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The Talent Development Issue

In the private and public sectors, attracting, developing and retaining talent is acknowledged as a critical priority. Recognizing that talent is crucial to good performance, there is an understanding that organizations must invest in their human capital if they are to flourish.

We have observed through our work as well as through conversations with senior sector leadership that this has been a glaring omission for most in the non-profit sector. Granted, this oversight is in part a budget issue as it's tough to find the financial resources to make investments in this area. And we also often talk about how under-resourced and busy we are, questioning where we can find the time to focus in this area.

I do wonder, though if we aren't using both "budget" and a "culture of busy-ness" as excuses. There is, and always will be, more to do than we have time and more investments needed than we have resources. We determine what to focus on and what to invest in by identifying priorities. And I believe that the decision to underinvest in this area is systemic, rooted in a culture that does not currently see the value in it.

What we do have is a preoccupation with raising more money. But organizational leadership, including boards, are failing to recognize that ensuring employees have the capacity and competence to do their jobs will have a positive impact on the ability to raise money. We need to trust that the experts are right when they say that this investment pays dividends in the form of enhanced efficiency, improved performance and increased loyalty to the organization.



Developing the people in the organization to ensure its current and future health should be the number one responsibility of the organization as a whole, starting with board and senior leadership. As needs become greater, demand for services becomes more intense, and revenue targets become tougher to achieve, it is imperative to think about how to optimize our talent, whether in fundraising or program delivery. In our work with clients developing performance assessment plans and incentive pay programs, we are also seeing the need that many organizations have for Talent Development programs and basic management training and coaching.

We collectively need to address this, starting with governance. Boards should be asking

themselves "what are we doing to develop our CEO?" And then asking their CEOs "what are you doing to develop your people"? As a sector, we need to come together and promote the opportunity for management and leadership development. If the non-profit sector is expected to stand with the public and corporate sectors in their strategies, techniques and ultimately outcomes, it needs to prioritize talent management and development activities.

Marnie Spears
President and CEO

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FORWARD THINKING



With a focus on keeping costs as low as possible in the non-profit sector, there are a number of functions that fall into the realm of “nice to have if only we had the funds”

Included in that category is human resources management. For most organizations, an investment in the management and development of employees is, unfortunately, considered a luxury they just can’t afford. So, most find themselves cobbling together bits and pieces of an HR strategy or, more often, simply hoping that the people side of things will simply take care of itself.

Yet, there is a growing refrain among leaders in the sector who say that in reality, a focus on people and talent is something that organizations can ill-afford NOT to do, suggesting in fact that this lack of attention may be keeping organizations and their fundraising aspirations from reaching their full potential.

A recent series by the Stanford Social Innovation Review shone the light on this very issue. The *Talent Matters* series makes the case that the non-profit sector is known for underinvesting in talent, suggesting that “from low compensation to lack of training, the pursuit of minimal overhead has resulted in anemic spending on human capital”

“It’s like there is a design flaw in the industry,” says Bruce MacDonald, President and CEO of Imagine Canada. “Most organizations have fewer than 50 staff, so it is tough for any of these individual organizations to put together HR programs and what little focus there is on HR usually ends up in the strangest places. Most often, it resides with the bookkeeper because that’s who is responsible for payroll, but if you think about it, these two functions couldn’t be more diametrically opposed. So we find ourselves in a situation where no one is minding the store in an intentional and strategic way when it comes to the people side of the business.”

MacDonald says that while he understands why this is the case, it’s time to push ourselves to do better. “The composition of the sector is what it is and we have to live in that environment. Some organizations have put HR professionals on their boards, but that only goes so far. I believe that to make an appreciable change on this issue, we must intentionally think about the development of our people as one of our core priorities.”

Ruth Armstrong, President of Vision Management Services and Part-time Faculty Member in the Schulich School’s Social Sector MBA program points to socio-demographic trends that will only amplify the need for increased focus on managing human resources. “Workforces have become incredibly diverse over the past decade, not only in terms of age, but also in terms of cultural background, language, gender and sexual orientation. Creating workplaces that are inclusive of employees from different backgrounds

may mean that we have to restructure our jobs and workplaces to look differently than they have in the past, something that will require more emphasis on and expertise in the discipline of human resources management.”

