

# Stronger Human Resources

A Hub ONE Transformation to Empower People

NOVEMBER 2022

## HubONE

**Communities everywhere count on and invest in nonprofit organizations to address some of the most serious issues of our time. Yet experts suggest half of U.S. nonprofits are set up to fail<sup>1</sup> – lacking fundamental infrastructure like the human resources support they need to engage talented people and get the job done. As a nonprofit venture intent on transforming organizations for greater impact, sustainability, and collaboration, Hub ONE is determined to rework HR for the better.**

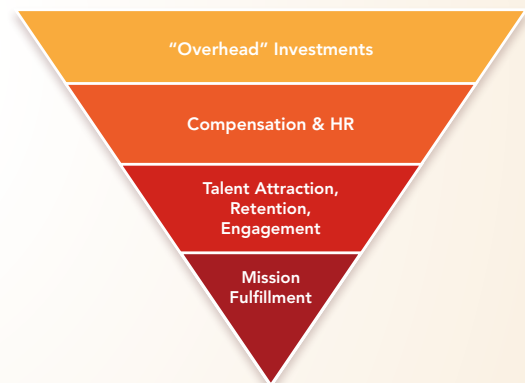
## Working in a Broken System

In a moment when charitable giving is on the rise, it's fair to ask why the problems donors and foundations want urgently to solve instead persist. Nonprofit organizations work hard to turn these dollars into powerful programs and valuable services. They strive to innovate and adapt in order to net positive outcomes amid rapidly changing community needs. All of it takes real human resources, in every sense of the term: Hiring people with relevant experience and compensating them equitably. Developing their capacity to do the job well. Deploying their effort to effectively advance the mission. Maintaining compliance in an ever-changing landscape.

Because *people* make change possible. When organizations fail to invest in their people and the structures that support them, they also fail to get ahead on the issues that matter to us all.

Yet HR and other key functions well-financed in the corporate world are often viewed as wasteful “overhead” in the nonprofit sector. In fact, nonprofits are commonly rated on how low they can get their overhead spend to go. In competition for grant and

### LESS IS LESS



### INVESTMENTS IN EQUITY

Quality staff recruiting practices, compensation, and development open pathways of inclusion and growth within an organization and the lives it touches. Equity depends on getting these right.

<sup>1</sup> Altman, Ian. “Half Of Nonprofits Are Set Up To Fail – How About Your Favorite?” *Forbes*, Mar 20, 2016.

donor dollars, they scale back on the kinds of self-investment that any organization needs to succeed. The ripple effect of not having enough of what's actually needed to do the job is devastating. In a study of one major American metro area, 74% of nonprofits expected demand for their services to increase while budgets tightened in the next year<sup>2</sup> – and the story is much the same in communities across the nation. Meanwhile, nonprofit employees everywhere are stressed out and stretched thin – underpaid, understaffed, under-supported for the work at hand, and under-incentivized to stay (or stay engaged) for very long. Common stopgap solutions, like offering a more significant title rather than a pay raise not only neglect employees' personal and

professional needs but also confuse roles and complicate planning. Without essential HR practices and supports in place, leaders struggle to set strategy and mobilize their team around the mission.

These pain points are evident in rising burnout and attrition among nonprofit employees and leaders alike. In a global survey of nonprofit leaders, 60% describe feeling “used up” at the end of each day.<sup>3</sup>

