



A PODCAST WITH RUSTY STAHL | S7 EP5

Investing in Fair Pay: Unlocking the Value, Process, and Costs for Nonprofit Workers

WITH

Sally Loftis
Loftis Partners



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INTRO

Welcome to the Fund The People podcast. I'm your host, Rusty Stahl. I'm president and CEO of Fund The People where our mission is to maximize investment in America's nonprofit workforce. We give funders and nonprofits cutting edge ideas, research and tools to help drive equity effectiveness and endurance in the social sector. So let's start the show.

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RUSTY

Welcome everybody to the Fund The People podcast. Today is a very exciting episode for you. We have Sally Loftis with us. Sally is Managing Director of Loftis Partners. She's a consultant specializing in human resources, organizational improvement and social change. And she's made significant contributions in the realm of H.R. and specifically in pay equity and workplace trust. We were grateful to have Loftis Partners as the first sponsor of the Fund The People podcast in season six, and I'm glad to have Sally with us now for the first time to talk about her work today. So welcome to the show, Sally.

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SALLY

Thank you, Rusty. I'm excited to be here.

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RUSTY

It's fantastic to have you and thanks for your support of the show last season, that was awesome and I've been wanting to get you on here to talk about your work. The reason the sponsorship was so great was that, you know, we're so aligned in terms of what you do and

what Fund The People does. And so, it's always good to get people on who are really helping with the nuts and bolts of what it means for nonprofits to invest in their staff and support their staff well. So, really, just appreciate your work, appreciate you being here and particularly since you've been in the midst of a hurricane and the recovery from the hurricane there in western North Carolina.

So, we hope this episode will be useful to folks for years to come and that it's evergreen. But this is very much the reality today. So I wanted to start by just seeing how you're doing and how it's going, and maybe you could share a little bit about your experience there with your clients and with the networks you're part of, and with the organization you've been involved with in particular during this experience.

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SALLY

Thank you, Rusty. And how are you doing, that's such a big question, right? We're about a month or so after Hurricane Helene to date us a little bit. I live in western North Carolina in one of the counties that was most impacted, about an hour north of Asheville. So if people, you know, know where those areas are. And I will say it's been one of the hardest months of my life, which is funny to me, it's weird to hear me say that because I'm like, wow, there's some really hard things. But I think it's been the continual, the needs of the community being so present and so much neighbor to neighbor helping that I've seen a lot. And I keep thinking I feel like I've seen the worst of devastation, but also the best of humanity.

In my consulting practice, I don't usually do interim executive director work, but I did with this particular organization that's about 10 minutes away from my house back at the end of August, and it's the local food pantry. So I became the interim executive director in September before the hurricane hit. And since then, thankful to my clients, I was able to kind of pause my consulting practice for a month or so, or kind of push some things out, so I could be all in with that food pantry for the last month, where we've been distributing food throughout our county and in a county that again, greatly impacted from a food perspective: about 30% of our grocery stores were taken out and will not be coming back for a few months. So, we now live in an even greater food desert. So, yeah, there's been a lot of on the ground, in the community activity, that I've been in and I'm still in right now.

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RUSTY

Man, talk about nonprofit folks being first responders and the social safety net for our communities. Well, thank you for what you're doing and thank you for making time to be here. I know you've been doing videos kind of reporting out from what's going on, a little brief videos, I think on Instagram, if people are interested in the food bank and your reports, where should people find that info?

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SALLY

Yeah, the food bank I'm working with is Feeding Avery Families and you can follow me on Instagram at Loftis Partners. And I'm trying to do a video every day, every other day, to kind of share what's going on, what's happening on the ground, answering questions. I get, you know, probably 30% of my job is answering questions about what's happening up here. So I'm happy to kind of share with you what my experience has been. And, yeah, just trying to keep western North Carolina at the front of people's minds.

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RUSTY

And, you know, we're going to talk today about pay equity and we'll go into what it means and what your consulting is all about. But what have you seen with nonprofit workers in terms of response to the hurricane? And also, how have people and organizations been dealing with the double trauma of being victims of the hurricane and working in organizations that have been probably victims of the hurricane and then also helping the community through their work? What can you tell us?

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SALLY

Yeah, I want to shout out all the nonprofits in this area. They have been absolutely incredible, they have been on the front lines, they were day one, you know, basically out there trying to help people, trying to organize. What people may not realize in these natural disasters is so much of your job becomes organizing and partnerships. And so, you're trying to kind of get people where they need to be, supplies where they need to be, services... But then you're also, I've gotten phone calls from all over the world, literally, of people wanting to donate supplies, money, things like that. And so you're also fielding all these outside calls while you're kind of living in an apocalypse environment, minus the zombies.

