foundations—to make talent-investing an integral part of how you and your colleagues think about and implement your strategies, grantmaking, and other activities essential to accomplishing your mission.

Incorporating talent-investment into your ongoing work will likely be less publicly visible than a branded leadership development program. But as a strategy, it has been shown to create significant value for grantees and funders: changing entire organizations and impacting more staff members over a longer period[3]. *(See our forthcoming return on investment guide for more on the evidence from the field.)*

"Baking it in" enables your foundation to demonstrate your respect for the dignity and value of the work done by your colleagues working in grantee organizations and the nonprofit sector. And it affirms talent-investment as a best practice in deploying foundation resources. Rather than a superficial flourish, talent-investing becomes a primary ingredient in your grantmaking. It is the yeast that allows your mission to rise.

The idea of baking it in does not call for additional resources on top of your existing grant budget. Yet, it enables you to redeploy or reshape the funds you already include in talent-investments, so that they can best support the overall goals of your grantmaking.

Through the Lens of Talent

To move talent-investments to the center of your work requires a shift in perspective. Baking it in means we use a "talent lens" to understand and support grantees and causes.

Too often, we in the funding community act as though a magical "program machine" transforms our grant dollars into services for the public good—with robots, not people, directing the process.

The reality is that our people *are* our programs.

Foundation dollars cannot create goods and services without the nonprofit professionals who bring the vision, ideas, community knowledge, skills, time and energy to the creation, execution, improvement and maintenance of nonprofit work.

The logic of the talent lens assumes that when organizations have the incentives and resources to invest heavily in their staff, these investments yield excellent performance. That effectiveness in turn increases the impact of the organization and its programs. These results attract more great investments and people to the organization, which makes it more sustainable. This improved endurance and stability then enables the organization to invest more in its people, creating a virtuous cycle of talent-development.

People ›

Performance ›

Impact ›

Sustainability

When we step back and see this reality, it becomes crystal-clear that when grantmakers ignore the developmental needs of nonprofit people, they endanger the substantive goals of their grants and their grantees.

By using a talent lens, and adopting talent-investment as a best practice in grantmaking, you can help your grantees to advance their performance, impact and sustainability. This will enable your grants and your foundation to be more efficient and effective in reaching their stated aims. In a very practical way, you can help create a rising tide of support for nonprofit leadership and performance.

Reflection Questions

1. Do we have a Talent Lens at our foundation?

2. Where in your portfolio or in the foundation's overall grantmaking strategy are the easiest/ most obvious/most fruitful opportunities for baking-in talent-investments?

3. At my foundation, who would be the natural "allies" of the baking-it-in concept? Who would need to be convinced? Who would resist?

4. What would it take to integrate this strategy into our work and that of our grantees? What resources would I need to make a compelling case at my foundation?

Part 2: Practice

In Part I, we introduced the concepts of Baking It In and the Talent Lens. Now we turn to putting these theories into practice. In Part II, we offer practical guidance to help you implement talent-investing in your grantmaking. In this section, we explore the following topics:

- **If you are going to collaborate more closely with grantees to craft talent investments that are appropriate and effective for them, how should you think about the focus of these interventions and who *drives the change?***
- **If talent investing is more than leadership development, what does it entail?**
- **If you are going to make talent-investment a primary ingredient in your work, how will you make it manifest in grant strategy, in the grantmaking process, in individual grants, and in grantee organizations?**

Defining Focus & Driver of Change

There are two overlapping questions that should be answered while considering how to structure your investments in grantee talent.

- **Who or what is the "subject" or "target" of the intervention? Will you intervene at the individual, (CEO, c-suite, emerging leader, etc.), organizational, network, cluster of organizations, etc.? What is the thinking behind your answer?**
- **Who gets to drive the problem analysis, objectives, content and format of the intervention? Is it driven by the funder, staff at the grantee organization, or someone else?**

In our experience, foundation investments tend to intervene at the individual level, usually with grantee CEOs and usually in a cross-grantee network format. The driver tends to be the funder defining the problem and solution. There is a wide spectrum of opportunities beyond these approaches that are worthy of exploration. We examine these issues more closely in **Who Drives Change?**

What is Included in Talent-Investing?

In the quotation at the beginning of this guide, Jim Canales refers to “leadership development.” “Talent-investment,” the term Fund the People primarily uses, has less sizzle. But we use it intentionally because it values *all nonprofit professionals,* not just those who funders tend to think of as “leaders” (those in positions of authority and visibility). The talent framework is meant to bring a more egalitarian approach, acknowledging and respecting the important contributions in all parts of the workforce.

Our typology offers 10 distinct categories of nonprofit talent development that funders should consider as they learn about and invest in people and people systems in grantee organizations. These categories span from a focus on individual people to a focus on “people systems” (see definition in **Glossary of Terms** section).

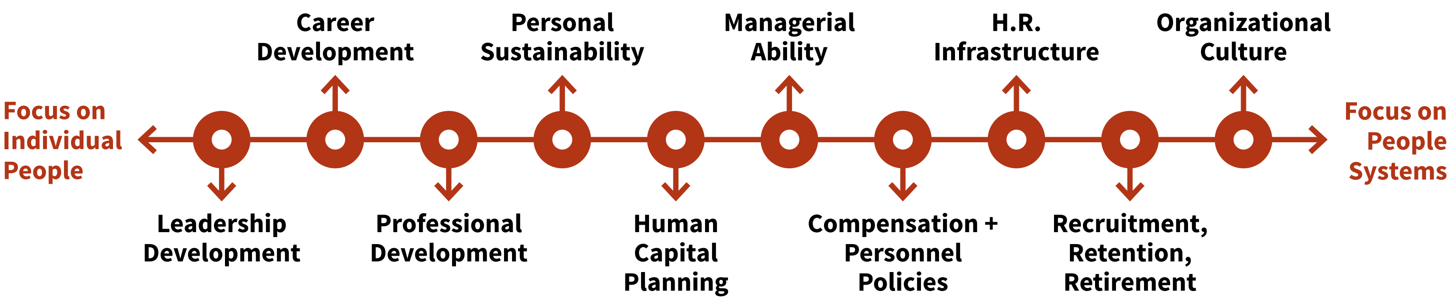
Talent-Investment Menu

1. **Leadership Development:**
   Developing personal and professional purpose, vision, self-awareness, and ability to motivate others, communicate and collaborate.
2. **Career Development:**
   Empowering staff to clarify and build toward long-term professional goals within and beyond current role and organization
3. **Professional Development:**
   Building knowledge, skills and managerial ability to work effectively
4. **Personal Sustainability:**
   Enabling employees to develop balanced approach to work, manage workload and stress, avoid burnout, and build endurance
5. **Human Capital Planning:**
   Preparation for building the organizational chart, skill-sets, and staffing needed to achieve strategic plans and mission-related goals and objectives
6. **Management Ability:**
   Establish the knowledge and skills to implement high-engagement management practices throughout the organization, ensuring feedback loops
7. **Compensation & Personnel Policies:**
   Ensuring reasonable salaries and benefits; and creating effective and equitable employment policies and practices (i.e. incentivizing employee saving, education, sabbaticals, severance, etc.)
8. **H.R. Infrastructure:**
   Establishing basic and strategic human resource staffing functions
9. **The 3 R’s of the Talent Lifecycle (Recruitment, Retention, Retirement):**
   Developing procedures for intentional employee **Recruitment** (awareness-building, campus out-reach, paid internships, colleague networks, etc.), **Retention** (internal career paths, professional growth and promotion, leadership cultivation, etc.) and **Retirement** (executive transition plans, staff “alumni” engagement)
10. **Organizational Culture:**
    Intentionally nurturing a workplace environment that encourages and enables healthy employee morale, self-motivation and self-discipline, loyalty, leadership at all levels, engagement, inclusion, and productivity

These categories can be placed along a continuum from investments in individual nonprofit workers/leaders to investments in organizational and field systems that support nonprofit people *(see the chart on next page).*

For a stand-alone version of this menu, please see our **Talent-Investment Menu.**

Talent-Investment Focus Continuum



Reflection Questions

1. **Are there programs our foundation has created or managed to support grantee staff development? If yes, what are the objectives, operating assumptions and practical components of these activities?**
2. **How do our foundation's present or past investments in grantee staff fit into these 10 spheres?**
3. **How do these spheres overlap with my career and workplace experience? With my perspective on the field of organizations I support?**
4. **Based on my perception of our grantees, in which of these categories do they excel, and in which do they find challenges (think of specific grantees here, or generally in your portfolio)?**

Five Ways to Bake It In

There are many ways to integrate talent-investment into your foundation's work. In this section, we discuss the five major approaches. These are not mutually exclusive, but complimentary. They are not necessarily linear - there are examples of foundations starting from each of these. However, there is a logic to the order that can be useful for layering one upon the previous approach. Here's a summary of what we'll cover. You can "Bake It In" to:

1. **Foundation Strategy:** Helping top foundation leadership to establish talent-investing as a pillar that supports the mission, strategies, goals, and programs of the foundation.
2. **Grantmaking Processes:** Signaling clear interest, identifying opportunities, and negotiating ideas for talent-investment leading up to making a grant.
3. **Individual Grants:** Structuring talent-investment objectives, activities, and resources within any type of grant.
4. **Within Grantees:** Empowering nonprofits to build internal staff development systems so that they can support their current and future team members.
5. **Around Grantees:** Ensuring that the ecosystem in which grantee organizations operate offers them an array of robust external staff-development resources.

1. Strategy

To ensure that your foundation is positioned to best serve its mission, grantees, and community, consider establishing talent-investment as one of your core strategies. Think of it as a "supporting strategy" – an approach that enables you (and your grantees) to implement the other, substantive strategies.

Here's an example: The Evelyn and Walter Haas, Jr. Fund cares about the rights of immigrants, gays and lesbians, and young people. They fund grantees to engage in strategies like policy advocacy, and grassroots organizing to advance these issues. And on top of this, Haas Jr. has established leadership as a pillar of their work equal to and supportive of their program goals. Through this work, they offer their immigration, LGBT, and education grantees a variety of talent-investments. As they state on their **website**, "It takes strong, capable leaders to change policies and systems and to do the hard work of advancing rights... Investing in leadership development makes a big difference; stronger leaders catalyze lasting and transformational change and get better results." **Read more about Haas Jr. Fund's talent investments in our field story.**

How we pursue social change may determine whether we achieve the change we seek. When foundations focus exclusively on the ends they seek, and overlook the means through which organizations work toward these ends, these funders undermine both the means and ends.

