



A PODCAST WITH RUSTY STAHL | S3 EP9

Compensation Philosophy for Your Nonprofit

WITH
Mala Nagarajan
Vega Mala Consulting



[Podcast Intro](#)
[Episode Intro](#)
[Interview Begins](#)

INTRO [00:00:03] You're listening to the Fund The People Podcast, I'm your host Rusty Stahl. On this show we serve up a healthy nutritious alternative to the nonprofit starvation cycle. If you work as a funder, a non-profit, or intermediary, we'll help you invest in America's nonprofit workforce to drive equity, effectiveness and endurance in our nonprofit and social justice community. So let's get going.

[00:01:57]

RUSTY: Hey everybody, welcome to the Fund The People podcast. I'm your host Rusty Stahl. I'm really grateful for your time and attention today. I know you have your choice of hotels so thank you for staying with us. This is season 3 episode 9. Today, I'm speaking with Mala Nagarajan of Vega Mala Consulting. By listening to this episode you'll gain insights and wisdom on how your nonprofit or your foundation can create human resources systems and employee compensation that's in keeping with our values of serving the public good and advancing social justice.

This is a philosophical conversation and Mala is really insightful, wise and funny. And everyone in the sector, I believe should be listening to what she has to say. Throughout this conversation, we explore several of the principles of talent investing including Principle #1: Nonprofit People are Awesome; Principle #2: Nonprofit People are the Bedrock of Organizational Effectiveness; Principle #4: Talent Justice is Essential and Principle #6: It Takes Significant Time and Money to Invest in the Nonprofit Workforce.

To learn about all eight of our principles listen to season 3 episode 1. Before we get started please do subscribe to our show on Apple Podcasts or wherever you listen. We also email folks who are on our mailing list about new episodes and we include other great resources. So head on over to fundthepeople.org to sign up for our mailing list. On fundthepeople.org you can also find all the podcast episodes and show notes and you can access free original content and tools in our Fund The People Tool Kit including our talent justice materials on investing in intersectional racial equity in the nonprofit workforce. So I hope you enjoy the insight and wisdom of Mala Nagarajan of Vega Mala Consulting.

[00:04:28]

RUSTY: Mala, I am very happy to have you here. Thanks for making time to join the Fund The people podcast.

[00:04:37]

MALA: Thanks for inviting me, Rusty. I'm glad to be here.

[00:04:41]

RUSTY: Yeah, appreciate your time. So tell us a little bit about you and your motivation for doing your work. Give us something of your career trajectory, what got you into doing this kind of work?

[00:04:55]

Well, personally, I'm a 2nd gen South Asian. **I've been organizing and building community in queer, queer South Asian, queer Asian communities and spaces, for probably over 25 years** maybe. And Vega, who is my life partner, wife and business partner and I connected back in the late 1990s and we started an organization called Trikone Northwest, a small community based organization that served queer South Asians in the Pacific Northwest and that work really informs a lot of work that I think about in terms of employees, and kind of belonging, and membership, and leadership, and leadership development, how do we actually work in spaces together with our various intersectional identities, you know, all of our intersecting identities really got me thinking about, who's in the mainstream, who's in the margin, and even in community spaces that are in the margins, what's the mainstream margin in that community, right? Like what are the subgroups within the subgroup. And that I think informs my HR work a lot as well.

Vega and I moved to the East Coast to take care of our parents back in 2009, but our hearts are still in Seattle, Pacific Northwest. I was raised on the East Coast in Maryland and one of the biggest things that motivates me, influences the way that I work and how I think about work is my mom, who was born and raised in village India, came to America in her mid-30s. She would have been 30 when she came in, 1966. And she became deaf about when I was 7 years old. And just seeing her trying to navigate, having started to learn English and having wanted to work in America but not being able to. My father was a public servant, so that, I think, really influenced all of my sisters and, both my sisters and I have had a lot of influence in terms of

being of service to our communities and the places that we live and the people that we're with. My dad was part of the founding board members of a Sri Siva Vishnu Temple which is here in Lanham, Maryland. I'm not much of a religious person but it's actually influenced what I think about queerness and really wanting to make sure that queer folks are welcome in all spaces.

