INTRO: [00:00:04]
You're listening to the Fund the People podcast. I'm your host, Rusty Stahl. Each episode, we serve up nutritious, delicious alternatives to the nonprofit starvation cycle. We're the only show focused 100% on investing in America's nonprofit workforce. So whether you work in social justice, social service or something else, we've got something for you. The guests and ideas you'll get access to here will help you to drive equity, effectiveness and endurance, in the social sector. So let's get cooking.

RUSTY: [00:00:42]
Hey everybody! Welcome to the Fund The People podcast. Today on the show we're exploring six practices of embedding equity in non-profit compensation. To explore this crucial topic the brilliant consultant and thought leader Mala Nagarajan, of Vega Mala Consulting, returns to the show. Mala previously joined us to discuss compensation philosophy for nonprofits on Season 3 Episode 9. Mala is a nonprofit strategist and social entrepreneur with more than 20 years experience spanning the public nonprofit and for profit sectors. Her consulting focuses on human resources and technology management, and how those systems integrate with other organizational functions like programs, communications, financial and resource development. She's the creator of the compensation scale equity process and calculator which we will discuss today. In this episode, we move from talking about the philosophy of being an employer to the practice of being an equitable employer. Mala really pushes my thinking quite a bit so be prepared to be challenged in your thinking. Here's my conversation with Mala. Please enjoy.

So, welcome Mala back to the Fund The People podcast. I'm so glad you've returned to share more of your wonderful work with us here.

MALA: [00:02:17]

Thank you, Rusty. I'm so excited to talk to you and your audience.

RUSTY: [00:02:23]
Fantastic. Well, listen. You know, last time you were here, we talked about what an employer philosophy is all about and how to have a kind of progressive nonprofit employer philosophy and that was during our third season which was really about the principles of talent investing. So it was sort of a philosophical anchoring and this season, season 4, we're diving into our eight practices of talent investing. So I wanted to have you back to talk kind of more nuts and bolts about how can you take that high-level employer philosophy and translate it into practice, in terms of compensation, in terms of how we treat our employees in nonprofits, and how we pay people. So, I really appreciate you coming back to help us drill down to those kinds of nuts and bolts level information. And I've been fascinated by what you at Vega Mala Consulting have been doing and wanted to invite you to introduce at a high level what the compensation scale equity process and calculator is and what was the motivation behind developing it?

MALA: [00:03:44]
Thanks Rusty. When I first started doing compensation work, I was working with some grassroots worker centers and found that when I did the typical compensation process, looking at market rates, getting benchmarks, I found that the folks on the front lines were still getting the least amount of compensation. It seemed reverse than what it should be and it kept bothering me and kept saying this, this has got to be different. And so I did some research, I did some research on different compensation models and I started kind of conceptualizing what could bring a social justice frame to compensation structures and compensation systems. We had some amazing organizations that were willing to be on the front line with us to test some theories out and with each organization we've been able to build on the framework and it's been super satisfying to be able to share this work with a lot of organizations and other consultants.

RUSTY: [00:05:02]
That's fabulous. So it's both a process and a tool or set of tools that you've combined. So can you just give us a sense of sort of generically what that process might look like and what some of the tools are about.

MALA: [00:05:20]
Yeah, we're starting now with a much more in-depth assessment process. So we're interviewing employees, looking at documents that the organization has, interviewing, working with the organization to really take the organization through an organizational change process. Part of the reason why we've changed to this, instead of like an HR intervention, is we're finding that it is a really big shift for people to go from kind of what pay has been to a more embodied social justice values aligned embodied structure and it takes people some time to get there, and those conversations we’re having are really helping to build the knowledge base of employees to get there.

RUSTY: [00:06:15]

Thanks for sharing like what this process is and this set of tools you're offering. I wondered if you could talk about some of the principles that underlie the kind of compensation philosophy you're helping folks to develop.