Establishing talent as a strategic priority for a foundation may no doubt be challenging. Some foundation executives give up before they start, assuming their board members will never understand. That is the wrong approach. The more you can have one-on-one conversations with board members to gauge their perspective and questions, the better off you will be. Use these conversations to identify nascent champions as well as potential barriers. Board members may surprise you. It is important to create a bridge between this issue and the personal or professional experiences and perspectives of your governance team. For example:

- **Board members with business experience may be able to make the connection between the benefits of good human capital management practices in for-profits with the benefits of those practices in the nonprofit sector.**
- **Board members with nonprofit work experience will certainly understand. Lift up their voices as champions within your board.**
- **Board members with academic or legal experience may not have as much familiarity with these ideas, but are likely able to make the connection between how staff are treated in universities and laws firms, and intuit that nonprofit professionals are more likely to thrive with the support of talent-investments.**
- **Board members with emotional connections to prominent leaders of grantee organizations will easily see how people are the key variable that enables organizations to thrive. This insight can be extended beyond charismatic executives to whole teams.**

Here are some key resources you might circulate to your board or adapt:

- **We developed our list of Top Reasons to Invest in Nonprofit Talent: Performance, Impact, and Sustainability to help you prepare your arguments**
- **Circulate blog posts from foundation CEOs Jim Canales What is a Leadership Funder? and Ira Hirschfield Investing in Leadership to Accelerate Philanthropic Impact published by the Stanford Social Innovation Review blog as part of their Talent Matters series**
- **Circulate the essay "The Case for Investing in Nonprofit Talent" written by Fund the People's Rusty Stahl and Exponent Philanthropy's Hanh Le and published in April 2016 on Exponent Philanthropy's PhilanthroFiles blog**
- **Our Stories from the Field Series provides narratives and facts that can help build a compelling case based on the experiences of other foundations that have benefited from investing in nonprofit talent**

- **Use our Funder Discussion Guide to explore the issue internally with your colleagues**
- **Our guide to understanding the value of talent-investing (coming soon) will offer information on the return on investment for foundations that invest in the staff of grantee organizations**

To make the case effectively, you may need to debunk myths that cause resistance among your board members. There are misperceptions floating around at foundations, in the attitudes and practices that we've all inherited. These ideas often include:

- **Overhead:** a concept that has no basis in law or accounting and no shared definition, tends to define talent-development as an "administrative" expense to be avoided
- **Voluntarism:** the outdated notion that even the most sophisticated and complex nonprofits are or should be run by volunteers and do-gooders who do not need to be adequately compensated
- **Undeserving:** nonprofit professionals are not good enough to work in business so they landed by default in nonprofits, and are not deserving of investment
- **Dependency:** if we allow our funds to be used toward increased salaries, then grantees will be overly-dependent on us

Begin gathering the ammunition you need to dismantle these ideas and offer compelling alternatives. Here are some key resources:

- **Use our tool on Funder Myths and Realities about Investing in the Nonprofit Workforce.**
- **If you need to address ideas about overhead, circulate the one-page Open Letter to America's Donors and the back-page with statistics from the *"Overhead Myth"* campaign by GuideStar, BBB Wise Giving Alliance and Charity Navigator.**

2. Grantmaking Processes

In the previous section, we explored how to make support for grantee talent part of your grantmaking strategy. In this section, we explore how that strategy can be implemented throughout the grantmaking process. We start by examining your role as a grantmaker; then we explore making the case and busting myths, signaling incentives and listening, diagnosing need and designing interventions, investing and learning, and assessing and communicating externally about the value of your talent-investments.

Bake it into Grantmaking Process

Understanding My Role

Talent-investing can be a powerful lever to amplify and increase the impact of foundation and grantee work. Yet, too often this practice is left out of the basic training and studies that donors and grantmakers undergo as they join the philanthropic community or learn their foundation jobs.

In addition to learning how to review grant proposals, nonprofit financials, and other key materials and topics that help you understanding your work and your grantees, you should learn about the role of human capital in advancing organizational performance, impact and sustainability. And you should develop your own skills in assessing the strengths, weaknesses, opportunities and threats to the workforce within and across your grantees. (We hope this tool and the rest of our toolkit are helpful as a starting place.)

Reflection Questions:

1. **What investments have your colleagues, mentors and employers made in you during your career? What keeps you motivated and productive? How do you manage your own workload? As a professional or volunteer, what have been your experiences in the nonprofit workplace?**
2. **What are the first words or phrases that come to mind when you think of grantee staff members? What are your attitudes and underlying beliefs about the people who work in grantee organizations?**
3. **In your grantmaking processes, and in the operations of your foundation, do you recognize, discuss or address the needs of grantee staff members? If so, how? Which staff members get the most attention and which get the least?**

Signal Incentives and Listen

One of the main reasons nonprofits do not talk to funders about their staff development needs is fear. They believe they should hide the challenges they face lest they be denied a grant because they're not superheroes. Moreover, they perceive that funders do not value the issue in the same way they value strategy, program design and financial health. And this is, indeed, often the case.

The onus is on you, then, to impress upon current and prospective grantees that the human capacity of their organization is a matter of concern to your foundation. Moreover, rather than a taboo topic, you must signal that you can be trusted to serve as an ally, advisor, and investor in staff development. You may want to send these signals in conversation in writing, or in both formats.

Addressing staff development goals often means discussing the current lack of investment in the staff. That conversation may uncover sensitive issues of morale, productivity, inter-personal conflict, and others that thrive in unhealthy workplaces. These are extremely delicate issues, especially in the context of power dynamics between grantmakers and grantees. Once you open this conversation and signal your support, it is of the utmost importance that you do not punish grantees if they share their staff challenges with you. The onus is not on grantees and funders to proactively address talent development needs. Here are some key resources:

- **Use our Discussion Guide for Funder and Nonprofits**
- **As you design your own discussion or application questions, explore our field story on the Weinberg Foundation**
- **To ensure the sensitivity of staff development needs and grantor-grantee power dynamics do not halt their talent-investing, The Evelyn & Walter Haas, Jr. Fund has established a "firewall" between grantmakers and consultants who help grantees to diagnose their leadership development needs and then establish plans to meet those needs. Explore our field story on the Haas Jr. Fund**

Diagnose and Design

As you advance case-making in your foundation and communicate with grantees, scan the wider landscape to understand the overall deficit of investment in the nonprofit workforce, and how it is playing out in the community you support.

Look at the labor market and the talent issues facing your grantees. The nonprofit workforce and the labor market may vary significantly in scale, demographics and opportunity in the California area versus Indianapolis versus South Carolina, for example. Or the people-systems may look extremely different in higher education institutions versus community organizations. Concurrently, the issues of Baby Boomers reaching retirement age, Generation Xers reaching mid-career, and Millennials exerting an influence on the workforce are all playing out across the nonprofit workforce. But they may manifest differently in different places. In other words, context matters as do these meta-trends.

Here are some key resources:

- **Talent Philanthropy: Investing in Nonprofit People to Advance Nonprofit Performance, Rusty Stahl's article in The Foundation Review**
- **Less Than We Thought, our Research Brief on the deficit of foundation investments in the nonprofit workforce**
- **Use our Primary Source Reading List to begin studying the recent ideas and research in the field on issues related to nonprofit talent and investment in the nonprofit workforce**
- **Use our Resources from the Field section of Toolkit to identify select providers**
- **Invite the provider to share their general findings with you and explore together what they learned and what type of support grantees would like to see from you and other funders**

As you learn more about the talent-investment needs and opportunities in your funding area, and what sparks enthusiasm in your foundation, write down what you think the major strengths, weaknesses, opportunities and threats are to the nonprofit workforce in and surrounding your grantees. Begin drafting a concept for immediate, short-term exploratory grantmaking that can leverage strengths to address weaknesses, and begin to create initial success stories. Then, begin writing a longer-term plan for how your portfolio or foundation can bake talent-investing into the grantmaking process, into individual grants, and into grantees. Use the categories of talent-investing and other resources within this publication to assist you in the process. If you are interested in accessing success stories or designs that could serve as a template, it is worth talking to other talent-investors.

Contact the Fund the People team and we can connect you with colleagues at foundations that share similar characteristics or who can share their first-hand experiences and expertise. We can also hold funder briefings at your local Regional Association of Grantmakers, provide small-group presentations in-house at your foundation, or invite you to one of our funder retreats.

Invest and Learn

Kickstarting talent-investment practices at your foundation need not be expensive or bureaucratic. Start with simple, modest, short-term exploratory grants to grantees where there is already a stable level of commitment from the foundation and a good amount of trust between you and the grantee's staff and leadership. Your initial talent-investments do not need to compose 100% of a grant, and could look like small supplementary grants, or a portion of dollars within a larger grant. These initial steps need not include restricted cash per se. **Focus on empowering the grantee's team to deploy your capital for their talent development purposes.** The important thing is to try things out, see what the grantees accomplish and learn, and see what you learn. Based on what we've heard from funders, this is likely to be a rewarding experience. You can learn more about how to bake talent-investing into individual grants in the next section.

Keep in mind that successfully ensuring a grantee institution can proactively support staff development is a large-scale, long-term, multi-faceted endeavor. It will take multiple strategies and tactics. If you modestly support one tactic – such as coaching, training, staff raises, sabbaticals – it is important to have realistic expectations about the results. Such initial small-scale, short-term exploratory investments are unlikely to yield big structural changes. Your foundation and grantees should expect and enjoy a small, but satisfying, sampling of the return on investment.

Assess and Communicate

We've noticed that some funders who are actively investing in grantee talent have not yet documented or shared that work. While you are just at the beginning stages of your journey, it may not make sense to publish your experiences. But if you don't document from the beginning what you hope to accomplish and the actions you take, it may be more challenging later in the process to assess and communicate what you've learned. We encourage you to keep good records from the beginning—about what you hear during the learning processes outlined above, and what you plan and do in your initial grantmaking steps. The more data you gather along the way, the easier it will be when you get to the bigger, more formal stages of grantmaking and formalizing the talent-investment practices within your foundation. This assessment should be both internal and external. Examine how effective you were at advancing talent-investment in your practice. And examine how effective your talent-investments are at contributing to the performance, impact and sustainability of grantee organizations. If you have an evaluation consultant or an in-house evaluation colleague already available to you, it may make sense for you to ask for their advice on developing guidance documents such as a theory of change that can be used later as a reference for evaluation.

3. Individual Grants

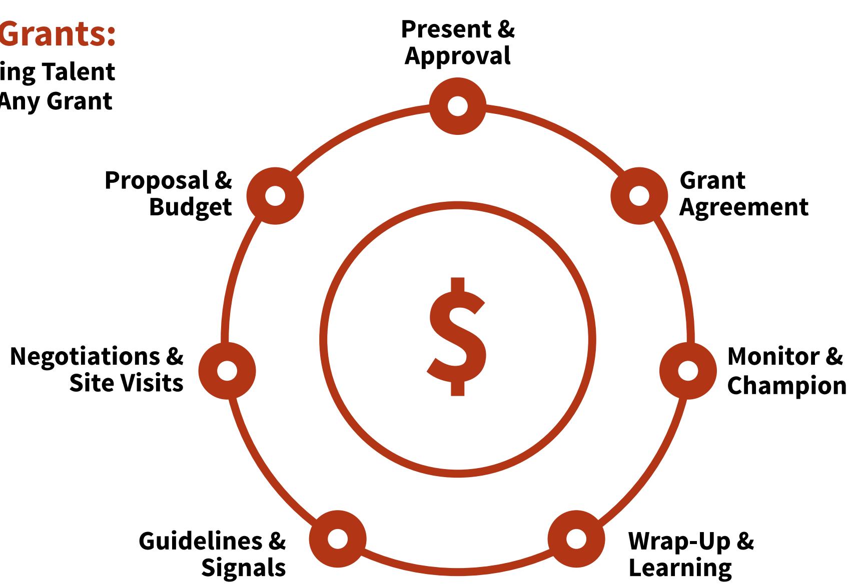
Our assumption is that grantmaking is the central function of your foundation. The closer you can integrate talent-investing into grants, the more likely it is to be accepted and sustained by your foundation. Most grants can include some element of support for the people who are doing the work of the grant or the wider team at the grantee organization. Below we walk you through the steps of baking talent-investments into any grant.

Guidelines and Signals

Make sure that descriptions of your funding work discuss your commitment to investing in grantee staff. In written and spoken invitations to apply for grants (such as requests for proposals, website text, emails, conversations), signal the priority you place on your grantees' staff and people systems. Use the language that feels most organic and appropriate for your foundation and funding area. Ask questions about the human capacity of the organization. These questions will send a clear message to applicants that human capital is a priority to the foundation. In addition, the questions will reveal meaningful information about the strengths, weaknesses, opportunities, and threats facing the staff. They might also give you good ideas for how you can structure the resulting grant in a way that responds appropriately and proactively. Caution: this type of information can be sensitive, and some "offline" conversations may yield more nuanced information beyond the written word. Be sure to frame your interest not as punitive but as supportive. Be clear in your own practice, and in communicating with applicants, that the foundation will not "punish" grantees for their talent challenges, but rather help them address these challenges.

