

The Importance of Investment:
A Worker-Centric Approach to Non-Profit Leadership

Thesis

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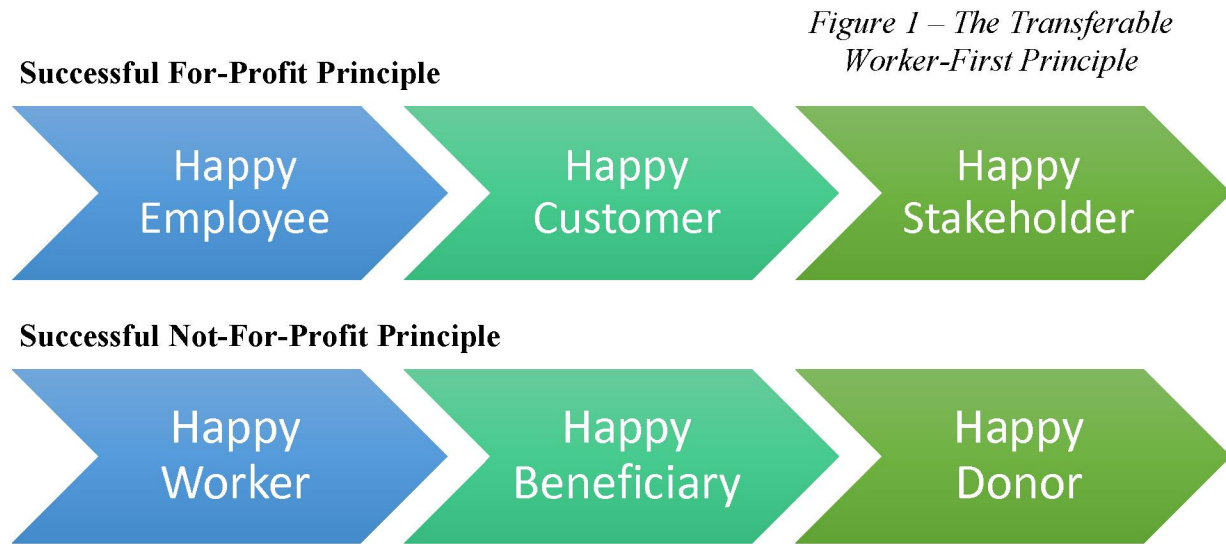
I. Introduction

In 1994, a businessman by the name of Gordon Bethune took over the CEO position of Continental Airlines. Ranking last among airlines in nearly every measurable category, and filing for bankruptcy twice in the decade prior, things couldn't have been worse for Continental upon Bethune's arrival. Within a year of the new CEO's entrance however, Continental Airlines went from operating out of a deficit to \$250 million in sales. It also ranked as "one of the best companies to work for in America" (Sinek, "Start with Why" 84). Bethune's secret: care for employees first; when employees are happy, customers are happy.

Once considered a "heretical belief," this mantra of "worker-first" has now become more commonplace in the for-profit world (Sinek, "Start with Why" 83). CEOs like Herb Kelleher of Southwest Airlines and Richard Branson of the Virgin Group have publicly promoted a similar conviction, pointing to the financial success of their businesses as proof that the principle works in practice (Boyce). It's here that I ask, what about the non-profit sector, where success isn't based on the bottom-line of financial profit, but rather the accomplishment of a social mission? Could this same principle of worker-first apply there too (see figure 1 below)? Based upon my qualitative research, and the research of others who have gone before me, this paper promotes the idea that this principle can, and in fact does apply in the non-profit sector. *Non-profit leaders must invest time and resources into their workers in order to increase organizational impact and foster necessary organizational health.*

Setting the stage, I begin by providing some preliminary information to my research, including a brief background, definitions of three commonly used terms, and a more specific description of my intended audience. Built upon this groundwork, I move on to describe five reasons why leaders in the non-profit sector are reluctant to embrace this proven "worker-first"

mantra. After pointing out some of the issues that non-profit leaders face, I explain why it's vitally important to the overall impact and health of an organization that leaders find ways to overcome such barriers so that their workers may benefit from the quality investments that a worker-centric approach provides. Wrapping up the paper, I offer some practical applications for non-profit leaders to consider in their own setting.



II. Laying the Groundwork

Background. This paper was inspired by the work that I do in the non-profit sector. Currently, I hold the position of Operations Manager at a large food bank, located in the city of Abbotsford, British Columbia, about 70km east of Vancouver. I've worked with this organization for several years, but have not always held a position of leadership like I do now.

It was just over two years ago that I was given my first supervisory role, and it was around that time that I naturally started thinking about those I was given the charge to lead. I began asking questions like, "What do staff and volunteers really hope for in a leader?" "How can workers actually thrive in an environment that is constantly attracting and serving people in the midst of crisis?" "What will it cost me as a leader to make sure that my staff and volunteers

are well taken care of?” “How can I advocate for some of these needs if the finances simply aren’t there?” Starting my master’s degree shortly after the position change, I started filtering everything that I was learning through the lens of my work and the questions I was asking.

During the summer of 2018, I was given the opportunity through a fieldwork practicum to gain a wider perspective on worker well-being in the non-profit sector. From May to August, I interviewed numerous non-profit leaders, staff, and volunteers, asking them relevant questions in an attempt to find common themes that I could not only write about in this paper, but also start applying in the workplace. As exhausting as the task was, I came away with some very practical insights.

Of the ten questions that I asked during each interview over the summer, four seemed to emerge as core to my research (Questions 1, 3, 4, and 5. See Appendix A for the list of ten questions). The first question solicited my respondents for their thoughts on non-profit overhead ratios, which are traditionally defined as the amount an organization spends on non-product or service-related expenses in relationship to its overall budget. The second central question asked if interviewees thought there was a correlation between an organization investing in its workers and the overall impact of the organization itself. In other words, could a non-profit organization be more successful at its mission if its leader(s) were to give more attention and resources to its workers? The third question asked participants to provide personal examples of investment, so that qualitative grounding could be given to my second question on the correlation of investment and impact. The fourth and final question that emerged as core to my research maintained some flexibility to suit the position of the person that I asked (volunteer, staff, leader). It prompted leaders to speak about the different ways they already invest, and it asked staff and volunteers to

consider how they would invest in their workers if they themselves were in positions of leadership.

Taking time to reflect on the answers of my participants, I discovered that a certain tension existed between their responses to my first question and the other three. On one hand, every single interviewee agreed that the more an organization could invest in its workers, the greater the potential impact it could have. On the other hand, those I interviewed also acknowledged that non-profit organizations face some very real limitations that keep them from investing in their workers.

Contrasting the overwhelmingly positive response of what could be, to the pessimistic reality of what is, I pose the following question: “How can non-profit leaders intentionally invest in their workers, while at the same time not neglect the work of their organizations?” The black and white nature of the question seems to leave little room for imagination, but that’s where my research comes in.

Defining Common Terms. Before looking at the details of my research, allow me to define and give some parameters to three different terms that I use extensively throughout my work.

The first term that I’d like to bring clarity to is what I call *investment*. An investment is defined as the expenditure of time, effort, energy and/or money into a particular undertaking or person with the expectation of a worthwhile result. Along with the ten interview questions, this is the definition that I gave to all of my participants prior to sitting down with them. It was not however, something that I intentionally reminded them of during our interviews. Being a fairly broad definition in terms of application, I wanted to make sure that they didn’t feel restricted in their thinking. The more “from-the-gut” and “out-of-the-box” their responses, the better.

The second term I'd like to define is *organizational impact*. Organizational impact, on a very basic level, is the positive social change that occurs as a result of an organization's work (Epstein and Yuthas 2). Organizational impact is directly tied to the stated mission of an organization, which means it's always subjective. Consider the following example: The Abbotsford Food Bank (AFB) defines organizational impact differently than a women's transitional home because the mission of the organization is different. For this reason, the AFB also measures its impact differently. What is measured and how it is measured is directly connected to the work being done. When considering investments and their impact on the work of an organization, it's important to keep this in mind, for investments may not bear the same effect from one organization to the next.

It is worth noting here that not every non-profit organization measures its social impact or the impact of its worker-related investments. Certainly, this is not done on purpose. Sometimes it's simply that organizations confuse their outputs with their outcomes (Reisman and Clegg 72-73). In other words, organizations will be able to report how many meals they served or how much they spent on staff-related training (outputs), but they won't always be able to clearly state what all of that activity is actually changing (outcomes) or how it's tied to their mission (goals). But more on that later. For now, it's simply worth acknowledging that in order to increase organizational impact, an organization must first be able to define success and know how they're measuring it.

The third and final term that I want to bring clarity to before moving on is *organizational health*. Organizational health, like organizational impact, is subjective in that there isn't one commonly agreed upon definition. For the sake of understanding here, I offer Richard Bellingham and Julie Meek's holistic description.

Bellingham and Meek believe that healthy organizations promote the physical, intellectual, emotional, and spiritual well-being of their workers (8). Indicators of physical health include workers feeling safe in their work environment, and the portrayal of healthy lifestyle behaviors both in and outside of the workplace. Intellectually healthy workers report a sense of empowerment in their work and reveal a certain level of creativity as well. Emotionally healthy workers share and live out a common set of corporate values and affirm that their leaders support their personal development. Lastly, spiritually healthy workers feel connected to others in the workplace, and speak confidently about the joy that their work brings them. These indicators of organizational health may seem a bit lofty, but I, like Bellingham and Meek, think it's important to set the bar high, for what good is an organization that promotes the health and well-being of others if those within the organization aren't healthy themselves?

Defining the Audience. In the early stages of outlining my work, I had the opportunity to discuss some of my research with my father-in-law. As the leader of a non-profit organization himself (president of a local college to be exact), he was eager to hear a summary of my research to that point in time. With a great deal of confidence I began explaining to him the general arguments of my thesis. Upon finishing, I noticed that he had a puzzled look on his face. After pausing briefly to gather his thoughts, he told me that my ideas seemed all too obvious. As the leader of a private college that generates revenue for the very purpose of investing in quality teachers and staff, my arguments seemed to fall short for him and his context.

The non-profit sector is extremely vast, and for this reason, I believe that it's important to note who in the non-profit sector will benefit most from my work. While certain principles of my research will apply to all non-profit leaders, including my father-in-law and his educational setting, this paper is addressed to leaders of non-revenue generating, non-profit organizations –

particularly charities and churches that either fundraise the entirety of their annual budget or are under stringent contract funding (i.e. government funded organizations). To avoid confusion moving forward, when I speak of non-profit organizations, I do so with my narrowed audience in mind.

III. The Current State of Things (The Issue)

Many organizations in the non-profit sector are being kept “chronically weak” for numerous reasons (Stahl 4). One of the primary and most concerning issues is the unrealistic expectation of the average donor. Backed by the belief that “Money spent on programs is doing ‘good,’ while money spent on overhead costs is not,” the average donor expects non-profits to eradicate poverty, disease, homelessness and the like, without investing in the necessary resources of staffing, tools, and infrastructure (Stinn 1). Unfortunately, many non-profit leaders fulfil this expectation of keeping overhead low, consequently starving themselves of the things they need to flourish and increase their organization’s impact potential (Lecy and Searing 543). Allow me to unpack these ideas into five distinct categories so that the issues can be understood clearly. *“Overhead” and “The Cause.”* Walking into a local food bank, a donor places \$1000 on the receptionist’s desk. In conversation with the receptionist, the donor discovers that 300 of that \$1000 will not be spent on food, but rather administrative costs, fundraising efforts, and the upcoming volunteer appreciation day. Caught off-guard by the discovery, the donor states to the receptionist that she’d like to designate her entire donation to the purchasing of food.

Although fictional, this interaction addresses a tension that many non-profit leaders are forced to face: the tension between donor expectations and the cost of running an organization. According to the research of Dr. Joseph Stinn, the average donor has an “aversion” to the idea of donating money towards overhead costs. Stinn’s research confirms that if a donor is given

information on the overhead costs of two charities, they are more likely to donate to the one with the lower overhead percentage (15). Underlying this aversion is the belief that money spent on overhead is money not spent “directly on the cause” (Stinn 5). Challenging the belief that overhead costs aren’t a part of an organization’s cause, activist and philanthropist Dan Pallotta writes:

Americans are convinced, in large numbers, that charities waste money. They spend too much on “overhead” (never mind what that word actually means) and too much on executive salaries, offices, hotels, meals, trips, fundraisers, conferences, and staff. In the end, most people believe that the money donated doesn’t really go to “the cause.” Of course, “the cause” is defined extremely narrowly: if hunger, then soup – but not the spoon, the bowl, the stove, the fundraiser that got the money for the stove, or the postage on the thank-you note sent to the donor who donated the money for the stove. Just the soup molecules themselves. (Pallotta, “Charity Case” 3)

Most donors may concede that the ongoing list of needs to have that bowl of soup made and consumed is actually necessary, but at what point do additional items become unnecessary? Given my argument that non-profit leaders need to be investing more into their workers, what if I added the element of “sending the kitchen cook and manager to a two-day seminar” to that growing list of additional costs? Some may see the connection between the investment of training and organizational impact, while others may not.

The constant question that the tension of “overhead versus cause” asks of leaders is, “Where is the line drawn?” The ambiguity and subjectivity of the question torments many non-profit leaders, causing them to operate within the safe space of “Spend as little on overhead as

possible.” I contend that this mentality is an issue. Not only does it stifle the potential impact of an organization, it also promotes an unhealthy culture of stinginess and restriction.