MALA: [00:06:32]
Yeah, this really builds off the conversation we had before, where we're really encouraging organizations to start with that progressive employer philosophy and really articulate, and kind of the explicit values aligned progressive employer-employee relationship, values aligned employment contract to really envision that, and have that feed into everything including the compensation philosophy, compensation structure. Another principle in this process is really discerning risk. So a progressive compensation philosophy doesn't treat all the risks the same. The risk of misclassifying an employee as a contractor is probably more risky than, let's say, providing compensation and benefits for people who are the heads of household or whose income supports a broader network of people. People will equate those as kind of both being not okay to practice in an organization but one has a lot more risk than the other. The other one is in one of those gray areas, the head of households and providing more income to someone whose income is distributed more widely is probably one of those gray areas, but not a prohibited factor in compensation.

Another principle we're seeing is it's really opening pathways to challenging conversations. So this process and tool are helping to support organizations in having really tough conversations about money, wealth, access to resources, public services that they had when they were growing up and what they don't have now or do have now. So, really recognizing that people are coming from quite different places to the same mission and work that they're in the organization. We're really trying to encourage people to think about recognizing both work centered and people-centered workplaces. They're both necessary for a healthy workplace. And when we have that, we have a place where people have a sense of belonging, people are working constructively towards the mission. And when we have conversations about how our childhood experiences around money, wealth, access to resources, when we have those conversations, we're actually starting to get to know each other better and understand the motivations and influences that we had that come into how we see pay in the organization and what we're looking for from pay.

Another principle is to uplift and spotlight and value, like literally value undervalued and unseen labor and experience, especially the ones that the marketplace doesn't value or recognize. And typically This falls into women's work or dirty work, relational labor, emotional labor, things that we don't necessarily see valued higher in the marketplace. So we really encourage, that's another principle of this process, is to unearth those and uplift those undervalued labor components.

And then the last principle I would say is to really interrogate compensation defaults and assumptions. So our missions are really not accomplished by one leader or one superstar, but our compensation is often structured that way, right? Where the superstars get the bonuses and extra, you know, their salaries go up when everybody's actually really contributing to the work, right? Our work is really interdependent and our compensation should reflect that.

RUSTY: [00:10:46]
Fantastic. Thank you. Those are so, so helpful and I think it really makes sense with the practices that you're helping people to utilize in some really powerful stuff there. I think the issue of charismatic leaders and treating some of those more visible leaders who are like, you know, getting press coverage, or funder darlings and all of those things and thinking about how that relates to compensation, it’s such a problem, such a thorny problem in our field. So a lot to think about there. During our prep call you shared these six ways that your process and calculator are helping nonprofits to delink privilege or on the other side of that coin to delink marginalization from salaries and to reconstruct compensation in this way that is more equitable. And so I thought we could just walk through those six practices and you could tell us about each one. So the first one that you mentioned is to construct salaries with multiple components. So what does that mean, what does that look like?

MALA: [00:12:11]
Yeah, right now, the way that we're looking at benchmarks from the market, we get a range of, you know, $60,000 - $80,000, $40,000 - $50,000. We don't know what that salary is made up of. We don't know why it is what it is. We don't know why the salaries are $120,000 - $150,000. There are a lot of assumptions that just go into why the salaries are constructed the way they are. So, like you said, what we're trying to do is say, okay, let's say we step back and have everybody start at the same salary, so we have one component that is same salary, another component that is differentiated salary. If everybody is starting at the same place, now let's look at what people are holding for the organization, what's their responsibilities that they're holding and then add money for that.

RUSTY: [00:13:08]
Great. So, it's not based on the hierarchy or this kind of randomness of comparing to other organizations that are similar but rather setting the table and then kind of building out the building blocks of what the positions are doing, right?