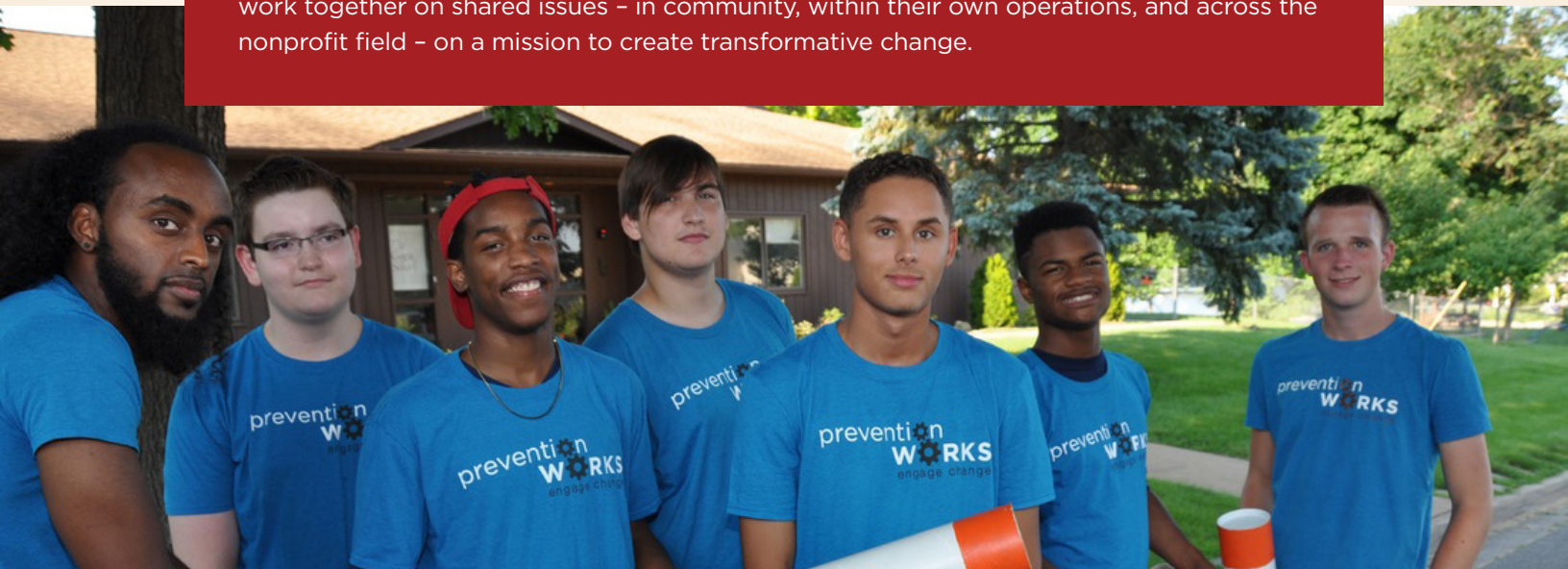
**PLAN TO LEAVE THE JOB  
WITHIN FIVE YEARS**

**45%**  
of nonprofit  
employees<sup>4</sup>

**67%**  
of nonprofit  
leaders<sup>5</sup>

## ABOUT HUB ONE

The Hub ONE venture is led by four nonprofits dedicated to reducing intergenerational poverty in Kalamazoo County: Big Brothers Big Sisters of Southwest Michigan, Prevention Works, Urban Alliance, and Boys & Girls Clubs of Greater Kalamazoo. The organizations work together on shared issues – in community, within their own operations, and across the nonprofit field – on a mission to create transformative change.



2 [The Essential Industry Revealed: Nonprofit Economic Impact Study](#), for Center for Nonprofit Management by The Research Center at the Nashville Chamber of Commerce.

3 [“Global Leadership Forecast 2021,”](#) Development Dimensions International.

4 [“45% of Nonprofit Employees to Seek New Jobs by 2025: Report”](#) *Forbes*, 2020.

5 Adrian Sargent, Ph.D. and Harriet Day. [The Wakeup Call: A Study of Nonprofit Leadership in the US and Its Impending Crisis](#), 2018.

## HR Becomes a Barrier to Collaboration

While all Hub ONE partner organizations were well acquainted with HR issues common across their field, the implications became even more apparent when they first began to collaborate. The organizations became interested in developing a shared service model to streamline experiences and enhance outcomes for their many common clients. Representatives of each organization got together to plan and soon realized some serious HR-related sticking points:

- **Inequivalent roles.** Because job titles weren't necessarily reflective of skills, responsibilities, and decision-making authority, the right people weren't often at the table together to make things happen.
- **Uneven capacity.** Some organizations and individuals were far too overburdened by their workload to make meaningful contributions to the collective effort.
- **Compromised intent.** While organizations on better HR footing could do more, they realized that without greater parity in roles and capacity to contribute, the collaboration would always be diminished in its ability to mobilize solutions and achieve its mission.

