Nonprofit Staffing Strategies:
3 Steps to Hiring, Separations and Staff Development
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Introduction
Making the Most of Your Staffing Practices

Welcome to Nonprofit Staffing Strategies: 3 Steps to Hiring, Separations, and Staff Development at Your Nonprofit by the UST Division of Nonprofit Research. We’ve put together the best tips for nonprofit employment—and unemployment—management. It is our goal to help your organization gain confidence in making the right talent management decisions at the right time.

With or without an established HR department, the information that we’ve compiled here is designed to help you systemize your processes and make all employee transitions easier for everyone. Read on to learn more about how good talent management practices make a difference to your employees, to your organization, and throughout your community.
“Just hire Bob from Accounting. He’d probably make a pretty good Development Officer.” Or “I bet our volunteer trainer would totally be able to handle the books!”

Have any of these types of comments been thrown around your organization? If so, this white paper is for you because, when it comes down to it, making the right decisions about who to hire and when to fire is hard.

And it’s a lot of pressure. Worse, everyone has an opinion they want counted. So re-locating Bob from Accounting or Nancy from Marketing doesn’t always cut it. Especially when they don’t have the skills needed for the job.

In the end, the hiring process has to take into account your organizational culture, the expected responsibilities of each position, what managers and coworkers look for in other employees, and so much more. It’s these quirks, which are unique at every organization, that make it a great place to work.

Whether that means you have a lending library full of educational materials for your employees, team-building activities, free lunch Fridays, or drawings for fun giveaways, be sure to take into consideration the things that matter to employees.

So without further ado, we’d like to grant you permission—right here and now—to read, evaluate, discard, and build upon any of the information that we’ve put together to make future hiring work best within your culture.

“In the end, the hiring process has to take into account your organizational culture, the expected responsibilities of each position, what managers and coworkers look for in other, and so much more.”
Chapter 1
Recruiting for Success

Having a set of recruiting procedures helps your hiring team draft the strongest job descriptions, write the most compelling job ads, and easily outline how they plan to select the best candidate. Most importantly, pre-determined recruiting procedures strengthen your ability to compete with other organizations who are hiring for similar positions.

Because study findings consistently suggest that the nonprofit sector should be more focused on retention practices than it is currently, it is even more vital that hiring teams know exactly who and what they are looking for when reading through stacks of resumes and applications.

Follow these steps to improve the chances of uncovering the hidden gems in your resume pile:

**Step 1:** Agree on your resume review process and how each team member is going to be involved before looking at any application packets.

**Step 2:** Organize the cover letters and resumes you receive in order of receipt to speed the reviewing process. Let the candidates know that you have received their resume and will be beginning your review process shortly.

**Step 3:** Review each resume packet thoughtfully and objectively. Knowing what core criteria are most important for you and where you are willing to bring a candidate up to speed helps process resumes. Similarly, providing the review team with key questions to keep in mind when reading each resume helps sort through applicants who aren’t adequately qualified or who don’t fit in with your mission.

**Step 4:** Make the interview decision and let applicants who are not selected down easy. For applicants the hiring team wants to pursue, discuss what more should be learned about them in phone interviews and eventually in-person.

As the job market grows stronger and more job opportunities are created across all sectors, agencies must be competitive in selecting and retaining qualified applicants.

You may want to consider using online assessments to test for:
- Personality and behavior
- Aptitude and skills
- Critical thinking
- Ethics and integrity

Learn about all of the assessments you can get access to as a UST member at: ChooseUST.org/pan

By Nonprofits. For Nonprofits.
Chapter 2
Checking References

Hiring the perfect candidate sometimes seems like it has 1,001 steps. Between sorting through all of the resumes, doing phone interviews, conducting in-person interviews, and following up with candidates, it’s easy to forget that hidden in there is one of the most important steps to making sure you do get the right person for the job: the reference check.

In the past few decades, the reference check has become much more than a mere formality. Shedding light on what a candidate is like, calling references and verifying former positions and educational history helps enlighten the hiring team as to what the best, and sometimes worst, parts of working with a particular candidate are.

The key to conducting the most successful reference checks lies in asking carefully developed questions that speak to what you most want and need to learn about a candidate—and listening carefully to the answers.

Making the process feel like a conversation—one where you’re up front and open about what the opportunity is and what information you want to learn about the candidate—can lead to valuable revelations that help cement your decision and show you how you can best support and develop a new hire.

When developing your reference check questions, you should look for both: 1) hard data, such as questions about the candidate’s skill set, and 2) qualitative data that will help you better understand the candidate’s communication and management style, highlighting strengths and areas for improvement.