In an effort to invest in those that they lead, non-profit leaders will have to face the issue of knowing how to honestly navigate some of the conversations they have with donors about money. On one hand, leaders cannot neglect their concerns, but on the other, they shouldn't concede to every one of their demands or expectations. Overhead costs are a part of the cause, but truthfully, that's not how every donor sees it. Without being able to get past this basic distinction of overhead and cause, the non-profit sector will continue to remain hindered in its efforts to care for its workers and serve those in need.

Two Rule Books. Work in the non-profit sector may be different than the for-profit, but that doesn't change the fact that both have financial needs. Both sectors have workers needing to be paid a livable wage; both have electricity and phone bills needing to be paid; and both have needs for certain levels of infrastructure to be able to accomplish their goals.

Given the equal needs of both sectors, Ann Gregory and Don Howard of the Bridgespan Group pose the following question: “Why are non-profit organizations expected to spend frugally and do their work on a proportionally tighter budget?” (50). On a very basic level, the answer has to do with charity and a lack of self-generated revenue. Dependent on the generosity of donors, non-profits are subconsciously discouraged from spending money like their for-profit counterpart. In fact, while conducting my research, I received a complaint from a donor who had found out that nametags were being purchased for our volunteers and staff. It is this mentality that has the ability to stifle non-profit impact and health.

In his TED Talk called *The Way We Think About Charity is Dead Wrong*, Dan Pallotta speaks to this dichotomy, arguing that the non-profit sector and the rest of the economic world

play by two different “rulebooks” (2:46). Pallotta asserts that there are five discriminatory attitudes that define these two rulebooks, each of which keep charities from tackling the major social issues that they each face.

The first discriminatory belief revolves around worker compensation (Pallotta, “The Way We Think About Charity is Dead Wrong” 3:12). In the for-profit sector the sky is the limit when it comes to earning potential. If an employee brings value to the company they work for, the general response is heightened compensation. Working hard and being incentivized for doing so draws the applause and envy of others. Very few people bat an eye at the idea of a business entrepreneur making “50 million dollars a year selling violent video games to kids,” because the belief is that he or she has earned it (Pallotta 3:35-3:37). This however, is not how the non-profit world gets to operate. Generally speaking, there is a “visceral reaction to the idea that anyone would make very much money helping other people” (Pallotta 3:19-3:23).

The second discriminatory rule has to do with advertising and marketing (Pallotta, “The Way We Think About Charity is Dead Wrong” 5:37). In a capitalist economy where businesses compete for consumer dollars, the strategy has become advertising. The mentality of most businesses and corporations in the 21st century is “Spend as much as you can on advertising until it no longer produces a profit.” In 2018, US businesses spent over 107 billion dollars on digital ads alone (Feldman). This number excludes what was spent on TV, newspaper, and magazine advertisements. Since donated money spent on advertising is deemed money not spent on “the cause,” non-profits find themselves handcuffed. Wanting to draw attention to the good work being accomplished, non-profits are inadvertently being told that “money invested in advertising could not [possibly] bring in dramatically greater sums of money to serve the needy”

(Pallotta 6:05-6:08). Put differently, it's like saying "Advertisement works for businesses but not for charities."

Pallotta's for-profit company TeamWorks, established in 1994 to support humanitarian fundraising efforts, faced this very discrimination. After founding some of the most profitable fundraising events in history (AIDS Rides and the Breast Cancer 3-Day walks), sponsors distanced themselves from TeamWorks because the media was crucifying them for spending money on advertisement in the New York Times and on prime-time radio/television. Trying to host the events themselves the following year, sponsors found that "the overhead went up... [and the] net income for [the causes] went down by 84 percent" (Pallotta, "The Way We Think About Charity is Dead Wrong" 15:01-15:07). Wrestling market-share away from the for-profit sector isn't possible if non-profits aren't given the ability to advertise the good work that they're wanting to accomplish with the public's help.

The third discriminatory rule involves risk-taking "in pursuit of new ideas for generating revenue" (Pallotta, "The Way We Think About Charity is Dead Wrong" 7:48-7:50). Businesses are rarely called into question when the pursuit of a new idea flops because that's on them; that's their loss. But the moment a non-profit organization fails in a similar way, people are up in arms. Innovation and the potential for generating revenue are oftentimes killed because "Nonprofits are really reluctant to attempt any brave, daring, giant-scale new fundraising endeavors, for fear that if [they] fail, their reputations will be dragged through the mud" (Pallotta 8:08-8:13).

The fourth discriminatory rule involves time. The example Pallotta gives in his TED Talk is that of Amazon. For the first six years of its existence, Amazon returned no profit to its investors because the vision was long-term market dominance. For this reason, its investors had

patience. If something like this were to happen in the non-profit sector, someone would lose their job (probably well before that six years was up).

The fifth and final area of discrimination has to do with profit itself. The very names used to differentiate the sectors announce their very motives. One aims to make profit, while the other does not. Unfortunately, without a profitable aim (i.e. social enterprise), the non-profit sector will continue to find it hard to attract innovative leaders and the capital that their ideas bring.

Investment in the non-profit worker oftentimes requires money, and as long as the non-profit sector continues to play by this separate economic rule book, leaders of organizations will find themselves limited in their ability to acquire the resources they need to invest in their workers. Lacking the necessary capital, and hindered by the unhealthy expectations of the average donor, non-profit organizations often find themselves in a harmful cycle of starvation.

The Non-Profit Starvation Cycle. The five discriminatory rules that Pallotta lays out in his TED Talk and corresponding book, *Uncharitable: How Restraints on Nonprofits Undermine Their Potential*, fuel what social sector leaders Ann Gregory and Don Howard call the “nonprofit starvation cycle” (49). The starvation cycle “starts with funders’ unrealistic expectations about how much running a nonprofit costs” (Gregory and Howard 49). Such unrealistic expectations encourage nonprofits to fudge numbers on tax forms and fundraising materials and incites them to tighten up their expenditure belts. Consequently, necessary internal systems and practices fall to the wayside. When subsequent reports then come out stating that non-profits are operating on a shoe string budget, the expectation of the donor becomes further solidified and the unhealthy cycle continues (see figure 2 below).



Fig. 2 – The Nonprofit Starvation Cycle from Lecy and Searing, “Anatomy of the Nonprofit Starvation Cycle: An Analysis of Falling Overhead Ratios in the Nonprofit Sector” (*Nonprofit and Voluntary Sector Quarterly*, 2015), p. 544.

According to the *Nonprofit Overhead Cost Study*, a five-year research project conducted at the University of Indiana, “underfunding overhead can have disastrous effects” (Gregory and Howard 49). Researchers of the study “conducted 1,500 in-depth surveys of [non-profit] organizations with revenues of more than \$100,000” (Gregory and Howard 49). Some of the qualitative findings included “nonfunctioning computers, staff members who lacked the training needed for their positions, and... furniture so old and beaten down that the movers refused to move it” (Gregory and Howard 49-50). As these qualitative examples make clear, a lack of investment in infrastructure and personnel can drive non-profits into despair. The catch-22 that Gregory and Howard point out, “is that, while organizations need capacity-building funding in order to invest in solid performance tracking, many funders want to see strong program outcome data *before* they will provide such general operating support” (51). Ironically, this unhealthy cycle forces organizations wanting to combat poverty into impoverished conditions themselves.

This obsession with low-overhead has turned the non-profit sector into a capitalistic competition for donor dollars. Writing on the topic of the non-profit starvation cycle, Lecy and Searing state, “Like a price war, if one nonprofit in a market segment signals that they are able to

achieve a low overhead ratio, there is a race to the bottom to match those numbers to appear competitive” (543). Non-profit organizations that get caught up in this race are presented with limited options: tighten up the purse strings on overhead even more, alter numbers to make things look more favorable, or take a chance at the donor not knowing or caring about a similar organization doing the same work for less. All three options are lose-lose scenarios for both the organizations and its beneficiaries.

In an attempt to avoid this difficult choice, and to gain an advantage over other fundraising organizations, many non-profits advertise that 100% of all donations are spent on the cause “by using an accounting practice where money from board members or private funders covers overhead so that donations are all used on programs” (Lecy and Pearson 543).

Organizations like Charity:Water and Gospel for Asia are among the many that fundraise this way. Although a clever way to gain support, this misleading tactic only feeds the competition underlying the starvation cycle. It enables the belief that non-profit organizations can and should operate upon as little overhead as possible.

The Problem with Overhead Ratios. One of the most “commonly used metric[s] for evaluating charities is their overhead cost ratio – that is, the amount the charity spends on administrative and fundraising expenses as a proportion of their total spending” (Meer 2). According to a recent report by Texas A & M professor Dr. Jonathan Meer, this overhead number has the ability to drive where the average donor gives their money (3). To point out the validity of his claim (low overhead ratios and its correlation to generosity), Meer cites a field study published by *Science* (see Appendix B for illustrative chart). In the study, four groups of equal size were all told something different about a project they were being asked to donate towards. The first group (the control group) was asked to donate to the cause. The second group was told that a private donor

had made a large contribution to the pending project. The third group was told that their donations were going to be matched by this private donation, and the fourth group was informed that the private donor covered all of the overhead costs associated with the project. Although the same amount was given by this private donor in each scenario, group four was three times more likely to give than group one, and groups two and three were twice as motivated (Meer 4). Evidently, informed donors do not like to pay for things like staff salaries, quality infrastructure, and other worker investments that may be classified as overhead. It's no wonder that organizations like Gospel for Asia and Charity:Water promote, like group four, that all donations go towards the cause of their charity. It's a method proven to attract money.

So why is the use of overhead ratios as a measure for organizational success an issue? As the title of his report suggests, Meer sets out to understand if "overhead costs [are] a good guide for charitable giving." Built upon an emphatic "no," Meer outlines two reasons why.

The first reason that overhead ratios are not a great guide for charitable giving is that they don't provide donors with any indication of organizational effectiveness (Meer 6). Consider the example of Jim Collins, business professor at Stanford University and author of *Good to Great in the Social Sector*. Picking up a business magazine one day, Collins was caught by one of its articles that rated charities based upon their overhead ratios. Although a well-intentioned idea he says, overhead ratios reflect a "profound confusion between inputs and outputs" (Collins 4). To give credence to his comment, Collins uses Stanford's athletics department as an illustration. He writes:

If you rank collegiate athletic departments based on coaching salaries, you'd find that Stanford University has a higher coaching cost structure as a percentage of total expenses than some other Division I schools. Should we therefore rank Stanford as "less great?"

Following the logic of the business magazine, that's what we might conclude – and our conclusion would be absurd. Stanford won the National Association of Collegiate Directors of Athletics Cup for best overall performance for 10 consecutive years, beating out all major schools while delivering athlete graduation rates above 80%. To say, “Stanford is a less great program because it has higher salary structure than some other schools” would be to miss the point. (Collins 4)

To further emphasize the unreliability of overhead ratios as they relate to organizational effectiveness, allow me to provide one more example, this time from Dr. Joseph Stinn's research on *Donor Attitudes Towards Overhead Costs*. In his dissertation, he states:

Consider two charities (A and B) that treat a disease in children. Charity A is more cost-effective and can treat a child for \$1, while Charity B needs \$10 to treat a child. In order to treat 1,000 children, it costs each charity \$1,000 to find treatable and needy children and manage a team to administer the treatments. In order to cover these costs and the costs of the treatment itself, it costs Charity A a total of \$2,000 and Charity B a total of \$11,000. By cost-effectiveness measures, Charity A is a clear winner, spending \$2 per child compared to \$11 per child for Charity B. However, deciding on a charity by overhead ratio, Charity B is the clear winner, with an overhead ratio of 9 percent (\$1,000 out of \$11,000) compared to Charity A, with an overhead ratio of 50 percent (\$1,000 out of \$2,000). (Stinn 2-3)

In the case of Charities A and B, donors looking only at overhead ratios fail themselves for two reasons. Firstly, they don't ask any questions of either organization's effectiveness, and secondly, as seen in the example above, they may end up donating to the organization that is

least cost-effective, which ironically was the very reason they were looking at overhead ratios to begin with.

As a Campus Pastor at Glad Tidings Church, one of Victoria, BC's largest congregations, Jordan Baker understands the disconnect between a non-profit's overhead and its overall effectiveness. In an interview with him in the summer of 2018, I asked him for his thoughts on organizations that operate with larger overhead ratios. His response: "I think the better question to ask is, not 'How much money is going towards... overhead,' but... 'How much are they actually fulfilling their mission?'... To me... it doesn't matter if 98% of the money I give is going to the mission if the mission isn't really that... effective" (Baker lines 49-52).

Baker's line of logic is not the norm among non-profit leaders, but it is slowly taking root within the sector. Some agencies are even pushing back against the popular perception of low-overhead by informing donors that such ratios tell them very little about their organization and its effectiveness. One such organization is non-profit reporting agency Guidestar. In 2013, Guidestar, in conjunction with the Better Business Bureau's Wise Giving Alliance and Charity Navigator, created the "Overhead Myth" campaign. One of the first things the campaign did was publish a series of online letters, challenging donors on their conventional beliefs about overhead ratios (see Appendix C). "Instead of asking, what is the lowest overhead for nonprofit survival, the campaign... push[es] donors to ask, what do good outcomes cost?" (Lecy and Searing 556).