I've been deeply honored and humbled by the work that nonprofits have done, and I work on a regular basis, kind of organizing regionally some of the nonprofits up here, and I just did a survey of the nonprofits I know, last week just of checking in, it was literally like: give me your name, email, organization, are all your employees safe and accounted for? And how many of your employees were displaced from a housing perspective? And thankfully, everybody was 100% safe and accounted for. But about 56% of the nonprofits had at least one employee who lost their house or needed temporary housing, and really, on average, it was more like three people on staff.

So thinking about number one, like, you were talking about, your own personal level, you know, a lot of people maybe didn't lose their house, they lost their car because trees fell on it. They didn't have access to power or water for weeks. Kids are still out of school here, in our county alone, like our kids will have probably been out six weeks before they go back, which is huge, right? Because then you have a child care perspective. About 30% of our child care centers in this county were taken out in the storm. I mean, it's just like what I keep calling downstream chain reactions of just one person losing something, can create a lot of instability in their life.

And then you're looking at nonprofits who are dealing with the instability in people's lives. And I know at least at the food pantry, we've been operating about four times our capacity because the need has been so great. Because you're just like, you know, I mean, it's right there, you're seeing it and you're helping people and it's really hard to go to sleep at night and know that there might be somebody out there who doesn't have food. So shout out to the nonprofits doing this work because especially the people who've lost things, I mean, there are just so many levels of difficulty right now.

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RUSTY

That's crazy. Yeah, the ripple effects are insane. And so what's the website for the foodbank?

00:08:30:09

SALLY

Yeah, it's feedingaveryfamilies.org.

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RUSTY

Okay, feedingaveryfamilies.org, thanks.

00:08:36:04

SALLY

Yeah. And there are a lot of great organizations, I will say. Of course I will tune the horn of Feeding Avery Families, but there's been a lot of great amazing organizations doing work up here.

00:08:44:16

RUSTY

Well, thank you for sharing that and thanks for the work you're doing now on the recovery and wishing you and everybody the best going forward. And I hope folks who are listening will follow Loftis Partners on Instagram, so it's [@loftispartners](https://www.instagram.com/loftispartners) on Instagram to check out Sally's updates and, you know, share your questions and thoughts, and then check out Feeding Avery families as well if you want to donate or just learn more about the organization.

Stepping back, we're going to spend the rest of the time here taking off your interim director hat and putting back on your Loftis Partners hat. And I was interested to hear your thoughts on what pay equity means for you and your practice and the groups you work with. Do you have a definition or just a way of thinking about that?

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SALLY

Yeah, there are a lot of different approaches people take with pay equity. There's kind of the strict approach, pay equity versus pay parity, which is, you know, comparing positions, if there's equal pay in there, if there's equal pay across the organization, of course there's equal pay in

there. So here's how I define pay equity. It's really a movement that centers employees in their systemic needs (which we can talk about that) within a pay framework that supports equity and sustainability. So that's my definition of it, which we can tease out.

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RUSTY

Cool. Okay, can you just say the definition again?

00:10:16:15

SALLY

Yeah. Pay equity is a movement that centers employees in their systemic needs within a pay framework that supports equity and sustainability.

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RUSTY

Great. Thank you. And when you were saying before, there's sort of different definitions, it was interesting to hear that too, of when people talk about like parity, are they talking about within an organization or across the like "comparable marketplace" of how people are paid in like positions elsewhere.

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SALLY

Typically pay parity is like, if there's the same position and typically it's around gender, whether people across genders have the same access and pathway, right? Then pay equity is typically within an organizational context of, you know, if you have the same, let's say position across four different departments, are the pathways similar to doing that. And I use the pathway piece because pay structures are really an umbrella, right? There's a lot that's baked into that. And so people need to be able to find their pathways within that crowded space to increase their pay and grow within an organization.

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RUSTY

Right, it's not just the salary you're hired for, it's where you can go, how do you get an increase or can you get increases?

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SALLY

Yeah, because in the past it was a pretty singular, you know, pathway of like you went up the ladder, right? And there were certain development opportunities for you, certain promotions and like there was one pathway. And as I think Sheryl Sandberg said, or somebody about like, really careers are jungle gyms at this point and so every organization, nonprofit or not, has all these different people who have careers that are jungle gyms, right? And so you're trying to gather similar places and, you know, people with diverse needs in ways that are really going to recognize everybody's pathway and that it's not the same.

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RUSTY

Yeah, that makes sense. I hear there used to be linear careers, but I've never experienced it. So let's step back for a moment just to give people a little bit of a sense of how you got here and where you're coming from. So tell us one thing that motivated your career and that sort of got you to working on these issues.