Bake It In to Grants:

Steps for Embedding Talent Investments into Any Grant



Negotiations and Site Visits

Important dialogue and brainstorming takes place throughout the duration of a grant negotiation—from casual conversations over coffee to formal site visits. Throughout this period, reinforce the priority your foundation places on the people and people systems of the grantee organization.

- **Prepare and ask meaningful questions to learn more about the group's human capital issues (you can use our investment categories as a point of reference for developing questions).**
- **Where possible, try to learn the perspectives of different people within the organization - executives, board members, emerging professionals, line staff, administrative support, etc. This is sensitive but important, as the executive director does not always know the developmental needs of their most junior team members, or feel they have the incentives to communicate these issues to funders.**
- **If there is a strategic plan or similar organizational blueprint, investigate if the organization feels it has the staff positions, skills, competencies, or "bench strength" needed to implement the strategy. What is missing in the human capacity that could unleash the ability to move the work forward with a new level of power?**
- **Strive to understand the strengths, weaknesses, opportunities and threats facing the staff team. Be on the lookout for talent-investment opportunities that surface in response to this rare type of conversation with a funder. It may be as simple as enabling the organization to adjust stagnant salaries upward, or as complex as the need for multiple long-term interventions.**

Proposal and Budget

Formally and informally—through your guidelines, negotiations, and relationship-building—encourage and invite the prospective grantee to **develop one or two meaningful, overarching staff development objectives,** optimally written in a way so that they support the organizational or programmatic aims described in the rest of their proposal, and to include these in their application for funding.

Note: *As you consider crafting your intervention, review* **Who Drives Change in Talent-Investing?.** *It provides a framework for defining the subject of your intervention (on a continuum of supporting individual to institutional change) and who gets to define what change is needed (on a continuum from grantor to grantee).*

If you are considering general operating support, then the talent-investment can be discussed as part of the organization's overall plans during the grant period.

If the proposed is for program support, the proposed talent-investment should be represented in both the proposal narrative and budget. If your foundation will not accept staff development costs as programmatic, you still have some internal educational work to do. Meanwhile, you might strategize with the grantee to help them blend these costs into their personnel line item(s) or something similar.

If the grant is for capacity building, staff development certainly fits in well in that context, and in some ways provides an important anchor for most other capacity-building efforts. Without an effective, well-supported staff, capacity items such as databases, financial systems, computers, or strategic plans cannot or will not be used to their greatest effect. So, talent-investments is both part of capacity building and an enabling factor for all other capacity building efforts.

Note: *For more on talent-investment in the context of different types of grantmaking, see* **Talent-Investing Across All Grant Types.**

Grant Agreement

Make sure the talent-investment objective(s) are agreed to in writing by both parties in any grant agreement document. The document will serve as the central record of purpose and as the reference point for grant reports and any analysis of grant success. If matters related to talent-investment are documented in equal or higher standing than other programmatic or organizational goals, they are more difficult to ignore or marginalize.

Note: *For more about how to structure talent-investments within grant agreements, see our supplemental,* **Talent-Investing Across All Grant Types**

Securing Grant Approval

How does a proposal become a grant? You are likely pitching or presenting your proposed grant action to your board, donors and/or supervisor to get final approval. Where possible, include in your presentation an explanation of how valuable the proposed talent-investment is to meeting the objectives of the grant and/or the objectives of your portfolio. Be explicit in linking the talent-investment to the performance, impact and sustainability of the grant; the funded program; the grantee organization; and/or the staff team and leaders of the organization.

Champion and Monitor

Once the grant is active, it's your job to serve as a cheerleader and champion both inside your foundation and externally in the field. During this period, you can help the grantee troubleshoot and identify and get access to substantive resources, such as consultants or managements support organizations that can help them meet their talent-development objectives. You can also facilitate connections with other funders to leverage additional resources.

In terms of monitoring, it is always helpful to check-in with a grantee mid-way through a grant on progress towards agreed-upon objectives. It is the same with talent-investments. It may be noted that these objectives may be subtler than those that can be easily quantified in the short term. For example, if your grant enables an executive director to access coaching during a one year grant, it may take several months to identify, try a few options, and settle-in with a coach. And the "results" of coaching – like those of therapy or other such processes – may or may not manifest an immediately identifiable change in practice. In that context, it is important to regulate the intensity of monitoring accordingly.

Wrap-up and Learning

Throughout the life of this grant, you and the grantee collaborated to prioritize talent-investment objectives and activities. Grant terms are generally short compared to the time it takes for investments in human capital to bear fruit. Be realistic in your expectations with respect to the scale of the return in a one-year grant term.
As you analyze the process and results, consider how you can help the investment continue beyond the life of the grant. Are there ways to communicate internally at your foundation about the successes of the grant and the value created for the foundation, for the grantee organization and for the community you both serve? Are there ways to communicate about the work to the outside world, including other funders? Perhaps a joint blog post with a staff member of the grantee?

As you consider renewal opportunities, can you continue or expand the talent-investment you've initiated? This brings continuity and can help ensure the grantee organization has the incentives and capital to continue its commitment to its employees. Can you offer a challenge grant, or taper off your investment over multiple years? Ideas like these avoid dependency and create incentives for the grantee to cultivate additional funders to join your investment.

4. Within Grantees

In the previous two sections, we offered step-by-step ideas for how to make talent-investing an integral part of your overall grantmaking process and individual grants. In this section, we look at how you can support grantee leaders to bake talent-investing into their organizations.

In the context of a chronic and pervasive deficit of investment in the nonprofit workforce, nonprofit organizations do not have the incentives, will, skill, or capital to develop the systems they need to support their people. To disrupt this trend, funders should infuse their grant dollars with the incentives and capital that can enable nonprofits to make these investments.

The more grantees are defining the need and the change they want to see, and focusing on building their people-systems and not just individual staff members, the more likely that talent-investment will become a central ingredient in their organization's success. This is a significant way to extend the depth, breadth and longevity of your investment across time and people. (For more on this, see **Who Drives Change in Talent-Investing?**)

Here are some examples of ways that funders can empower nonprofits to bake it in:

Supporting Nonprofit Grantee Leaders to Bake In Talent Investing in Their Organizations

Intervention	Description	Examples
Integrate Staff Development into Annual Budget	Enable grantees to integrate staff development dollars into the personnel line item in the annual budget, making it is as important as paying salary and benefits. This will become what employees come to expect as part of what it means to be on staff at this organization. This can ensure that this investment cannot be easily dropped when times are tight, as often happens to stand-alone professional development line items.	This idea is adapted from the thinking of Richard Marker of Wise Philanthropy, an advisor to family philanthropies and a former foundation CEO, who discusses the idea on his blog.
Seed a Sabbatical Fund	Instead of paying for one sabbatical for the current executive director of a grantee, seed a sabbatical fund in that organization's budget (perhaps with a challenge to find a match) so that current and future staff can earn the ability to take a sabbatical. The same idea could be used for coaching or professional development more broadly.	Durfee Foundation combines these two approaches. Learn more here.
Building a Health Organizational Culture and Sustainable Workload	Support a process through which employees at a grantee organization can intentionally define and establish goals for building the healthy organizational culture and sustainable workload that would match their mission, values, and needs.	Such a process might entail internal surveys, interviews, and professionally facilitated team retreats, followed by a new slate of organizational policies and practices.
Human Capital Planning	Invest in a human capital planning process to complement strategic planning, so that the organization can define the staff positions it will need in the coming years to execute its program strategies.	This is a process that our partner AchieveMission has pioneered in the nonprofit sector. Here you can find a case study of their work with a housing-focused nonprofit supported by the Annie E. Casey Foundation.
Create/Revise Salary Scale & Personnel Policies	Support the staff and perhaps an external consultant to create or revise a rational salary scale and/or to revise personnel policies so that they are in keeping with the mission, values and staff needs of the organization and its employees.	Learn more about how the Pierce Family Foundation has done this with their grantees in their Field Story.
Create Staff Position to Manage HR/Talent Management	Pay for the organization to create a staff position to manage the human resources or talent management function. An alternative is to pay for the organization to access an outsourced HR function/firm.	This service provided by our colleagues at Nonprofit HR and other groups.
Multi-year Support for Talent-Investment Functions	Provide multi-year support for talent-investment functions, but structure the investment so that it shrinks each year to incentivize the grantee to diversify funding. These functions are eventually integrated into the budget and culture of the organization.	This process would involve in-depth funder and grantee discussions to develop and implement.

5. Around Grantees

As important as it is to empower individual grantee organizations to make internal investments in their staff, it is equally important to ensure that nonprofits enjoy a robust external environment that offers the resources needed to ensure that the nonprofit workforce thrives.

We've identified the following reasons to invest in a strong nonprofit talent ecosystem:

- **The nonprofit workforce goes beyond the walls of any given organization.** Talent is always on the move into and across established and new organizations, and out of the sector. We must go where people are, and look beyond an organization's team at any given moment. Not every nonprofit leader is ensconced in an organization all the time. The "war for talent" is alive and well in the nonprofit sector, and leaders are traveling around the field faster as the nature of employment and careers changes. To build a deep bench for grantee organizations, we need to build a bench that reaches beyond grantee organizations.

- **Networking across organizations is crucial.** To perform their jobs with excellence, nonprofit professionals want and need to connect with and learn from colleagues in their issue area, function area, and/or geographic area. Since so many nonprofit professionals have entered the sector by way of mission, rather than extensive education and training, opportunities to learn from peers and mentors beyond their organizations is critical. That's why there is such a demand for associations,

Fund the People

educational programs, and other "connective tissue" at the local, regional and national levels.

- **Organizations cannot do all talent-investment internally**. Even when nonprofits establish strong people-systems, the staff will still need access to external consultants, professional and leadership development programs, and peer-networks to enable and supplement those internal supports.
- **The ecosystem offers economy of scale.** Funders, nonprofits, and providers can all benefit from robust capital flowing to support talent-development in the nonprofit ecosystem. Providers can adjust their fees to enable a wider diversity of nonprofits to utilize their services. Nonprofits can tap into many more services at more affordable rates. And funders can help strengthen more nonprofit people, organizations, and causes in an affordable manner now and in the future.

There are three stages to investing in the nonprofit talent-development ecosystem. First, learn what talent-development resources are available. Second, support nonprofits taking advantage of those existing resources. Third, help fill the gaps with new or expanded resources. Below is more detail on each of these stages.

1. Learn what talent-development resources are available:

- **Explore the institutions available within your sphere of influence.** If your foundation works within a geographic footprint, look first for providers within your geographic zone. At the local, state or regional level, there may be one or more management support organizations ("MSOs") or associations of nonprofits that provide services or act as a hub for nonprofits to access talent-investment services. If your foundation works in the context of issue area(s), look for providers that specialize in your field(s) of work. Most providers are "issue agnostic," with clients across the panoply of nonprofit issues, but some have specialties. Some of these support organizations are small and under-capitalized, and can benefit greatly from infusions of new support and energy.
- **Explore the informal and formal resources your grantees currently use** for coaching, consulting, and/or training for their staff teams. This exploration could entail one-on-one conversations, online surveys, focus groups, outreach via social media, etc. For more on how funders can "scan the landscape," we recommend **Scanning the Landscape 2.0: Finding Out What's Going On in Your Field,** a comprehensive guide available free from the Foundation Center's GrantCraft.org website[4]. Don't forget to seek out grassroots, alternative, and informal resources that may not already be on the radar of the foundation community. For example, a group of executive directors may have banded together for monthly lunches to learn from and support one another. There may not be a formal organization behind this effort, but it could be a valuable resource to one of your grantees who would benefit from joining their colleagues for lunch.
- **Explore what is available beyond your sphere of influence.** There may be providers that would be beneficial to the groups you support but that operate outside your sphere of influence, and thus remain unknown and/or inaccessible to your grantees. The best-in-class services that your grantees need and deserve may not currently operate within their operating area. As a funder, you have the leverage, flexibility and capital to bridge this gap.
- **Talk with funders** who also fund in your community about what providers or consultants they have worked with. You may find out about resources that are based outside your geographic or issue area but are applicable to the needs of your grantees.