The second major reason overhead ratios are not a great guide for charitable giving is that they inadvertently promote the non-profit starvation cycle (Meer 7). Although Meer doesn't use the term explicitly, he describes the progression in his report with exact detail. To briefly reiterate, the starvation cycle is built upon donor's unrealistic expectations about what it takes to run a non-profit effectively. In a desire to meet those expectations and attract/retain donor

dollars, many non-profits downsize their financial investments into personnel and infrastructure and/or misreport their overhead numbers, further promoting the unrealistic expectations that donors already have.

One of the negative byproducts of this starvation process, is a charity's inability to attract and retain qualified employees. By "paying below-market salaries and providing less generous fringe benefits," many non-profit organizations aren't able to entice or keep the qualified personnel they want or need (Meer 6). While there is something to be said of the "warm glow" that comes "as a result of working for a cause [one believes in, it] can only go so far in limiting the talent drain" (Meer 6).

In order to maximize organizational impact, non-profits need to be able to attract and retain many of the innovative and brilliant minds in the growing workforce. Without the ability to be financially competitive, non-profits will continue to depend on either donated time or on staff that are un(der)qualified for the work before them.

Julie Brandt, author and Executive Director of the Cornerstone OnDemand Foundation, challenges donors in a similar way, stating, "We can't separate a program from the people who develop and deliver it. To ensure that a program can achieve maximum impact, we must actively invest in the staff [and volunteers] who are supporting the program and make sure we have the best people on the job."

Measuring an Investments Impact. This past summer I took the opportunity to interview Bonner Wolf. Bonner is the Associate Pastor of a large, local congregation, and has filled different roles within the church for the past seven years. Sitting down with him to talk about the ways that he both invests in others and has been invested in himself, I asked him the following question: "Do you think that there is a correlation between how much a non-profit invests in their staff and

volunteers, and the overall impact on the mission being accomplished by that organization?”

Without hesitation, Bonner replied, “Unequivocally, man” (Wolf line 38). Asking him to unpack his answer for me with a personal example, he spoke poignantly about a recent interaction he had with his boss Gary, the Lead Pastor of the church.

In an attempt to grow personally and professionally, Bonner had been working towards becoming a certified life coach. Because the certification wasn't required for the work that Bonner was doing at the church, he was having to give of his own vacation time and personal finances to pursue the goal. Feeling the strain and believing that the training related to his professional development, Bonner approached Gary about the potential of either having some of the costs of the program covered or being given paid time off to attend one of the week-long training seminars. According to Bonner, this was Gary's response: “You know what, I believe in you. I think this matches who you are, so I'm just going to give you the week off to go do this” (lines 54-56).

In an ideal world, leaders of non-profit organizations would be able to generously give both time and money to their workers without having to think about the potentially negative effects their choices might be having. In the case of Bonner, not only was he given an extra week off with pay, his weekly responsibilities were sidelined, some of which ended up on the plates of others. His co-workers may have been just as gracious and understanding as his boss, but the question remains, “How does the average overhead-averting donor feel?” How can Gary, in this scenario, effectively communicate such an investment to a tithing church member who wants to see as much of their money go to missions or whatever “the cause” may be? In other words, how can Gary quantify for a concerned church member the impact that that particular “investment” is having on the mission of the church? Qualitatively speaking, the proof is there – Bonner

undoubtedly knows that the investment meant something to him both personally and professionally – but when it comes to quantitatively measuring the correlation between investment and impact, the task becomes, as authors and social entrepreneurs David Bornstein and Susan Davis put it, “notoriously difficult” (62).

According to Rusty Morgan Stahl of the Talent Philanthropy Project, this inability to provide quantitative data keeps many funders from giving to the cause of investing in the non-profit worker. Stahl states that, “Funders do not perceive a strong connection between personnel and performance” (i.e. anyone can do the job) (39). He also argues that many funders believe “that investing in leadership development is too ‘soft,’ difficult to link to programmatic outcomes, [and] disconnected from [the] core mission” of any non-profit organization (Stahl 39).

Unfortunately, the majority of books and articles written on the topic of investment and its correlation to organizational impact typically focus on those who are being served not those doing the serving. As evident in the pages that follow, there is no shortage of research confirming the importance of investment in the non-profit worker, however, very little of it prescribes how non-profit leaders can quantitatively tie their importance to the activities and outcomes of organizational programming and performance.

Summarizing the Five Issues. Each of the five issues that I present above play a significant role in keeping the non-profit sector from reaching its full potential. Unless the sector, and the organizations there within, start investing an appropriate amount of time and money on their workers and the infrastructure they need to get the job done, organizational effectiveness and organizational health won’t change for the better (Wing and Hager 3). As one of my fieldwork respondents Aaron Schroeder put it: “You get what you pay for” (line 26). Restricted investments almost always equal restricted results.

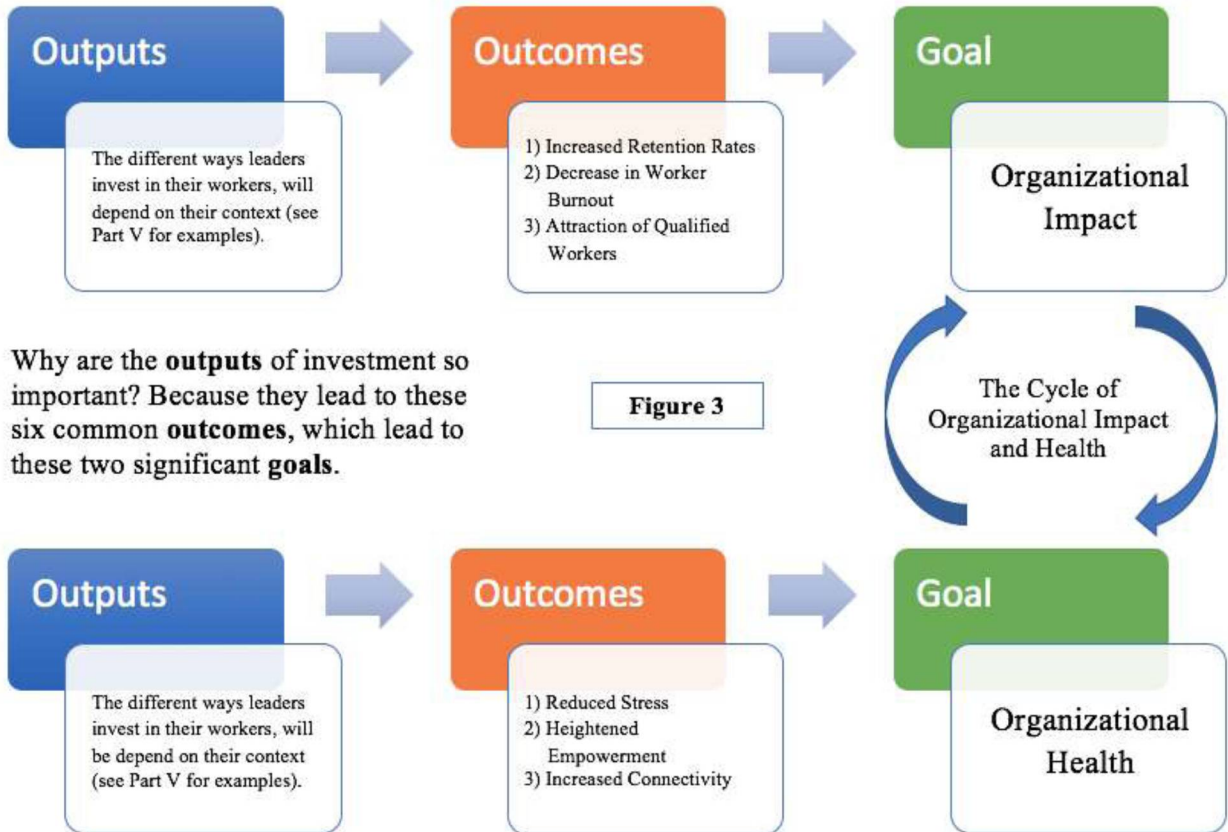
IV. Why Investments Are So Important

“Insanity is doing the same thing, over and over again, and expecting different results.”

- Narcotics Anonymous

Not that long ago I made a meal for my family that tasted horrible. Knowing the ingredients and aware of the steps that it took to create such a meal, wouldn't it be a little impractical of me to do it all over again with the expectation that it would taste better? Translate this idea to the non-profit sector. Without changing the approach to the issues at hand, why should the non-profit sector expect anything different than what it has experienced before? Overcoming such issues will require a different approach. It may seem counterintuitive, but instead of tightening up the overhead expenditures of a budget, it may be time to give more to them. Instead of directing the clear majority of focus to the beneficiaries of an organization, it might be time to share more of that focus with the workers that care for those that benefiting from such work. Built upon this framework of thinking, figure 3 illustrates the basic concepts of my research. I ask: Why is it so important to have the financial and emotional freedom to invest in the non-profit worker? Because investments ultimately feed crucial outcomes, which lead to the goals of organizational impact and health. And isn't that the hope of all non-profits?

Increasing Organizational Impact. On a basic level, my research describes a very simple principle: take care of the non-profit worker and they'll take care of the work. Conversely, don't invest in them and run into an array of issues that will keep the organization from achieving its potential. For many reasons, this basic idea isn't readily embraced in the non-profit sector. Squeezed by the constraints of time, outside expectation, and donor-based budgets, many non-profit leaders believe it's safer to operate within status-quo than invest in their workers in ways that have been shown to increase organizational impact and health.



Why are the **outputs** of investment so important? Because they lead to these six common **outcomes**, which lead to these two significant **goals**.

Figure 3

Research of the for-profit sector has made it very clear that when employers take a worker-centric approach to their business, some special things start to happen. Retention rates increase, sickness and burnout are minimized, and the attraction of qualified workers becomes commonplace. Take the UK marketing company Propellernet for example. Embracing this worker-first approach, Propellernet has reported “a staff turnover rate lower than a quarter of [the] industry average (7% vs an industry average of 30%), [a] sickness rate five times lower than the national average (1.1 days vs 5.7 days),” an employee engagement rate of 90% (as compared to a global average of 30%), and a worker satisfaction rate of 98% (Gatenby 44, 20). In ten years of business, Propellernet’s margins have tripled, their revenue has quadrupled, and their profits have multiplied tenfold (Gatenby 20). What’s more, they’ve “been celebrated as a

UK Best Workplace by the Great Place to Work Institute, with a place in the top 15 for six years running” (Gatenby 18).

For sake of clarity, I want to explain why I share a for-profit example. According to a recent report put out by American research giants Gallup, there is a “substantial...relationship between [worker] engagement and performance” (Harter 3). In other words, when workers are satisfied, cared for, heard, and involved, rates of retention, productivity, customer service/loyalty, and profitability all increase significantly (among other outcomes related to the Q12 engagement list – see page 9 of the report or Appendix C for the survey categories). Having included the voices of over 1.8 million workers from around the globe, Gallup’s report claims to be “highly generalizable” across industries, organizations, and cultures (Harter 3, 8). This means that the principles leading to such conclusions are just as meaningful to the non-profit world.

What’s beautiful about this kind of research is that it lines up well with the qualitative data I gathered during my time in the field this past summer. Of the ten interviews I hosted, every single respondent acknowledged, with a sense of conviction, that there is a strong correlation between staff/volunteer investment and organizational impact. Combining their stories and examples with other current research on the topic, it is my aim to further reveal why taking a worker-centric approach is so important to the intended impact of any non-profit organization.

Retention Rates and Organizational Impact

Leah Wynsouw has been an employee with Abbotsford Community Services (ACS) for over twenty-three years. As the Director of Human Resources, Leah understands the importance of attracting and retaining the most qualified workers for the non-profit positions that she supports. In fact, her own story with the agency involves one of investment and retention.

Up until seven years ago, Leah operated as the Office and Facilities Manager with ACS. Lacking the funding to create an official HR position, the agency simply went without for several years. Eventually their staff grew, and the demand for the position became more apparent. When the position was created seven years ago, Leah was sought to fill the role. Asking her about this transition during our interview this past summer, she replied:

It was a shift. It was a new challenge and there was some investment in my training to be able to take that position on and that just meant the world to me. I got to be able to grow up, move up and grow in this position and I felt very valued. And it gave me new challenges. When you work here for a really long time you need to keep moving on with those challenges. So that was really positive for me. (Wynsouw lines 44-49)

Asking her about why she continues to stay with ACS, she stated, “Because I... believe in the programs and believe in what we do here. I love the culture here. We do feel valued and we feel like we matter and make a difference” (Wynsouw lines 57-58).

According to the research of Dr. Ebony Mason, “retention of qualified and experienced employees,” like Leah, “is the greatest challenge faced by nonprofit organizations” (Abstract). Recent research has shown that the non-profit sector has, year after year, been awarded the highest employee turnover rate (Lee 296). Without the flexibility of resources and time to fully incentivize and motivate many of their workers, non-profit organization continue to bleed out some of their most promising leaders.