Charities are also operating in a world that continues to grow in competitiveness and complexity. As CEO of the Winnipeg Foundation for the past 17 years, Rick Frost believes that it has never been more demanding to be a leader in the charitable sector than it is today as charities are operating in a dramatically changed and signif-

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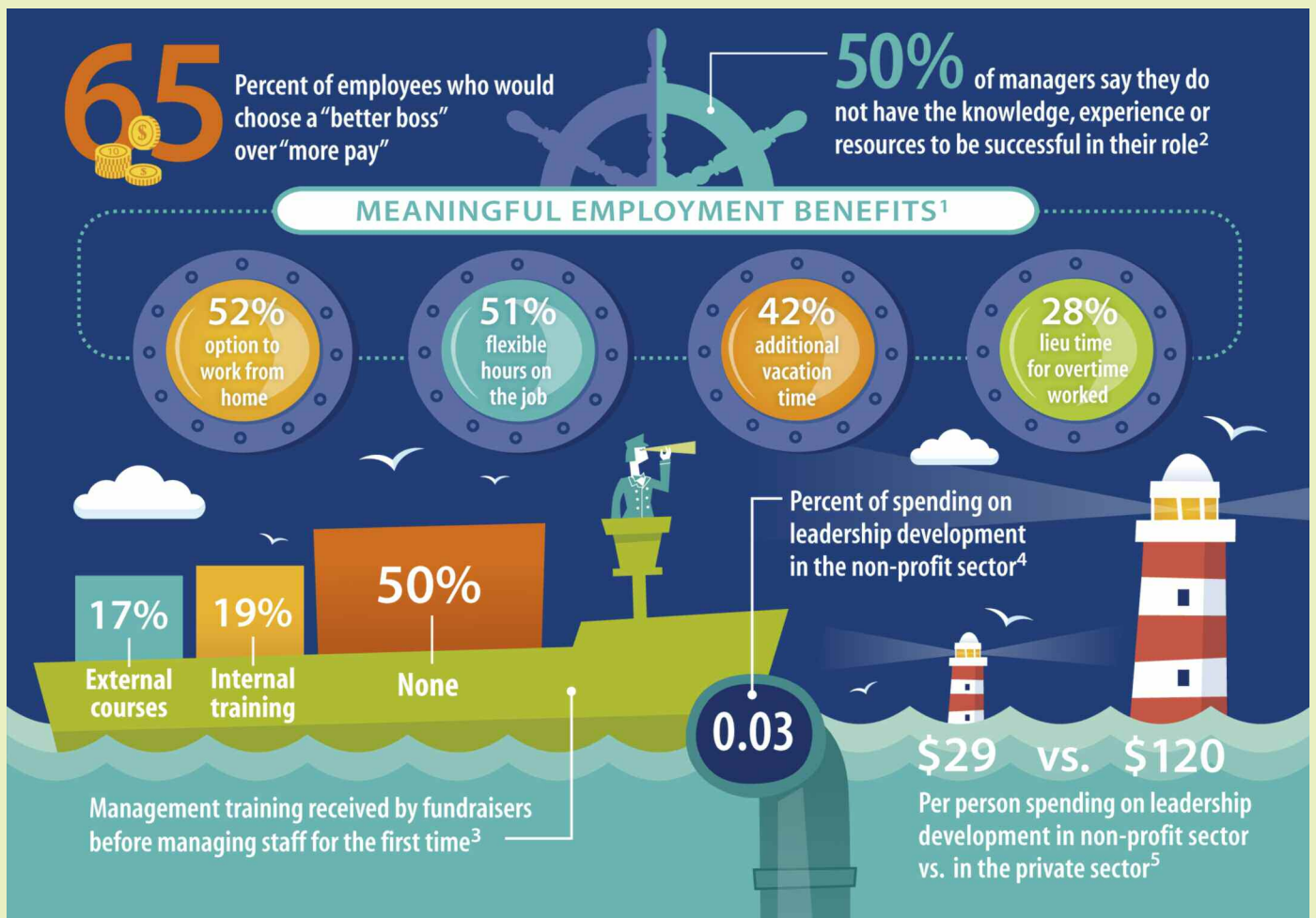
icantly more complex environment than they were 25 years ago. “Expectations for performance, both revenue and mission related, have never been higher in an environment where there are more charities and Canadian household debt is mount-

ing. So the competition for fewer dollars is greater than ever.”