MALA: [00:13:39]
Exactly, some of those are typical factors that go into salaries but that by pulling them out and making them separate, you can actually decide to value them at different weights than the market does. So you can value leadership still, you can value supervision, but they're separated, so that you've recognized leaderful organizations and leadership at different levels of the organization regardless of the title. And supervision is another aspect, but they're separated so that you can really actually put money specific to what that position is holding. You can also put labor, something like emotional labor or lived experience in the communities that the organization is serving or impacting or trying to impact and use those factors also and have them specifically named. So people can see that reflected in the salary structure. It’s super powerful.

RUSTY:
All right. So, the second practice that you mentioned is to no longer negotiate at the beginning of employment around salary. So, why? And what do we do instead of negotiating?

MALA:
Yeah, so negotiation we know has resulted in a lot of inequities in salaries. Different people have negotiating experience or not negotiating experience and I think the practice of negotiation tends to support people who already have privilege. And it only benefits one person negotiating, it doesn't have a collective benefit in any way. And the way that we're separating out negotiation from, or taking negotiation out, we're saying everybody's holding a position, that position has certain responsibilities regardless of how much experience you're coming in with or how much education you have and then in the factoring, we can include education and experience or years at the organization. We can include those kinds of factors but it's equidistant so that it's measured and similar to, I think, the way the unions do it. If you have X amount of years of experience, more than the required amount of experience, you would get X amount. This builds in a structure that a number of people can still get money, so it's not just one person negotiating for one person.

RUSTY: [00:16:22]
So the employers, whoever they are, the management team or HR or the supervisor who is setting the compensation would sort of determine based on the person's resume and what they know about them and based on the position: here are the components, here's what we know about you, here's what we know about what this job is and so wouldn't be based on kind of on the negotiation, but it still includes those elements of what the person's bringing to the table.

MALA: [00:16:57]
It can, yeah. Again, if an organization doesn't want to include that we don't have to include it but most organizations do. And so we've got some room for that to put some of the traditional factors, they get to weigh it the way that they want to. So, an example with years of experience: if one job has, let's say five years required experience and a candidate comes in with four additional years of experience beyond that, and another position requires three years of experience and someone comes in with four years beyond that, they get the same amount of money added to their salary because they're four years more than whatever the required amount is.

RUSTY: [00:17:44]
So one of the things about your process and your tool is that groups can customize it based on their culture and desire and so kind of mix in some of the traditional approaches with some of these new, newer or different approaches.

MALA: [00:18:00]
Yeah, exactly. And then because you can individually assign money amounts to each factor, you can decide which ones are going to have more weight in your system.

RUSTY: [00:18:13]
That's great. So it's very rational, it's based on facts not you know, personality or ability to convince in a negotiation, because we know some people are not going to negotiate on behalf of themselves and others will and some of the people who don't negotiate aggressively may deserve or bring more to the table and those who negotiate aggressively may not be bringing the same thing.

MALA: [00:18:41]
Exactly. I was one of those people that used to negotiate and you know, then you get into the organization and it's like, actually we're all doing the same work, you know, why did I negotiate for my salary to be different? You realize that there's inequity in that.

RUSTY: [00:18:59]
Let's move to the third practice which is to tie the highest salary to the lowest salary. So why and how do we tie the lowest and highest salaries to one another?

MALA: [00:19:11]
Yeah, I think this is also in recognition that the work we're doing is connected to each other and our capacity to do work is also in relation to each other. So for example, you know, you see a lot of startup or growing organizations expand their programming, but then they get to a point where the infrastructure is not built up enough and programming staff can't do what they need to do, because they don't have the support they need, right? And so really understanding that our work is tied together by creating a highest to lowest salary, we're really tapping how much differentiation there can be between the highest and the lowest paid person in the organization. For profits right now, I think in 2021, it was a 400 to 1 ratio, that's up from 1989 where it was 60 to 1. And in 2012, Roadmap Consulting in collaboration with the Data Center and the National Organizers Alliance, they did a wage and salary study across social justice organizations. They found that the average was somewhere around 2.5 across over 200 organizations. And so that's kind of been adopted as a best practice between not having more than a 2 to 1 or 3 to 1 ratio, and it really emphasizes that you can't keep adding to the top without bringing the bottom up. We find that if you're pegging your highest paid employee to the market, you're basically moving organizational resources from the lowest paid positions to the highest paid positions without considering how the lowest paid positions may not be earning living or thriving wage that they can survive on, which seems antithetical to what nonprofits are here to do.