In our current formation Vega Mala Consulting, Vega and I had been wanting to work together for a while, we started Vega Mala Consulting in 2013 and I have a background in government and I've also been an employee and for-profit organizations and tried to start my own nonprofit Creative Collaborations, which was really working to support small to mid-size nonprofits in back-end infrastructure, and **one of the studies we did in, surveys we did in 2008-2009 found that most small nonprofits were really seeking a lot of infrastructure support. So HR, financials, communications and media, design support and technology. Those were the four places that we thought we could make a lot of difference in.** And I've been, in every job I've worked in, I've always been interested in what the infrastructure and how the processes work on the back end. Ever since my first job with the Washington State Telecommunications Relay Service, I served on the health and safety committee. I learned about the ADA, Americans with Disabilities Act, when it was, the second one was coming, was just passed in 1991. **There's just a great interest to me in making workspaces and workplaces more welcoming, where people could belong and really own their work and feel empowered in their workspace.**

[00:09:21]

RUSTY: So you have this interest in infrastructure and sort of people in the workplace in business, in non-profit, in government, that's quite a span. And so bring us up to speed on Vega Mala Consulting. What are the kinds of things that you all do today?

[00:09:44]

Yeah, today, I focus on supporting organizations, right now because of my capacity as a caregiver **I'm focusing just on HR Support, specifically focusing on compensation because we've just been overwhelmed with the number of requests around the framework that we're using. Vega is a leadership and career coach. And we primarily work with people of color organizations with small to midsize nonprofits, people who are changemakers in organizations.** For me, HR feels like a calling. I finally feel like I found my place where I can make a difference inside out.

[00:10:26]

RUSTY: Well I'm both in awe of all the knowledge you bring to the field and the experience and also that you and your wife can work together and live together. That is just impressive. And we're hoping to have you back with her in the future as well to speak further, some more about what you're doing. But today we're going to focus on more of a philosophical conversation about you creating these kind of healthy, inclusive workplaces, which I'm thrilled to have that conversation with you, as well as the nuts and bolts conversation about how to get there.

So, you know, some of the stuff that as we've gotten to know each other, and shout out to Russ Finkelstein for introducing me to Vega and Mala. Russ is a career coach and advisory council member at Fund The People and helped get our organization started as a consultant and

colleague before he went on to the advisory council. So Russ is constantly making connections for me and for Fund The People. So, shout out to Russ. But so, in some of the materials you sent me once we connected and in the couple of conversations we've had, this term "Employer Philosophy," having an "employer philosophy" arose. And I thought that was really interesting because so many nonprofit folks are accidental employers. They start a non-profit, they get hired or they move up. You know, they get hired as an ED or they move up into that role, into management and so they may not have any experience in HR formally or in hiring, firing, managing, supporting people as employees. So I feel like a lot of what ends up being the ethic and practice of being an employer in non-profit is by default and not intentional per se. So I was really interested in: what does it mean to have an employer philosophy? What does it mean to develop an employer philosophy for nonprofit organizations and how do you talk about that with your clients and others?

[00:12:47]

MALA: I think I was experiencing the same thing that you were in terms of **leaders and managers and nonprofit employees coming into a workspace and not really knowing what to expect. They know that they have a deep commitment to the mission of the organization, to the work of the organization, and I think all of us have commented on how most nonprofit employees are often accidental managers, right?** They get promoted because they've done really well in the work that they're doing and then, or they've started an organization because they're so committed to the change that they want to see, but nobody's taught them how to do management.

And over time, I think nonprofits, especially in the late 1990s early 2000s, there's this big push to professionalize nonprofits. And in that process, I think we adopted a lot of practices from government organizations and from business organizations that weren't really consistent or aligned with the culture and the values, and the change that nonprofits were trying to make. And so, I think, as I was doing more research on compensation work and HR work, I'm like, what's the disconnect? There's something going on with, I think there's a lot of us who have been noticing that the internal environment of nonprofits, especially social justice nonprofits that are really trying to make a change in society, were not reflecting the values that they wanted to see up externally.