SALLY: Wow, one thing?

RUSTY: Or a few things.

00:12:40:08

SALLY

Okay, a couple of things, let's say that. So over the last 25 years I've worked in corporate and small business. Having worked in corporate and small business, there was so much more leverage with what you could do to motivate and retain your employees. And then, you know, I get into being an H.R. director at a nonprofit, which is a bit of an anomaly unless you're a big nonprofit, right? Most people don't have H.R. Directors. And I had the time and space to really focus in a way that I hadn't before in my career. And so kind of a couple of things that really stood out to me is I kept hearing in what I call our frontline employees who kept saying, you know, I could go somewhere else and make more money or I'm not making enough money to pay our bills. That kept hitting me because in my mind we lived in a lower cost of living area. And so I was having a really hard time reconciling that feedback. So, that was one piece that always just kind of stuck in my mind.

And then we got a transformational endowment gift that was to go to staff, with helping us with pay and I had the opportunity to kind of, you know, do a little case study on how do we use that money and use it well. And I started doing some research and actually encountered stuff that you had done, Rusty, and others who had started really talking about talent investment and really looking at how taking care of your nonprofit employees really is directly tied to organizational performance.

And to me, and of course you've expressed this in your own stuff, it is like that is so high stakes for our world, because nonprofits, as you said, nonprofits are catching a lot, and they're serving in the world but are catching a lot what other systems are not able to support. So, you know, I started trying to kind of combine that people saying I can't pay my bills with like, you know, the talent investment piece and so that came together in that work, which is when I started into pay equity, because for me, cost of living is a huge component of pay equity, because we had this assumption in our heads that we lived in a lower cost of living area. But when you really did the work and saw the data, that was not true. We were in a higher cost of living area, but we were in a depressed economy. So everybody else was paying low wages, so we were just comparing ourselves to everybody else paying low wages and continuing kind of a spiral. And we're like, okay, we got to break out of that.

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RUSTY

Wow, well, I'm glad you found some of the stuff that we've done and it's funny, I didn't realize that that was part of your story. So for those listening, that was not a setup. You are citing that thing we did in our toolkit of the talent value chain.

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SALLY

Yeah, that was one of them and I will say that has been a really helpful tool and I'll shout out to you and it's also used, as you're talking about in my book, is that that has been a great tool to use with board in senior leadership, because of the way you lay it out there helps people understand pretty quickly and easily that, yes, of course we've got to invest in our staff. I've not had a board member yet be like: Oh no. Thankfully, you know, I know there are some out there, but I will just throw out to everybody, your listeners, that's a really great tool for talking at the leadership level.

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RUSTY

That's great. Well, we'll definitely put a link to that in the show notes for this episode and that's awesome to hear that you've used it in that way and it seems to make sense. Okay, so maybe you could just tell us a little bit now about what Loftis Consulting does and when it got started and yeah...

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SALLY

Yeah. So I started Loftis Partners, my consulting firm, in 2020, which was a great year to start a consulting firm, in the middle of COVID. But I did, and I was ready to kind of go out on my own and do something different and started in the fall of 2020. And now it's been four years and I've gotten to work with over 60 organizations across three continents. It's been amazing what virtual can do. And I work, probably 90% of my clients are nonprofits. A lot of times they're small to medium sized, and a lot of times I'm showing up in a space where there's a lot more need for technical assistance, maybe sometimes. I tell people once you start kind of pulling the threads on the sweater of pay, everything in human resources starts to unravel. You know, pay is connected to so much of the employee experience. So I will come in and work with organizations in that way. But I'll also do, you know, business strategy and coaching and training as well.

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RUSTY

All right, thanks for that. So I know in our prep call, which was a while ago, we talked a little bit about the stages of a pay equity assessment, which is one of the things that you help groups to do and I think that was interesting. And I just wanted to see if you would introduce folks to what

that assessment process is all about and then what are the stages that usually go into such an assessment?

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SALLY

Yeah, so we work with organizations to conduct what we call a pay equity assessment, you can call it analysis audit. And people will come to us for several reasons for that. One is that they're getting employee feedback about dissatisfaction with pay, sometimes that's through surveys, sometimes that's through exit interviews. They may also, an organization may be approaching me because they're trying to do some kind of systemic diversity, equity inclusion work and pay equity is in that arena. And then other people will just be like, I have 50% turnover. Sometimes they don't know it's a pay issue. You know, they may just come and be like, I'm bleeding people. But if you look at the research, 60% of people leave because of pay and benefits. So that typically, you know, we check to see if that tracks in that organization. So that's how people come to me. And then there's really four stages: one is preparation, the second stage is assessment, the third stage is leadership buy-in, and then the fourth stage is implementation.