RUSTY: [00:21:17]
Yeah absolutely. And the weird thing I think about when there's news coverage or debates about nonprofit compensation, because the form 990 only collects data on the highest paid people in organizations, there is no data about how the differentiation between lowest paid, highest-paid, what's the average or medium wage, we don't know any of that stuff. So we end up in these debates about the five people who are paid ridiculously well in nonprofits with no conversation about how we're treating the people who are at the bottom of the wage scale.

MALA: [00:21:59]

Exactly, exactly.

RUSTY: [00:22:03]
So I'm glad we have that report on the wages of peace and justice from Roadmap and their partners, but it's certainly something we could use more data about. So this practice is about just like, really being intentional about not just individuals salaries but the whole team and how it looks across the scales. Okay, let's move to our fourth practice, which is to consider all salaries as interdependent. So, very connected to that, and to consider leadership at every level.

MALA: [00:22:40]
Yeah. So, like I mentioned before, our work is really interdependent and we're trying to embody that in the scale that we support organizations and creating. If you think about it, we also have similar work, right? If you think about a staff meeting, all the staff members are going to the same meeting. Some of them have the same amount of participation or roles in the staff meeting and yet they're being paid different money to be there, right? So by having that same salary, the base salary, having that, kind of include those types of activities that we are all doing together or participating in organizational development activities, that those things can be equally valued across the organization in that kind of same salary bucket, right? And then I think about like program staff have an intersection with fundraising, fundraising could not do their work without the stories and the impact and the measures that the program staff are doing, the program staff couldn't do their work without the financials letting them know how much their program is costing and what the budget looks like. So that's one thing, in terms of the interdependence, we're really capturing in the fundraising factor it's not about the position in the department, it's the function of fundraising. And program staff have a score in that fund raising levels, and so do financial. So it's not about just who has a fundraising title, it's everyone gets scored on every single factor.

The other piece of what you were talking about with leadership. One thing that we have been doing and practicing is really separating out leadership from management and supervision. and having those as three separate factors. We talked about, in nonprofits, having a leader full organization and this allows us to capture leadership at every single level of the organization without tying it to how many people do you supervise, right? And then also people who are really great organizers and can put a project management project together and manage a project really well, but they're really not good supervisors. We don't want them to be supervisors, but we want them to get credit for the management and organizing that they're doing. So by really separating out those functions with discrete descriptions, decision-making, scope of responsibility, visioning, from project management the daily moving planning activities, from people development, it makes for a much more robust organizational system and everybody can again get scored for what they excel in. Not just, whether they supervise or not.

RUSTY: [00:25:48]
I love that, there's a lot of good stuff there. And, you know, one of the reasons at Fund The People we talked about, you know, investment in the nonprofit workforce and not in nonprofit leaders is because as soon as you start talking about leaders and leadership, too many people

in our sector think you're talking about executive directors or CEOs or people in the "C-suite". But to me, that's not what leaders and leadership is about. So I think disaggregating the skills and the functions of leading versus managing and what was the third one?

MALA: [00:26:25]
Supervision, people development.

RUSTY: [00:26:27]
So developing other people and supporting other people. This is fantastic. So when you say scoring you're talking about using this calculator tool to establish those components we started talking about at the beginning, right?

MALA: [00:26:42]
Exactly. Exactly. So each component is differentiated, the levels and that component are differentiated based on different things. So the supervision factor might be differentiated by the number of people you supervise, but management might be differentiated by the scope and complexity of the projects that you manage and the resources that you have to move and negotiate and the speed of and schedule of projects, right? And then the leadership factor will be differentiated by decision-making authority or scope of responsibility, the visioning aspect to what extent are you in the strategy piece versus management would capture the implementation piece. It really lets people be in their zones of excellence.