So, what does worker retention have to do with organizational impact? For starters, when organizations are able to retain their workers there is a huge cost-savings factor. Studies have shown that “The costs associated with employee turnover, such as recruiting, selecting, and

retaining successors for departed workforce members exceed 100% of the annual compensation of vacant positions” (Parker 2-3). Some studies have presented this number as high as 200% (Landles-Cobb et al 2-3). The logic here is simple: the more money organizations spend on the process of hiring and retraining for a vacant position, the less they’re able to spend on existing staff, programming, and infrastructure upgrades – all things that benefit an organization and those being served. Since retention has a lot to do with operational costs, it’s important that all non-profits have a retention strategy in place (as of 2015, it was reported that 84% of non-profits didn’t have any type of retention strategy) (Mason 23).

The second way that worker retention influences organizational impact is through, what I call, relational synergy. Relational synergy exists when workers sense that there is a heightened level of trust and familiarity with those around them. The longer a volunteer or staff member works for an organization, the stronger their relational ties become, and the more comfortable they feel in the workplace. This relational history and workplace familiarity is lost when a volunteer or staff decides to move on.

Organizations that experience a high rate of volunteer and staff turnover are in a constant state of flux as they get to know those that they’re working with and serving. A revolving door of volunteers and staff hinders the momentum and workplace culture that organizations need in order to flourish and impact their communities.

Chris Welsh, the Abbotsford Food Bank’s Volunteer Coordinator, is a good example of what relational synergy can do for an organization. Chris has served as the Abbotsford Food Bank’s Volunteer Coordinator for over ten years now, and he believes strongly in the power of relationships and the impact that they have on an organization’s mission. When asked about his relationships with his volunteers, he responded:

Well, I think I've established quite a few good relationships with the volunteers and it's *almost like a family*. Like you've known them for a long time and I've even had comments from Patricia's [25-year volunteer] grandkids... like... "Chris, I think she likes you more [than me]." Like she will buy me random stuff or take me out for lunch, or you know, you go through a lot. Like we had Carol, one of our top volunteers pass away from cancer a few years ago and that was tough. So, it kind of brings you together. (Welsh lines 100-105)

This family-like relationship that Chris maintains with his eighty weekly volunteers carries significant weight considering the mission of the organization he works for. The stated mission of the Abbotsford Food Bank is "To nurture families and cultivate community within the city by providing supplemental food assistance and other supportive programs" ("About Us"). Serving over 3000 people every month through their numerous programs, the Abbotsford Food Bank relies heavily upon a volunteer work force. Without this large group of volunteers, the organization simply couldn't have the kind of impact that does on its community.

Having a sense of familiarity and comfort around Chris, volunteers know that they have the freedom to be creative and try new things as they serve those in need. As relationships deepen and become more personal, the trend is that volunteers stick around. When volunteers stay, Chris isn't scrambling to fill and train vacated positions, which allows him to be even more available to existing relationships. In the case of the Food Bank, it is these kinds of relationships that create a synergy which is vitally important to the work being done. As Dr. Ebony Mason states, when workers leave, "The greatest loss is to the community, because when turnover affects the non-profit, it also affects the delivery of services" (1).

Complementing the argument that relational continuity increases organizational impact, is my third point's emphasis on the continuity of knowledge and expertise. Again, the idea is simple: retain non-profit workers and consequently retain the knowledge and expertise they possess to positively affect organizational impact.

According to a study by the *Bridgespan Group*, the non-profit sector is facing a looming leadership deficit (Tierney 1). What the study concluded was that “Over the next decade... [non-profit] organizations... need to attract and develop some 640,000 new senior managers—the equivalent of 2.4 times the number currently employed” (Tierney 2). Putting the challenge into perspective, this means that “Attracting the required number of managers will be equivalent to recruiting over 50 percent of every MBA graduating class, at every college and university across the country, every year for the next ten years” (Tierney 6).

One of the key factors that the study determined would keep non-profits from overcoming this threatening deficit was the “movement of existing nonprofit managers into different roles within or outside [of] the sector” (Tierney 2). Essentially, the non-profit sector is experiencing a brain drain of sorts, competing over the brightest minds that remain and losing those that aren't incentivized to their level of education or experience.

To overcome this major obstacle, the report encourages non-profits to do three things. First, it encourages organizations to “Invest in [their] leadership capacity” (Tierney 3). According to Bridgespan's report, “Skilled management is the single most important determinant of organizational success” (3). Thus, if an organization wants to achieve great things, it must invest in its current and future leaders, “even if that means directing a greater proportion of funding to overhead” (Tierney 3).

The second thing that the study encourages non-profit organizations to do is “Refine [their] management rewards to retain and attract top talent” (Tierney 4). The warm and fuzzy feelings of doing something positive for others can only go so far, and for that reason, the compensation of non-profit workers has to be within range of comparable for-profit careers.

The third encouragement given by the study is for non-profits to “Expand [their] recruiting horizons and foster individual career mobility” (Tierney 4). In other words, non-profits not only need to provide avenues for career development from within, like in the case of Leah, they also need to be able to attract from the for-profit sector, which, given the issues I’ve covered in prior sections, may be a difficult task.

Putting all of this into perspective, I want to share Dan Pallotta’s humorous and realistic outlook on the subject. Speaking at a TED conference on the harms of inappropriate compensation and incentive in the non-profit sector, he states:

[There is] a really stark, mutually exclusive choice between doing very well for yourself and your family or doing good for the world. The brightest minds coming out of our best universities... people who could make a huge difference in the nonprofit sector, [are] marching every year directly into the for-profit sector because they’re not willing to make that kind of lifelong economic sacrifice.

Businessweek did a survey, looking at the compensation packages for MBAs ten years out of business school, and the median compensation for a Stanford MBA, with bonus, at the age of 38, was 400,000 dollars. Meanwhile, for the same year, the average salary for the CEO of a \$5 million-plus medical charity in the U.S. was 232,000 dollars. For a hunger charity, 84,000 dollars. Now, there’s no way you’re going to get a lot of people with \$400,000 talent to make a \$316,000 sacrifice every year to become the CEO

of a hunger charity. Some people say, “Well, that’s just because those MBA types are greedy.” Not necessarily. They might be smart. It’s cheaper for that person to donate 100,000 dollars every year to the hunger charity, save 50,000 dollars on their taxes – so still be roughly 270,000 dollars a year ahead of the game – now be called a philanthropist because they donated 100,000 dollars to charity, probably sit on the board of the hunger charity, [and] probably supervise the [person] who decided to become the CEO of the hunger charity. [They would also] have a lifetime of this kind of power and influence and popular praise still ahead of them. (Pallotta, “The Way We Think About Charity is Dead Wrong” 3:52-5:34)

Pallotta’s candid comments on compensation speak to the hardships of non-profit retention. Even the most well-meaning of non-profit employees need to be paid what they’re worth. Non-profit organizations cannot assume that good-will and loyalty will keep their most qualified workers from going where the pay is better.

During my time with Chris Welsh, the Abbotsford Food Bank’s Volunteer Coordinator, I asked him very candidly about his own retention: “Would you be here if this organization didn’t invest in you?” (lines 60-61). Taking a moment to consider all of the ways he’d been invested in – particularly a livable wage, and other perks like job training, and schedule flexibility – he responded, “Probably not. I don’t think so” (line 65). Chris is not an MBA graduate, nor is he someone who makes the kind of wage that Pallotta is talking about, but his candid response does call non-profit leaders to consider the importance of basic worker investment. If Chris walks out the door, so do the ten years of relationships and experience that he takes with him.

Burnout and Organizational Impact

The realities of worker burnout in the non-profit sector are all too prevalent. Eager to serve the needs of others, non-profit workers are often quick to place their personal well-being on the line. In doing so for extended periods of time, they inadvertently place the well-being of the organization and its beneficiaries on the line as well. Bachmann and Paul of the Stanford Social Innovation Review poignantly state: “It’s ironic that the people who seek to create a more sustainable world often live the most unsustainable lives of all, sacrificing their finances, their relationships, and sometimes even their health to pursue a broader social mission.”

Two of my fieldwork respondents echoed this unhealthy trend in the non-profit sector without even being prompted. J Janzen, Lead Pastor of Highland Community Church – a smaller congregation located in Abbotsford, BC – said the following when asked about what the non-profit sector could learn from the for-profit sector in terms of investment in the average worker. He said:

There are some non-profit agencies that tend to think that – especially religious ones – “Well, the non-profit volunteer or worker, they’re just going to do this because it’s for the Lord”... You know you can do some crappy work in the name of the Lord, or you can do some quality work in the name of the Lord. So you know what, let’s think about how we’re going to equip people to do the work... Having passion for Jesus can only take you so far, and it’ll either *burn you out* – because if you’re not paying attention to appropriate time off and appropriate sick days, you will *burn out*. And then you’ve got staff turnover. Like how do you think about staff retention, and actually helping your staff to be more effective in responding to the needs of your clientele... Now that’s thinking with a marketplace mentality. (Janzen 72:18–72:30; 72:41-72:53; 73:03 – 73:30)

Similar to J, Associate Pastor Bonner Wolf immediately began describing the importance of personal health and its impact on the mission of an organization when asked for his thoughts on the importance of worker investment. He said:

I have friends who were asked to work 60-70 [hours] a week... and they were getting paid for about a 40-hour job. “Also, we want your wife to do 40 hours a week – she’s not going to get paid.” So those expectations are inherently unhealthy, and so if your staff member is feeling unhealthy and kind of resentful and confused about the financial investment that’s happening... and I mean that’s more from a financial standpoint. But I think that you’re just *not going to get the result that you want as an organization.* (Wolf lines 40-48)

Non-profit leaders who don’t protect their workers from these kinds of destructive behaviors and habits will reap what is sown. Most workers that are burned out either leave permanently, end up on stress leave, or continue to push through resentfully. All three of these results feed the aforementioned issue of retention, which to reiterate, is not a recipe for organizational success.

Even leaders who are intentional about how they take care of their workers need to acknowledge the role that their own example plays. Sharing her thoughts on burn-out in the non-profit sector, contributor to the Stanford Social Innovation Review, Ann-Sophie Morrisette writes:

In an effort to remain non-corporate, nonprofit leaders can underestimate and underplay the influence they have on junior staff. Whether it’s never taking a sick day or dashing off emails at 10pm, many believe that overwork is simply *how the work gets done.* But other employees are watching and absorbing; they’re left thinking that the work ethic of overwork is the only way to “fulfill the mission.”

The most effective leaders in the nonprofit space are deeply mindful of how they move through the workplace and among their colleagues. They recognize the power they hold and embrace their role as setting the example and setting the tone.

As leaders start taking care of themselves and their workers, a tangible shift becomes noticeable in the workplace. Unhindered by unspoken expectations, communication among the team begins to open up. Free from the financial restraints of an underfunded project, stress and anxiety begin to melt away. Granted opportunities for career development, a new sense of vigor and drive emerge. As staff well-being becomes a priority in the work place, not only do rates of burn-out and turnover decrease, the focus of staffing conversations begin to shift from one of retention to that of attraction.

Worker Attraction and Organizational Impact

Discussing the limitations of government funded non-profits, the Abbotsford Food Bank's Director Dave Murray, made a comment that I was intrigued by. As if being caught off-guard by the wisdom of his comment, Dave stated twice, "Generosity always wins" (line 614). Wanting to understand what lay beneath the surface of his statement, I prodded, "What do you mean by 'always wins'?" Taking a moment to prepare his thoughts, Dave shared about a recent interaction he had with one of Abbotsford Community Services' Supervisors, Tania Rempel.

Hearing about the financial restrictions that were keeping many of the agency's programs from providing their clients with food on location (including Tania's), Dave generously decided to provide, from the Food Bank's budget, a sum of money to the agency for the need. Upon officially doing so, Tania came to him and said, "You know if we lose our jobs [being based upon a government contract], we want to come work for you" (Murray lines 622-623).

According to Dave the comment wasn't made lightly either.

This story is an example of one program being generous and thoughtful towards another, but I believe that the same principle of generosity and worker attraction applies in other ways too. In that same interview, Dave shared a story about a past employee named Rob, who worked at the Food Bank for a season of time before shifting into his desired career as a police officer (lines 118-121). Dave told me that every time he sees him, Rob makes it clear that working for the Food Bank “[was] the best job he ever had” (lines 119-120). Although Dave was unable to retain Rob long-term as an employee, such comments speak volumes. When past and current employees share enthusiastically about the work they’ve done or currently do for an organization, others in and around the community take notice. It’s for this same reason that more than “2 million people apply each year” to work at Google (Phelps). It’s an attractive place to work because everyone knows that Google takes care of their employees by providing a fun and supportive work environment. Given the current climate, non-profits may not be able to pay their workers on the same level as Google, but I’m confident that they can get close to rivalling them in terms of fun and support.

In their book *Mission Inc.*, Kevin Lynch and Julius Walls Jr. discuss the importance of being able to attract and retain the best people for socially-focused work. While acknowledging the financial restraints that many non-profits and social enterprises face, Lynch and Walls argue that organizations still need to be competitive in terms of wage (84). Without the ability to be within striking distance of similar positions in other sectors, the fight for worker attraction and retention cannot be sustained. The one great advantage however, that can make up for a certain level of financial loss, is the ability that social enterprises and non-profits have to offer “meaningful work” (Lynch and Walls 87). According to Lynch and Walls, there is an “expanding pool of great people” who want to give themselves to the work of social change (87).

It's the same people who "have a growing disgust with corporate America" that are "creating [an] explosive demand for organic food, green buildings, alternative energy, and hybrid automobiles" (Lynch and Walls 88-89). That said, wages aren't the only factor employees consider when deciding where to apply for work.