**“People need to feel valued, rewarded, motivated to bring their best to our mission. We felt an imperative to change the narrative on what it means to be a nonprofit employee and are inviting peers and funders to fuel an approach to human resources that really works.”**

MATT LYNN, CEO, BOYS & GIRLS CLUBS OF GREATER KALAMAZOO

## Hub ONE Sets Out to Rethink HR

Certain that collaboration is necessary if nonprofits are to solve entrenched, complex problems like intergenerational poverty and to bring about inclusive, equitable workplaces and outcomes, the Hub ONE organizations dug deeper to address the HR issues standing in their way. Without a roadmap, they would chart their own by:

- **Minding differences.** Every organization has unique needs and context – so there would never be a one-size-fits-all approach. Instead, the team worked to meet each organization where it is in its HR journey, provide flexible supports and strategies, and tailor solutions to satisfy each organization's distinct needs and purposes.
- **Going deep.** To solve long-standing HR problems, they'd have to look critically at the symptoms and causes, e.g., all knew low pay was an issue, but they also knew that there was more to the story, including funding, leadership, infrastructure, maintenance, measurement, and more.
- **Getting help.** While all were game to explore and try new things, the organizations also recognized the value of outside expertise. Together, they secured the support of several expert advisors who could point them in productive directions – as a collaborative and as individual organizations.



# A New Vision for HR

Together, HUB ONE organizations began to define a desired state for nonprofit human resources across their collaboration and beyond.

## STRUCTURAL

HR is optimized for each organization's mission fulfillment, equity goals, and sustainability

- HR infrastructure well defined with talent aligned and organized for success
- Positive, supportive, inclusive work environment
- Empowered talent growth and development
- Clear compensation philosophy and competitive pay and benefits structure
- Equitable hiring and termination policies
- Minimized legal and compliance risks
- Equitable, effective people management, including performance evaluations and conflict resolution
- Regular evaluation and adaptation

## RELATIONAL

HR positions each organization for effective collaboration

- HR systems in place to promote stability and flexibility across organizations
- Organizations staffed by well-supported talent in position to provide distinct and valuable services to community
- Individuals prepared to bring professional strengths to the table with collaborators
- Clear and actionable opportunities for alignment and innovation

## TRANSFORMATIVE

New mindsets and approaches in HR gain traction to transform the nonprofit sector and its impact

- Compelling demonstration of why and how nonprofits can strengthen HR to meet their missions for society
- More nonprofits adopting and championing HR practices required for effective, inclusive, equitable workplaces
- Elevated respect for the sophistication of nonprofit work and the organizational strength required create desired outcomes
- Funders and thought leaders supportive and advocating for nonprofit HR necessities and embracing new approaches

..... *achieved through* .....

# The Hub ONE HR Transformation Journey

- 1. Assess the current state of HR.** To start from a place of clear understanding, Hub ONE engaged an HR expert who assessed each partner organization along several dimensions, including leadership and culture, hiring and retention practices, organizational structure, and more. Opportunities and gaps were identified and used to develop a custom action plan for each organization.
- 2. Implement new HR solutions.** Each organization then went to work bringing the new HR strategies in their action plans to life – some organizations further engaged the HR expert as well as other resources to support strong implementation. While the organizations worked across many HR fronts, all devoted time and attention to these key areas:

## ORGANIZATION CHART

The Hub ONE organizations took a step back to revisit their missions and visions and began to define the skills and structure their teams would need to deliver them more fully.

## JOB DESCRIPTIONS

With a handle on big-picture needs, they revised employee job descriptions, clarifying titles and expected duties, and in some cases developed new descriptions where none had existed. Accurate job descriptions not only enabled the mission-aligned organizational chart, they would also guide constructive employee development and hiring.

## COMPENSATION

To help attract and retain talented people, the organizations committed to a minimum living wage and adjusted pay ranges and benefits to better align with market rates for positions requiring similar skills and experience in other sectors. See this [Hub ONE case study on early lessons in pursuit of pay equity](#). The group plans to publish a second installment on this topic detailing its steps to implement an equitable compensation philosophy as the necessary companion of a strong HR structure.

## Big Brothers Big Sisters of Southwest Michigan

was overextending its CEO and staff without a director of programs. HR experts identified this need and collaborated to craft a job description and onboard an experienced employee for this role – strengthening the organization’s programming function and enabling the CEO to devote more energy to strategy and leadership.

## Boys & Girls Clubs of Greater Kalamazoo

saw an increase in applications and quality candidates after posting clearer, more mission-aligned job descriptions with compensation informed by market research.