And I was trying to figure out what that was, why that was. I started reading a lot about organizational culture. I started coming up around some stuff, I think Netflix was the first one, that wasn't employer philosophy per se, but it was a real culture statement, you know, what is our culture going to be? How are we going to treat our employees? What do our employees mean to us and how are we going to recruit? How are we going to retain? What's the relationship between the employer and employee? And it dawned on me, I think I was talking with some folks around how we kind of need a new social contract. **The way that Black Lives Matter has really come to the forefront and the anti-Blackness that's in our society that we really need to, we've known this and it just has come much more to the fore that the social contract is broken.** And so, it dawned on me that **we actually need to redo the employee contract, the employer contract, employer-employee relationship and actually define it intentionally and have**

that set the standard, be the guide for managers and for founding EDs to think about what is the relationship between employer and employee. Are employees just a means to the end? I was just listening to some of the movement work in the non-violence movements in the 60s and really thinking about how the means are just as important as the end, right? We're on a journey that's going to be for a long time and so we need to reflect internally what we want to see externally and we can't ask— it's hypocritical if we're trying to ask society to do something that we can't do inside our organization.

So the employer philosophy is really a guiding star I think for leaders, nonprofits and employees to really make transparent what the conditions in context of our working workplace is going to be and also be able to articulate 'what are the constraints?' We want to see change in our society, but we're constrained by laws, we're constrained by societal beliefs and lack of/or the destruction of public education, and trying to really bring people, you know, the way that organizers are really trying to bring communities together and do base building that we actually need to start also looking at the workplace as part of that organizing effort.

[00:17:07]

RUSTY: Yeah, that makes complete sense to me, preaching to the choir. But I think the idea of making the workplace part of our campaigns, part of how we think about programs that we're running or services or organizing efforts make sense. How do we, how do we practice what we're trying to bring into the world elsewhere is really powerful, but also really hard.

[00:17:31]

MALA: It is.

RUSTY: So thanks. Thanks for sharing what you mean by employer philosophy. You've also shared this term "Compensation Philosophy." So what is a compensation philosophy and why does that matter?

MALA: Compensation philosophy articulates the organization's commitment to how it's going to value its employees. When we think about the employer-employee relationship and if we move from a kind of transactional relationship where the employer is paying an employee to do "x" amount of work or, you know, and we're paying you to do your job, right? Like, that's the kind of attitude that comes about when we don't think about employer-employee relationships as a transformational one.

When we start moving that, operationalizing that into compensation we also want to be transparent about how we want to value our employees and we think about total compensation, both compensation and benefits and it's really a way to start being transparent with how the organization is going to pay its employees and what are the constraints that, from the pay perspective, the organization is working in the context again. And really connect with the fact that employees are giving up a significant portion of their lives to work and that the pay that we give employees affects the rest of their life, right? Like compensation is both the biggest line item usually for nonprofits or for any organization and it's also the biggest impact, material

impact on employees. So how do we center that and **make sure that employees have a thriving wage, not just minimum wage, not just a living wage, but actually a thriving wage.**

And using the compensation philosophy is a way to kind of articulate that, articulate the employer's understanding of how important pay is and how stressful it can be when employees don't know what the rules are of how promotions happen, how professional development happens, how pay gets set, it's this invisible non-transparent box in a lot of organizations and that's another, you know, another cultural hand-me-down from the private sector, right? And private sector, they're trying to reduce wages as much as they can to increase profit, at least in free market capitalism. That's not the values that we want to center in a nonprofit sector.

Nonprofits exist for public benefit, to do public good and employees, especially when we're—from a social justice perspective—when we're employing people who are affected by the issues that were working on, or the communities that we serve, when the organization is centering the community and the changes that it's trying to make, it's an obligation to me that employers be more transparent about how they're going to do compensation.

The work that I do, I bring compensation philosophy up but I want to just give a big shout-out to **RoadMap Consulting, it's roadmapconsulting.org.** I'm a member, or one of the independent consultants of that network, and it's an organization made up of independent consultants that work with social justice nonprofits, and the work that my colleagues have done, Rita Sever, Margi Clarke, Brigette Rouson and other colleagues that have I've worked in the HR and racial justice working group, they've done some amazing work already. **There's a great salary, policy discussion guide, free material that folks can download. There's a wage salary report that they've created with the National Organizers Alliance and Data Center back in 2012** and it really sets a great foundation for social justice nonprofits that are looking to make a more intentional compensation philosophy.

