



The Nonprofit Labor Market & You **Attracting & Retaining Talent**

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Meet The Presenters

Forvis Mazars Executive Search Team



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Emily De La O is an Executive Recruiting Manager on our Executive Search team. Emily focuses primarily on Finance & Accounting positions and has 13 years of experience with recruiting for startups, mid-sized, and multi-billion-dollar companies. She has played a pivotal role in empowering them with insightful strategies for hiring.



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Marco Gonzalez is also an Executive Recruiting Manager on our Executive Search team. Marco has over 5 years of experience within executive recruiting focusing on Real Estate, Construction, Private Equity, and Financial Services. His focus has been as a Trusted Recruiter and Advisor, helping a range of clients from small to fortune 500 companies recruit the top talent in Executive, Finance, Accounting, Audit, Tax, Operations, HR, & IT.

Marco focuses on our Construction and Real Estate division in the Southwest U.S. region. Marco has extensive experience in recruiting a vast array of Real Estate and Construction professionals with a focus on executives and key position holders for growing and established organizations.

Learning Objectives



1. Nationwide supply & demand report for hiring within non-profit organizations in 2024
2. Compensation & recruiting strategy
3. Strategy to attract top talent
4. The interview process
5. The art of negotiation
6. Succession planning & keeping top talent
7. Takeaways & closing thoughts
8. Key Resources

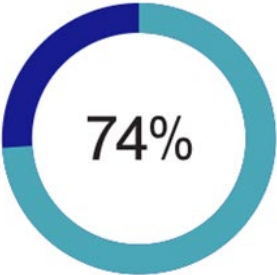
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Nationwide supply & demand report
for hiring within nonprofit
organizations in 2024

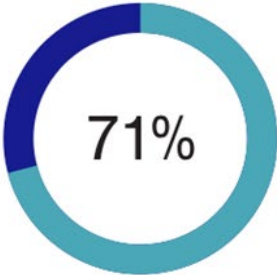


Nationwide Supply & Demand Report for Hiring Within Nonprofit Organizations in 2024

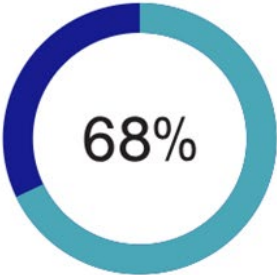
Based on data from more than 325 nonprofit professionals across the U.S., our report found:



Nearly **three out of four nonprofits** have **job vacancies**.

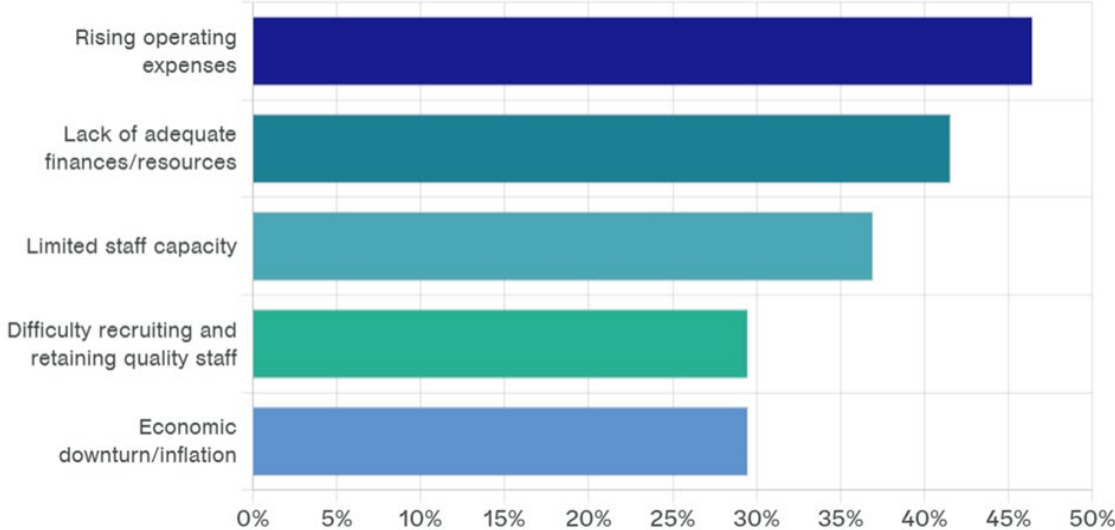


Of survey respondents, **71%** saw an **increase in demand** for programs and services.



More than **two-thirds of nonprofits** plan to **cut programs & services** in the next one to two years.