Frost also points to a changing dynamic between the sector and government as another example of the increasing complexity faced by the leaders in it. “It used to be that the community and government would make a decision on a project or program and then you would engage the private sector. Today that model is turned on its head and it’s often the community and the private sector who come together and then try to leverage government to get involved. So skills and competence

By the numbers

Data generated by various research initiatives over the past several years paint a compelling picture of the need for greater emphasis on human resources and talent management, and also provide a window into the kinds of workplaces that employees are looking for.



¹Donor Centred Leadership, Penelope Burk ² ProInspire *Becoming A More Effective Leader*, January 22, 2014 ³ Donor Centred Leadership, Penelope Burk ⁴Stanford Social Innovation Review, Talent Matters Series ⁵Stanford Social Innovation Review, Talent Matters Series

related to navigating the complexities of government is an absolute must today for non-profits leaders.”

The Management Question

An area where the sector’s lack of investment in people tends to be most evidently problematic is the management function. The epidemic of turnover in the fundraising profession has long been a concern. While the reasons for this level of turnover are many and varied as explored in our Fall 2013 Edition (The Retention Issue), through our Search Practice we hear time and again from fundraisers that “poor management” is one of the top reasons they look to change jobs.

“Very often the individuals in management positions are simply not set up for success. There is far too much adherence to the “sink or swim” school of skills development.”

Why is being a manager hard? Because it is an incredibly complex job that requires the ability to play many different roles. Management is about inspiring, motivating and enabling excellence in performance. When people are promoted into management positions, they need to be sure they

understand that this is now their role, and organizations need to be sure that new managers have the knowledge and skills required to be effective at it.

Very often the individuals in management positions are simply not set up for success. There is far too much adherence to the “sink or swim” school of skills development, where there is the expectation that people will pick up the skills they need by osmosis or that they already come to the table with everything they need.

When it comes to fundraisers, there can be the unrealistic expectation that being a good fundraiser means that you have all the skills and competencies that you need

The Expert Perspective

Hugh P. Gunz is a professor of Organizational Behaviour and HR Management at the University of Toronto, Mississauga. With research interests that include the careers of managers, professionals and others, as well as the management of professionals, Dr. Gunz has a unique and useful perspective on creating managerial competence in workplaces. We recently sat down with Dr. Gunz to gather his thoughts on a few key questions.

1. Why does the switch from fundraiser to manager tend to be such a challenge?

The challenge of transitioning from technical specialist to someone managing the technical specialists is as old as the hills...and certainly not unique to fundraising. In many cases, the best specialists are not good on the managing side as the technical skill set is just so different from the managing skill set. I personally first encountered this challenge studying R&D organizations where the best specialists (typically chemists, physicists, biologists, engineers) weren't necessarily terrific as managers. This is one reason why

people do MBAs, so they can move from the specialist ranks and become managers. While the transition for fundraisers may not be as stark since these professionals already have the ability to build relationships with people and gain their confidence and trust, any management position is still different enough that the switch to manager does require some degree of ongoing skills development, coaching and training regardless of technical discipline. Without that, managers frankly run the risk of simply being well meaning amateurs.

2. What makes a good manager?

I actually think the answer to that is one reason why taking on the role is such a challenge.

In *The Nature of Managerial Work*, Henry Mintzberg identified the need for managers to play 10 very different roles, which illustrate why managing is so difficult. Not only is this level of diversity a challenge, it is also compounded by the need to seamlessly and unconsciously switch between them multiple times a day.