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RUSTY

I mean, really interesting to hear that some people don't know they have a pay issue, but certainly, you know, with the worker shortages and the challenges with recruitment and retention all happening and burnout, you know, all happening kind of at the same time in the field, pay is all wrapped up in that. When you say pay, are we including benefits as well as cash like salary?

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SALLY

I'm typically talking about salary. Now, I will work with organizations about benefits, but typically salary keeps us pretty busy.

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RUSTY

Okay. No, that's good to know because we've had a guest on who studies nonprofit retirement savings and is trying to help groups, you know, figure out offering retirement savings for staff. And her argument has been that salaries sort of like comes and goes, each two weeks or whatever, but saving for retirement is your long term kind of wealth building or asset building approach. And so if we only talk about one or the other, we're missing part of the picture, so...

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SALLY

Well, and I will tell you what I usually tell my clients is that we will talk about benefits after we do the pay work, because what I have found in my work is that the conversation you have about benefits after you do the pay equity work is very different than the one you have on the front end. People I feel like are living in scarcity, you know, and you talk about that a lot, but like when they're, you know, barely scraping by any kind of benefit, you know, I've seen a lot of groups will

be like: oh, we pay for a meal here, we do a little cell phone stipend here, we do all these little things that are helpful. But whenever you're getting somebody who's paid at the cost of living or higher, then typically -I'm not going to say this for all people- but typically what people need to stay changes a little bit. They can see themselves staying with your organization for a longer period of time and actually doing some life things like maybe buying a house, paying off debt, having a kid and so it just is a very different conversation.

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RUSTY

All right. That's very good and an interesting thing I don't think we've talked about on this show before, so that's fantastic. So let's talk about the four stages. You talked about the first stage, and I was trying to write them down as we went and I missed them all except the last one, implementation.

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SALLY

It's all good, I got it in front of me. Well, the first one I talked about preparation, and I will say, even though I say these are all separate stages, a lot of these are happening at the same time. For instance, leadership buy-in is going to start from the beginning, right? There's just a point where it becomes super significant because you're making some decisions. But preparation, and this is what I do with all of my clients, is first we're looking at: do you have employee feedback? I'm always surprised by how many of my clients have no ongoing feedback mechanisms for their employees, whether it's a survey, whether it's exit interviews, anything. Because what I tell people is pay equity begins and ends with employees. So if they're not in the process and their voices are not incorporated into the work you're doing, it's not going to work. It may work for you financially, it's not going to work for your employees. So, that's one piece and sometimes with group, that's all our work, it's just getting that stuff done.

But another piece of that is also, and you've heard me talk about this already, is really looking at the cost of living. And you kind of mentioned this earlier, it made me think about it, is another thing I share with people all the time is that so much has changed in the last five years, right? Since 2020, almost none of our business practices that we used in 2019 are working right now. You know, there are a lot that are but like we have so many assumptions built into us about our employees and what we think about them and now is a perfect time to go in and really update those assumptions, because those assumptions guide our decisions. And so, for instance, you know, seeing your employee at home in 2020 with their kids running around and their pet on Zoom, may have opened up a little more compassion for your employees who need childcare, you know, so it's just things like that. So, that's a piece of it.

And the cost of living piece, people are surprised, the average cost of living and I use the U.S. Bureau of Labor Statistics and we can talk about the MIT living wage calculator if you want to, but I use that one because the average across all households in the United States is \$72,000 a year, the average cost of living. And so people will say, well, I live in a small area, I live in a remote rural area, right? It is cheaper to live in my state. It's typically about \$63,000 a year. But

again, you've got to be able to look at that cost of living and say: is what I'm paying people, are they able to pay their bills and actually stay with me? And then the other piece is the cost of living also helps you with people who are wanting to increase diversity in their candidates and hiring, is that if you're not paying a living wage, you're knocking out a huge portion of your candidates, and quality candidates. So, I really try to tell people like it's linked across the whole system, right? That's why it's a systemic intervention, it's because it starts from what you're advertising all the way to somebody's pathway to staying with you for a long time.

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RUSTY

It makes so much sense. Yeah, I mean, one thing we've been saying in our Funding that Works Framework is that sort of the whole nonprofit leadership or career highway is kind of structured in this way that actually sifts out or keeps people off the roadway because it's not attractive or it's not accessible or it's not sustainable. And so, if you start with an unappealing, really untenable salary offering, you're going to lose a lot of people who, you know, maybe they're first generation college, you know, they're helping their family out, they want to achieve the American dream. They have pressure to financially succeed and not just survive, but like, succeed. And so I think that goes for every stage of no matter what kind of position you're hiring for, whether it's very entry level or senior level, what you said, I think plays out.