RUSTY: [00:27:39]
And so, I'm assuming this is with people who are already in jobs, when you're kind of re-determining annually or rebooting your salary structures from the beginning, right? This is not some kind of blank slate, it sounds like.

MALA: [00:27:57]
It's not. We use the job descriptions and the interviews which some of the interviews include like a job analysis piece about what responsibilities the person is holding in their position or that the position is meant to hold or doing that assessment as well as looking at the current structure of the salaries. And when we compare the current salaries with market salaries and then also with what we're calling the AOR (areas of responsibility) calculation, and we can often see a real big difference between what the current salary structure is, what the market structure is, and what the area of responsibility structure is. And often will find that some people are performing at a level much higher than they're currently titled or that folks are performing much at a lower level than you would think based on their title. And what's great is we're able to analyze that a little bit more and we can say, well is it because the person is performing not all the responsibilities that are on that position's plate, or is it because of the position is overloaded with too many responsibilities, or is it because the supervisor's actually not delegating appropriately, so they're not delegating the work. And so then we can look at the management practices and the workload practices and dig into that a little bit deeper.

RUSTY: [00:29:31]

That's great. And that's a great transition to the fifth practice, which is to acknowledge that everyone has different capacities. So, you want to talk about, you want to keep going on that and what should employers do with that fact?

MALA: [00:29:47]
Yeah, I want to redesign our job descriptions. I've seen some folks talk about this and I also advocate for us thinking about jobs differently, first thinking about them as what is the essential function and role that this position is playing in the organizational structure and then don't fill up all the, every little task or activity that this person would be responsible for, the person that you hire would be responsible for. Wait till you actually hire them and then based on their strengths, look at what are the things that the organization needs and help shape their job a little bit more based on what they're bringing.

There's another factor around this kind of different capacities piece. This is why we differentiate performance or separate performance from pay. An example, like you might have a great organizer but they're reading speed might be, let's say 100 words a minute. If they get 100 emails each with 100 words, then they're going to take 1 hour 40 minutes to finish reading their emails and we're not even talking about responding, right? So typing speed and processing speed, while someone else who reads, you know, at 300 words a minute is going to be able to go through their emails much faster, right? And we're actually not even taking that into consideration when we're talking about workload again. And so people are responding to emails when they get home, right? It's not equally weighted and we're not targeting our development to support people in some of those skills that maybe they didn't learn in their school system or excel in.

RUSTY: [00:31:35]
Hmm, I'm glad you're bringing up workload too, because it does seem like that's the counter to individual competencies or capacities is how much, you know, what we're asking people to do, and how much and is it reasonable? Is it reasonable given who they are and what they can do or what they want to do, or where they're at in their learning curve.

MALA: [00:32:01]
Exactly. Exactly. Because, you know, it takes some time for people to get used to what the culture of the organization is, to kind of ramp up and speed up in how they're doing their own work and the learning process usually takes longer than just the doing. If you kind of learned the basics and you're just coasting on doing versus if you're teaching or coaching other people, like all that takes different time amounts and we really need to think about how much we're loading positions up with different responsibilities.

I also think about, with the nonprofit sector we’re often wearing four or five hats, four or five roles at the same time. And when we create a job description, we're just creating it based on who was filling that position last, and they may be at their higher level of their curve in terms of learning and producing, so they’re, you know, a superstar at this point and then you're asking someone new who's in that learning phase to kind of be at the same production level and that it's replicating a lot of the capitalist practices, management practices of extracting as much labor as we can from people. And so, I do think that people need to, organizations need to think about job descriptions and job design differently.