Offering a taste of realism however, Lynch and Walls contend that "mission alone isn't enough to attract and retain the kind of people you want" (91). Built upon a solid mission, organizations still need to be able to offer their staff and volunteers the tools needed to get their work done well, platforms to voice their valuable opinions (both internally and externally), and opportunities to celebrate and remember the social impact that their work is having (Lynch and Walls 91-95).

In his book *Good to Great in the Social Sector*, Jim Collins uses the example of Wendy Kopp, founder of the non-profit Teach for America, to make the point that even low paying work in the non-profit sector can be more attractive than the average paying job in the world of business. Graduating from Princeton University in the spring of 1988, Kopp set out with \$26,000 of seed capital to start Teach for America, a two-year program that places the brightest teachers in under-resourced schools to support the educational process of students facing poverty. After a year of recruiting, Kopp had 500 fresh graduates from some of America's leading universities, ready to be deployed for service across the country.

Kopp attributes her recruiting ability to three primary things: the "idealistic passion" of the student, the "selectivity" of the hiring process, and the "mission" of the organization (Collins 16). The first point is self-explanatory and the third point has already been discussed, but the second point of selectivity is in need of some explanation.

In the case of Teach for America, Kopp believed that “selectivity led to credibility with donors, which increased funding, which made it possible to attract and select even more young people into the program” (Collins 16). Of the 97,000 graduating students that applied for positions with the organization in 2005, only 14,100 were granted opportunities. That’s an acceptance rate of 14.5%! In the same way that prestigious Ivy League schools attract the brightest students from around the world, non-profits can build their reputation, and thus their attraction, by being more selective about those they hire.

Bringing all of these ideas together, I want to reiterate the question: “What does worker attraction have to do with organizational impact?” The bottom line is this: when non-profit organizations can attract the most qualified and passionate individuals for a position (social workers, MBAs, fundraisers etc.), they’ll discover that the experience and education of such workers will impact the programs they operate and the people that benefit from them. As Leah Wynsouw described it to me, “More qualified people, more qualified programs” (line 30).

Summary: Investment and Organizational Impact

Non-profit organizations will only ever be as strong as those that work for them. In order to increase an organization’s impact potential, leaders must be willing to give more time and spend more money on their workers. The different kinds of investments that leaders make will reduce turnover rates, decrease the probability of worker burnout, and increase the appeal of non-profit work to qualified workers.

Fostering Organizational Health. In the same way that chains are only as strong as their weakest link, organizations are only as healthy as their weakest member. Collectively speaking, staff and volunteers are the lifeblood of non-profit organizations. Without them organizations would not survive. For this reason, non-profit leaders must be paying clear attention to their health and

well-being. If workers are not healthy, the organizations they work for will only follow suit. Certainly, leaders cannot force their workers into healthier behaviors or ways of thinking, but what they can do is create healthier environments for them to work in. Analogous to a plant thriving under the right conditions, workers can also flourish if given the right environment. The conditions (i.e. investments) may change with the context, but the motive (i.e. goal) is always the same: a heart for organizational health.

During my fieldwork this past summer, three themes (which I've labelled as "outcomes" in Figure 3 on page 25) on organizational health began to emerge from my conversations with leaders and workers of non-profit organizations. All three themes root themselves in a leader's ability/willingness to invest in their workers, and further, all three themes (i.e. outcomes) lead organizations to the goal of holistic health. The three themes are as follows:

- 1) Leaders that invest in their workers decrease the stress of their workers
- 2) Leaders that invest in their workers end up empowering their workers
- 3) Leaders that invest in their workers increase connectivity in the workplace

By way of qualitative illustration and current research, I will unpack these three themes and describe why they're so important to the health of non-profit organizations.

Stress and Organizational Health

One of the primary things an investment can do for a non-profit worker is decrease their work-related stress. Dependent on the size and type of investment, it could very well eliminate their stress altogether. Consider some of the following examples:

- A staff member feels inadequately prepared for a task they've been asked to accomplish. Rather than tell them to "just figure it out," or worse, increase their stress by expressing frustration about the fact that they even asked, the leader should invest some of their time

teaching the staff member how to accomplish the task, and in turn, eliminate the stress they're feeling.

- A volunteer is using outdated software that is making a simple process far more frustrating than it needs to be. The leader should provide the volunteer with some space to tell them about the importance of updating the software and what it would mean for the organization. If possible, the leader should purchase the new program or look at the potential of putting it in next year's budget.
- A worker is stressed about one of their clients. Leaders should listen to their workers, ask them about how it is they can support them, and host a private meeting as a mediator, should the situation require it. Leaders don't necessarily need to solve the problem but they do need to be able to empower their workers to handle the situation they're stressed about. Workers need to know that their leaders are there to help and that they care about their well-being.

In his book *Leaders Eat Last*, leadership guru Simon Sinek provides some insight into this relationship of leadership and stress among workers. He writes:

Stress and anxiety at work have less to do with the work we do and more to do with weak management and leadership... When we know that there are people at work who care about how we feel, our stress levels decrease. But when we feel like someone is looking out for themselves or that the leaders of the company care more about the numbers than they do us, our stress and anxiety go up. (Sinek, "Leaders Eat Last" 33)

When levels of stress and anxiety are prolonged among our workers, science tells us that their overall health decreases (physically, mentally, emotionally etc.).

Cortisol, the chemical that our body releases in moments of stress and anxiety (think: fight or flight), is extremely important to our well-being, but as with most things in life, too much of one thing can actually prove harmful to our health. Research tells us that “Cortisol is not supposed to stay in our systems; it is supposed to fire off when we sense a threat and then leave when the threat has passed [because]... the stress on our bodies is serious. The manner in which it reconfigures our internal systems can cause lasting damage if we have to live in a perpetual state of fear or anxiety” (Sinek, “Leaders Eat Last” 67). This means that stress and anxiety not only distract us from the immediate tasks that our work requires, but that it begins to affect our long-term physical and mental health. Under the shadow of constant stress, we lose our sense of appetite and our sex drive; our blood pressure increases; our cognitive ability becomes impaired; our sense of aggression increases; and our immune system becomes compromised (Sinek, “Leaders Eat Last” 70). What’s also sad is the fact that “Cortisol actually inhibits the release of oxytocin, the chemical responsible for empathy” (Sinek, “Leaders Eat Last” 69). In other words, cortisol is a selfish chemical. When stressed out, the ability to genuinely connect with beneficiaries and coworkers is severely hindered. In an industry that exists to care for the needs of others, leaders must acknowledge and address the stress and anxiety experienced by their workers. For it’s the health of workers that determines the overall health of an organization.

Borrowing from the wisdom of Nelson Mandela, one of my fieldwork respondents Dr. Dave Murray, said that the best leaders “lead from behind” (line 236). They support their staff and volunteers as they go about their work, only coming to the front in moments of stress and danger. Selflessly, they risk their own well-being for the sake of the team, confidently believing that their example will inspire others to do likewise.

Empowerment and Organizational Health

One of the greatest things non-profit leaders can do to positively influence the overall health of their organizations is to empower their workers. Bellingham and Meek, whose concept of organizational health this section is based upon, define empowerment this way:

Empowerment = Direction + Autonomy + Support (14)

In order to truly feel empowered to do their work, staff and volunteers need their leaders to provide them with general boundaries, independence to do what they're being asked to do, and a knowledge that they're being supported in times of need.

This theme of empowerment surfaced numerous times during my fieldwork interviews this past summer. One such interview was with Aaron Schroeder, Director of Security and Parking for one of the Fraser Valley's fastest growing churches, The Village. As someone who was initially drawn to the team because of the past Director's leadership style and personality, Aaron decided to conduct himself in a similar manner upon being asked to take over the Director's role a year or so after coming on board. One of the behaviours that Aaron decided to imitate was that of empowerment. As was modeled to him, Aaron intentionally avoids assigning himself to a parking lot position each Sunday morning. Unassigned to a position, Aaron is free to make his rounds, connect with his volunteers on a very personal basis, and support them should they need it (Schroder lines 168-175).

The other ingredients of empowerment that Aaron said he and other volunteers at The Village appreciate are the autonomy, trust, and support that they're given. Here's how he puts it:

I think having the autonomy and the trust there is necessary... And obviously there is guidance if things start going awry, but within giving that autonomy – that trust – you are opening yourself [as a leader] to a little bit of vulnerability if things were to go awry. But

you're willing to risk that for the success that that person might experience. When that person feels the success, when they feel like they're winning, when they feel like they're making that difference, they get excited, they want to do it more often, they want to double-down and invest more. They then share that story with their friends. Their friends say, "Hey that sounds cool, I want to do that too." (Schroeder lines 296-305)

Speaking in reverse, Aaron also made it clear that if those ingredients of empowerment disappear, so would he from his lead volunteer position. Confidently, Aaron stated that "As soon as [he] gets trumped by [his leaders]... [he'd say] 'Okay, find a different guy. I'm not your guy anymore... you're just dictating how I should do this, and I'm just filling the seat. I'm just a warm body now'" (Schroeder lines 358-362).

Leaders of non-profit organizations must avoid this trap of micromanagement. It's an unhealthy practice that is sure to drain both parties of excitement and enthusiasm. Instead of micromanaging, leaders need to be empowering their staff and volunteers to accomplish great things. Give them direction as a starting point, place sincere trust in them, and as they set sail, let them know that the support is there should they need it.

Lead Pastor of Highland Community Church, J Janzen, was another one of my fieldwork respondents that emphasized the importance of empowerment as an investment in the non-profit worker. Similar to Bellingham and Meek, J offered a three-ingredient formula to empowerment, stating:

When it comes to leadership or empowering people to do what they need to do, there are kind of three things at play: you need **authorization**, you need **responsibility**, and you need the **means**. Take one of those things away and the person's stuck. So you could be authorized to do the sound on a Sunday morning, and you might have the responsibility

to do that. But if we don't give you the key to unlock the door... like, we haven't invested in you. You're stuck, and you're going to get frustrated really quickly. (Janzen 10:50-11:25)

Again, it should go without saying: constantly frustrated staff and volunteers make for an unhealthy organization. Volunteers, in particular, won't stick around very long if leaders don't "set them up for success" (Baker line 482). For non-profit organizations to maintain a high level of health, leaders need be very intentional about how it is they're empowering their workers. Like Janzen describes, the act of empowerment is not fulfilled in just giving someone keys to the building or telling them what their responsibility is. It involves giving them direction, trusting them with the task, and providing them with the tools and resources necessary to get the task done. Depending on the scenario, and capabilities of the worker, "Sometimes investing in [y]our staff or [y]our volunteers simply means removing the obstacles to them getting their job done" (Janzen 12:07-12:15).

The wonderful thing about empowerment is that it's a win-win situation for both leaders and workers of organizations. It means that leaders don't need to carry the full weight of a task or responsibility, and it also provides workers, as we've seen in the case of Aaron, with an opportunity to get excited about the possibilities that ownership of a task or project can bring. Non-profit staff and volunteers are longing for meaningful work, and it's up to leaders to enable them to do it!

Another thing that research and experience have proven is that empowerment decreases the amount of stress that staff and volunteers feel in the workplace (the importance of which I've begun writing about above). According to what became collectively known as the Whitehall Studies, a series of studies trying to understand the relationship between an employee's place on

the corporate ladder and workplace stress, “workers’ stress [is] not caused by a higher degree of responsibility and pressure usually associated with rank. It is not the demands of the job that cause the most stress, but the degree of control workers feel they have throughout their day... Put simply: less control, more stress” (Sinek “Leaders Eat Last” 35). This means, as Sinek puts it, that “A supportive and well-managed work environment is good for one’s health. Those who feel they have control, who feel *empowered* to make decisions instead of waiting for approval, suffer less stress. Those only doing as they are told, always forced to follow the rules, are the ones who suffer the most” (“Leaders Eat Last” 36).

In her text *Strategic Fund Development*, author and philanthropist Simone Joyaux devotes a whole chapter to the importance of enabling the non-profit worker (Ch. 8). Adding to what’s already been stated about the importance of empowerment, here are a few of the reasons she believes it’s essential to the health and well-being of non-profit organizations:

- Empowerment promotes involvement, gives others a chance to grow, enhances self-worth, and builds excitement within an organization (295)
- Empowerment fosters relational health between workers and managers (299)
- Empowerment “anticipates potential problems and prevents them from occurring” (299)
- Empowerment increases efficiency and brings the wisdom of others to the table (300)
- Empowerment is simply the “right thing to do, ethically and morally” (301)

Every one of Joyaux’s points on empowerment correlate with organizational health. Her lesson for us: empowered workers are an integral part of healthy organizations.

Stress, frustration, obstacles, and turnover. Participation, energy, collaboration, and fulfillment. The choice between the two may seem obvious, but the reality is that many non-profit leaders don’t intentionally empower their workers. Letting go of power and control may be

scary, and at times may appear (and actually be) chaotic, but it's a risk that leaders must be willing to take if they want to improve the health of their organizations. The truth is, healthy things reproduce themselves, and it's no different with leaders that empower their workers. As Simone Joyaux puts it, "Power shared is power multiplied" (295).

Connection and Organizational Health

The third and final outcome common to healthy non-profit organizations that place an emphasis on their workers is an increased sense of connectivity. Connectivity, as Bellingham and Meek put it, is more than just connection to one another. Workers "can feel connected to themselves, to others, and/or to a larger purpose," they write (Bellingham and Meek 27). This means that workers in connected communities are 1) aware of their own thoughts and emotions, 2) assured that it's safe to open up to others about personal hardships and interpersonal conflict, and 3) united by a common vision that proves meaningful in one way or another to each individual.