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SALLY

Well, and I'll just start to talk about another piece that ends up happening in the preparation phase is working on job descriptions. So a lot of times we look at job quality, which is not a word you hear a lot in the nonprofit space, but in the H.R. space you do. But like, you know, how often are people doing jobs that their descriptions haven't been updated in several years. And so one is trying to get that job description updated, but also really having a strategic conversation about the requirements in the job. So, for instance, a bachelor's degree, you know, some kind of education or some kind of specific experience. So I typically will have conversations with the clients and say, okay, what are the different profiles of people who could potentially sit this job, not just one, not the unicorn. But you need an IT person, could they have worked in another industry or, you know, things like that. And then really trying to understand the type of people you're trying to recruit is going to beef up your conversations also about talent, your employees, because you've got to figure out kind of where you want to compete in the market these days, because it's very common for people to leave a nonprofit and go to a for profit. And not everybody, obviously, few nonprofits can compete in that space.

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RUSTY

Yeah, well, and also, you know, especially with social work or other jobs like that, you know, where, you know, you end up having people think they need a master's degree or need a master's degree for these job descriptions and requirements and, you know, offer that level of education and student debt and the experience they get through the education of work experience, you know, outpaces what you're paying. And it's like, do we really need all these

MPAs and MBAs and masters of social work running around? Or could we be hiring people without those degrees and without forcing that level of student debt? And also, who can afford to go get a master's degree? Who has access to even thinking about going in the time and dollars and debt and everything that goes into getting a master's degree. There's obviously a huge divide in our country between college educated and non-college-educated people. So then you add on the master's degree thing and it's another siphoning out of a whole bunch of qualified, experienced, you know, people with lived experience and wisdom and skills and perspective that we don't end up attracting or recruiting into our field.

All right. So we're going deep on preparation, but I hear you saying, so first stage of pay equity assessment preparation you've covered examining the local cost of living, I guess, where employees are, where the organization is based. We've talked about shifting assumptions about employees and their lives and what they need and want, which is a whole topic we could go much further into, obviously. And then job descriptions. Are there any other high level things that happen during this preparation? And I'm very tempted to ask you to talk about how do you shift an employer's assumptions about employees, that seems like a real, real talk moment or set of moments that have to happen with an employer?

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SALLY

That's a great insight and question. I was just about to address that, so you read my mind. It's like, this is where I talk about how leadership buy-in really starts from the beginning. So typically in the preparation stage, I'm asking my clients at the senior leadership level, the executive team, whatever, to have some conversations. Like I'm helping them structure the conversation, I'm not in it per se, but what assumptions do you have? Like, what do you believe about employees? What are your worst fears? What's the greatest thing that could happen? You know, I mean, just things like that. So, I want leadership teams to have that discussion because there's a level of bringing in everybody's voices, right? There's a collaboration piece, but there's also kind of like a calibrating piece of like, what do we believe about our employees? Because that will eventually feed into a compensation philosophy, which we'll talk about. That's kind of the first piece, it's preparation and then you move into the assessment piece.

Okay, assessment. Get comfortable with data because that's where we're headed. You know, people freak out about the assessment piece because they're like, I don't want to know how badly we're doing. You know, that's one thing people will say, so they won't engage with it. Two, is that they're scared I'm going to say that they're racist or something, which I never do. But it's because a lot of times when we look at the data, it tells a lot, right? When you look at the actual and I'm saying the pay data of your employees. And so, I always encourage people, be curious, not judgmental. Everybody's got funky stuff in their pay structures. Just because previous people have been in roles, decisions were made before you were there, or maybe you weren't in the decision making thing. It's all good. Like everybody's pay stuff is typically, you know, messed up in some way.

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RUSTY

Funky stuff, I think that's a technical H.R. term.

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SALLY

It is. That's my kind phrasing for it.

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RUSTY

Sure! Well, you have to put people at ease a little bit because as you said, there's gender, there's race, there's money and class. I mean, all those issues are wrapped up in this.

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SALLY

Yeah, absolutely.

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RUSTY

And there's power, the power to define what someone else earns for a living is huge, uncomfortable thing.