The top 5 challenges nonprofits face:



Nationwide Supply & Demand Report for Hiring Within Nonprofit Organizations in 2024

Table 2: Factors Affecting Nonprofit Recruitment and Retention

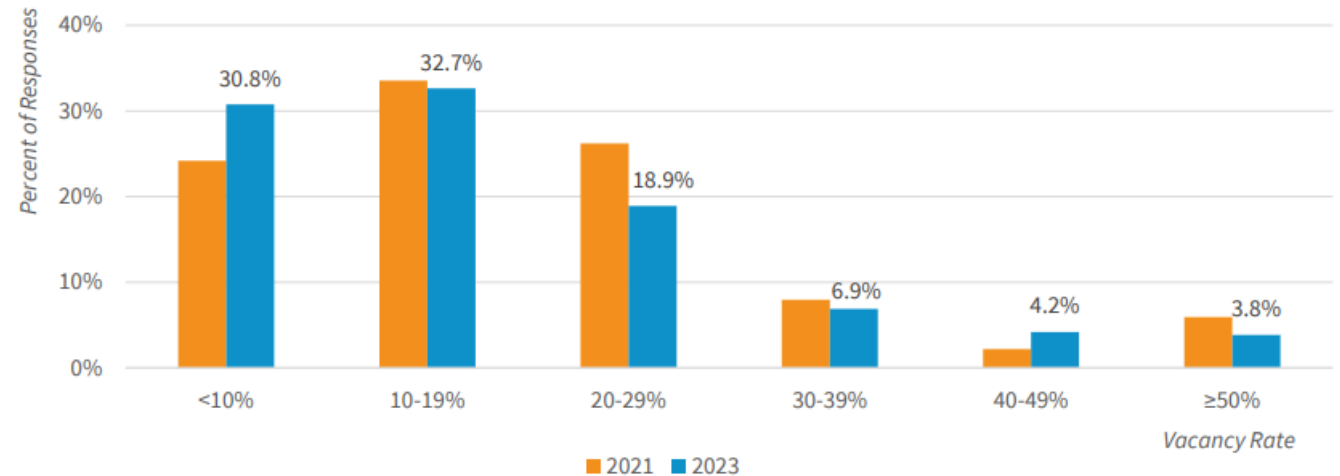
Factor Affecting Recruitment and Retention	Number of Responses	Percent of Responses
Salary competition	1,183	72.2%
Budget constraints/insufficient funds	1,087	66.3%
Stress/burnout	823	50.2%
Challenges caused by government grants/contracts	338	20.6%
Other	332	20.3%
Lack of child care	239	14.6%
Not Sure	166	10.1%
COVID-19 and vaccinations	107	6.5%

Table 9: Practical Solutions Implemented by Nonprofits

Implemented Practices	Number of Responses	Percent of Responses
Salary increases	1,081	66.0%
Remote work options (hybrid, full-time, etc.)	945	57.7%
Benefits increased (health insurance, transportation, etc.)	670	40.9%
One-time bonuses	644	39.3%
Diversity, Equity, and Inclusion trainings and strategies	643	39.2%
Career advancement opportunities (training, mentorship, etc.)	586	35.8%
Mental health (expanded benefits, counseling, etc.)	389	23.7%
Wellness programs (4-day workweek, additional time off, retreats, sabbaticals, etc.)	371	22.6%
Notified employees about their eligibility for Public Service Loan Forgiveness	349	21.3%

The severity of the vacancy crisis at nonprofits appears to have ebbed slightly in the ensuing 18 months since the 2021 survey, yet a third (33.8%) of the responding nonprofits with vacancies reported 20% or more of their jobs were going unfilled. Nearly another third (32.7%) identified vacancy rates of between 10% and 19%.

Figure 1: Nonprofits' Job Vacancy Rates 2021 vs 2023



What Does the Data Mean for You?

- 74% of nonprofit organizations say they have job vacancies; however, they admit they can't compete with for-profit organizations with hiring due to compensation, benefits, & other perks
- In the profit sector our supply & demand has stabilized; however, the nonprofit sector has not recovered fully yet
- While the hiring gap is shrinking, it's only shrinking at a marginal rate, so there is still a large amount of demand in the market, & not enough supply
- Assess your organization's position & see where, if anywhere, costs can be cut to accommodate the likelihood of being more competitive
- We're noticing a more prevalent gap between organizations that are more competitive than others with compensation
- The option to work hybrid or remote has become the second most implemented solution to attract talent after compensation

“Folks are exhausted and stretched as they strive to meet the needs of the communities they serve, while at the same time struggling with the day-to-day pressures on their teams and wondering how to keep their organizations and their people vibrant and strong.”

