

COST VS. COHORT: WHY NONPROFITS STRUGGLE TO FIND THE RIGHT LEADERS?



Why do nonprofit organizations struggle to find the right leaders?

We posed this question and received two unique perspectives and answers for why it's difficult to hire the right person at a nonprofit.

First, Christina Nicholson of the [Chiera Family Foundation](#) provides us with some great insight on what it's actually like to recruit at a nonprofit organization:

The Chiera Family Foundation is always facing a dilemma and is challenged when trying to hire or fill any positions. It is currently trying to figure out how to hire a new meeting planner and another person to help handle public relations. The board is always concerned about any dollars that are not directly helping kids battling cancer – having to answer to a board about any expense that does not directly impact kids and young adults battling cancer.

"We try to always repeat to ourselves with our board reminding us: every dollar we can save will help another child battling cancer attend summer camp or send another young adult to college." (Every non profit should have that as their mantra.) The Chiera Family Foundation has used its board as well as the past meeting planner to help find appropriate

candidates. Other foundations and people in the not-for-profit world are also good sources for finding people and resumes.

Christina's dilemma at The Chiera Family Foundation is real. Every dollar saved goes directly towards helping a child battle cancer. So, what's the other side of the spectrum, from a retained search firm for nonprofit leaders?

Larry Stybel is the CEO and Co-Founder of [Stybel, Peabody & Associates](#) – a retained search firm that has been in business for the last 36 years. Here's Larry's excellent take on why nonprofits struggle to find talent:

Nonprofits are caught in a dilemma of cost versus cohort.

Nonprofits seeking to save money will use such traditional talent sourcing techniques as placing ads in the usual sources and networking with the people that they already know. This means that the addressable talent cohort you are tapping into consists of people who are disaffected with their current situation and actively looking, between jobs, or in your existing social network.

You have saved money but the price you paid was to reduce the addressable cohort of talent.

Retained search costs money... 33% of base salary is typical. Recruiters have much broader networks and know how to go after leaders who think they are currently happy in their jobs and not actively looking. This is why they are called head hunters.

Good recruiters also push their institutional clients to broaden the scope of what would constitute "acceptable" candidates. The natural in-house tendency is to assume that only someone with a million years of experience in our sector at our revenue level could do the job. This also reduces the addressable cohort of talent. Good recruiters push back on that assumption. Bad recruiters accept these assumptions. As you reduce the addressable cohort of talent, you increase the complaints about the talent shortage and about the high cost to pay good people.

There is nothing surprising here: this is simply the law of supply and demand! If you want to increase the cohort of addressable talent, you have to pay for the privilege.

Larry outlines this dilemma clearly. Nonprofits struggle to find the right leaders because they want to save money (so they can put more funds towards their mission, as Christina shared), but at the same time, sacrifice quality when reducing the cohort of talent.

So what's a nonprofit organization to do?

This article comes from Y Scouts:

<http://yscouts.com/non-profit/why-do-nonprofits-struggle-to-find-the-right-leaders/>

Contact:

Larry Stybel

Stybel Peabody Associates, Inc.

60 State Street, Suite 700

Boston, MA 02109

Tel. 617 594 7627

lstybel@stybelpeabody.com

www.stybelpeabody.com

www.boardoptions.com