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SALLY

A 100% yeah. And none of us want to see our blind spots, right? And so basically what we do in the assessment and it's pretty simple, it's in a spreadsheet and we put all the employee pay day together and then we just start cutting it in different ways and sorting it in different ways. So one is, you know, we're looking at by position, you know, what are the ranges and sometimes the work there is helping, you know, people might have 28 different positions and 28 different employees and maybe we can start working on some salary banding together of like kind of, you know, like jobs being in the same band. So we go by job, we then go by gender, race and ethnicity, age, tenure, typically top five people pay, bottom five, lowest people paid. Then we also do what I call an intersectional analysis where we collapse those different demographic elements into the final analysis to see, for instance, it's almost always brown and black women that end up being the lowest paid. That's not always, but it's pretty consistent. So you're able to see that when you get into the intersectional analysis. And then we also chart their pay data on like basically like a bar graph and then kind of see like where the different (and for those who can't see my hands, I'm a hand talker) but basically thinking about a bar chart with every employee going up there and going from lowest paid to highest paid to see, it's just another way to look at the data to see if there's any big disparities or things that stick out, I'll say sore thumbs, that stick out in the data.

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RUSTY

That's awesome and it's like you said, it's putting stuff that's maybe being unspoken or unrecognized or even unknowable in some ways, because not everyone knows what everyone else is making in one place. And that, I assume, is something that you're looking at with executive directors or management, not board and not the rest of the staff, or is that a good assumption?

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SALLY

That's a good question. You know, the assessment typically comes in some pieces. It's with us throughout the whole project, how we share it along the way varies. Typically, I'm sharing it with whoever my main contact is, so like the executive director and in their group that's working on it. Then that will drive the structural work we're going to do, but typically we're not sharing the results of the assessment to all employees until the organization has structured their response to it, until they have said this is what we're going to do to close the gaps. Because they don't want to kind of share it and then everybody just be sitting there waiting because this work is a little bit like molasses at times: it's slow, it's sweet, but it's slow. People typically want action pretty quickly and I don't like setting up organizations to have that big of a gap between them.

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RUSTY

Well, that's an interesting question. Like, what is the span of this assessment period is a six month or a year or it can vary, I guess. So we've done preparation, assessment. What's the third stage?

00:33:51:17

SALLY

So typically assessment, we're working with the client. We have ideas on what needs to happen. And I want to just emphasize again, sometimes it's like, hey, in the gender piece of the pay equity assessment, people only offer two genders, and we're like, hey, let's go add genders there. And sometimes we're looking at, hey, you know, you live in an area where there's 20% Hispanic population and you have nobody who is Hispanic on your staff, let's talk about that. So sometimes it's those kinds of interventions, but typically that assessment is giving you the data of where you need to do the work.

So when you get to this third stage, you're starting to kind of formulate what you're going to do, your response. It's probably going to be salary bands, it's we've done salary benchmarking at this point and whether the organization has done it on their own or I've helped them with it. And you're starting to come up with your plan to rectify gaps and how much it's going to cost, which is really where the third stage of leadership buy-in comes in.

So, to connect kind of what we talked about earlier, leadership buy-in, I'm always recommending to my clients that they create a compensation philosophy and I use the term pay more, I'll say pay philosophy, but most people call it a compensation philosophy or maybe a talent philosophy, I think you use that term. And in this age we're in, people just need way more explicit instruction

and recognition, and so a compensation philosophy puts together what you believe about the people who work for you and what you're committed to doing in writing. It's not super detailed, it's really more the principles and that is the leadership building that. But again, it's going to be built from the employee feedback you have. So you're going to want to kind of share that maybe with a small group of employees or something, you know, kind of keep the employee voice in it, or see how it lands with people but those are those strategic conversations that happen within leadership. And then saying, okay, based on this philosophy and based on what we know from the assessment and how much things are going to cost and what we need to do to move forward, then let's talk about how to do that.

Rarely do I get a client who can do all the things in one year. Most of the time it's clients trying to make all the changes within a 3 to 5 year period. I mean, I've worked with some groups who've gotten McKinsey Scott money and they've been able to do things a little bit faster, but it typically takes an organization a while to get everything whole because there's just not as much cash. Now, what I also see is that after maybe the first round or things like that, I try to explain to people too, is that so let's say you have 40% turnover, which honestly is pretty common right now. If you can decrease that by 50%, that extra money you're using on turnover can go towards people's salaries. So you're not doing that turnover work and you're not losing that institutional knowledge and experience.

00:36:55:16

RUSTY

Wow, that's a cool insight. We talk about like the recruitment costs money, but actually thinking about if we decrease turnover then is that actually saving you cash that you can actually see and use elsewhere. It's not just the executive director's time or something. It's actually the money, not just time.