**3. Maintain and improve HR practices.** Hub ONE organizations knew that the most valuable benefits of their improved approach to HR would be realized over the long-term. For that reason, they took measures to help maintain and continually improve this aspect of their internal affairs. Here are a few such steps:

#### **LEADER SUPPORT**

Leading a nonprofit organization is a complex, demanding job that requires specialized skills, resilience, and continual growth. Leaders also play a featured role in setting HR strategy and ensuring it remains an organizational priority. To support their top performance, Hub ONE engaged an executive leadership coach who guided each organization's CEO through a process that involved completing an EQ (emotional quotient) leadership assessment, collecting feedback from their teams and fellow Hub ONE leaders, and determining their own goals for leadership development and growth.

#### **MANAGER TRAINING**

Managers play an essential role in putting HR policy into everyday practice. To support their success in this endeavor, managers were provided training to help them, for example, conduct effective performance evaluations, which are critical to ensuring that responsibilities outlined in employee job descriptions are carried out, and to recognizing and rewarding great work. Managers also built their skills in giving and receiving feedback, and in coaching their teams toward development and growth. In tandem with organizational leaders, managers are also now prepared to take an active role in maintaining an organizational chart that is optimized for the mission through changes in personnel and circumstances.

#### **EXPERT ADVISORS**

Hub ONE brought in expert advisors to help guide and shape HR interventions designed to bring Hub ONE values to life, make each workplace more equitable and inclusive, and bolster mission fulfillment across organizations. In addition, the group established relationships with key advisors for regular and ad-hoc support to maintain and grow these gains. As a group, Hub ONE organizations retain an HR consultant to revisit each organization's structure and evaluate whether it requires adjustments to fulfill the mission through employee turnover and other changes. They also have shared access to an employment attorney to support conflict resolution in complex situations, which helps the organizations remain legally compliant and also supportive to employees in difficult times.

**Most CEOs across Hub ONE** themselves lacked a current, accurate job description. Fixing that and creating CEO contracts has enhanced relations with staff, collaborators, and boards - see this Hub ONE [governance case study](#) for more about the value of this step.

**Prevention Works** provided "Crucial Conversations" training for staff throughout its organization to strengthen conflict resolution skills important to addressing people issues quickly and effectively for a healthy culture and productive work environment.

**During the COVID pandemic**, an employment attorney helped Hub ONE organizations navigate rapidly changing management, health, and safety requirements so they could continue providing critical services to the community.



# HR Checklist for Nonprofit Organizations

Drawing on its experience, as well as expertise from its HR consultant, Hub ONE offers this checklist to nonprofit organizations assessing their own HR capabilities.

## GENERAL:

- Do you engage an HR expert or have an expert on staff to regularly guide and support HR practices within your organization?

## COMPENSATION:

- Does your organization have a compensation philosophy that defines how you approach pay for your employees?
- Are employees aware of your compensation philosophy and structure?
- Have you benchmarked your pay ranges within the last two years with valid market data?
- Do you disclose salary ranges on job postings?
- Does your organization have a compensation structure and consistent methodology for determining appropriate pay levels, increases, and benefits packages?
- Have you evaluated your compensation practices for their impact on equity within and outside of your organization?

## LEGAL COUNSEL:

- Does your organization have access to an employment attorney?
- Do you make use of your attorney to ensure appropriate policies, procedures, and conflict resolution?

## ORGANIZATIONAL STRUCTURE:

- Have you recently reviewed your organizational chart to ensure you have the appropriate positions to uphold your mission?
- Do you have current and accurate job descriptions for all staff members?
- Do you have equitable hiring practices?

## TALENT MANAGEMENT:

- Do you have a comprehensive and current employee handbook regularly reviewed by all employees?
- Do you offer trainings and support to actively pursue and uphold an equitable and inclusive workplace?
- Do you have a strong performance evaluation process in place?
- Are managers trained to write and conduct performance evaluations?
- Are there policies in place and training available to address conflict resolution?
- Do you have specific policies, procedures, and support for employee termination?
- Do you have professional development and/or coaching opportunities available to staff?

Ready to join the movement toward a more empowering approach to nonprofit HR? This work takes time and care, but every person and organization, every funder and thought leader who helps get us there contributes to your mission – and the people who make it happen. A healthy human resources function is just one of the critical components nonprofit organizations need to do their best work for communities and generations to come. Learn more at [hub1one.com](https://hub1one.com).

HubONE