Judy Belk, President & CEO of the California Wellness Foundation

02

Compensation & recruiting strategy



Compensation Strategy

When establishing a Compensation Strategy, we suggest taking the following steps:

- First rank the position on level of necessity & urgency for the organization's current & future needs
- Look at the current market data & craft a budget
 - The higher the necessity, the more you will likely need to stretch
 - We suggest starting with a budget 5-10% higher & lower than the average market data for the role with an option to stretch based on necessity
 - If it is a dire need, we suggest going 15% above budget as your absolute max
- If a competitive budget is not in the cards, we suggest ancillary benefits that could make the difference such as:
 - More PTO or a hybrid schedule
 - Fully remote if the role can be fully remote should also be considered
 - Bonuses tied to exceptional work especially if the role is revenue generating or cost-saving focused
 - *E.g.*, Your finance manager also doubles as a fundraiser for your organization

Identify When to Use Internal or External Recruiters

Internal Recruiting

- The position does not require a specialized skill set (Staff Accountant/Marketing Coordinator)
- Your HR/Recruiting team is robust enough to handle specified searches w/o affecting day to day tasks
- The position does not require strong understanding of the entity & its environment

External Recruiting

- The position requires a specialized skill set
 - Ex: You are looking for a Finance Manager with a strong understanding of compliance matters as well as forecasting & budgeting specifically within Art &/or Museums
- Your HR/Recruiting team may not have the bandwidth to deal with the search & day to day functions
- The position requires dedication as the role may be a key role within the organization &/or a “frankenrole” that requires a combined skillset
 - E.g., A blended Accounting/Finance or Data position



03

Strategy to attract top talent



Reactive Vs. Proactive



Reactive

- Not having a pulse check on employee engagement/morale
 - Example: An employee leaves without notice, so you have no time to prepare to backfill the role
- Not maintaining a pipeline of candidates for key positions
- Not cross-training to cover workload in the interim
- Not performing compensation/benefit analysis & getting behind on market pay
- Breakdown in communication between hiring manager & HR
 - Example: Hiring Manager has to backfill a job. HR Director then pulls from a previously drafted job description & reposts without discussing the key details of the role.

Proactive

- Hosting formal 1x1s with staff on a monthly basis & completing semi-annual & annual surveys to gauge engagement/morale
- Ensuring succession planning is in place for key positions
- Understanding the market & doing a yearly or semi-annual compensation/benefits analysis
- Identifying key individuals within blue chip organizations that you would like to bring over
- Vertical & horizontal promotion paths are clear & available to qualified employees
- Ensuring communication is strong between HR & hiring managers

Identifying the Right Candidate for the Right Position

Evaluate your organization's talent position & how best to utilize its current players

- If a promotion can happen, it *should* happen
- If cross-training can happen, it *should* happen
- Bringing someone on board should *only* be the option if no one else in the organization is capable for the role

Assess the market & create a budget

- Tie *requirements & ideals* to the budget
 - *E.g.*, a candidate with a CPA will be more expensive than one without
- Ensure you are *competitive* for key positions
- Benefits, including work/life balance, have become much more important, they are just as much of a *non-starter* as compensation
- Your budget should have wiggle room in case you will need to *stretch*, if offering a bonus ensure that it is defined



Identifying the Right Candidate for the Right Position

Pinpoint current hiring strategy

- Ideal interview process should be 2-3 steps for non-management employees, 3-4 for executive/management employees
- The very first person the candidate should be speaking with after the HR/Recruiter screen should be the hiring manager; next step should be a peer &/or whomever they will be working closely with
- If hiring for executive, ensure that the entire executive team meets with them
- Technical assessments should *only* be given if they add value, personality assessments should only be used to advise on hiring decisions
 - *E.g.*, If you are hiring for a Director, don't give an Excel test

Understanding if expectations are rational

- Everyone wants the 4.0 former D-1 athlete with a CPA & 3 years of public accounting experience ... but do you *need* someone like that?
- If finding the right candidate has become challenging, rethink the requirements & consider getting creative
 - *E.g.*, Being a consumer bank, consider ancillary industries like multi-location retail or cash heavy organizations
- A+ candidates do not stay on the market for long, ensure that the hiring process is succinct – time kills all deals