Speaking with a broad list of references—personal, professional, and developmental—will help you put together the best possible picture of what a candidate would look like in your organization. Since few candidates will put down anyone that would give a less-than-stellar review of them, drill down deep into the reference’s level of enthusiasm for the most telling information.

Sample questions include:

- Please tell me a little bit about yourself and your relationship with XX.
- What are the personal qualities that most stand out to you about XX?
- How has XX impacted your organization/department?
- Can you tell me about XX’s leadership skills?
- How does XX deal with conflict? Does XX tend to be successful in dealing with conflict?
- If you did an appraisal of XX, where would you highlight areas for professional development?
- Have any particular experiences with XX stood out to you?
Chapter 3
Matching Employees’ Jobs with Pay

How much are your employees worth? And what would you do without them?

If you don’t know the answer to both of these questions, it might be time to take a look at how traditional job evaluations are giving way to salaries that are now based on market pricing with a splash of flexibility.

Turning away from traditional job evaluations that looked at job ranking, job classification, point factor, and factor comparison; many newer tactics take into account the fact that people are more fluid in their careers and no longer care how their job is evaluated—so long as they’re being paid fairly. New salary determination methods also take into account that you should never pay more than the job is worth to you.

For nonprofits, especially those where employees give their all to change the status quo and to make a difference for your mission, determining salary scales based on market pricing might not be a bad idea.

But nonprofit market pricing doesn’t always compare to the for-profit side. When you’re ready to set salaries for your nonprofit staff, make sure that you know:

- The upper limit of what each job is worth to your organization and how that compares to other companies in your area, and
- What is the lowest acceptable wage—for that job—in your market

After determining those, it’s time to evaluate the pay structure of your nonprofit employees using a base job salary and base area salary.

Because more jobs are opening up in the for-profit sector—jobs that can often afford to pay employees higher salaries—it’s important that you take into account more than just what job surveys suggest is a fair
Consider questions that look at your employee’s health and happiness while doing this, e.g. would $1,500 a month pay the rent or mortgage for your volunteer manager?

In addition, how do your health benefits, contributions to retirement plans, or perks like a flexible work week contribute to an employee’s consideration and perhaps offset a lower salary?

State economic development offices and regional development agencies can help provide up-to-date and accurate state and regional pay information that can then be broken down by skill level and neighborhoods. The U.S. Department of Labor maintains a similar database that can help you determine fair pay scales for your employees. In addition, online resources are available as well, such as www.salary.com.

But your best resource is always other local nonprofits. Although they might not cover the same mission that you do, other nonprofit employers can help you determine if your pay scale is fair. All you have to do is ask a few of the right questions!

Consider asking these questions:

- What type of industry do your employees work in?
- What other perks are included such as your employee benefits?
- What types of job titles do you have at your nonprofit?
- How many employees work for your agency?
- What level of education or experience is required for your employees?
- How long would you like a new employee to work for your organization?
- How long do the majority of your employees stay with your agency?
At most not-for-profit organizations, it’s pretty safe to say that leadership requires the most out of every employee to create the greatest possible impact—whether this means that case workers take emergency calls from clients long after they’ve left work for the day, or that an administrative assistant also serves as the social media coordinator, office manager, event planner, and an intake specialist.

Too frequently, with the great pressure nonprofits place on each employee to give their absolute best, employee development is overlooked.

A lack of employee development is why the future of the nonprofit community now hangs in the balance. Because few nonprofits have created or sustained an agency-wide plan for employee development or leader succession, the large majority of organizations don’t have a clear understanding of what skills they need for each position as their mission evolves. Many more don’t even have an idea of where that talent would come from.

To foster truly effective options for employee development, regularly assess your organization’s gaps and how current employees could be grown into effective leaders someday.
Chapter 1
Answering Questions Employees Need to Know

At every organization there are certain questions that employees must have answered to help them feel confident and stable in their role. For you, answering these questions is critical to creating an invested workforce that sparks the creativity and drive that your mission thrives on.

1. **What’s my job? No, really.** This question may seem obvious, but if you don’t have a clearly developed job description that outlines how each position fits into the overall organizational goals, and how the position is critical to reaching your mission’s goals, employees may feel that they’re just floating in the void. By clearly laying out how a position fits into your goals, you allow your employees to actively engage in making your nonprofit a successful place to work.

2. **Am I doing okay?** Schedule a formal evaluation of each of your employees at least every year. This allows you to discuss their accomplishments, opportunities for further growth and improvement, and the challenges that they’ve dealt with formally. This annual assessment meeting also allows you and your employees to review what is expected of each of them and how this has changed in the past year, as well as recognize ways that they have helped your organization thrive.