[00:22:00]

RUSTY: That's great and we'll definitely link to the materials from RoadMap Consulting that are great. One of the things as you were talking that you made me think about is, you know, the values of nonprofits and their purpose and talking about how do we pay people to exemplify those values? But sometimes similar logic gets used to underpay people, that nonprofits are for the public good and so they ought to focus their dollars on programs and not what gets called variously “indirect costs, overhead, administration,” all of those things and I think we would probably both agree that that is not actually solid logic when it comes down to how things play out in the real world of organizations. But how do you kind of push back against that logic of saying well, compensation at least for non-program people, let's say, is this thing that's made up called overhead and it's somehow indirectly related to the programs and services and organizing campaigns and kind of the external facing products, if you will, of nonprofits.

[00:23:27]

MALA: That's a great question, Rusty. Yeah, we both don't agree that the infrastructure and indirect cost of the internal, the folks working on the organizational part of, the non programmatic side of the organization, that it's critical. It reminds me of trying to build a house

without the supports that you need, right? Like, the actual building frame is what the folks who are doing that internal work are doing. They're actually creating the house and creating the structure that allows, that gives program folks the ability to focus just on the program. To me, it's like the engine of the car. And without it, you really can't run an organization.

And when organizations were starting for sure, in the early ages of nonprofit sector work you had folks who were perhaps independently wealthy working, they didn't need to have wages, and so we have this kind of thinking that all the money should go to programs and all the money should go to the communities. And if we're actually serving the communities or the issues that we're working on, we would be hiring people who are impacted by those issues that we're trying to change. And so **the folks who are impacted by the change or who are impacted by the issues we're trying to solve through the mission, they're often the most economically challenged and often the most subject to the most systemic oppression, the system is not working on their side and they can't just volunteer. People need to be able to bring food to the table, right? So the money that is paid to nonprofit workers is also the support system, right? Is also the frame that allows them to do the work.**

[00:25:27]

RUSTY: Thank you. Thank you for that. And I think you've made an important connection between diversity, equity, and inclusion, belonging and investing in people financially and otherwise. And I think **that connects to one of our kind of principles of talent investing is that you can't advance, you know, racial equity or other forms of equity without investing in your staff, and you can't invest in your staff if you're not intentional about equity issues.** So I'm really glad you brought that dimension up.

So we've talked about employer philosophy, we've now talked about this compensation philosophy as a part of that and I thought it was interesting in your materials to read the idea that you find it problematic to use market rates and salary history to define compensation for new employees. So, I know in our next interview, when we have you back, we're going to talk more about what does equitable compensation work looks like and how do you get there tangibly? But for the moment, could you talk about why market rate and salary history are problematic and how people might think differently about that?

[00:26:49]

MALA: So, let me just talk really quickly about salary history, which I think is, the tide is shifting where a lot of state pay equity laws that are coming about are really removing employee, it's like equal pay for equal work, right where it's just because of what you made in your last job, doesn't mean that that's what you're worth. If you're doing the same work that somebody else is doing in the organization, you should be able to get the same pay. And taking that out of the equation, starts taking one piece of that inequity out of the system. One of the things that feels really cornerstone to me, I guess, is that **the market reflects kind of the accumulated inequities of historical discrimination.** So, when we look at the market to decide how to pay people we're going to see that women's labor, emotional labor, care work, dirty work, however you want to call it, the work that has been done by people of color and women and immigrants, is often

devalued in the market and other work such as financial investing or lawyers or attorneys, not in every organization but it's often, overvalued, right?

Like we did a recent inquiry within a group of HR and infrastructure folks and we asked them: if you could pay a particular profession more, what profession would you give more money to? And the biggest votes were towards teachers, caregivers, folks who are doing physical work for really low pay, domestic workers. So if we're mimicking what the market is, we're going to end up paying folks who are the care workers in the organization, the folks doing emotional labor in the organization, the trainers, the organizers. We're going to end up paying them lower wages and we're going to give management, not even program managers, is always usually the EDs, the fund development, the people who are not cost centers, but who are bringing in revenue. There's this language around who's bringing in the funds and revenue and they are worth more.