The research on what managers do shows a bizarre existence in which their attention is constantly flicking from one thing to the next. One study showed that the number of separate incidents that managers coped with averaged two dozen a day. So managers have to balance an enormous number of things and multi-task to advance a bunch of different agendas, all the while motivating and helping the team keep a sense of where we are going. No one thing makes it difficult but rather it's difficult there are so many things happening at the same time all the time. Add to that the need to combine concern with getting the task done with a concern for the people who are doing it and you get a sense of why it's so challenging.

Finally, all of this is compounded when organizations pretend that managing is something that can be done “off the side of the desk” or in a manager’s “spare time”, something that happens far too often.

3. Any unique challenges that you see with the fundraising profession?

I do think there are (continued on page 5)

to be a good manager. "You get promoted because you are a great fundraiser," observes Wendy McDowall, Chief Development Officer, YMCA of Greater Toronto. "You are great at raising money and people assume that since you can build relationships, this translates into being a good manager. And while there is certainly an element of truth to that, being an effective manager involves so much more."

Regardless of sector, most organizations promote employees into managerial positions based on their technical competence. But technical competence is not generally the best predictor of management potential. "The management skill set is vastly different from most technical skill sets," says



Dr. Hugh Gunz, Professor of Organizational Behaviour at U of T's Institute for Management and Innovation. "And it also is incredibly diverse and complex. To be effective in their roles, managers require some degree of ongoing skills development, coaching and training to help them develop and practice the skills and competencies they need to succeed."

Becoming a manager is also a profound inflection point in an individual's career, one that requires adaptive change as much as it does acquiring technical skills and knowledge. Taking on a management role is transformative and should be recognized as such by individuals who move into these positions – it requires thinking, acting and feel-

The Expert Perspective (cont'd from page 4)

some particular parameters dictating the industry that make it different.

One unique challenge is the need for managers in the fundraising profession to continue to have their own fundraising goals. Certainly, this is driven in part by the need for charities to raise funds at minimum cost, but also recognizes that while managing people is important to being able to advance in your career, it may not be valued as much as your ability to close big gifts.

One thing you discover when you become a manager is that you need to step back and allow the people who report to you to be the performers. It strikes me that in a profession like fundraising, in order to progress fundraisers need to establish a reputation as someone who has brought in significant gifts, something that creates pressure in two ways. Not only is there enormous pressure on anybody managing a team to make it clear that they continue to be strong individual performers, the people working for them also need to be seen as performers.

Think of the specific example of managing a prospective donor who is able to make a \$1 million gift. While it may be better for the organization in the long run to hand off a contact to a team member in order to help develop this person's skills, that means I won't get the credit. It strikes me that this is a very difficult thing to say to myself if I'm also having to look at my own career success.

4. What advice/counsel do you have?

The implications of what we have been talking about are that the problem is in part structural. And if that's the case, we have to deal with it at the structural level. In other words the solution isn't just sending people on courses – it very rarely is. The most successful interventions happen at the organization level and while we do need to develop people, we also need to develop the organization.

It is also critical to think about how the profession is organized and how the different roles that people play in it are valued. Is there enough career reward for being good at managing? If organiza-

tions are serious about improving managerial competence, it will mean making some hard decisions about the nature of careers in fundraising. There may be a need to look differently at the kind of senior people you are hiring and ask different questions in terms of what you are looking for in their record, recognizing that some people won't be able to give such strong answers about what they have personally raised, but rather what the team that they managed and developed was able to do as a result of their leadership.

In looking at other kinds of operations where there are specialists, we often find dual career ladders where people can be significantly rewarded either for managing a chunk of the organization or alternatively for being a very successful "lone wolf" specialist. What it boils down to is how important it is for the profession to have a cadre of people who have the skills and experience to manage teams, which may require them to step back from their own particular need to show they are a great fundraiser.

ing in new ways and it means relinquishing old, comfortable, but no longer relevant roles and ways of perceiving oneself.