This theme of connection in the workplace was one that revealed itself consistently throughout my fieldwork and research, and interestingly, it was almost always tied to investments that were rooted in genuine care. To illustrate my point, allow me to share two participant responses.

Huw Franklin is on staff with the Abbotsford Food Bank as a Program Director. As someone who pastored years ago, genuine care is something that comes naturally to him. As one of his coworkers, I can attest to this.

Sitting down with Huw to discuss the idea of investment, I asked him about the ways that he personally likes to invest in those whom he oversees. His response:

I try to be present. I think whenever I meet, or whenever I come alongside staff, I try to have a listening ear... I like to check in each day... I've been intentional about that because I know what it's like to receive support and affirmation, and I think that when you take the time with individuals that... you create a safe place... Those points of connection I have found along the way, where there are issues that start to arise... people are far more willing to come and talk because I believe that they see that I'm genuine. I try to be transparent. You know if things are tough, I want to be honest that I'm having a hard day... and I've seen that that rubs off with volunteers and with each other. (Franklin lines 202-217)

The Abbotsford Food Bank has by no means perfected the art of connection, but thanks to leaders like Huw, the value has become more commonplace. Again, as someone who previously reported to Huw, I can say with a strong sense of confidence that the connections Huw has with his workers positively affects the overall health of the organization.

Another one of my interviewees, Pastor Jordan Baker, shared similar sentiments as he described to me the emphasis he places on people over task:

The task is not the primary goal. It's about that person's development. It's that person feeling a sense of value. So our team leaders aren't necessarily as concerned about making sure that the tasks are done to its greatest effect, but that people are feeling valued, and that their potential is developed... Structurally, what I mean by that is our *healthiest* teams are not always the ones that put a priority on the task. The *healthiest* teams are the ones that put a priority on the people. And we found that when you put a priority on people, the task is just the outflow of that. So if you invest in your team, and you care about them and you care about their development, and you care about them

relationally... you ask questions around their life and all those things... we found that whatever tasks they have to do, they succeed in. (Baker lines 412-423)

Again, the importance of genuine care for workers cannot be overstated. Without this atmosphere of care, organizations will continue to operate disjointedly. They may accomplish their intended mission, but without a deep connection to self, others, and a common vision, they'll never reach their true potential.

Leaders of non-profit organizations that exist for the well-being of others need to be modeling this kind of health for those being served. Here's how one of my respondents put it: "If the people running [your organization] aren't healthy, then you can't offer anything healthy" (Wolf lines 39-40).

Summary: Investment and Organizational Health

Non-profit leaders that invest in their workers create a healthier workplace for everyone to enjoy. When non-profit leaders invest in the workers and their work environment, three primary outcomes are almost always identifiable. The first outcome is a decrease in work-related stress. The second is a heightened sense of empowerment, and the third is an increase in workplace connectivity. All three of these ingredients are foundational to the goal of organizational health.

The Cyclical Effect of Organizational Impact and Organizational Health. One of the wonderful things about organizational impact and organizational health is that they're cyclical.

Organizational impact positively affects organizational health and vice versa. The momentum created by this upward spiral of cause-and-effect knows no bounds. To make the point, reconsider some of the examples already provided throughout this paper:

- Leah Wynsouw has been with Abbotsford Community Services (ACS) for over 23 years. Why? Because she “loves the culture” and she “feels valued” by her leaders (line 58). Without a doubt, this long-term tenure has impacted the organization and its beneficiaries through what I’ve called “relational synergy.” The place of management she holds, combined with the relational synergy that exists, allows her to influence the level of connection her organization experiences. Who knows where this cycle of care and retention will stop.
- Dave Murray removed some of the agency’s financial stress by providing funds for food security. As a result, Tania Rempel went to him directly and said that should she ever lose her job, she’d want to come and work for him. When organizations achieve exciting and meaningful results, others want to join in. When qualified candidates start lining up for work, the potential for organizational impact drastically increases. Who knows where the cycle of stress relief, employee attraction, and organizational impact will stop.
- Leaders at the Village Church have empowered Aaron Schroeder to do the work they’ve asked of him. Rather than burning out, Aaron describes his work with a heightened level of excitement. When Aaron’s not stressed out about his work, others observe and are drawn to it. Not only is *he* being retained as a worker, he’s also potentially attracting others to join him in his work. Who knows where this cycle of empowerment and retention/attraction will stop.

The examples of Leah, Dave, and Aaron are simple yet significant. Leaders who have the power to decide to sow seeds of investment need to be reminded of their stories.

V. Living Out the Why

A non-profit leader's ability to achieve the six primary outcomes that increase organizational impact and foster organizational health is inextricably tied to the amount of attention they pay to their worker's needs. Up to this point, I've described not only the issues that keep many non-profits from thinking and operating this way but why overcoming these obstacles is so important to non-profit impact and health.

Shifting the focus, I'd now like to present some of the practical applications that have come out of my research. In the flow chart of figure 3 on page 25, these applications are labelled as the "outputs" of investment. As the breakdown of my headings indicate below, some of these investments will cost money, while others won't cost a cent.

This final section is full of suggestions that may need to be creatively altered for the context in question. Some ideas may translate quite nicely to different settings, while others may not. Regardless, my hope is that they act as a starting block for leaders to consider how they might invest in their own workers moving forward.

Monetary. Many of the investments that leaders need to make in order to stimulate organizational impact and health, require that they loosen up the purse-strings of their organizations. Practically speaking, this means creating room in different areas of their budgets so that they have the freedom to be able to meet some of the needs and wants of their staff and volunteers. For those who don't control the budget, this may mean approaching the individual that does, explaining to them why this kind of financial flexibility is so important to the work being done. Provide them with an actual figure and explanation as to how the money will be spent before the budget has been solidified for the year.

Compensation

One of the trademarks of the non-profit sector is its dependence on volunteers. Generously, volunteers give of their time and effort to charities and churches alike, knowing they won't be financially rewarded for their efforts. Very few non-profit organizations however, can depend on a work force fully comprised of volunteers. Most volunteers don't want to work full-time, or even part-time for that matter. They have lives to live and bills to pay too. For this reason, it's important that organizations have paid staff. They bring a level of consistency to the work that is rarely felt with a workforce made up entirely of volunteers.

In order to retain and attract qualified staff, it's "terribly important" that leaders pay them, at the very least, a "living wage" (not to be confused with minimum wage) (Martens lines 69-70). A "living wage" is defined as the average hourly rate that an employee must earn in order to afford all of their basic needs in their respective community ("What is a Living Wage?").

Leaders that have the ability to pay their staff more than a basic living wage should take into consideration what is being paid in comparable for-profit careers. As I pointed out earlier, the warm and fuzzy feelings associated with doing good will allow non-profit organizations to get away with paying their staff slightly less. Go too far however, and they'll discover that very few of their staff will stay for the long haul.

Two other important components to consider are benefit packages and pension contributions. Organizations that do not pay their staff a living wage should not expect them to be paying out of pocket to get their teeth fixed or save for retirement. If non-profit employees can't afford to retire with the organization they work for, they shouldn't be expected to do so.

Knowing that volunteers are often available for the work at hand, one strategy that non-profit leaders may want to consider is hiring fewer staff at a higher rate of pay. In other words, instead of paying ten underqualified staff \$16 an hour, leaders should hire five qualified staff, who know how to leverage the work of volunteers, and pay them \$25 an hour (Baker line 730). Instead of hiring staff that can accomplish tasks really well, hire qualified staff that can lead and empower a multitude of others (in this case, volunteers) to do those tasks instead.

Infrastructure

In the Fall of 2013, Dr. Paul Light led a multi-million-dollar survey of America's non-profit sector. One of his primary conclusions: "The nation's 12 million nonprofit employees are highly motivated, hardworking, well led, and deeply committed, but they often serve in organizations that do not provide the resources they need to succeed. They are members of a first-rate workforce often employed in second-rate organizations with third-rate equipment" (Light 7).

As has already been discussed, one of the key ingredients in the empowerment equation is providing workers with the means they need to get their work done. At times, grants are made available to non-profits for the purpose of capacity-building, however, leaders should not avoid spending money as they wait for them to show up. Whether it's a grant, private sponsor, or simply money from the budget, leaders can show their workers that they care about them (and alleviate some of their stress) by providing them with the tools they need to do their work effectively. The adage, "It takes money to make money," is not just true of the for-profit sector (Wynsouw line 210). It means just as much in the non-profit sector. Spending money may in fact save non-profit organizations money in the long-run.

Personal Development

Working in an industry that requires genuine care, non-profit leaders need to seriously consider how it is they're providing opportunities for their staff and volunteers to grow and learn. This may mean allocating money in the budget to send workers to conferences or relevant training events, giving them an allowance for work-related books and materials, investing time in them through a mentorship-type relationship, or planning a staff retreat once a year (Baker 436). The opportunities here are vast, and thankfully, they don't all require deep pockets.

According to the 2006 Bridgespan study on the "non-profits leadership deficit" (which was quoted earlier), one of the top three things an organization can do to retain its leaders is "Build the infrastructure required to ensure that its existing talent is visible and mobile" (Tierney 25). In the same way that Leah was given an opportunity to develop herself, leaders need to be mindful of the upward mobility that they're providing for their lower-level staff because chances are, the organization's future leaders are already in the fold.

Fun/Appreciation Events

It doesn't need to be extravagant, but a fun event or free meal is an excellent way to thank volunteers and staff for all of their hard work. At the Abbotsford Food Bank, we host two different volunteer appreciation events each year. In the summer, we rent out a large gazebo at a local park and put on a BBQ for our volunteers and their families to enjoy. Depending on availability and budget, we also give away small prizes and gift cards. For our fall event, we rent several lanes at a local bowling alley and host a dress-up Halloween party. As a part of my fieldwork, I interviewed two Food Bank volunteers, and one of them was very quick to bring up how much she and her husband enjoy the events (Klassen line 60). That said, don't underestimate the power of a community event. Not only is it a great way to show thankfulness

and care, it also creates space for healthy connections to take place, unhindered by the work that is often the focus when volunteers and staff are around one another.

Social Entrepreneurship. One of the easiest ways to bypass budget limitations and donor expectations is through entrepreneurial thinking. Kevin Lynch and Julius Walls Jr., authors of *Mission, Inc.: The Practitioner's Guide to Social Enterprise*, offer up a definition of social entrepreneurship that fits the context of the discussion well. They state that social entrepreneurship is “a nonprofit venture that combines the passion of a social mission with the discipline, innovation, and determination commonly associated with for-profit businesses” (Lynch and Walls 6). It may sound like extra work, but if the money needed to invest simply doesn't exist, it may be time to go out and make some. Consider the example that Associate Pastor Bonner Wolf provided me with during our time together:

You have to be creative to figure out ways to [invest]. Like my boss, he will buy stuff at the auction [for super cheap] and then sell it for an up sale so that he can do stuff for the staff... Like he is really creative. “How can I bless them? Okay I'm going to sell this thing for \$1000 so we can all go out for dinner and what else” ... So yeah, I think if you're not creative and you don't think outside the box, it's going to be a lot harder if you're a small organization to truly invest. (Wolf lines 250-255)

In the case of Bonner's boss, a considerably small amount of time and effort was needed to create the financial space necessary for investment. The financial gain was not necessarily profound in the big scheme of things, but it did open up some amazing opportunities that wouldn't have existed otherwise.

Non-Monetary. For many non-profit leaders, the capacity to spend more money simply isn't there. Thankfully, there are other ways that leaders can boost organizational impact and foster

organizational health. Reminded of the wisdom of one of his former supervisors who grew up as the son of a poor missionary in Quito, Ecuador, J Janzen shared with me:

White North Americans tend to be focused on finances as being *the* resource. [But] there are all sorts of resources out there... [They're] means by which we can do certain things. So there's finances but there's also time. There's simply just creativity... So you might not have a lot of money but you might have a lot of creativity. You can get a lot of stuff done on creativity and a shoe-string budget. (Janzen 6:01-6:09, 6:19-6:25, 6:37-6:44)

Tom and David Kelley, authors of *Creative Confidence*, share J's conviction. Understanding that "a little *more* budget, a little *more* staff, and a little *more* time" aren't always available, the Kelley brothers challenge non-profit leaders to allow their constraints to fuel creative action (126).

Genuine Care

One of the best things non-profit leaders can do to increase connectivity and foster organizational health in the workplace is to show a genuine sense of care for their workers. Remarkably, every single one of my fieldwork respondents spoke of genuine care as an "investment" that either they had been shown *by* their leaders or something that they deemed important to show *as* leaders of others. Here are a number of the examples I was given:

- Bonner Wolf told me that he makes it a habit to write one of his volunteers a thank-you email, note or card each week. As a person of faith, he also prays for his volunteers. When he senses something during his time of prayer, he'll often share it with them (Wolf lines 137-138).
- Dave Murray and Huw Franklin shared with me the importance of having an open-door policy (Franklin line 203, Murray line 312). For them, this doesn't necessarily mean

being available every minute of every day, but it does mean that they're open to workers dropping in should they be available.