And I'm like, well the whole organization exists to do the work of the program books and bringing communities together, whatever the mission of the work is, that actually should be what's centered in compensation. So **we're really trying to move away, kind of reverse engineer all the ways in which the market has replicated inequity**. And we also, you know, if you think about management practices, the theory of Scientific Management (Federick Taylor) it has its roots in slavery. Productivity and making folks work harder to see how much cotton they can pick and make it a game and then set new standards for picking. Like **the cruelty that was practiced in slavery has become management best practices and we don't need to replicate that, when we're actually trying to do something different.**

The values that nonprofits are trying to center is not competition, is not profit, but more of collaboration and community and reducing the inequities in the world. So that's one thing. The other piece that the market does is, it actually feels much more like a transactional, right? It kind of reflects or mimics that idea you're doing a piece of work, and I'm going to give you money in exchange, rather than the compensation being actually a transformational exchange that the organizations are actually really grateful for people giving of their labor, of their strengths, of their talents. And really seeing it as a plus that people are committed to the organization and the mission of the organization.

[00:31:06]

RUSTY: Yeah. It's, you know we're not making widgets and we're not trying to sell widgets, we're trying to do meaningful, complex, relational, you know, social work, not capital "SW," but lowercase "sw." And so we shouldn't be acting like we're making widgets or acting like employees are there to produce as many widgets as they can.

[00:31:31]

MALA: And to think of them as replaceable because they are part of our communities, right? One of the things I tell organizations I'm working with is, you know, 80% to 90% of our organizations have budgets of less than a million dollars and employees, you know, you can burn them out, you can assign them all the work that you want and bring them out and then you have someone who will not be your ambassador or be your voice externally. You've just cut off a

relationship and you just created a transactional relationship, right? But if you think of employees as coming into your organization, they're coming in at some part of their career and they're going to leave your organization when they've gotten what they can from your organization. And then they are going to move, and maybe our goal is to actually keep them in the movement and invest in them because we're investing in the movement, we're investing in someone who's going to go to the next organization that's slightly bigger and that has a position that can give them more job opportunities, but they'll come back and be our leaders if we're actually investing in them. When they go to the next organization they'll be our voice and also be communicator and ambassador of the culture and the values that we're bringing, want to bring into society, and they'll be our donors, they'll be bringing people to our functions. So really thinking about it more holistically, and not just from an individual organizational perspective.

[00:33:04]

RUSTY: Right, not just a transactional: you're here, we're going to get what we can out of you and then spit you out. But rather, what can you get from us? What can we get from you together? And what can we build? And you know, where do you want to go next?

And so, coming toward the close of this conversation, you've already mentioned RoadMap and the terrific Wages of [Peace and] Justice study they did, and other resources that we will link to, but are there other places that folks who are listening can find out about employer philosophy and compensation philosophy?

[00:33:43]

MALA: That is a good question. There's actually not a whole bunch on employer philosophy so I'm trying to build up some resources around that. There's some stuff that is based in for-profit stuff, but there still some stuff that we can borrow, but I think we need to develop some more. I'm trying to create some as part of our framework.

RUSTY: That's great.

MALA: One of the ones that I wanted to share was from the Washington Nonprofit [Institute]. I actually helped their staff create Workers In Nonprofit, it's called WIN, it's a short name and it has an example of an employer philosophy and it also goes through the employee or worker life cycle thinking about how can organizations really make the soil healthy to bring in workers and we wanted to make sure it was workers, not just employees, to think about all the different people who are contributing their labor. So volunteers, interns, work study students, contractors as well as employees.

There's a couple of other resources, some of them are kind of for-profit pieces, but I think they can be informative, one is the Netflix Culture Guide that had been for a long time the standard, but now Netflix has kind of gone back on that which is not the best in the world, but it does give some ideas for folks to think about how to align culture and the employer -employee philosophy, like how to articulate that.