2. Support nonprofits to take advantage of those existing resources.

- **Support your grantees to take advantage of existing services.** One of the easiest steps you can take is to encourage and enable your grantees (and other nonprofits) to take advantage of the services already available from providers within and/or beyond your sphere of influence, providing as much choice and flexibility as possible. This can be done within grants, through special opportunity or learning funds made available on an as-needed basis, a mini-RFP for existing grantees, etc. It is best done with a respectful combination of proactive and responsive fashion. And these external resources will be most effective for grantees when offered in a context in which organizations are encouraged to prioritize and develop their internal people systems.

- **Underwrite providers to make their services available to grantees and other nonprofits in your area.** Rather than offering funds to grantees, you can support talent-development providers making their services available to grantees. This might be in the form of a contract, grant, retainer, speaking engagements or trainings, or another structure. As you communicate with current and prospective grantees throughout the year, listen for those that could benefit from the resources available from these providers, and then make the connection.

3. Help fill the gaps with new or expanded resources.

- **Identify gaps** in existing services and structures in the overall ecosystem within or beyond your sphere of influence. Document what you believe these holes are, and test your premise in conversation with others in your community, on social media, and elsewhere. Explore why the gap exists:
  - **Is there a real need or market for the services you envision?**
  - **Have previous or current efforts and institutions under performed?**
  - **Is there political will among funders or others to establish the service?**
  - **Is there leadership and interest to lead from within the nonprofit sector?**
- **Find consultants who can work directly with you.** If you are looking to directly engage a consultant to support this process or to serve your grantees, a valuable resource for consultants who work directly with and for foundations is the **online member directory** of the National Network of Consultants to Grantmakers (NNCG).

Conclusion

In the Five Ways to Bake It In section, we offered practical ideas for seamlessly assimilating talent-investment into your work so that nonprofit people have the support they need to advance organizational performance, impact, and endurance. We explored ways to "bake it in" to foundation strategy, grantmaking process, individual grants; within grantees, and around grantees. As you maximize your investment in the nonprofit workforce, we believe it will be beneficial to individual nonprofit leaders, grantee organizations, and your foundation.

Challenges and Tensions

What About the Nonprofit Leadership Deficit?

A major assumption about the nonprofit workforce since the early 2000s has been that there are not enough nonprofit leaders, and that nonprofit leaders do not have sufficient skills or knowledge to do their jobs effectively. This narrative came to the fore from the misinterpretation of a report called *the Nonprofit Leadership Deficit* published in 2006 by The Bridgespan Group[5]. Ten years later, at the close of 2015, Bridgespan authored a new essay clarifying and updating their findings, and re-framing the problem as a deficit of *investment* in nonprofit leaders[6].

The real problem is that nonprofit organizations lack the incentives, means and muscles to invest in their people, so the human capital function remains deeply underdeveloped in the nonprofit sector. This is due, at least in part, to the attitudes and behaviors of funders.

Why Don't Nonprofits Invest in Employees Like Businesses Do?

Businesses have the flexibility to use their liquid assets (such as profits, venture capitalist resources, and shareholder dollars) to invest in training, HR, organizational culture, and other human capital investments.

Nonprofit budgets are cobbled together from funds that are generally restricted by some combination of objective, program-area, time, and/or line item. The remedy is not investing in the skills or knowledge of individual nonprofit leaders in positions of authority. Rather, it is making sure there are people-systems in place that can build and sustain a practice and culture that supports and develops the entire staff now and in the future.

Who are "the People"?

When we reference your grantees' "people", we primarily refer to the staff. We don't emphasize the term "leaders" because it often suggests a focus exclusively on executive directors. Clearly, the entire team or workforce makes organizations tick. Whether they are: executives, middle-management, program or development professionals, administrative or line-staff, and interns. Other people contribute their talent to the organization as well: board members, volunteers, consultants, and in the case of associations, individual members. The combination of these roles will look very different at different nonprofits; some rely almost entirely on volunteers or board members, while others are staff-driven.

The People Paradox

Without a team that has vision and skills, there can be no strategy, and no programs to turn that vision into reality. The slightest change in personnel can bring about massive shifts in vision and capacity. That is the reason so many funders take a "wait and see" approach during executive transitions. Personnel is policy. Culture eats strategy for breakfast – and culture is the aggregated personality traits of the team members. The message here is: "the nonprofit workforce is the bedrock of organizational performance."

Yet, people come and go. The rotation of people through an organization's doors is natural and healthy—and it enables organizations to endure beyond any given staff member. As the saying goes, the graveyards are full of people the world could not do without.

So, people are the bedrock of organizational performance, but organizations transcend their people and people transcend their organizations. As talent-investors, how do we reconcile this paradox?

First, we must abandon the faulty assumption that grantee organizations cannot survive and thrive without their founders, visionary leaders, or the current team. In the modern economy, grantmakers and nonprofit employers would be wise to consider the current trends in careers and the labor market. A place to start is *The Alliance: Managing Talent in the Networked Age,* a book by Reid Hoffman, co-founder and chairman of LinkedIn. He makes the case that modern employment should be treated as a tour of duty, rather than the linear and lifelong assumptions of the so-called Company Man model.

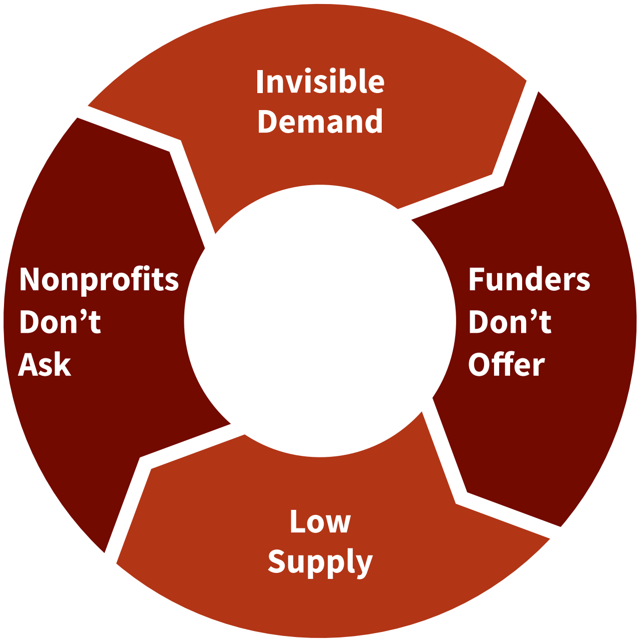
In this context, it makes sense for grantmakers to invest in the people-systems of grantee organizations, so that they can better support current leadership and staff today, but also support their workforce in the future, since turnover and change is inevitable over the long term.

New Hoops?

A healthy workplace is at least as important, if not more important, as healthy financials to the performance, impact and sustainability of grantee organizations. But workplace health is more difficult to figure out than financial health. As a funder, you have the ability, opportunity and even the duty to explore and understand the state of staff development in grantees. Clearly, this exploration must be executed in a manner that is respectful, sensitive and ethical.

The deficit of foundation investment in nonprofit professionals is the result of a vicious cycle in which funders don't offer talent-investments and instead dis-incentivize discussions of the topic. Nonprofits don't ask and are incentivized to remain silent.

The Vicious Cycle



Since nonprofits and funders both contribute to this unproductive dynamic, both groups have roles in breaking the cycle and participating in honest conversations.

Of course, nonprofits have a critical role in baking talent-investments into their organizational culture, planning, and fundraising. [You can find **"Talking Talent for Nonprofits"** here].(We encourage you to share it with your grantees and other colleagues!) But given funders' power to define the rules of engagement, you have a particularly important role.

It is true that some nonprofit executives and boards would prefer to leave things as they are. They may have already established healthy staff development policies and practices. Or they may preside over unhealthy or underdeveloped systems and view changes as expensive, difficult or disruptive. Some have built business models that rely on under compensating and under developing idealistic staff who are willing to work in these conditions, and they do not see any other way. In these cases, investing in talent may not be productive.

On the other hand, a lack of internal communication about workforce issues may mean the board does not understand the needs of the executive director, or the executive director does not understand the needs of their staff. Pressing needs remain hidden. By contrast, when a funder offers permission and the possibility to change workplace conditions, it can be a game-changer, unleashing positive energy, raising morale and re-engaging grantee leaders in new ways.

Conclusion

In the preceding pages, you've explored the ideas and practices of investing in grantee talent as a key part of your successful grantmaking. You came to understand the deficit of investment in the nonprofit workforce, and the ways it dampens nonprofit performance, impact and sustainability. You read about the way that funding practices can contribute to the deficit, and how baking talent-investment into funding can serve as an antidote to the deficit. You learned about categories of talent-investment and explored five ways to "bake it in". And you explored some of the dynamic tensions you may face when you engage in talent-investing.

We hope you found this guide useful, and that you are able to put these ideas into use for your foundation, grantees, and community. Please **contact Fund the People** if we can be of further assistance as you maximize your investment in the nonprofit workforce.

[1] For an overview of the issue, see Stahl, R. (2013). "Talent Philanthropy: Investing in nonprofit people to advance nonprofit performance." The Foundation Review, 5(3), 35-38. Available at fundthepeople.org. For a more in-depth analysis of the dollar figures, see Douglas, B. & Stahl, S. (2017). The hole is deeper than we thought: A new analysis of foundation investment in the nonprofit workforce. This research brief is published by Fund the People and is part of the toolkit available at fundthepeople.org.

[2] Russell, E. (2017). Case Story: Harry and Jeanette Weinberg Foundation. Putnam Consulting Group on behalf of Fund the People. Part of the Fund the People toolkit available in 2017 at fundthepeople.org.

[3] Putnam Consulting Group (2012). A Smart Investment in Human Capital: How AchieveMission Helped the Corporation for Supportive Housing Increase Mission Impact. Annie E. Casey Foundation.

[4] Although the Scanning the Landscape guide is meant to assist grantmakers scanning issue-based fields of work, the techniques and tips are applicable.

[5] Tierney, T. (2006). The nonprofit sector's leadership deficit. Boston: The Bridgespan Group.

[6] Landles-Cobb, L., Kramer, K., & Smith Milway, K. (2015). The nonprofit leadership development deficit. Stanford Social Innovation Review. Palo Alto: Stanford University.

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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Rusty Stahl is President and CEO of Fund the People, which he founded in 2014. He is also a Visiting Fellow at New York University's Wagner Graduate School of Public Service. Connect with him on Twitter at @fundthepeople.

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Fund the People Toolkit

How-To Guides

Who Drives Change in Talent-Investing?

Who Drives Change in Talent-Investing?

There are two overlapping questions you should ask while considering how to conceptualize and structure your investments in grantee talent. **1.** Who or what is the "subject" or "target" of the intervention? **2.** Who gets to drive the problem analysis, objectives, content and format of the intervention? Let's address these one at a time.

Investment Focus

Who or what is the "subject" or "target" of the intervention? The main thing to consider here is: do you invest in individual people or the systems that support those people?

The Talent-Investment Focus Continuum

Individual People ⟷ **People Systems**

On the far left side of the Focus Continuum are investments in individuals. Activities at this end of the continuum can create significant value for the people who get the opportunity to participate. At the far right of the continuum are people-systems—the policies, practices, techniques, and processes that enable organizations to develop their people. These investments can yield great value for entire teams and are directly tied to institutional performance.