00:37:16:11

SALLY

Well, absolutely. And one of the things is it's hard sometimes for us to know what those exact costs are, right? Because there are things that we just absorb into the nonprofit. So if somebody leaves, right, there's a three month gap, typically somebody else is taking on that person's role, whether they're getting paid more for doing that or, you know, I don't know. We're not counting how much does it cost for the hiring manager to review all the applications. So these are all hidden costs, basically in the nonprofit where whenever you're changing that, what you're seeing is you're growing efficiency and productivity because you're not churning people over as fast. So you're able to innovate, you're able to do things faster because it's just not a constant "I'm training somebody".

00:37:59:16

RUSTY

Well that's awesome. So, the first stage was preparation, then we did assessment, the third stage was sort of defining the response based on the assessment and you said implementation can take 3 to 5 years, is that what you said?

00:38:14:19

SALLY

I will say closing the gap sometimes can take anywhere from 1 to 5 years. But typically, I will say an entire pay equity project, if I'm doing all the salary benchmarking, things like that, it's typically 12 to 18 months from beginning to end, which people don't love because they want to solve it in three months. But if we're doing it in a way that's going to build, as I talked about in the definition equity and sustainability, so that's not just financial sustainability, but it's also the sustainability of the structures you're putting in place, and also providing more equitable outcomes around pay.

So at this point in the leadership buy-in, this is where they're making those decisions, right? You know, are we going to get everybody to the 50th percent of this new band or are we going to move the lower paid people up first and then eventually get the directors, you know, moved? I mean, there's a lot of different ways people go about, you know, and they may just say, hey, we only have like \$20,000 this year. So all of those conversations look a little bit different based on what the organization's financial situation might be.

00:39:21:11

RUSTY

And how do you see boards engaging this and also funders, like if I'm an executive director and I'm saying, okay, we're underpaying our 27 people in these ways and this is how it's inequitable, now I can see it. Do you see someone in that kind of role and going to their funders, or go to their board and trying to reallocate dollars or redefine grant terms or raise more money? Or are they going and saying we need new lines of funding that's more sustainable? Where's the money going to come from?

00:39:58:08

SALLY

Oh, that's the question I get asked a lot. One is I will say typically at this point I will have already had a conversation with the board or leadership. I typically don't want to work in this project with someone if we think the board is not going to do anything because that's just going to set them up for failure and a lot of heartbreak. So, you know, why go through the process? There has to be some level of commitment on the front end of the project that they're going to do something, but where we're going to get the money, yeah, it's a lot of different things. It's depending on the amount of the gaps that they need to fill. But, you know, sometimes it's like you said, it's we need to look at our grant applications and make sure we're truly allocating how much our staffing costs, you know, like I said, looking at the turnover. Sometimes, you know, it is a benefits review and being like, hey, there's this one benefit that really nobody's using, maybe we need to invest that money here. You know, sometimes I have to admit the question comes down to we can't hire that next staff member because that's just going to continue the problem, so maybe we need to hold off so we can pay other people more of a living wage. So yeah, there's some really tough discussions and decisions that have to be made.

00:41:11:06

RUSTY

And do you ever hear pushback from funders on this, or how do you think when a nonprofit approaches their funders about this, what do you hear from those conversations or do you hear or is that really in there once you are sort of done with this?

00:41:25:18

SALLY

Yeah, that's typically the nonprofit having those conversations. But I talk to philanthropic organizations all the time and have conversations and do presentations and things like that. A lot of it is trying to kind of get the message out there and change the narrative. You all have done your own work of really helping people understand, because you still encounter people who are very bought into the nonprofit starvation cycle, right? Or very bought into people don't work at nonprofits to make money, it's donation. And so there's certainly that level of work but what I always tell clients is you've got to meet people where they are. So maybe they do get excited about funding a portion of this around your staffing structure or something. You know, I mean, just try to go where the energy is and go from there. And it's a great one for organizations that want DEI work, you know, a systemic intervention for that. So there's a lot of ways that you can spin it, I guess you can say, does that make sense?

00:42:23:10

RUSTY

It makes a lot of sense because sometimes the diversity, equity, inclusion conversation gets so abstract or it's like about who's here, how are we, who are we hiring, blah, blah, but not about how we treat them or how these roles that we want people to embody and populate how well they work, you know, for humans and for diverse humans. So I think, yeah, for me that's definitely where, what we talk about as Talent Justice is like bringing together the DEI racial equity movement, with the talent investing movement. Because to me you can't really do one well without the other. So that makes sense to me that that's a motivating factor for many. On that note, as a Southern white woman, how do you think about your own role and your own voice building and using your platform as you help nonprofits navigate issues of equity?