04

The interview process



Resumes

- Resume = a mirror of candidate's communication skills & work product
- Non-executive Resume < 2 pages
- Executive Resume = 2-3 pages
- Resume < 20 years at the executive level
- Resume = achievements spotlight
- Resume bullet points should start with an action verb & end with a solution
- The tense of the section should correlate to whether they are speaking about a current or past position
 - Ex: for a previous position: *"Implemented a new close process that reduced days to close from 15 to 5 days"*
 - Ex: for a current position: *"Negotiate terms with banking partners to consolidate debt & decrease overall interest from 3.5 APY to 2.75 APY"*
- Numbers = Scope of competence
 - Ex: *"Review monthly, quarterly, & yearly close process for X company with yearly revenue of Y"*

Interviews

- Interview = Strength of Communication/Skills
- 1st interview Non-Exec = 30-45 min call w/ manager
 - Recommend non-technical
- 2nd interview = 45 min-1.5 Hours in person
 - Technical Recommended
- 3rd interview (Exec) = 1-3 Hour in person Superday
 - Meet everyone on executive team/BOD if possible
- Coffee/Lunch/Dinners (Exec) = Extension of offer
- Interviewees should give examples to each question asked about technical skills
 - Ex: *“I identified problem A, implemented strategy B, resulting in C”*
- Interviewees should be concise in their responses
- Don't compromise on soft skills, tech skills can be learned
- Passion should be palpable RE: your organization's mission
- Are they a plug & play? Will they need training?

Green & Red Flags – Resume & Interview

Green Flags on Resume

- Tenure, but if they moved around – they had upward mobility & gained skillsets
- Steady promotions within their company
- Gaining skills not required by profession – usually indicates a hunger for learning
- Resume is succinct & NOT a word salad

Green Flags in Interview

- Can explain their background with examples
- Articulate & does not ramble, engaging
- Has questions prepared that show they have done their research
- Have good reasons for leaving previous organizations

Red Flags on Resume

- Only including years for non-executive resumes & ensure concurrent dates
- Poor Tenure
- Resume is incoherent or appears too scripted
- Resume appears chaotic & has little substance

Red Flags in Interview

- Has trouble recalling events on their resume
- Cannot speak to the technical aspects of their background
- Poor eye contact/physical language
- Is not concise on answers

Recognize How to Market Your Organization to Candidates

- In terms of marketing your organization, please keep the following in mind:
 - How do you want to represent your company's brand?
 - What do you want to highlight to potential candidates?
 - How does your mission statement relate to the candidate profile you want to target?
 - How does the profile of the job line up with the candidate's experience?
 - *What are the must-haves & "preferred" skillsets?*
 - Understand what your company's reputation is in the market & be prepared to speak to it
 - Highlight success stories of people internally, & what your nonprofit has been able to accomplish since inception
 - Explain why you chose the organization & what has kept you there, *i.e.*, team structure, mission statement, perks & benefits, culture, growth opportunities, personal examples – this will be crucial to attracting top talent

05

The art of negotiation



Salary Negotiation

- Negotiation starts at the beginning of the process, understand what the candidate is targeting
- Define the budget allotted for the role from the beginning of the process
- In your mind assess if the candidate should be eligible for the stretch budget or not
 - A candidates – Be ready to stretch
 - B candidates – mid range
 - C candidates – minimum range
- What ancillary benefits can bridge the gap if compensation *cannot* be negotiated? (e.g., higher title, more PTO, stronger 401K match, sign on bonus, better benefits, perks, etc.)
- It's a case-by-case basis, not one strategy fits all



Salary Negotiation

- Define when to walk away or when to compromise
- Be open & honest with the recruiter & HR from the beginning, unless something big changes in the middle of the process – what you tell them the budget is in the beginning is what they will go off of
- Don't be afraid to negotiate, & walk away if it doesn't make sense

“It is this thought of enlarging buying power by paying high wages and selling at low prices that is behind the prosperity of this country.”