Experience and anecdotal evidence strongly indicate that when foundations opt to invest in nonprofit talent, they tend to focus on individuals. Baking It In means moving along the continuum toward investing in people-systems. This shift helps to address the deficit of resources and incentives for nonprofit organizations to invest in their employees. It is ultimately more affordable, and it has a longer-term impact on a greater number of people.

If your foundation is not ready to shift completely from individual people to people systems, it may be helpful to consider a healthy mix of the two so these foci complement one another. For example, Durfee Foundation, a family foundation in Los Angeles, provides sabbaticals to executive directors and provides the recipient's organization with seed funding to establish a sabbatical policy and practice.

Driver of Change

The second major decision point when crafting talent-investments: who will be the driver of change? This, too, can be thought of as a continuum. On the left end of the spectrum, the funder sets the agenda; at the right end, the grantee plays this role.

Whoever is driving the change has the agency and authority to answer important questions such as:

- **What is the challenge to be addressed?**
- **What is the best intervention or set of tactics to address this challenge?**
- **How will we define and assess success?**
- **What is the structure of the investment?**
- **Who is the facilitator, intermediary or provider?**
- **What is the skill to be imparted, and/or the content to be taught? The format of the experience?**

At one end of the continuum, the funder sets the table and the grantee takes a seat. Clearly, funders have a role to play in defining how their resources are used. Grantmakers bring a bird's eye view of needs in the field, and an economy of scale in their interventions. Funders can also assess the opportunities and challenges facing nonprofit professionals across a geographic terrain or field of work.

At to the other end of the spectrum, grantees set the table and funders take a seat. Nonprofit teams determine the change they wish to make, and what intermediaries they may use to support that change. Then they invite funders to support the effort. Clearly, nonprofit leaders have a role to play in defining how they wish to grow and develop. When nonprofit professionals are empowered to shape the use of foundation funds according to what they deem to be useful, it increases morale, customization of the intervention, and buy-in from participants.

There are clearly benefits at both ends of the continuum. Anecdotal evidence indicates that most of the time funders are driving the change. The Baking It In framework suggests that funders shift so that the process is more balanced, and grantees have a stake in defining and owning the change.

Matrix of Focus and Control

Let's consider these two continua together. Using the Focus Continuum as a right-to-left arrow and the driver of change continuum as the up-down arrow, we get the four-quadrant matrix pictured below.

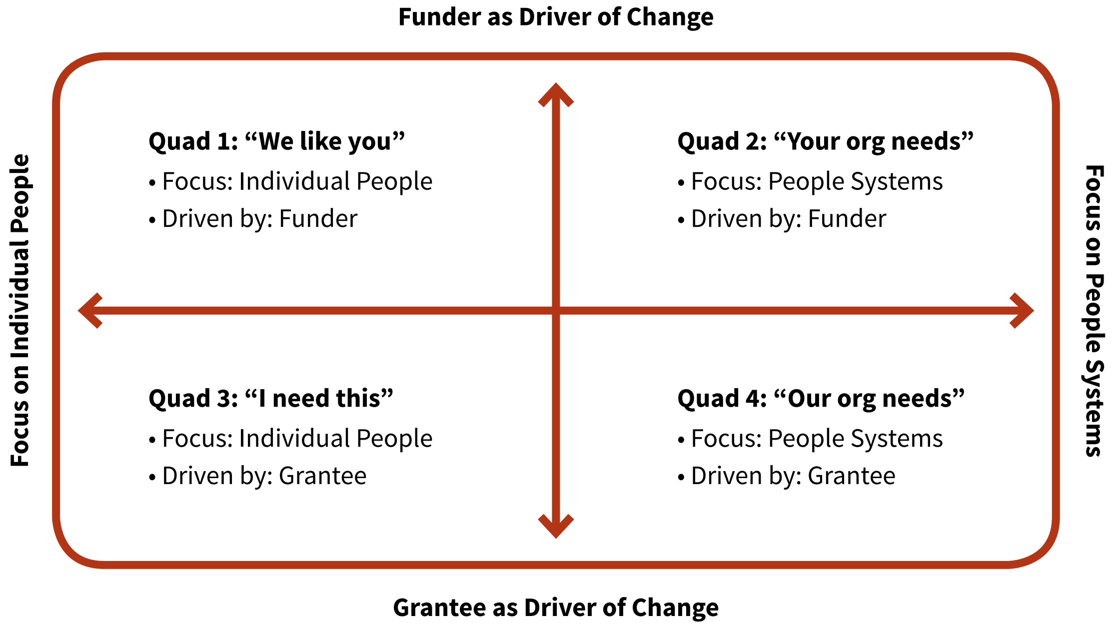
Quadrant 1: "We Like You"

These investments are defined by funders, and focus on individual leaders. These interventions are driven by the staff members of foundations. The closer to the center line an intervention appears, the more likely it is that the funder delegates control of the intervention to an intermediary, such as a consultant, leadership development provider, or academic institution. The individual people supported in Quadrant 1 are commonly those whose leadership is tied up with positional authority (e.g., executive directors). They are often high-profile, charismatic leaders who have already been well-decorated with awards, fellowships, and recognitions by other funders.

Examples of Quadrant 1 investments:

- **Contracting a local nonprofit support intermediary to provide coaches to executive directors of grantees based on the funder's perception of need**
- **Offering sabbaticals to hand-picked executive directors**
- **Engaging a consultant or training institution to create and manage a foundation-branded, cohort-based learning experience for select leaders from grantee organizations**

Focus and Driver of Change Matrix



Quadrant 2: "Your Org Needs This"

Interventions in this category are driven by funders and focus on the people-systems inside and around grantees and nonprofits. This type of funding often aspires to create an economy of scale by institutionalizing policies and practices that strengthen the morale, productivity, and retention of whole organizational teams or people in networks across organizations.

Examples of Quadrant 2 investments:

- **Funder engages a firm to provide a planning process for human capital management and growth plans for an anchor grantee**
- **Funder helps a federated network of local nonprofits to create a leadership training system at the national level so that the federation has an ongoing leadership pipeline**
- **Funder invests in the establishment or growth of a management support organization for their city or field of work**

Quadrant 3: "I Need This"

Quadrant 3 investments are driven by the needs of the grantee and focus on individual leaders. These interventions tend to be highly flexible or customized so as to respond to the particular context, challenge, or goals of nonprofit leaders. These investments may be set up in response to multiple conversations with grantee staff who present their own developmental goals or needs to their funders, but find that regular grants do not include resources to address these matters.

Examples of Quadrant 3 investments:

- **Funder provides unrestricted cash awards to proven nonprofit leaders in a local community for use as the recipient wishes—to take a sabbatical, write a book, pay for education, sock it away for retirement, etc.**
- **Funder establishes open-ended discussion or facilitated exploratory process through which nonprofit leaders can identify their own developmental interests and needs**
- **Funders create a responsive fund to which grantees can apply when they identify a professional development experience that would be meaningful to them**

Quadrant 4: "Our Org Needs This"

Quadrant 4 investments are driven by grantees' needs, and focus on the people systems in and around those organizations. This customized approach ensures that the resources that are deployed are responsive to the specific need or opportunity stated or demonstrated by the grantee, and agreed upon in conversation with the funder. And the focus on structures and systems works toward an economy of scale that reaches many or all levels of the organization chart, and seeks to address institutional challenges that impact current and future leaders and employees.

Examples of Quadrant 4 investments:

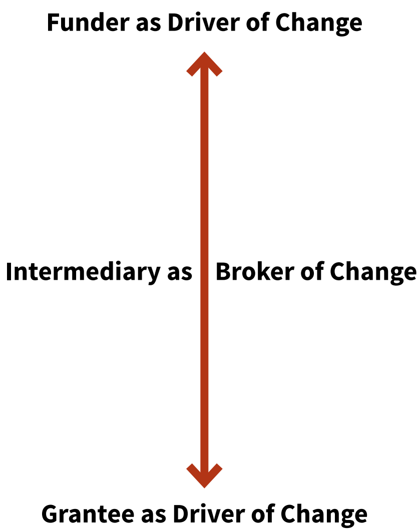
- **Funder crafts interventions so that a significant (even a majority) portion of the resources support specific talent-development objectives and activities in a way that strengthens the entire grantee organization and/or the department or program that the grant is meant to support**
- **On top of general support, funder creates an investment program, housed at an intermediary, where consultants work with grantees to identify staffing goals linked to program and fundraising goals; then funder invests in implementation of that plan**
- **Funder makes a wide array of talent development resources available to grantees in combinations that meet specific strengths and weaknesses**

Where Do Intermediaries Fit?

Intermediaries can serve an essential function in ensuring that funders and grantees both participate in driving the change. Whether the intermediary is an individual consultant, management support organization, leadership development provider, or academic center, they can integrate the needs and politics of all players. In some cases, they can serve as a firewall, so that sensitive information about challenges faced by the grantee does not reach the funder in a direct way, yet can still be addressed by the intermediary.

We are often asked by funders to identify the appropriate or high-quality intermediaries in the field for talent-investment work. There is no centralized hub for that information, but Fund the People has relationships with many such groups and maintains strong working knowledge of providers. If you are going to use an intermediary, finding the right one is an important part of your due diligence and planning. The more clarity you have about what quadrant your work will sit in, the needs and interests of your grantees, and what type of talent-investments you will make in response *(see our menu of talent-investing options)*, the easier it will be to find the right intermediaries.

Driver of Change Continuum



Defining Your Foundation's Approach

Based on what we see in the field, most funders seem to default to Quadrant One interventions, in which funder drives change and focus on individual leaders.

When it comes to investing in nonprofit people, the foundation community tends to be primarily interested in "leadership" and "leaders" (generally those in formal positions of authority atop organizational charts or prominent leaders within movements). There are good reasons to focus on these leaders. Because nonprofit chief executives have significant ability to shape or reshape the focus and effectiveness of their organizations and causes. Their ideas, performances, and attitudes can make or break their organizations.

But this approach also has serious limitations:

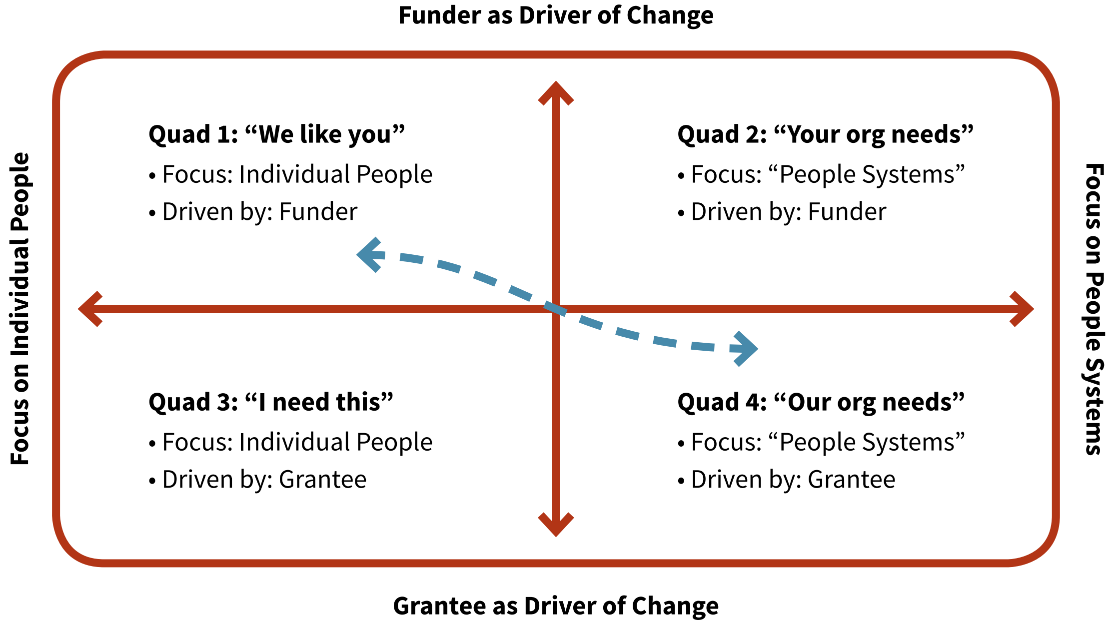
- **It tends to overlook the developmental needs of the organizational team or workforce.**
- **It does not address the longer-term need to invest in today's unpaid interns, community organizers, middle managers—who can be tomorrow's program leads, executive directors, C-suite, and board members.**
- **Funders get to define what learning is needed by everyone, rather than enabling custom-designed investments based on the self-identified interests of the participants.**
- **It does not enable grantee organizations to build up their organizational synapses and muscles for developing their staff and creating a "leaderful" culture.**

To substantively address the deficit of talent-investment in nonprofit organizations, and to ensure that funders' resources meet the real needs and interests of the people doing the work, we argue that funders ought to strive to move toward a Quadrant Four approach. At minimum there is value in being aware of the continuum of approaches before defining your path. There is value in taking the time to examine your assumptions and attitudes. There is also value in considering the pros and cons of the different quadrants before setting a strategy in motion.