Management is the “art of getting things done through others” and new managers often fail to grasp that their jobs are no longer about personal achievement, but

rather about enabling others to achieve. “When I started here at the Y I think there was a sense that I was going to swoop in and take all the good prospects,” says Wendy McDowall. “Unfortunately, I think that is something that happens more often than it should. But if someone has a really major prospect, we work on it together,

recognizing that while I’m supporting and hopefully adding value to the process, it is their prospect and they are driving it forward. I believe that this approach is optimal for the organization. Not only do we successfully bring in an investment, members of the team have the chance to learn and develop through the process.”

Emerging trends in HR

As times have changed, so too have Human Resource Management philosophies and practices, particularly in the corporate world. Some are new and cutting edge (with the jury still out on effectiveness), while others have been around for a while but are finding increasing traction in meeting the changing needs of employees whose lives today are busier and more driven by technology than ever.

1. Customized Employment Arrangements – A “made to order” working relationship with employees is becoming more commonplace. Telecommuting, a rare privilege 20 years ago, is now considered the minimum in creating customized work arrangements. Other common practices include flexible hours and flexible work weeks. As more and more employees deal with the complexities of family life that often include both children and aging parents, giving them the chance to create a work environment that suits their unique needs as well as those of the organization not only creates a welcome feeling of control but also increases loyalty.

2. Work Life Integration – Technology that has enabled availability well beyond the traditional “9 to 5” workday has blurred the line between work and home. For better or for worse, it is now commonplace to answer email outside regular business hours and to work at home in the evenings and on weekends using virtual desktop technology. A

recent poll from Gallup found that two-thirds of U.S. workers reported doing more work outside of regular work hours thanks to the rise of mobile devices. And fundraising, with its need for early morning, evening and weekend work, is by its nature not a “9 to 5” role. There has been a move away from thinking about “work-life balance” to a philosophy that promotes “work-life integration” that sees the boundaries between work and life as permeable. Unless explicitly forbidding work outside of regular hours (which some are doing – see next bullet), employers must shift from old rules about what constitutes a work day as well as what an employee is allowed to do during that workday.

3. “Unplugging” – There is an emerging school of thought that says being “always on” hurts results. A recent article in Harvard Business Review *Your Late-Night Emails are Hurting Your Team* says that employees who are monitoring emails after work hours are in fact missing out on essential down time that all brains need in order to be able to produce new ideas and fresh insights. Rather than ban after hours email entirely (which some employers in France and Germany have done), some organizations are setting up policies to promote a work culture that recognizes and values single-tasking and downtime, discouraging email between 10 pm and 7am and all day on weekends.

4. No formal performance reviews – Some organizations are moving away

from traditional annual performance reviews, seeing them as too ritualistic and infrequent. Instead, they are being replaced by ongoing conversations about performance that are based on two-way symmetrical communication. Characteristics of this philosophy include talking about performance regularly and letting employees create their own goals on a regular basis. Managers are encouraged to provide ongoing feedback and are taught how to have honest conversations.

5. Performance Points Programs – These are programs where employees earn points from their colleagues and superiors in recognition of their performance. Points can be collected and redeemed for a variety of different items, most often consumer goods or services. Employee incentive programs tend to be well received by employees and have proven to be very effective in improving performance, incenting positive behaviours, boosting morale and increasing retention.

6. Unlimited Vacation – The practice of allowing employees to take as much vacation as they want. While still relatively rare, it is becoming an emerging practice in the tech sector with Netflix as one of the early adopters. The Virgin Group also recently announced this “non-policy” around vacation. Rooted in the philosophy that when employees know they are trusted to make their own decisions about their vacations, they’re more motivated and satisfied with their work and organizations.

Rewarding A, Hoping for B

In the fundraising profession, we have the added complexity that the vast majority of management positions, particularly those in major gifts, are “producing managers” where the manager not only has responsibility for a team, they are also expected to be an individual contributor and continue to carry a portfolio of prospects.

In 1975 an American academic named Steven Kerr wrote his classic article “*On the Folly of Rewarding A while Hoping for B*” in which he suggested that many problems in organizations are created because we hope for certain behaviours while only providing rewards for others. Consider two of his examples.

“Charities find themselves with the overriding need to raise funds at minimum cost, so anything that isn’t directly related to raising money is subconsciously seen as a distraction.”