Henry Ford

06

Succession planning & keeping top talent



Succession Planning – Why It Matters

55.8%

Does not
have a
Succession
Plan

62.6%

Does not
have a
Mentoring
Program

Departure – Defined Succession Plan

- Are all team members in place & is there a risk of departure?
- Are you prepared for a departure?
- Determine your recruitment plan. Is there a need to ...
 - Train current team members to fill gaps
 - Recruit externally
 - Hire a team like Forvis Mazars Executive Search
- Capture the knowledge that individuals possess before departing the organization

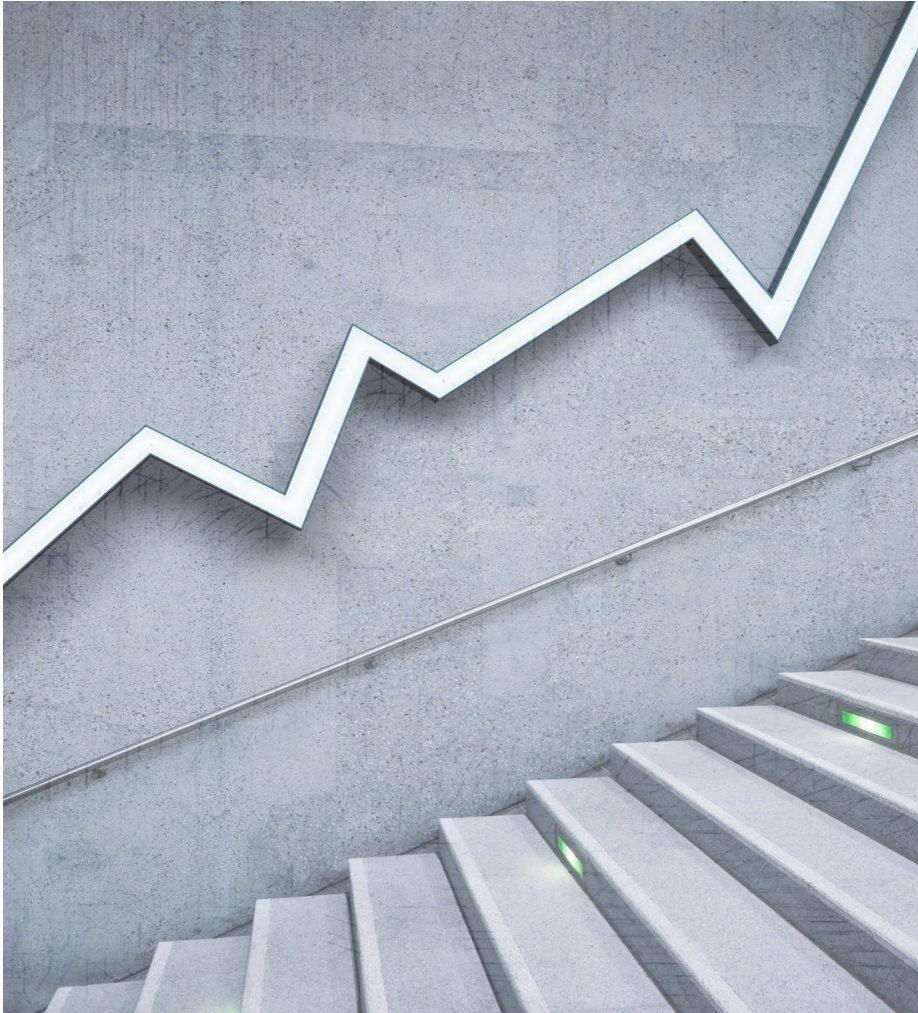




Emergency/Interim Succession Plan

- Assess concerns, risks, & issues
- Chart & graph when team members are leaving
- Bridge the gap
- Consider ideas for retention