There is meaningful value created in all four quadrants. If you are going to bake it in—and if you are going to help end the deficit of investment in the nonprofit workforce—then you and your foundation must shift from the comfort zone of Quadrant 1 (You Need This) toward the more systemic approach of Quadrant 4 (Our Org Needs This).

For grantmakers, moving to Quadrant 4 may not feel as hands-on, high-profile, or as fun as running leadership development programs for beloved grantee leaders. But the systemic approach is bound to have a wider and more lasting effect on making organizations and the sector work more effectively and equitably, and, therefore, better able to achieve their missions. Another benefit of Quadrant 4 is that it relieves foundation staff of the burden of managing both grantmaking and leadership development programs, something for which most foundations have neither skills nor capacity. Finally, it keeps funders out of a situation where foundations are competing or undermining the talent-investment offerings from nonprofit management support organizations, universities, associations, and other intermediaries.

Baking It In: Moving from Quadrant 1 to 4

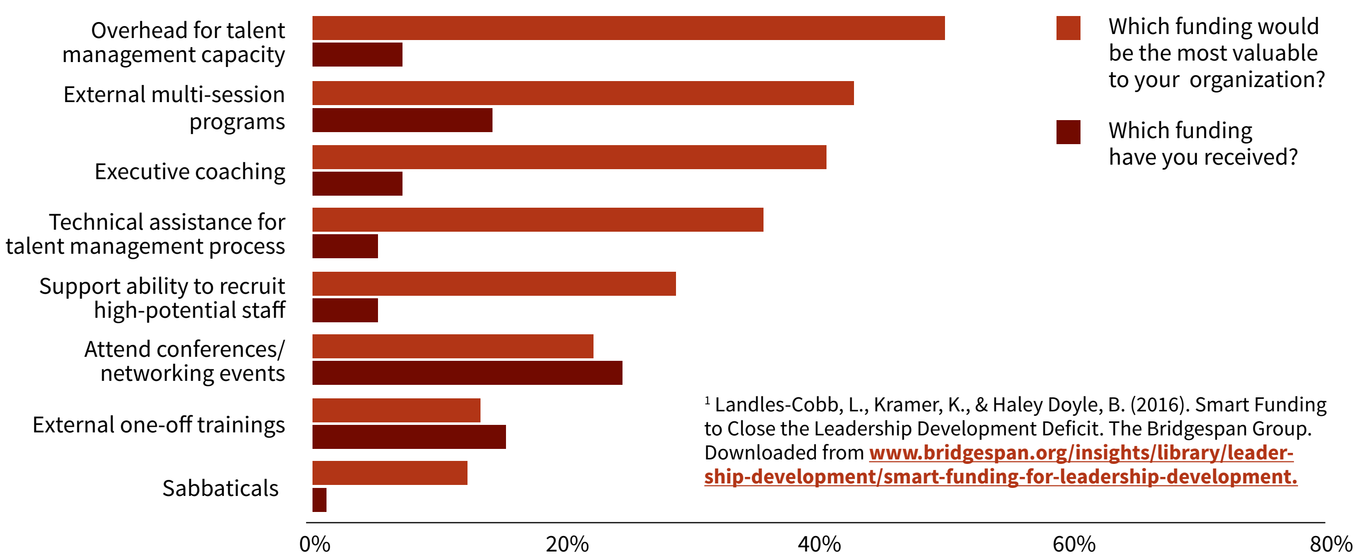


Nonprofits Want Quadrant 4 Investments

In a 2016 study, The Bridgespan Group asked nonprofit senior executives which type of leadership funding would be most useful to their organizations. Respondents rated “overhead funding for talent management capacity” as the most-valued type of funding, far more valued than more commonly recognized investments *(such coaching or sabbaticals).* Despite more than 50% stating that this type of funding would be of highest value, only 5% said they'd received this type of investment.[1]

This finding brings to light a demand for capital that enables nonprofit leaders to nurture healthy people systems within and around their institutions. It is time for the funding community to recognize this need and shape grantmaking and other resources accordingly.

Leadership Funding for Nonprofits



Source: January 2016 Bridgespan Group survey of 438 nonprofit senior leaders on their ability to recruit, develop,and retain senior managers.

[1] Landles-Cobb, L., Kramer, K., & Haley Doyle, B. (2016). Smart Funding to Close the Leadership Development Deficit. The Bridgespan Group. Downloaded from www.bridgespan.org/insights/library/leadership-development/smart-funding-for-leadership-development.

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Fund the People Toolkit

How-To Guides

Talent-Investing Across All Grant Types

Talent-Investing Across All Grant Types

By Rusty M. Stahl, President and CEO, Fund the People

Talent-investments can be integrated into all types of grants. Your foundation, or your grantmaking portfolio, has likely defined your grants according to certain functional types of grant support. Commonly used categories are program grants (a.k.a. project or restricted grants); general support (a.k.a. core support, general-operating, or unrestricted); and capacity-building grants (a.k.a. organizational effectiveness grants). While there are other types (planning, capital, etc.), this supplemental guide will focus on these grant types.

The grantmaking practice we refer to as "talent-investing" is the intentional deployment of resources to support and develop professionals and leaders in the nonprofit sector workforce. This practice traditionally falls under the umbrella of capacity-building grants. This is far from adequate. Nonprofit programs, general operations, and capacity, all rely on nonprofit professionals and volunteers. While nonprofit people are the bedrock of organizational capacity, they do not belong to their organizations like laptops, databases, accounting software, or intellectual property. People ebb and flow across organizations, bringing their skills and perspectives with them. So, it is counter-productive to relegate support for talent to a bullet point in a long list of capacity-building activities.

Instead, talent-investing can and should be part of any grant, whether it is a program grant, general-support grant, capacity-building grant, or some other type of grant. Here are five quick reasons why:

1. **Investing in talent will strengthen the program, organization, or capacity which is the primary focus of a grant;**
2. **The integrated approach is more affordable than stand-alone talent-investments; it does not entail identifying new dollars or new grantmaking programs;**
3. **The nonprofit sector is deeply under-capitalized when it comes to funding staff development. Adopting an integrated approach means many more nonprofits will have the incentives, resources, and ability to invest in their staff;**
4. **There are few other realistic ways to establish economies of scale for investing in talent across the nonprofit sector**
5. **Many diverse nonprofit professionals will benefit from these types of investments.**

Below are some brief guiding ideas on how talent-investment practices can be integrated into program, general support, and capacity-building grants.

1. Program and Project Grants

Often the funding community talks about and funds nonprofits programs in a disembodied manner – as if organizational robots magically produce services for communities without the involvement of human beings. So, let us begin by making explicit what ought to be a commonly understood fact.

Nonprofit People Are Nonprofit Programs.

While businesses produce shoes, soft drinks, car parts, and other commodities that have an exchange value, nonprofits exist to offer services that are rooted in substantial human value and simply do not belong in the for-profit marketplace. We would all agree that the social services of the social sector cannot and should not be made or delivered by machines. The work done by foundation grantees is fundamentally a human endeavor. The value of your grantees' programs depends entirely on the people who lead and staff those organizations. For this reason alone (without making mention the needs of those nonprofit professionals themselves), it is in your interest as a grantmaker to invest in programs and simultaneously in the staff who run the programs.

Any program grant can include an investment in the grantee's staff development. The objective of a talent-investment should support the programmatic objectives of the grant, and primarily support the staff members who are relevant to that program. But optimally, the talent-investment should feed into or help underwrite the overall people-systems of the grantee organization. For example, you may fund specific professional development opportunities for the staff working on an afterschool enrichment program at a local youth center. In the process, you can help ensure there are adequate professional development resources in the youth center's overall budget (not just the program's budget) and that these funds are accessible and used by the staff.

The Grantee's "Human Health"

When making a program-specific grant, you will likely engage in due diligence about the financial health of the organization to assess stability and ability to carry out the program for which you are considering support. Similarly, it is crucial to assess the human health of the organization, to understand how well the staff is supported in executing their work, and what could be done better in this regard. To learn more about this, **see Guide to Investing in Grantee Talent.**

Reinforce Program Objectives

One simple way to structure a talent-investment into a project grant is to focus on the programmatic grant objectives that are agreed upon by the grantmaker and grantee. Ask yourself: could adding a talent-focused objective support the substantive objectives? How could you help to empower or improve the staff's ability to achieve the best program results?

Program vs. Staff Costs

Staff costs are often the most expensive cost within any given program. Depending on the specific services in question, the "direct costs" of a program (supplies, printing, space rental, food) may be extremely small compared to the time (i.e. compensation) of the staff involved.

Investment Opportunities

We've identified several ways to support staff within the context of program work:

A. Maximize staff skills and knowledge related to the program work

B. Create financial incentives and rewards for staff to encourage high performance

C. Address workload overload so the staff can focus on the program

D. Enable staff reflection and renewal to ensure program excellence sustainability

A. Skills and Knowledge

As part of the objectives, activities and line items in your grant, you can empower the program staff to sharpen skills and knowledge through professional development directly related to the program work the grant supports. This could mean paying for staff to attend a training, conference, access coaching, taking an online course, or other method of honing their understanding of best practices for a program like theirs.

This can be mutually beneficial: it will likely enhance the ability of staff to execute high-quality programming. It is also likely to increase staff morale, since professional development is viewed as a major benefit in nonprofit work, your concrete support of the staff in exchange for their work will be duly-noted and appreciated. The nonprofit staff will perceive that your foundation cares not just about their work, but about the people doing the work – this is likely to increase levels of positive perception and trust, which can create a more productive relationship between you and your grantee.

Important note: It's vital to have realistic expectations from this approach. Enabling nonprofit professionals to attend conferences and trainings on its own (without pairing this approach with other more structural and ongoing talent-investments) has a useful but limited impact on organizational effectiveness.
By making talent-investments within the context of program grants, and focusing on professional development, you are making a relatively modest commitment to staff development, and in turn you should expect modest results.