The other thing that I'm also advocating for is that we put some percentage of the job description as collaboration and innovation, staff development, team development and organizational development, administrative and management activities, planning activities. And then rest, we always forget that. Like if you have two days rest, two days off every month, you know, a vacation day and a sick day, that's one-tenth of your job. You know, if you had 20 days in a month, work days in a month. So, we really need to actually build that into the job description and the workload.

RUSTY: [00:34:09]
Wow. Yeah, and that's very powerful, the idea of building rest into a job description, but also learning and collaborating and contributing beyond the specific role or, you know, area of focus. That you're also part of a team, you're part of an organization, so you're contributing in lots of different ways. I think the picture you're painting for me is one of a dynamic workforce where people are growing, people are changing. It's not, you know, it's not like we're doing the same thing every minute of the day or across years and so it's interesting to think about that. It also made me think about, you know, we're having this whole conversation this season about the overhead myth and, you know, the idea that people are doing dynamic work, they're wearing multiple hats, and so the idea of asking nonprofit people to say, are you administrative, are you fundraising or are you program or, you know, what 10 minutes of which are you doing, or which job is yours, it's so outlandish to think that that's something you could segment out among people or even within somebody's job.

MALA: [00:35:32]
That is so true. That is so true. It's like again the compartmentalization versus the integration of how our work is.

RUSTY: [00:35:43]
Yeah. Like when you're saying program people have a big part of fundraising and fundraising people need to work with program people and you know, we're all supporting each other and we're all contributing to these different functions. All right. So let's see, we're almost through our list here. So we talked about the fifth practice, which is everyone has different capacities. The sixth practice is to separate pay from performance. You already mentioned that a little bit earlier to set us up for this one. So now this seems, to me at least on first blush, counterintuitive. Why would we separate pay from performance and how do you think that, how do we then incentivize and reward performance in that context is my question.

MALA: [00:36:35]
That's a great question. And I think this also comes up against some of the traditional ways that we've been trained in the workforce. I've mentioned some of the capacity issues and things like that already but typically performance is rewarded with a pay hike, so people increase their pay

because they performed really well last year. Well, performance is recognizing your past performance, not your future performance. Yet, when we add money to the salary, we're actually rewarding forward rather than backwards. And if you think about how dominant culture and mainstream culture versus cultures that are marginalized in the margins, I think about two people in the workforce, one who is very aligned with the dominant culture and the first year they come, they're able to excel really well and they get that pay hike. And then employee number 2, might take like three years to actually get familiar with the culture because they're not part of the dominant culture and it might take them a while to figure out what the rules are, or to find the right buddy systems or right mentors, and then maybe they excel in their fourth year. We're rewarding the person who excelled the first year as if they're excelling every year. We want to reward performance but let's reward it as an annual thing, a bonus, if we're going to do that.

I also think that people who are in the nonprofit sector, there's something about the mission that is a drive that is bigger than money as a motivator. If someone's not getting enough money to have a thriving wage then they are going to seek money, but if we're paying everybody at a thriving wage as minimum, then we may be looking at, you know, the motivation comes from the work and the opportunities, right? That's not always the case, but that is more the case in a non-profit culture and sector than it is in the for profit sector. I want to emphasize that when someone's performed really well, pay them with a bonus because you're reflecting the last year that they've worked and how well they've performed. But if their position hasn't changed, then don't reward the same work at a different rate.

RUSTY: [00:39:17]
Okay, so there's still an opportunity to reward and incentivize performance but it's not like a permanent change in the compensation of the position. So, can you give us a story or an example of one of your clients or another organization that has worked to put some of these practices into play?