In universities, there is the hope that professors will not neglect their teaching responsibilities, but rewards are heavily biased towards research and publications. And in team sports there is a lot of talk about teamwork, good attitude and an all-for-one team spirit but rewards tend to be doled out based on individual performance. The college basketball player who passes the ball instead of shooting doesn’t compile impressive scoring stats and is less likely to be drafted by the pros. The ballplayer who hits to right field to advance the runners doesn’t win the batting or home run titles and will be offered smaller raises. As a result, Kerr argues that players are incented to think of themselves first and the team second.

The same could be said of fundraising.



“Charities find themselves with the overriding need to raise funds at minimum cost, so anything that isn’t directly related to raising money is subconsciously seen as a distraction,” notes Hugh Gunz. “Add into the mix that career rewards for management are not as high as being good at raising money and there’s little incentive to focus on my team. There’s a fear of losing stature. If I give high profile prospects to my staff, they’ll get the credit and what kind of visibility will I be left with? There is a need to value management and staff

development as something worth celebrating and rewarding.”

“As fundraisers, our success is measured on the dollars we raise, not on whether we are a good manager. So we’re conditioned to reach goal at all costs,” notes Wendy McDowall. “I have to admit that there can often be the temptation to put off meetings with staff to focus instead on my own fundraising portfolio. When you do that, you cut off your nose to spite your face, but I have to be honest, the temptation is strong.”

Changing paradigms and practices

We know that what gets measured gets done. What's emphasized in an interview or what's outlined in the job description will be focused on by the individual seeking that job. When fundraisers are primarily valued for the amount of money they bring to the table personally, not necessarily how they developed others to do so, what's their incentive to make that a focus of their skills development?

"If you ask most fundraisers, CEOs and Executive Directors about when they were interviewed or given their job descriptions, very few were asked to discuss their philosophy toward staff and workplace development," remarks Bruce MacDonald. "Yet the ability of a leader to provide a workplace that is thriving and dynamic is critical to the organization's ability to fulfill its mission and cause. We always talk about being a people oriented sector but I'm not sure we walk the talk. We need to be placing greater importance on the recruitment, onboarding, management and evaluation of our staff."

Marie-Josée Gariépy, President of The Montreal Children's Hospital Foundation, concurs. "There is a price to pay for not putting enough emphasis on our people. Boards and senior management must realize the importance of investing in the organization's personnel. Yes, it will cost money. But they must look beyond the immediate



cost per dollar raised to see the long term benefits for the organization. They must realize that non-profits are really small businesses and that we must make investments to enable us to secure our market share. To do this there must be appropriate training and coaching of leaders and managers."

A change in philosophy must also be reflected in changes in practice. Recognizing that there are some elements that we have to live with, most notably the small size of the majority of organizations in the sector, there are opportunities to do things differently.

The sector does itself a disservice for not promoting itself as an employer of choice that can compete with the private and public sector in different ways. "No, we can't offer company cars and stock options,"

says Bruce MacDonald. "But for young people, we can say that you're not going to be 12 layers deep in a department having to pay your dues for a decade. You can come in and make a difference quickly."

He and others suggest that we can be leaders in appealing to things that many employees today say are most valuable to them by offering flex time and respect for families while maintaining competitive salaries. And for organizations that aren't big enough to have full time HR capacity, it's time to consider pooling resources with other organizations in similar situations or securing a specialist on retainer in order to access what's needed while spending what can reasonably be afforded.

Happily, we are seeing glimmers of acknowledgement of the issue as we have begun to see an increasing number of requests from organizations to have us support them with specific 'people management' projects, including talent inventories and assessments and building management training programs.

The sector must pay more attention to training and development, and recognize that ignoring the people side of the business is simply no longer an option. Organizations must assess where they currently sit on the talent and management development spectrum and develop a plan for greater investment in this area. This is hard, mundane work, but it is fundamental. >>

Marnie A. Spears
President and CEO

Nicole Nakoneshny
Vice President and Editor,
Philanthropic Trends Quarterly

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