B. Financial Incentives

People do not go to work in the nonprofit sector to become rich. In fact, it can be expensive to work in the nonprofit sector. While press coverage about nonprofit salaries tend to focus on the sensational topic of excessive executive compensation (from information available on Forms 990), most nonprofit professionals are paid below IRS market rate and work above and beyond what they are paid to do (figures on the lowest compensation is not available widely in public documents). Indeed, sometimes only people in the upper socioeconomic strata can afford to do full-time, nonprofit work – one of the factors that restricts equity and inclusion in the nonprofit workforce. While the external motivation (like money) is less powerful than internal motivation, in the context of overwork and underpay, financial incentives can offer powerful value-add to program grants from the perspective of a program staff. They also provide a tangible performance incentive. Here are a few ideas for how you might deploy financial incentives within program grants:

- **Salary Boost:** If salaries have been stagnant, enable the organization to use grant funds to offer cost of living adjustment and/or a raise to the staff. (Obviously, this may take some negotiations with the nonprofit's management. The organization will have to integrate these new cost commitments into their budget and sustain them beyond the grant, but your grant can provide the impetus for this commitment. Organizations with the political will can identify other sources of support and incorporate these new costs into their budget beyond the grant term)

- **Performance Bonus:** Provide a line item in the grant budget to provide performance bonuses to the staff involved in the program work (enabling managers to decide if they have been earned toward the end of the grant term, and redeploy these resources to other line items if not
fully used)

- **Professional Development Funds:** Allocating grant dollars to establish or bolster a pot of professional development funds available to program staff or all staff in the organization is another type of financial reward. This is different from directly paying for or providing specific types of professional development activities. It is more about building up the budget to which staff have access for their own development, now and in the future. This is indeed a critical resource, and can help seed a commitment to integrating professional development into the organizational and/or program budgets.

C. Staff Workload

When you fund a new project or program into creation, the staff at the organization is taking on a new scope of work. It is more than likely that this work was not in their job description when they were hired. **Research from Nonprofit HR** has found that around half of nonprofits organizations do not hire new staff to support new programs[1]. It is likely that the existing staff is expected to take on the new responsibility with neither an increase in salary, nor given a promotion, or other benefits. It is important, therefore, to consider how your grant can offset these challenges and minimize the likelihood of staff overwork and burnout, which can hurt the quality of program implementation and sustainability.

You could allot grant dollars to enable the organization to:

- **Grow Team:** Hire new staff or engage consultants to support the existing staff in managing this new workload; and/or

- **Increase Staff Support:** Engage administrative support staff, skilled graduate students, or well-paid interns to support the program staff in taking on this new line of work, and/or to take responsibility for some of the work the program staff previously did, making room for them to work on the new program.

Overall, designating portions of program grants for staff development can be an important and empowering opportunity. Ear marking at least five to 10 percent of grants for talent-related investment can help organizations juggling many program-focused investments to get acquainted with the practice. As more funders adopt this approach, nonprofits can amass the financial resources needed to drive excellence through staff development.

D. Reflection and Renewal

You can use grant funds to empower program staff to take time to think about their work and re-energize. This can help with thoughtful preparation, execution, evaluation, and improvement of the program you support. You might support activities such as:

- **Vacation:** Support “special vacations” annually or upon completion of grant-funded work. Funds can pay for time off as well as providing staff with resources to pay for flights and hotels. Such an opportunity is truly a unique gift, and can help to revitalize staff upon return to their work.
- **Retreats:** Enable the program team or individual leaders to get away from the office in a true retreat environment with access to great food and relaxing activities (swimming, massage, yoga, and other pampering!) This can either include work-planning components or simply be an opportunity to get away and renew the spirit, mind, and body to come back to program work fresh and energized.
- **Sabbaticals:** Structuring a sabbatical for staff enables them to write, study, reflect, brainstorm, and plan for their program work. This can truly help infuse programs with new ideas and information. It also enables the person taking sabbatical an opportunity to delegate, and those who stay behind to step-up and take on new levels of leadership.

2. General Operating Support Grants

If your primary mode of grantmaking is providing general support, you may wonder how you can bake in talent-investments. Indeed, you may feel that general support is so flexible that grantees can and should already be using it for staff development.

That is true in theory. But our conversations in the field indicate that many nonprofits use general support to back-fill budget gaps in programs and other essential components. This practice is common when payments of government contracts are delayed, cash flow from other funders is late or interrupted, or other dynamics combine to disrupt the highly-complex challenge of managing the finances of a nonprofit. Back-filling, even if it is covering staff compensation, prohibits meaningful investments in staff development. It keeps your organizations in the game, but does not let grantees take their team to the next level.

Here are several methods you might try to ensure that talent-investments will be incorporated into general support.

A. Signal the Importance of Talent

B. Infuse Organizational Objectives

C. Talent Support on top of General Support

A. Signal the Importance of Talent

The most important thing general-support funders can do is ask questions about staffing. Listen carefully and with empathy to the responses and be clear about how important talent-investment is to the foundation. You can share with the grantee that you and the foundation value and respect the dignity, hard work and well-being of the nonprofit’s staff. You can strongly and explicitly encourage them (in conversation and in writing) to use unrestricted dollars to invest in staff development. Within this empowered environment, the management can have the political space to talk to their board and staff about their needs as well as the opportunity to deploy investments from your foundation and others. Providing an organization with staff-development resources is priceless, and no restrictions are necessary.

B. Infuse Organizational Objectives

Every general support funder has their own guidelines for the specific definition and parameters of unrestricted funding. Some, for example, ask for a grant budget, while others do not. Some list overall organizational goals and objectives in a grant agreement as a way of framing the goals of the grant, and assess the success of the grant based on these intentions while others do not.

In the context of general support, if you capture organizational goals and objectives in grant proposals, grant agreements and/or grant reports, then you may find it beneficial to further infuse general support grants with the spirit of talent-investment by talking with grantees about their staff development needs, encouraging them to include overall staff development objective(s) alongside other organizational objectives in their proposal. In this way, both parties know that the success of the grant and the organization will be assessed in a manner that includes their self-identified staff development efforts.

C. Talent Support on Top of General Support

If there are specific resources that you want to allocate to talent-investments for grantees, it may be worth establishing a pot of funds to provide specific infusions of talent supports on top of general support. This enables the flexibility and responsiveness of general support combined with the intentionality and proactive approach to staff development. The staff doesn't have to choose between their own development and other pressing budget priorities. They do not lose the critical unrestricted funds, but they cannot as easily fall back into the pattern of suppressing their own growth for the sake of the organization's programs.

3. Capacity-Building Grants

Traditionally, foundation investments in grantee talent are made in the context of capacity-building grants and activities.

However, too often leadership and staff development are listed as one item in a long list of capacity bullet points, as if they are equal in weight and importance as technology, physical plant, strategic plans, etc. We assert that robust staff development and people systems are prerequisites for most, if not all, other organizational capacities. As a capacity-building funder, consider the role of talent-investment within your broader capacity-building efforts. Where does it sit as a priority? How do other capacities build upon staff development? How can talent-investments help to establish a bedrock upon which other organizational capacity can be layered?

We will not go into further detail here about the type of staff investments that can be made as part of capacity-building, as it is an endless list. Instead, we encourage you to check out our **Thinking Through Choices in Talent-Investment** for more in this regard.

[1] Nonprofit HR Solutions (2013). Nonprofit Employment Trends Survey, pages 11-12. Accessed from **www.nonprofithr.com/wp-content/uploads/2013/03/2013-Employment-Trends-Survey-Report.pdf**

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Fund the People Toolkit

How-To Guides

Talent-Investment Menu

Talent-Investment Menu

What does it look like, concretely, to invest in nonprofit talent? What types of interventions are available? What works best? These are questions many funders and nonprofit leaders ask when first considering investing in nonprofit leaders and staff.

There are a wide array of options, in terms of categories of interventions, specific tactics, who could benefit, and how to make these important choices. This menu serves to open up a more expansive band of opportunities. *Thinking Through Choices in Talent-Investing* in the Fund the People Toolkit offers guidance on how to decide on interventions.

Here are four considerations in approaching the talent-investment menu:

1. **Widen the Lens:** Anecdotal evidence indicates that when foundations support grantee talent, they tend to invest in leadership development or professional development for individual people, with a focus on executive directors. And they tend to quickly focus on one tactic (such as executive coaching) before considering the spectrum of investment categories and tactics. (See *Who Drives Change in Talent-Investing* in the Fund the People Toolkit to learn more about the range of investment from individual to systemic, and which players get to define what needs to change and how.)

2. **Customization:** Interventions ought to be customized in response to the stated or demonstrated needs of grantees. As Bridgespan recently put it in a thoughtful essay: "Based on our research and work with funders, we believe that making higher-impact leadership investments begins by making a significant investment upfront to answer two important questions: What is the problem, and what is the right investment to address that problem?"

3. **Significance:** Interventions are most likely to be effective when they are: bundled together, backed by serious financial and/or political capital, and sustained over time. Funders and nonprofits should align their scale of expectations with their scale of investment. Short-term, under-funded, scattered interventions are less likely to offer transformative results. As Stanford Business School's Dr. Jeffrey Pfeffer writes in his business management book *The Human Equation: Building Profits by Putting People First*:

   "It is important to have some overall… strategic vision of achieving profits through people, because an overall framework increases the likelihood of taking a systematic as contrasted with a piecemeal approach…"

   In nonprofits and the foundations that support them, it is helpful to cultivate a vision of achieving mission-impact through investing in our nonprofit people, and then make investments that flow from that vision.

4. Consider the demographic issues at play. How do your talent-investments strengthen equity and inclusion in the nonprofit workforce? How do they address inter-generational dialogue, knowledge-exchange, and shared leadership?

We have identified the following 10 categories of investment in nonprofit people. The list ranges from individualistic to systemic approaches.

1. **Professional Development**: Building the knowledge, skills, and managerial ability needed to do one's job

2. **Leadership Development:** Developing personal and professional purpose, vision, self-awareness, ability to motivate others, ability to communicate and collaborate

3. **Career Development:** Empowering staff to clarify and build toward long-term professional goals within and beyond their current roles and organization

4. **Personal Sustainability:** Supporting engagement, morale, stress management, work/life balance, and long-term personal sustainability

5. **Human Capital Planning:** Preparation for building the organizational chart, skill sets, and staffing needed to develop strategic plans, and mission-related goals and objectives

6. **Management Ability:** Establish the knowledge and skills to implement high-engagement management practices throughout the organization, ensuring feedback loops

7. **Compensation & Personnel Policies:** Ensuring reasonable salaries and benefits, creating effective and equitable employment policies and practices (i.e. incentivizing employee saving, education, sabbaticals, severance, etc.)

8. **H.R. Infrastructure:** Establishing basic and strategic human resources staffing functions

9. **The 3 R's of the Talent Lifecycle: Recruitment, Retention, Retirement:** Developing procedures for intentional employee recruitment (awareness-building, campus outreach, paid internships, colleague networks, etc.), retention (internal career paths, professional growth and promotion, leadership cultivation, etc.) and retirement (executive transition plans, staff "alumni" engagement)

10. **Organizational Culture:** Intentionally nurturing a workplace environment that encourages and enables healthy morale, motivation and self-discipline, loyalty, leadership at all levels, engagement, inclusion, and productivity

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Thinking Through Choices in Talent-Investment

Fund the People

Choices in Talent-Investment

- These slides offer a variety of options, opportunities, and decision-points that funders may wish to consider as they design talent-investment interventions.

- Fund the People recommends that talent-investments be designed in a manner that is customized to context, responsive to need, and appropriate to the time, resources available, etc.

- Fund the People encourages funders to think beyond the common approach of investing solely at the individual level. Consider taking a more holistic approach to funding your grantees' talent-development needs.

Levels of Intervention?

Choices: Levels

This diagram portrays the different levels at which funders can support nonprofit talent. The levels are organized from the micro-level of the individual to the macro-level of the entire nonprofit sector.

Fund the People encourages funders and nonprofits to invest at the level that makes the most sense for your organization at the time of its investment.

We urge you to think beyond the common approach of investing only in individuals—rather than taking a more holistic approach to funding.

Ask yourself:

Where will you invest? And why there?