00:43:14:04

SALLY

Wow, That's a great question. Absolutely, I recognize that I sit in white skin, right. And there's a level of privilege and access that I have that I can never fully understand and never fully comprehend how much that is. And I will say I'm also a woman, so I've experienced the discrimination, I've experienced the inequitable, you know, decisions that have been made and things like that. So, and as a southern white woman, that's a really interesting thing to lay on there, because whenever I tell people I live in Appalachia, they usually do some kind of fiddle noise from Deliverance or something, you know, the movie Deliverance, and there's a lot of assumptions.

So, I try to work with groups around what are the assumptions that we have. So a lot of times it's class discussions, like you mentioned earlier. You know, here in Appalachia, you're really doing

that DEI work around income, inequality in class, and so who has access to things, who doesn't. So then of course, within the greater piece of it, I try to really just share my experience and come into the space with the assumption of like -and I believe this- you know, I don't know everything, you know, I don't know, you know, all the answers, I can just show up with what my lived experience is and what, you know, my education and things like that and work in the space. But I'm always trying to work in a partnership with people who are the most impacted by the work we're doing.

00:44:38:03

RUSTY

That's great, thank you. You do have a book here, so let's talk about the book. What's coming out, what can people expect from the book, etc...

00:44:46:21

SALLY

Thank you, I have the book beside me, the Pay Equity Guide for Nonprofit Organizations, and we haven't really talked about kind of the implementation pieces of pay equity, but I will say a lot of that information is in there. You know, and everything we've talked about today, I'll literally reference in this book. I give you graphics, I give you examples of things I've used, you know, salary bands I've used with clients, things like that, pay transparency, communications plans, things like that. So I really wrote it as a way to give to nonprofits, you know, you can do this work on your own, it's just whether you have time and capacity to do it. And I wanted to put that resource out there because not every nonprofit can hire a consultant.

And I also have a version that's called the Pay Equity Collective that people can join online and I work with nonprofits in a cohort mechanism, so up to ten nonprofits at a time. Where we're doing this pay equity journey together and you have a mixture of one on one and then group work, which has been really fun to do that, because what I also find is this work is more sustainable when you have other people you can talk to about it, other people you can call up and be like, hey, do y'all do salary negotiations? Give me the pros and cons of how it works. Because people can call me all day long, but, you know, having the connections across the nonprofit world helps sustain the work, but also gives people a new level of development and connection.

00:46:09:04

RUSTY

Yeah, that peer support is so beneficial to feel like you're in it with someone else and can ask those questions that you might not want to ask. I don't know. An expert or who knows?

00:46:20:04

SALLY

Yeah.

00:46:20:20

RUSTY

All right. So we've got the book. Can you tell us the name again?

00:46:23:01

SALLY

Absolutely. It is the Pay Equity Guide for Nonprofit Organizations and it is available for purchase on Amazon for \$16.99. It's \$16 because that is the gender pay gap for women and men is 16%.

00:46:40:02

RUSTY

There you go. So it's priced to fill the gap. And where can folks find the cohort experience that you were just mentioning?

00:46:48:24

SALLY

Yeah, you can go to my website loftispartners.com and you'll see a pay equity collective button at the top. There is a version that's free where you can go in and I'm updating some of the things I've written in the book like Cost of Living Studies and questions you can ask employees. All that's out there you can join for free. And then that's also the place you can join the paid option as well.

00:47:09:20

RUSTY

Great! So that's loftispartners.com. Okay, fantastic. Well, Sally again just really appreciate you, you're so just straightforward about all of these things and it makes it sound viable like you know it doesn't have to be this big heady, inexplicable kind of thing about what do we do, and is it possible like, okay, let's break it down, let's understand the context in which we're working, what it costs to to live and work here. And then let's look at what's going on inside our organization, the numbers and the people. And then let's figure out how we want to respond and what can we realistically do and what time it will take. And then let's get started somewhere. So I think those are very tangible and it's great that you offer these steps and all this info in the book and in the online resources. So, glad to be able to share that with our audience today and especially amidst everything you're doing with the food bank there in western North Carolina. So, thank you again for your time and all of these tips and helpful framework.

00:48:24:09

SALLY

Thank you! And talking about this has now got me fired up again about pay equity. So, I'm ready.

00:48:29:10

RUSTY

All right, that's fantastic. Well, I think we need you out there, so thanks for what you're doing and yeah, let's stay in touch. And thanks for the shout outs and I know you shared that Talent Value

Chain in the book from Fund The People, so it's exciting to be bringing the worlds together. Thanks so much, Sally.

00:48:52:14

SALLY

Thank you, too.

00:48:58:05

OUTRO

Thanks for listening to Fund the People podcast, visit fundthepeople.org and click on podcast to find a transcript for this and other episodes and all the links discussed in the episode. If you enjoyed this episode, we really appreciate a five 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.