- Volunteer Sophie Klassen emphasized the importance of listening to non-profit workers. Personally, she appreciates when her suggestions and thoughts are taken seriously in the workplace (Klassen line 268). Leaders can either implement such ideas themselves or empower their workers to see them through. Rather than wait for staff and volunteers to speak up, leaders can also take the first step and ask questions of their workers as well (and not just work-related questions). What do they need that they don't currently have? What "motivates each person on [the] team?" (Scott 36). What are the names of their children and spouse? What brings them joy and also frustration?
- Bonner Wolf often invites his volunteers over for a meal or a cup of coffee (Wolf line 133). In every culture, food and drink bring people together. Pastor Wolf uses this to his advantage.
- J Janzen emphasized that clear communication is a caring act. Although not perfect at it, J did say that he tries not to hesitate to be open and honest with his workers, even if it means having hard conversations that may include correction (Janzen 39:10).
- Show up and be present. Aaron Schroeder told me about an event he had put on for his volunteer parking and security team. Out of courtesy, Aaron invited the campus pastor. Thinking that the pastor would be way too busy to attend, Aaron was blown away when he showed up! The pastor paid for a bunch of their appetizers and drinks, but it was the fact that he came out that had the "biggest impact" on him (Schroeder line 90).

Strengths-Based Placement

Every non-profit worker brings a unique set of strengths, talents, and skills to the workplace. One of the most effective things leaders can do for their staff and volunteers (and for their organizations) is recognize their giftedness and assign them work appropriately. Built upon years of experience and research, Donald Clifton, author of *Living Your Strengths*, strongly concludes, “When we focus on our talents, we are more effective at our tasks and roles. We are also more successful, happy, and fulfilled” (Clifton et al 12). Although financial realities may require workers to fill numerous workplace roles at the same time, the important thing for non-profit leaders to remember is that a worker is at their best when their primary tasks are in line with their strengths. If their work isn’t bringing them a heightened level of joy or satisfaction, chances are they’re not where they should be.

Placing and shifting the volunteers of an organization is a lot easier than placing and shifting the paid staff of an organization. Some organizations have the financial flexibility to “cater roles around individuals” that they know and want to bring on board, while others don’t, only having enough money to hire one person for a specific job (Baker line 262, Franklin line 160). Leaders of organizations that don’t possess this kind of flexibility need to be all the more confident in who it is they’re bringing on right from the beginning. Finding out that someone is not a great fit after they’re hired is a lot harder to deal with than turning someone away during the interview process.

Regardless the financial flexibility of an organization, it’s vitally important that leaders have a thorough screening process of all job applicants. Practically speaking, this means coming to interviews prepared with relevant questions and materials that don’t solely focus on the skills and knowledge of the candidate applying for the position. At a minimum, non-profit leaders

should consider using personality assessment tools that will help them discover if a candidate will be a great fit for the job *and* the team/work culture (many of which are provided for free. See: Dodson and Bradley 64-78). Once the interviews have taken place, leaders also need to be sure to ask the applicant's references good questions. When making the final decision on who to hire, don't look to hire the most "well-rounded" candidate (Clifton et al 11). Hire someone for their strengths, not their apparent lack of weakness.

Trust and Collaboration

Trust is a necessary ingredient in the equation of empowerment. Being able to trust workers with an important task or role will not only boost team confidence (and consequently it's health), it will also expand the organization's impact potential. Like trust, collaboration invites workers to have a say in how the organization shapes itself and goes about its work.

Promoting the power of trust and collaboration in her book *The Art of Leading Collectively*, Petra Kuenkel writes, "In high-quality collaboration processes people open up, bringing in not only their expertise but also their connection to other experts... Sharing ideas, building on one another's competency, and moving things forward jointly opens gateways to innovation. Rethinking the way we do things is possible when trust has emerged" (166). As Kuenkel makes clear, trust and collaboration have a way of multiplying themselves. Trust begets trust and collaboration has a way of producing excitement and a level of innovation rarely experienced alone. Together they have the potential to provide a plethora of benefits to the work of any organization.

Director of the Abbotsford Food Bank Dave Murray mentioned that Abbotsford Community Services' trust in his leadership ability has been one of the most important factors contributing to his growth and confidence as a leader (line 216). Sophie Klassen, one of the Food

Bank's long-time volunteers (25 years) told me, with a longing and reminiscent tone, of the early days of the organization when volunteers were a major part of the decision-making process (lines 161-166). Somewhere along the way this inclusive process changed, and it's quite obvious that it's missed.

Trust and collaboration are two gifts that leaders can give to their staff and volunteers, and the beauty about them is, they don't cost a cent to give away. In fact, trust and collaboration are more like free investments because they almost always pay dividends.

Schedule Flexibility

Another practical way that non-profit leaders can invest in their workers (especially their staff) is through schedule flexibility. When J Janzen was hired at Highland Community Church as an interim Associate Pastor over 10 years ago, he was offered the time and flexibility needed to finish his graduate degree at Regent College. A few years later, when offered a temporary role as a part-time editor for a Christian magazine, the board once again extended him the flexibility needed to pursue his interest. Over the first few years in his role, J went from 70 to 50 to 80 percent of a full-time position. With conviction in his voice, J told me that it was this initial flexibility that strengthened his loyalty to the congregation (29:40). Realizing that this kind of generosity had been a one-way street for a while, J eventually went to the church board and offered his flexibility as a gift to them: How could his time and service be of best fit to their needs? Did they want him to be working full-time or would they rather him maintain a reduced work week? In a "You've scratched my back, so I'll scratch yours" kind of way, J and the board were able to find a win-win situation that worked for everyone. Consider some of the following flexibility options that have worked for others:

- Volunteer Coordinator Chris Welsh told me that he gets excited about the Food Bank's generous routine of letting staff leave an hour early on Fridays (line 88).
- Abbotsford Community Services is known for its gracious policies. Three weeks of paid vacation in the first year; four weeks of paid vacation after the second year (and a day for each year worked after five years, up to a maximum of six weeks); eight paid sick days (with an added flexibility of ten for sick dependents); three paid days for the birth of a child; one paid day in the event of a wedding; up to two paid days in the event of a household move; and up to five paid days in the case of an immediate family member dying. The list goes on.
- Organizations that make their employees take vacation time or stay late when going to a doctor's appointment should consider reassessing their policy around these kinds of absences.
- In 2018, a New Zealand company hosted a productivity experiment. They paid their workers for 40 hours (5 days) but only made them work 32 (4 days). The research company tracking the three-month experiment reported that productivity levels were maintained during the shortened work week. Supervisors of the company noticed "that staff were more creative, their attendance was better, they were on time, and they didn't leave early or take long breaks" (Graham-McLay). Not every organization can't operate this way logistically, but that's not to say that other creative opportunities aren't available. What about the option of 4, 10-hour days, as opposed to 5, 8-hour days? Leaders don't need to be promising any major changes, but they can certainly take the time to listen to their staff to see what it is they think about the matter.

Recognition

Recognizing non-profit workers can be a public or private thing. Regardless of how leaders do it, it's important that they let their workers know when they're proud of their achievements. One of the ways that Abbotsford Community Services publicly recognizes both staff and volunteers is through an annual dinner, put on for those who have reached different 5-year milestones (Wynsouw line 172). Each worker being recognized also receives a personalized plaque that acknowledges their years of service.

One of the simplest ways leaders can privately recognize their workers is through a simple "thank-you." Robert Martens, one of the Abbotsford Food Bank's long-time volunteers, told me during an interview that this very basic act of acknowledgment means a lot to him (and to others) (lines 93-94). Having worked in other environments where recognition was not the norm, Robert expressed that without it, "Resentment kind of proliferates" (Martens line 103). As organizations that depend on volunteered time, it's imperative that each person is acknowledged for their contribution. While thanking workers, leaders should be specific about the actions they liked. Delivering the "thank-you" genuinely, leaders should also take the opportunity, should it arise, to ask workers how they're doing personally. Again, the personal touch can mean a lot when financial compensation isn't a part of the picture.

One of the most practical things that leaders of larger organizations can do, in their attempt to recognize others, is remember their workers' names. It may seem overly simplistic, but the power of remembering someone's name (or something about a worker for that matter) is highly under-realized. As the Arbinger Institute's best-seller, *Leadership and Self-Deception* teaches, "If [you're] not interested in knowing a person's name, [you're] probably not really interested in the person as a person... [It's] a basic litmus test... [If you're] unwilling even to try

to remember someone's name, that itself is a clue... that he or she is probably just an object to [you]" (42-43). Seeing workers as real people, with real wants and real struggles, is vitally important to the mantle of leadership. As leaders recognize and care for their workers, they need to be careful not to do so as means to an end, even to the end of organizational health/impact. This kind of recognition and care is rooted in a view of others as objects, which can inadvertently lead to the opposite of the intended effect. Instead, recognize and care for workers as an end in and of itself, and watch as the beautiful byproducts of health and impact start showing up.

Positive Work Culture/Environment

Seattle's Pike Place Market is world-famous for more than one reason. Not only is it one of the oldest farmer's markets in America, it's also home to the world's very first Starbucks location, and "infamous" gum wall. What makes the market even more attractive to international visitors is the fact that fish fly there – literally.

Close to bankruptcy in 1986, John Yokoyama, owner of the Pike Place Fish Market, decided to reinvent his business' culture. One of the things he began encouraging his staff (AKA: the fishmongers) to do was "play" at work (Lundin et al 9). This sort of play resulted in the passing and throwing of ordered fish around the market before being packaged and sent off. The playful practice still occurs today.

In his book, *When Fish Fly*, John discusses how the culture change impacted his small business: "Since we began changing our culture, not only are we consistently at the top of fish sales in the market, it would be difficult to find any retail store in America that makes more money per square foot of retail space" (7). What's more, John hasn't had a full-time staff leave the business in five years (at the time of publishing). He even has people lining up to volunteer once a week for him because they want to experience the unique culture!

In the same way that John turned his business around, non-profit organizations can choose to do the same by creating a fun and relaxed work environment. Consider some of the following examples:

- Have music playing throughout the office or work environment. If the work being done is individually based, grant workers permission to put headphones in and listen to music while they work. Studies have shown that music has the ability to increase productivity and positively influence workers, and thus, their work environments (Padnani).
- Celebrate significant events in the lives of staff and volunteers by throwing little office parties for them.
- Extend staff lunch breaks by 15-30 minutes twice a week for the purpose of a walk around the block.
- Host poker nights or get staff to fill in March Madness brackets and compete against one another.
- Have coffee available first thing in the morning and welcome workers in with a smile.
- In kindness, call out any kind of gossip-like conversations.
- Play appropriate pranks on one another that make for a laugh.

Truthfully, the opportunities to create a more positive and playful work culture are endless.

Structure and Clear Communication

A fun and relaxed work environment does not negate the need for structure and clear communication. In fact, one of the best “free” things that leaders can give their workers, is a sense of structure. This means providing all staff and volunteers with clear job descriptions so they know what’s expected of them (Janzen 37:01). If staff or volunteers are being asked to accomplish a special, one-off task, leaders need to be clear about how they’d like it done. If

leaders aren't willing to take the time to communicate the task clearly, they shouldn't expect very specific results.

Healthy workplace structure also means hosting regular job reviews so that formal feedback and praise can be given to workers (Janzen 37:59). Good structure promotes knowledge of "Who reports to who?" This kind of structure is not to be created for the sake of establishing dominance, but rather for the purpose of support. Who am I responsible for and who's responsible for me? Who should I turn to for help and who will be turning to me in times of need? Not being clear on some of these basic things can cause hurt and frustration in both workers *and* leaders. In her book *Dare to Lead*, Brené Brown delivers a practical and simple maxim on the matter: "Clear is kind; unclear is unkind" (44, 48, 260).

What has the ability to compound the seemingly basic issue of a lack of clarity is an inability to communicate with one another. Leaders of organizations need to be modelling healthy communication so that others can see what helps and what doesn't (Franklin line 272). The very least leaders can do in this regard is establish personal lines of communication with every single person that reports to them. Leaders of larger organizations may want to consider communicating by means of a weekly email or video containing updates and general information. Don't be afraid to be vulnerable about some of the challenges that the organization is facing, and continually reemphasize the mission and vision of the organization through stories of success. Leaders need to praise workers both privately and publicly for their work and be kind and constructive in their critique. Metaphorically speaking, the health of working relationships is like grease in the gears of an organization's engine. When present, work just runs so much smoother. Absent, work becomes nearly impossible.

Summary: Practical Investments. When it comes to investing in non-profit workers, the sky is the limit. Some investments will require that money be spent, while others won't. An even mixture of both is optimal. For those restricted financially, an entrepreneurial element may be something worth considering. However it is leaders decide to invest, it's important that they start somewhere. Rather than fixating on what's not being done, leaders need to focus on what is possible, even if it means taking small and simple steps for now. Leaders that lack creativity for their context need to talk to their workers. Something very practical and simple might be discovered, and it just might change their performance and the performance of the organization.

VI. Conclusion

Research of businesses in the for-profit sector has proven that a worker-centric approach to leadership delivers numerous benefits to the organization that practices it. Staff retention rates increase, productivity rises, stress and burnout decline, and an overall sense of workplace health is felt. According to my qualitative research, and the studies of others that have gone before me, the same can be shown as true of the non-profit sector. However, bound by donor/contract-based budgets and the expectations that go with them, countless organizations in the non-profit sector lack the financial flexibility they need to make certain investments and take this worker-first approach. *If leaders in the non-profit sector want to increase their organizational impact and foster necessary organizational health, they'll need to find creative ways to invest time and resources into their workers.* Some investments will cost money, while others will not. It may seem like a paradox, but it's time that non-profit leaders take steps toward putting their staff and volunteers first for the sake of those benefiting from the work that they do.