Fund the People

Variations at Different Levels

Individuals	Organizations	Ecosystems
Nonprofit workers have different needs and assets based on identities, career stage, cohort, position, etc.: • Greatest Generation, Baby Boomers, Generation X, Millennials, Generation Z • Early stage, mid-career, and senior career • Junior, mid-level, executive • Gender, race, ethnicity, nationality, class, place of origin, ability, etc.	Nonprofits are at different stages in their lifecycles that may help determine the type of talent-investments that are needed: • Start-up • Adolescent • Maturity • Decline • Turn-around • Merging • Sunset/closing	Nonprofits operate in various networks that share talent pools and can offer economy of scale for investments: • Social movements • Field of work • Issue-based communities • Place-based networks • Identity-based communities • Networks of organizations • Grantee clusters

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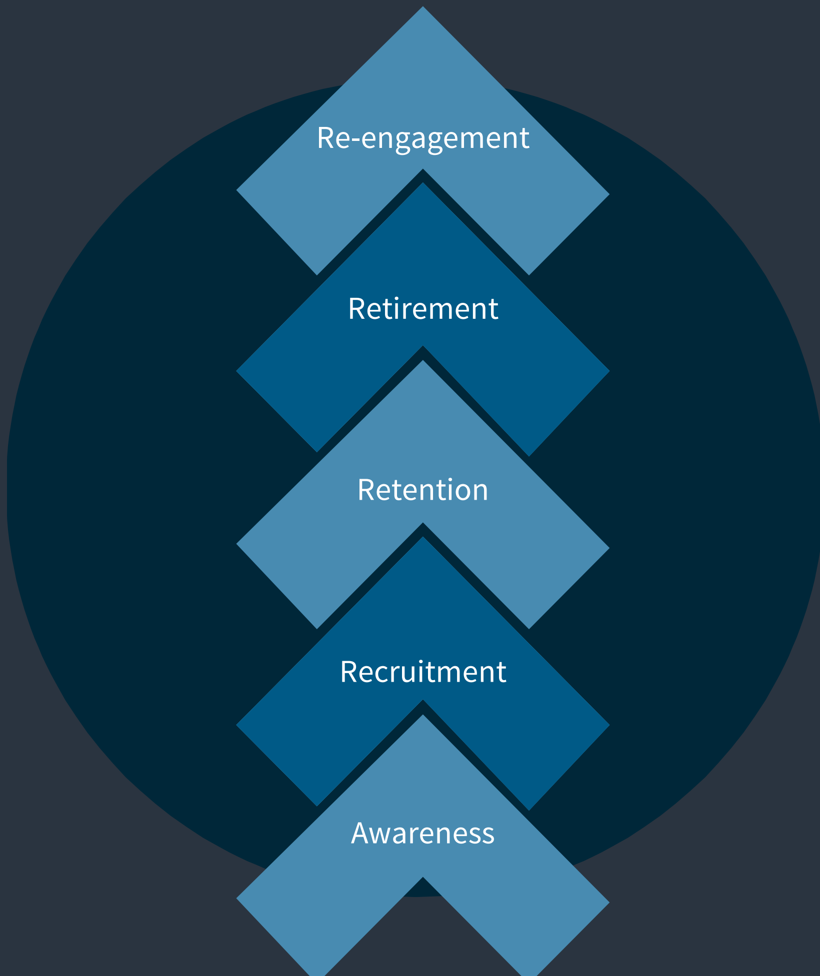
Ask yourself:

Where will you invest? And why?

Career Stage?



Choices: Career Stage

This continuum depicts the trajectory of nonprofit talent from initial awareness of career opportunities to the re-engagement of retired leaders.

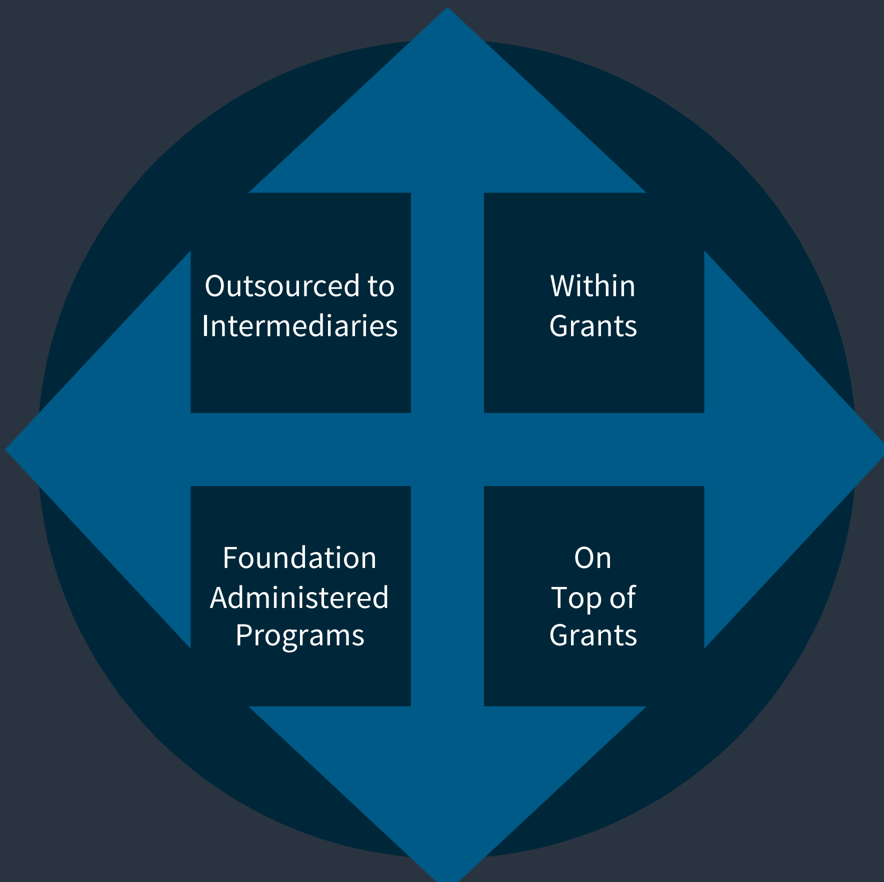
Fund the People encourages funders to consider the benefits and challenges of supporting staff development at various points along the career lifecycle.

Ask yourself:

When will you invest? And why then?

Fund the People

Site of Investment?



Choices: Site of Investment

In this chart we've depicted the ways in which funders can invest in nonprofit talent. The options range from arrangements in which funders manage talent-investments to scenarios in which talent investments are embedded into grants from the outset.

Fund the People encourages funders to collaborate with grantees to identify the best ways in which to fund and support talent development needs.

Ask yourself:

Where will you invest? And why there?

Fund the People

Which People?

Choices: Which People?

This chart depicts the various types of nonprofit professionals in which funders can invest, including board members, executive staff, mid-level, emerging and prospective staff.

We encourage funders to collaborate with executive directors in investing both up and down the hierarchy and across functional areas. This technique is known as “building the bench.”

For example, enabling grantees to offer well-paid internships can bring a more diverse group of new leaders into the nonprofit pipeline.

Ask yourself:

Who will you invest in? At what point? And why?

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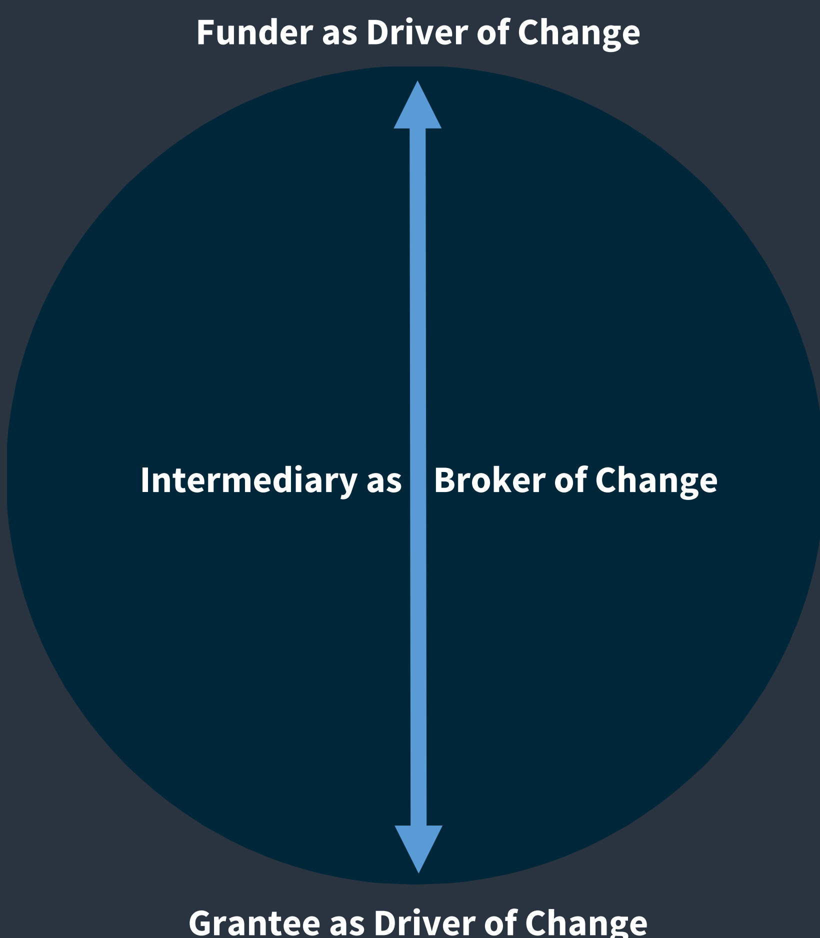
Who Drives Change?



In this graphic the driver of change includes the funder, intermediary, and nonprofit grantee.

Fund the People encourages funders to explore investing in grantee talent utilizing the expertise and objectivity of intermediaries, and designing interventions that empower grantees to have agency in defining or helping to define their staff development needs, the change they wish to see, and what intermediaries or consultants they will utilize to help advance this change.

You can explore this issue in further depth by using *Who Drives Change in Talent-Investing?*, a guide found in the Fund the People Toolkit.

Ask yourself:

How will you invest? And why?

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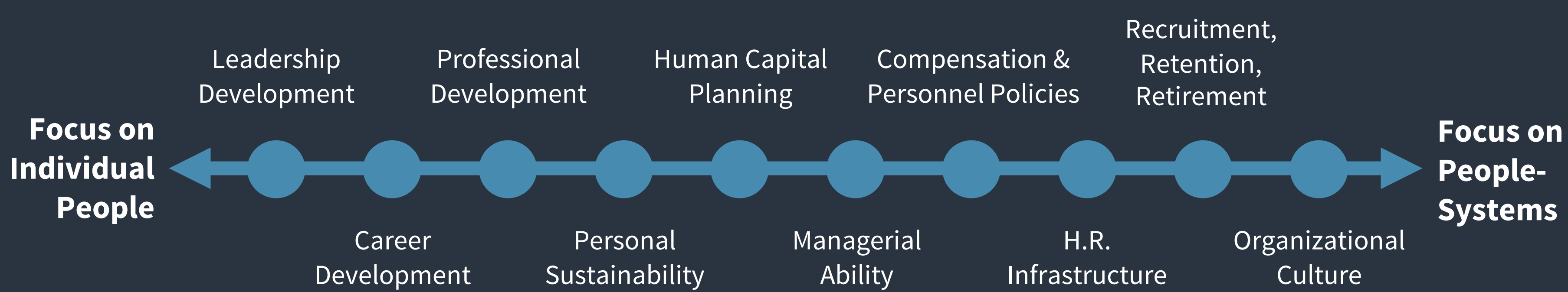
Continuum of Focus



Note: You can learn more about these categories in the *Talent-Investment Menu*, available in the Fund the People Toolkit.

Ask yourself:

Where will you invest? And why?

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