MALA: [00:39:44]
Yeah, one organization is an organization that works with survivors of sexual violence and sex trafficking and when they approached me, one of the biggest tensions they were having in their organization was their program staff were making 20,000 less than their fundraising staff at the director level. And in shifting the structure of the compensation system, we were able to recognize the program staff at a higher level and even the advocates, their new salary would have been about 20,000 more than they were getting at the time. Now, the organization has a lot of government grants so they couldn't necessarily change the pay immediately, but they did work with the government grantor and they were able to raise the program staff wage to the like the 90th percentile of the market, which if you think about it, as long as we're paying the median of the market for lower paid staff, it's always going to stay low. But if we're paying at the 90th percentile for the lower wage positions in the market, we're actually lifting the actual median, right? We're actually lifting the market by giving more money to the folks who are on the front line.

RUSTY: [00:41:18]

Yeah, I think that that raises the question for me, when you talked about negotiating with the government funders is that, you know, a lot of nonprofit executives I think might say it's okay if we're going to pay everyone a new base rate and then, you know, build out these building blocks and create a more robust and viable wage structure for people, how are we going to pay for those because obviously our annual and monthly commitments are going to go up. And so how do we budget for that? How do we raise the funding for that? I think that that becomes the question.

MALA: [00:42:02]
Yeah, right, which comes back to what you've been talking about is we need to fund the people, right?

RUSTY: [00:42:06]
Yes, exactly. We have to follow the money and the funders have to make those resources available and understand why it's so important to pay people well.

MALA: [00:42:17]
Yeah, there's some great work that's being done by King County and New York City where the health and human service organizations are coming together and having a market study done or research done about how much less the social service workers are getting than the non service workers from government grants. And so I think they're going to be able to help hopefully start shifting that so that there's more money for social services, right?

RUSTY: [00:42:49]
Yeah, absolutely. And we had on Michelle Jackson from the Human Services Council in New York talking about the Just Pay campaign a number of months back. And it's a very impressive campaign to ensure cost-of-living adjustments and workforce investments in the nonprofit human services sector from government at the state and city level. So I think that's a good point. It is the complement to this. So some of these practices are pretty big shifts for organizations. As you've said, there's sort of the traditional way of doing things and then there's these six practices and other things that even push harder on the edges of sort of decolonizing and constructing a more equitable compensation structure. So, for leaders who are interested in adopting some of these practices, how can they address resistance to some of these major changes? Have you seen efforts like that within organizations or what are your thoughts on that?

MALA: [00:44:05]
Yeah, we've actually created a conditions for readiness checklist so that leaders can look at the philosophical conditions, the logistical conditions and the socio-psychological conditions that are really useful. Not all of the conditions have to be met but they really help think about where is your organization with respect to talking about money, talking about grief and about looking at the structure of, do you have enough funds available to make a structural shift at this time. So there's some document that we've created and some other resources and tools to help leaders do that assessment or finding that the organizational change process, again versus the HR

intervention process, is also helping the whole organization move together and for the projects to meet them where they are, where the organization is and really support that shift in assumptions around the workplace and pay. We need to be able to talk about trust and we need to be able to talk about money and wealth and access to resources.

RUSTY: [00:45:26]
So goes back to those principles you were talking about at the beginning about having those difficult conversations and being able to go there.

MALA: [00:45:37]
Yeah, one of the organizations we're working with saw that through the assessment process that some of their staff were having a hard time making ends meet every month. They're a food organization, they're serving people who are poor and it just put a fire under them and they found some resources to help the folks who are at the bottom of the scale, increase their pay so that they didn't feel like they were just over the water every month.

RUSTY: [00:46:11]
So for those interested in working with you all at Vega Mala Consulting and using this compensation scale equity process and calculator. How should they get in touch with you? And what are some of the first steps that might happen?

MALA: [00:46:29]
They can contact us by writing info@vegamala.com or going to our website www.vegamala.com and contact us through the contact form. We have an intake process for organizations that are interested in the compensation projects. And then through the seminar series in the fall and this spring we're training up other consultants to be able to do this work. So, our capacity is increasing with the number of consultants that have been trained up and certified to do this work. So based on the intake process and where the organization is we can form consultant teams of two to three people depending on the project to help support them and through the project cycle.

