

MODEL PROJECT #2
BUILDING A STRONG HR CULTURE IN A SMALL NONPROFIT

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(Maryo Ewell's notes)

NOTE: Shelley has presented the outline of her presentation and this isn't an attempt to duplicate it. This represents points made and/or underscored in the discussion that followed her presentation.

- Just because you are small with a tiny budget doesn't mean you can't help build a healthy workforce. You can. The first step, though, must be your board's and must be grounded in your Strategic Plan. There are some key board attitudes to address in the planning process:
 - The board must get over the traditional nonprofit attitude that says, "How little can we pay them and get away with it? Because surely they don't mind being broke if they can live in this beautiful place." They must get beyond the notion that it's ok to pay people hourly, seasonally, without benefits and assume and turnover is "just the way it is." Instead ask: How can we create meaningful jobs with good pay and benefits so that our workforce can be more productive and stay for longer? This will be a challenging conversation since so often small boards might say, "That's simply not possible." Too often boards think that they can't do anything about a good HR culture when the organization is new or small; but you must be proactive in holding this conversation – a good HR culture won't "just happen." Creating it is a strategic business decision – thinking of people as an investment, not as an expense.
 - And nonprofits tend not to think of themselves as economic drivers in a community – the third equally important leg of the stool that includes business and government. If they start thinking of themselves that way, they will see that they have a responsibility to build the workforce in order to help build the community.
- It simultaneously means helping educate your donors. The all-too-typical donor thinks that they want their money to go to "programs, not administration." So you have to demonstrate first that good staff IS your most important program, but also that you are not wasting money – you'll need to show them you're following best practices, being transparent and accountable for every penny they might be inclined to give you.

Some possible steps to getting there:

- First your key board members need to embrace these ideas. It cannot be seen as staff-driven – or it will be suspect. So make sure your president is excited by the idea, and let your president take the lead in engaging others, perhaps before the planning process even starts so that people can have a thoughtful, productive discussion.
- Seek out grant sources that are willing to invest in people and who grasp these ideas. Do you need to revisit your income sources – beyond grants – to ensure that a certain % of income is invested in increasing salaries? Creating a pool – however small at first – for benefits?
- Consider consolidating part-time/seasonal positions into full-time positions. The Museum has done that and already seen that the individual (who previously had 3 part-time jobs) who took on new responsibilities (previously held by other short-term/part-time

staff) is already more productive: she is able to focus more on her work, can stay on task all day, and of course this also builds loyalty to the organization as well.

- Change the fiscal year. When the Museum was on a calendar year, in November they had to forecast their income/expenses, but the winter season – so tied to income stream – hadn't happened yet so things were too uncertain. By changing to a May 1 fiscal year, they were much better able to forecast, so planning was much easier.
- Sit down with the entire staff to ensure that each of them – regardless of role – sees how their job is tied to fundraising. “The more that you bring in, the more we will be able to pay you.” Every staff person could help set benchmarks for how their particular job is tied to income so that paying bonuses or – better – building salaries and benefits is tied to concrete results in a collective effort.
- They were lucky to have an auditor who totally “gets it” (Taylor Roth of Denver). Indeed their auditor said that “It’s good that 60% of your operating budget is tied to payroll since that is helping make you sustainable. In fact, you could even go higher.” Having their auditor say this gave the board the affirmation that they were on the right track! And this gave them ideas on how to approach both old donors and new, with a new message about sustainability.
- Aspire to creating a “real” benefits package. For now, they are creating an infrastructure for this to happen; meanwhile, they are paying their employees more to make it possible for them to buy good health insurance.
- Consider other pretax things. To become more competitive in attracting good employees in 2017 they did two things: a) committed to purchasing supplementary insurance through Aflak and b) started a simple IRA program matching employee pretax contribution.
- Identify a board member to be the point person for staying in touch with the staff and helping grow the HR program. This also created an ongoing “champion” of HR on the board, which is essential. As a result, the conversation within the board has shifted from “why should we give them raises?? How little can we give them??” to “they deserve a raise! They deserve a decent income if we want to keep good people.”
- Consider innovative ways of rewarding staff as you are building your ideal program. These could include flextime (for athletes who might want long lunch hours to ski), end of year bonuses, professional development (for people eager to build their skillset/portfolio), recognition (for people in mid- or end-career). Each person probably has different motivations for working for you, and there are different ways of rewarding each. Taking the time to understand this and build a program around their needs helps build loyalty, resulting in a more engaged and productive staff.
- Take the long view. Shifting board attitudes for the current strategic planning process, raising salaries, shifting donor attitudes, creating new income streams takes time and must be an ongoing campaign to create a new type of permanent, ongoing board culture.