There's one by [Pay Scale](#). It's called [What's Your Employer's Philosophy: Work to Live or Live to Work?](#) There's one that SHRM does, that's the Society of HR Management, Human Resources Management, it's called [Consider Work Redesigned to Close Talent Gaps](#). And I think it has a lot of useful information to think about how you want to redesign work in general and that that would be part of redesigning the employer-employee contract. [There is Classy.org: Why Defining Your Nonprofits Culture will be the Most Important Thing you do this Year](#). And HBR, the Harvard Business Review, there's one that's called [Build a Culture that Aligns with People's Values](#).

[00:36:04]

RUSTY: Terrific. Well we will link to that and as you say, some of it is specific to Washington State and laws and things like that, but I think it gives people an example of what they could do in their state, if they're a non-profit association at the city or state level, they could be producing similar resources and guidance for their members. And folks can adapt what's in there for their local use from a philosophical point of view. So beyond that, how can people reach Vega Mala Consulting online and any other resources you want to share or talk about? Things that you guys have coming up?

[00:36:49]

MALA: You can go to [vegamala.com](#) or reach us sending an email to info@vegamala.com. One of the things that we're really excited about that's coming up this fall is our [Equitable Compensation Seminar Series](#), and it's a four-part seminar series that is really geared to help. The first one is like a foundation seminar that's helped frame how compensation works in organization and how to think about it differently. It's great for leaders who want to get more grounded on how to shift compensation practices. The second seminar is the footing seminar, it's really helping folks who are the implementers and change makers in the organization to kind of go through the project arc and customize the project arc for their organization. The third seminar is around framing for changemakers and consultants who are facilitating those hard conversations around money, because we just are not practiced in talking about money, it's not part of our culture, right? [My colleague Richael Faithful and I are writing an article around the socio-psychological barriers that we have around talking about money and changing money practices](#) that are more aligned with our values, but there's a huge amount of resistance and things that we didn't know we were feeling. Last seminar is for consultants who want to get certified, because we really need to build more practitioners who are helping organizations shift their practices.

[00:38:27]

RUSTY: Great. So the website is [vegamala.com](#) that's V E G A M A L A.com and if you scroll down a bit on the home page there's a link to the seminar series that Mala was just talking about: [Put Your Money Where Your Values Are](#) and says: Learn more here. And if you click on that, that gets you to the information about that seminar series, which is about equitable compensation in practice. So, folks, take a look at [vegamala.com](#).

And Mala, I really appreciate you coming on and making time to share the thinking that you and your colleagues at Roadmap and elsewhere have been developing for the nonprofit and social justice community around having a healthy employer philosophy and an intentional compensation philosophy. Thank you for joining us on the Fund The People podcast.

[00:39:29]

MALA: Thank you Rusty. This is great to hang out with you.

RUSTY: Totally, yes. I always enjoy our conversations and I'm looking forward to the next one.

MALA: Me too.

[00:39:41]

RUSTY: Everybody, next week is Thanksgiving, the holiday is certainly problematic in its origins and it's myth-making and I still enjoy the fact nevertheless that we have a national holiday that is about being thankful and being grateful and I'm thankful to you and everyone in the nonprofit workforce and everyone listening for your public service and for your social justice work. I'm grateful for your engagement with this show and with the issues we address here and I hope you're taking resources we share and using them in your organization, I would be certainly grateful for that. I'm really grateful for the opportunity to be part of producing this podcast and doing the work of Fund The People alongside Erin and Johnny and Carla and Juan and Melissa and all the other people involved on the back end. We'll be back December 7, 2022 with an episode featuring a new report on nonprofit retirement savings as both a practical matter and as an equity and justice issue in our sector. I'll be joined by the passionate and knowledgeable author Chitra Aiyar from a group called Just Futures. Trust me, this is going to be a good one so I look forward to speaking with you then.

OUTRO:

Thanks for listening to the Fund The People podcast where we help you cook up nutritious and delicious alternatives to the nonprofit starvation cycle by investing in the nonprofit workforce. On behalf of myself, Rusty Stahl, our gracious guests and everyone who makes the show possible we hope you enjoyed the episode. You can find links to the resources that were mentioned, guest bios, show notes, and the audio for this episode by visiting fundthepeople.org and clicking on Podcast. Thank you for driving change in our communities, our country and the world. Remember to keep your tank full, take care of yourself and take care of one another.