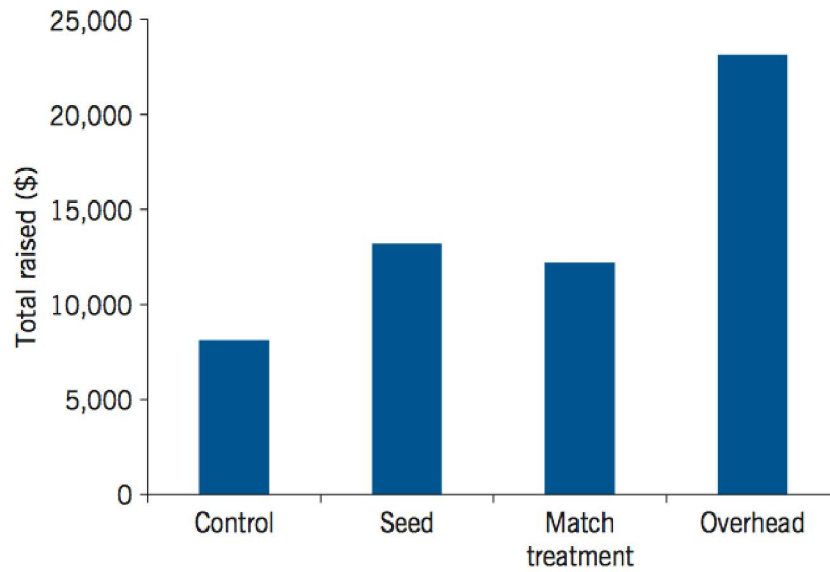
Appendix A – Ten Interview Questions

1. What is your opinion of non-profit organizations that operate with larger overhead costs?
2. Do you see the financial investment of something like a livable wage (\$16/hour in Fraser Valley), benefits package or extracurricular training for a staff or volunteer as tied to the overall mission of a non-profit organization? Why or why not?
3. Do you think that there is a correlation between how much a non-profit invests in their staff and volunteers and the overall impact on the mission being accomplished by the organization? How so (an example if you have one)?
4. Tell me about a time you felt invested in by leadership or management, and what that meant for you.
5. A. How would you say you invest time, effort, energy, and/or money into your staff and volunteers? What kind of impact do you think that makes?
B. How would you invest time, effort, energy, and/or money into your staff and volunteers if you were in a position of authority?
6. What do you think volunteers want most from their experience with a non-profit organization?
7. What kind of structure would it take to ensure that all volunteers and/or staff are experiencing this?
8. How do you think the *size* of the non-profit might affect its ability to invest in its workers? (Ex. 1 paid staff and 10 volunteers, versus 15 paid staff and 80 volunteers)
9. How do you think the *type* of non-profit might affect its ability to invest in its workers? (Ex. Volunteers in a church (religious); volunteers at a Food Bank (social welfare))

10. What do you think the non-profit sector could learn from the for-profit sector in terms of staff investment?

Appendix B – Dr. Meer’s Cited Studies

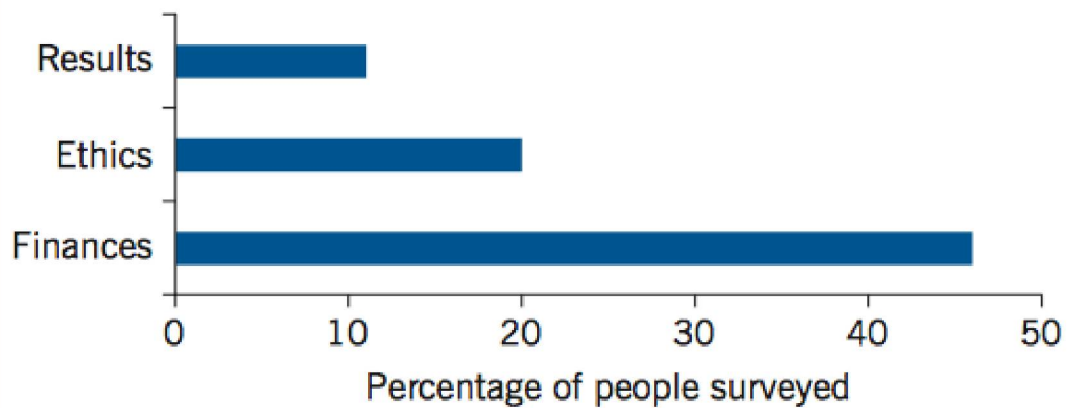
Figure 1. Total funds raised in a field experiment with four solicitation treatments



Note: Control = control group; Seed = group told a private donor had made a large donation; Match = group told private donor was matching additional donations; Overhead = group told private donor was covering overhead costs.

Source: Gneezy, U., E. Keenan, and A. Gneezy. "Avoiding overhead aversion in charity." *Science* 346:6209 (2014): 632–635 [5].

Measures that form the basis for donation decisions in the US



Source: BBB Wise Giving Alliance: Shaping the Future of Charities. Annual Report 2014. Online at: <http://www.give.org/about-bbb-wga/annual-reports/>

Appendix C – The Overhead Myth Campaign (Two Letters)



THE OVERHEAD MYTH

MOVING TOWARD AN OVERHEAD SOLUTION

To the Nonprofits of America:

We write to ask for your **help to end the Overhead Myth**—the false conception that financial ratios are a proxy for overall nonprofit performance. Last year we wrote a letter to the donors of America asking them to consider the results (especially outcomes and impact) created by nonprofits, and to not judge you solely on percent of charity expenses that go to administrative and fundraising costs. While overhead can help us identify cases of fraud or gross mismanagement and serve as a part of an organization's dashboard of financial management metrics, it tells us nothing about the results of your work (i.e., how you meet your mission).

You know as well as we that nonprofits are, to use the title of an article in the *Stanford Social Innovation Review*, prone to the “**Nonprofit Starvation Cycle**”: a spiral of donor demands, underinvestment in core costs, and limited results. This starvation cycle hurts nonprofits and donors, but, most important, it hurts our shared work for a better world. We want to work together with you to end the Overhead Myth. To that end, **we ask three things of nonprofits to help us move toward an Overhead Solution:**

- First, **demonstrate ethical practice and share data about your performance.** Proactively demonstrate why donors should trust you. Have the courage to share information about your goals, strategies, management systems, and governance processes.
- Second, **manage towards results and understand your true costs.** We have found that many nonprofits do not manage with an eye always on results—and even if they do, they don't know how much it costs to achieve those results. Organizations need to employ effective performance management systems and recognize that financial management is not just about audits and Forms 990, it is also about understanding the cost of achieving their missions.
- Third, **help educate funders (individuals, foundations, corporations, and government) on the real cost of results.** Have honest conversations with your funders about what it takes to do your work. Too often nonprofits contribute to the Overhead Myth by highlighting financial ratios as their core accomplishment—especially in their fundraising materials. Tragically, this can be at the expense of meaningful performance metrics and reinforces funders' confusion. Funders need to understand the truth if they are to change their behavior.

On the back of this letter **you will find more resources** for you as you make this transition. Our three organizations strive to make the sharing of nonprofit data easier, less repetitive, and more useful. As a field, we can move beyond the Overhead Myth to an Overhead Solution, but we need your help. Let us drive a conversation about nonprofit trustworthiness and performance that is worthy of the people, the communities, and the ecosystems we all serve.

Thank you,

Art Taylor
President, BBB Wise Giving Alliance

Jacob Harold
President & CEO, GuideStar USA

Ken Berger
President & CEO, Charity Navigator





THE OVERHEAD MYTH

To the Donors of America:

We write to correct a misconception about what matters when deciding which charity to support.

The percent of charity expenses that go to administrative and fundraising costs—commonly referred to as “overhead”—is a poor measure of a charity’s performance.

We ask you to pay attention to other factors of nonprofit performance: transparency, governance, leadership, and results. For years, each of our organizations has been working to increase the depth and breadth of the information we provide to donors in these areas so as to provide a much fuller picture of a charity’s performance.

That is not to say that overhead has no role in ensuring charity accountability. At the extremes the overhead ratio can offer insight: it can be a valid data point for rooting out fraud and poor financial management. In most cases, however, focusing on overhead without considering other critical dimensions of a charity’s financial and organizational performance does more damage than good.

In fact, many charities should spend more on overhead. Overhead costs include important investments charities make to improve their work: investments in training, planning, evaluation, and internal systems—as well as their efforts to raise money so they can operate their programs. These expenses allow a charity to sustain itself (the way a family has to pay the electric bill) or to improve itself (the way a family might invest in college tuition).

When we focus solely or predominantly on overhead, we can create what the *Stanford Social Innovation Review* has called “The Nonprofit Starvation Cycle.” We starve charities of the freedom they need to best serve the people and communities they are trying to serve.

If you don’t believe us—America’s three leading sources of information about charities, each used by millions of donors every year—see the back of this letter for research from other experts including Indiana University, the Urban Institute, the Bridgespan Group, and others that proves the point.

So when you are making your charitable giving decisions, please consider the whole picture. The people and communities served by charities don’t need low overhead, they need high performance.

Thank you,

Art Taylor
President & CEO,
BBB Wise Giving Alliance
overheadmyth.give.org

Jacob Harold
President & CEO,
GuideStar
overheadmyth.guidestar.org

Ken Berger
President & CEO,
Charity Navigator
[www.charitynavigator.org/
thebestandworstwaytopickacharity](http://www.charitynavigator.org/thebestandworstwaytopickacharity)



Appendix D – Gallup’s Q12 Survey Statements and Explanations

Q00. Overall Satisfaction. On a 5-point scale, where “5” is extremely satisfied and “1” is extremely dissatisfied, how satisfied are you with (your company) as a place to work?

The first item on the survey measures affective satisfaction on a scale from “extremely dissatisfied” to “extremely satisfied.” It is an attitudinal outcome or direct reflective measure of how people feel about their organization. Given that it is a direct measure of affective satisfaction, on its own, it is difficult to act on the results of this item. Other issues, like those measured in the following 12 items, explain why people are satisfied and why they become engaged and produce outcomes.

Q01. I know what is expected of me at work.

Defining and clarifying the outcomes that are to be achieved is perhaps the most basic of all employee needs and manager responsibilities. How these outcomes are defined and acted on will vary across business/work units, depending on the goals of the business/work unit.

Q02. I have the materials and equipment I need to do my work right.

Getting people what they need to do their work is important in maximizing efficiency, in demonstrating to employees that their work is valued and in showing that the company is supporting them in what they are asked to do. Great managers help employees see how their requests for materials and equipment connect to important organizational outcomes.

Q03. At work, I have the opportunity to do what I do best every day.

Helping people get into roles in which they can most fully use their inherent talents and strengths is the ongoing work of great managers. Learning about individual differences

through experience and assessment can help the manager position people efficiently within and across roles and remove barriers to high performance.

Q04. In the last seven days, I have received recognition or praise for doing good work.

Employees need constant feedback to know if what they are doing matters. An ongoing management challenge is to understand how each person prefers to be recognized, to make recognition objective and real by basing it on performance, and to do it frequently.

Q05. My supervisor, or someone at work, seems to care about me as a person.

For each person, feeling cared about may mean something different. The best managers listen to individuals and respond to their unique needs. In addition, they find the connection between the needs of the individual and the needs of the organization.

Q06. There is someone at work who encourages my development.

How employees are coached can influence how they perceive their future. If the manager is helping the employee improve as an individual by providing opportunities that are in sync with the employee's talents, both the employee and the company will profit.

Q07. At work, my opinions seem to count.

Asking for the employee's input and considering that input can often lead to better decision-making. This is because employees are often closer to many factors that affect the overall system than the manager is, whether that is the customer or the products they are producing every day. In addition, when employees feel they are involved in decisions, they take greater ownership for the outcomes.

Q08. The mission or purpose of my company makes me feel my job is important.

Great managers help people see not only the purpose of their work, but also how each person's work influences and relates to the purpose of the organization and its outcomes.

Reminding employees of the big-picture effect of what they do each day is important, whether it is how their work influences the customer, safety or the public.

Q09. My associates or fellow employees are committed to doing quality work.

Managers can influence the extent to which employees respect one another by selecting conscientious employees, providing some common goals and metrics for quality, and increasing associates' frequency of opportunity for interaction.

Q10. I have a best friend at work.

Managers vary in the extent to which they create opportunities for people at work to get to know one another and in how much they value close, trusting relationships at work. The best managers do not subscribe to the idea that there should be no close friendships at work; instead, they free people to get to know one another, which is a basic human need. This, then, can influence communication, trust and other outcomes.

Q11. In the last six months, someone at work has talked to me about my progress.

Providing a structured time to discuss each employee's progress, achievements and goals is important for managers and employees. Great managers regularly meet with individuals, both to learn from them and to give them guidance. This give-and-take helps managers and employees make better decisions.

Q12. This last year, I have had opportunities at work to learn and grow.

In addition to having a need to be recognized for doing good work, most employees need to know that they are improving and have opportunities to build their knowledge and skills. Great managers choose training that will benefit the individual and the organization.

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