Strategic Leadership Development

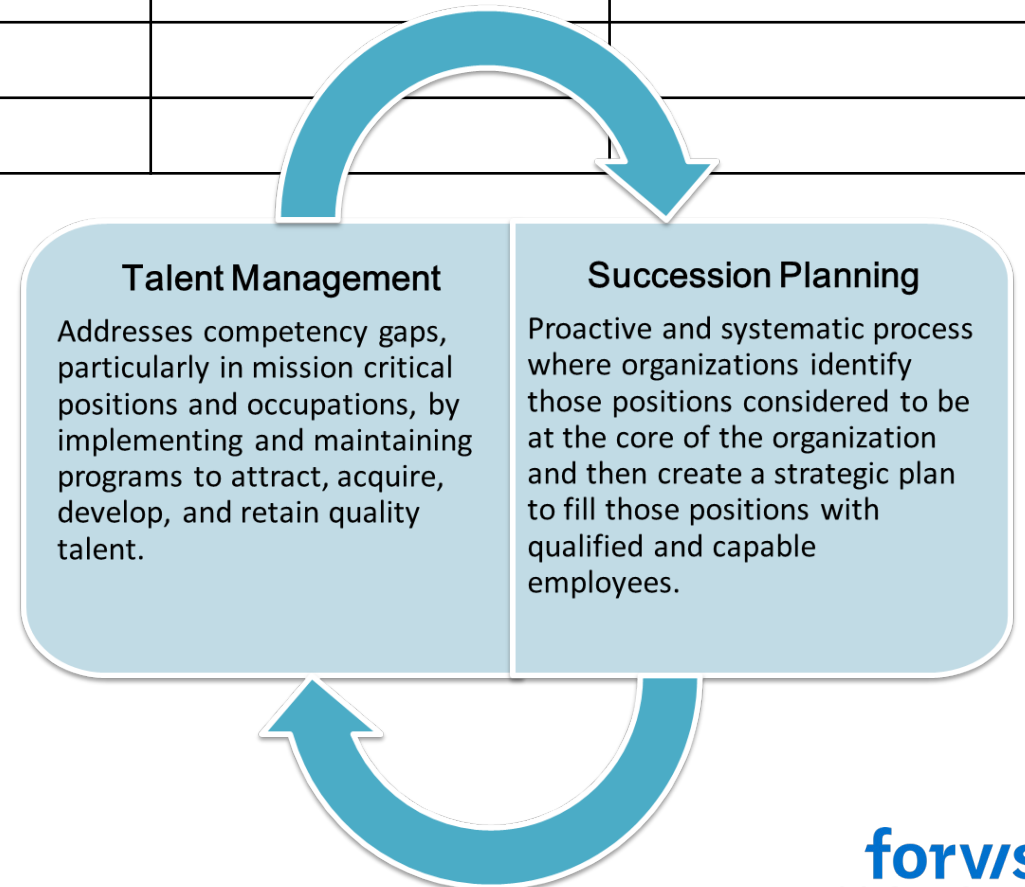


Assessing Talent

- Risk & composition of current team
 - What competencies, skills, & knowledge do team members possess?
- Identify key roles needed to fill for supporting business continuity through teaching & training
- Identify & recruit talent
- Implement a contingency plan – interim plug & play (utilize nine-block table as a resource)

	Underperformance	Effective Performance	Outstanding Performance
High Potential	<p>Box 5:</p> <p>Seasoned professional capable of expanded role but may be experiencing problems that require coaching & mentoring.</p>	<p>Box 2:</p> <p>Does extremely well at current job with potential to do more. Give stretch assignments to help prepare for next level.</p>	<p>Box 1:</p> <p>Consistently performs well in a variety of assignments. A superstar employee, big-picture thinker, problem solver, self-motivated.</p>
Medium Potential	<p>Box 8:</p> <p>With coaching, could progress within level. Focus on stretch goals for this employee.</p>	<p>Box 6:</p> <p>May be considered for job enlargement at the same level, but may need coaching in several areas, including people management.</p>	<p>Box 3:</p> <p>Current role may still provide opportunity for growth/development; focused on tactical. Focus should be on helping improve strategic thinking.</p>
Low Potential	<p>Box 9:</p> <p>May be a candidate for reassignment, reclassification to a lower level, or to exit the organization.</p>	<p>Box 7:</p> <p>Effective performer but may have reached career potential. Try to coach employee on becoming more innovative, focused on lateral thinking.</p>	<p>Box 4:</p> <p>Experienced high performer but has reached limit of career potential. Still a valuable employee & can be encouraged to develop communication & delegation skills.</p>

Key position title	Incumbent name	Anticipated vacancy date	Succession candidate name	Anticipated date candidate will be ready for succession	Risk rating of departure
Example: <i>Director of Human Resources</i>	<i>Andrea Rodriguez</i>	<i>January 2025</i>	<i>Juanita Goldsmith</i>	<i>January 2024</i>	<i>High</i>



07

Takeaways and closing thoughts



Closing Thoughts ...

What: Desired outcomes & potential vulnerabilities

Who: Individuals involved in the planning process

How: Create a plan for talent management, retention, & recruiting

08

Key resources



Key Resources

1. Nationwide Supply & Demand Report

- [2024 State of the Nonprofit Sector Report | Forvis Mazars](#)
- National Council of Nonprofits. (2023). 2023 Nonprofit Workforce Survey Results <https://www.councilofnonprofits.org/files/media/documents/2023/2023-nonprofit-workforce-survey-results.pdf>

2. Succession Planning

- [How Organizations Can Bridge the Talent Gap in Succession Planning](#)
- [How Organizations Can Prepare for Transition as Part of Succession Planning](#)
- [Your Role in Succession Planning on a Nonprofit Board](#)

Questions?



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