RUSTY:
And I assume for consultants who are interested in getting trained up through your seminars, they can find that info on the website as well.

MALA:
Yes, the next one will probably be in 2024, in the spring. We're going to make some adjustments to make it more asynchronous and use a learning management system so people can learn some of the key concepts and practices through that and some of the materials that we're developing with the support of the Borealis Philanthropy Reach Grant, one of my colleagues Richael Faithful and I, got the Reach Grant and we're working on discussion guides and more tools for the toolkit so folks can access that once they're in the learning management system.

RUSTY: [00:48:20]

Fantastic. I have a question: if there are groups that don't feel like they have the capacity or money right now to work with a consultant, are there some things they might start doing, on a real practical level, to start addressing these issues or learning or, you know, putting some of these practices in place.

MALA: [00:48:45]
Yeah, there's two practices that I think every organization could do immediately and one is look at what a thriving wage is in the geographic areas that you're at and help bring your total compensation package to meet that thriving wage. We have a blog post on how to quantify a thriving wage based on some budgeting, like a 50-30-20 rule, where 50% goes to your necessities, 30% goes to discretionary funds and 20% to savings and retirement. Using that calculation you can back into the thriving wage, using the MIT living wage calculator because they show you what you need for the necessities after taxes in their tool.

The second thing I would say that people can do right away is start looking at their compensation system and look for any barriers to entry. So, for example, matching, doing retirement matches. While that does incentivize people to contribute, folks who are below that driving wage don't have money to contribute. And so then your matches only help the folks who are at the higher end of your pay scale. So we really encourage folks to encourage organizations to do a straight-up employer contribution for their employees and then find other ways of doing motivational rewards to support people in contributing.

And then, the last thing is look at anything that's percentage based in your system, because if you do percentage based on salary, you're most likely going to be, again, favoring the higher paid salaries, folks with higher, paid salaries. And look at, you know, your cost of living adjustment, your retirement contribution, if you do a performance percentage. All of those really have a really heavy impact on widening the wealth gap. And so we're really trying to encourage folks to take those percentage based items out and look at flat contributions. Another blog post that we have that spells that out is called Top Tips for Reducing the Wealth Gap.

RUSTY: [00:51:26]
Fantastic. Thank you for those three tips for folks who aren't ready to work with a consultant or don't have the resources to do so, but they can start doing those things on their own and thanks for the pointers too to the blog that you all have at wegamala.com. And Mala, thank you so much for your time and expertise. This is really interesting and helpful and mind-altering and such an important conversation. And thanks for all you're doing for the field, and thanks for being here today.

MALA: [00:52:01]
Thank you, Rusty. I've been enjoying your podcasts and really, really enjoying all the work that you're doing in helping folks understand how they can fund people differently and invest more in people in the sector. Thank you.

RUSTY: [00:52:17]

Thank you! All right, take care.

NEXT EPISODE TEASER: Thank you, Mala and Vega Mala Consulting for sharing your work on embedding equity in non-profit compensation. Listeners, if you've got feedback on this episode or ideas for future episodes, please give me an email rusty@fundthepeople.org. I look forward to hearing from you.

Next time on the show, we're featuring some new foundation sponsored research done by our friends at Causewave Community Partners about the health of the nonprofit workforce in Western New York State. This research dramatically illustrates and echoes the crises in recruitment compensation burnout and retention in the sector across the U.S. and Causewave offers us some important recommendations and ideas for change. That's coming up next Wednesday, April 26, 2023. I'll talk to you then.

OUTRO: [00:44:09]
Thanks for listening to Fund the People Podcast! Visit fundthepeople.org and click on “Podcast” to find a transcript for this-and other-episodes, all the links discussed in the episode, and more about our guest. If you enjoyed the episode, we’d really appreciate a 5-star rating and a quick review if possible on Apple Podcasts - it helps more people to find the show. Thank you for driving change in our communities. Remember to keep your tank full, take care of yourself, and take care of one another.