3. **Is this correct?** Don’t structure your nonprofit so that employees are only getting feedback on the things they do wrong—it’s disheartening and keeps people from extending themselves. Make sure that managers are regularly scheduling meetings with employees to give feedback. And ensure that when employees do something awesome they hear about it!

4. **How can I improve and grow?** You must give employees the opportunity to gain more professional skills and understanding if you want them to stay with your nonprofit for the long haul. It’s vital to keeping employees happy. Find out where they want to go in their career and determine how this fits in with your organizational assessment of their abilities. Whether this means you add to an employee’s daily duties, you move them up in the organization, or whatever else works for you, this challenges both you and your employees to create a high-performance, high-quality workplace. And, offering opportunities for improvement also allows you to further the mission of your nonprofit.
Chapter 2

Creating Employee Objectives

Writing great, to-the-point objectives for all of the jobs at a nonprofit organization is hard—nearly impossible if you don’t have the right tools or a good understanding of what the positions must do. But, developing these goals is completely necessary for the success of your organization and for the success of your employees.

Laying out, in writing, what is and isn’t important and how goals are measured gives employees something tangible to look at when they need reassurance or guidance.

Developing well-written objectives also helps employees and their managers evaluate performance and react appropriately to organizational changes. By taking the following steps you can create objectives that clearly identify what is expected of an employee and how they can grow.

1. Use actionable statements that clearly delineate what is to be done and what the expected results are.
2. Have results that you, and your employees, can measure. Make them quantifiable, observable, or verifiable.
3. Make sure to include activities and results that are actually in the employee’s control.
4. Assure that goals are realistic, but also challenging.
5. Ask yourself if these objectives support your organizational goal for this role.
6. Develop timelines by which progress can be assessed.

Even when working with well-written objectives, be flexible in how each employee and their manager approaches them. While an organization-wide understanding of the importance of these objectives is important, it’s just as important to be ready to roll with the punches that come day to day and to re-evaluate your objectives as needed.
Chapter 3
Talent Management and Building Employee Capabilities

As you know, successful organizations don’t simply happen overnight, and neither does successful succession planning. It’s important that key decision makers recognize that people will leave, employees will retire, and key positions will need to be filled ASAP. When this is a natural part of your organizational psyche, you can begin approaching succession planning as an opportunity to train and support talented employees. It also lets you know what the needs are for future knowledge and talent.

Getting employees on board means that they’ll be prepared to do the work required to grow to their aspirations. It also helps ensure that they’ll understand the steps required to get a promotion and help new hires assimilate to your mission.

Developing a Plan

To get started, begin considering what you’re doing now to develop the people that you would like to groom for future leadership. Ask questions that will help you gain insight into areas that need strengthening, and prepare to demonstrate the importance of investing in their development to others within the organization.

Some questions to consider include:
• What is your average turnover/tenure rate?
• How do you identify internal talent with a high potential to take on leadership roles?
• How do you measure employees’ performance and support their growth?
• What would you do if a key member of the agency gave a two week notice today?
• What problems or obstacles would their successor encounter before they are fully integrated into the position?

As you get past the planning stage and actually begin drafting a plan overview, make sure that you remember key items, such as visible support from key management and Board members, which strong succession plans often include.

Some of the easiest and most impactful employee development initiatives occur when leaders:
• Have key employees lead monthly meetings
• Allow potential future leaders to manage junior staff such as interns or volunteers
• Organize and execute team building activities
• Allow key employees to represent the organization in professional or community networks
• Ask employees you want to develop to participate in drafting portions of grants or business contracts
• Have staff participate in developing budgets
• Ask staff to organize initiatives throughout the organization or in the community
Defining Success

Your first thought might be to say your agency couldn’t survive without the Executive Director or the CFO, but what about the Bookkeeper and Development Coordinator your agency couldn’t live without?

While determining which positions are most important at your organization, include positions that are crucial to the daily functions of your organization. Then give these the highest priority for review based on the amount of risk your organization runs with each vacancy.

Once the most important positions are determined, develop a success profile for each position that identifies the knowledge, skills, abilities, and experience a new hire would need for this critical role. Now might also be a good time to take a look at the performance assessments that have been conducted on this position—regardless of the employee within the position—over the last few years.

Developing the Talent

After you’ve determined the most critical positions within your organization and developed success profiles for each of them, your goal should be to identify and develop internal candidates that may be potential successors for specific positions. These potential successors should match:

- Your needs as an organization
- The skill set for the position
- The employee’s own aspirations for the future

Throughout this step you’ll want to use performance management tools that integrate organizational data outside of the typical performance review. A more comprehensive talent inventory that involves multiple aspects of the position will allow you to identify skills gaps at the departmental level and systematically identify the people with qualifications that fill those gaps.

Learn more about talent management at bit.ly/talent-mgmt
Part Three
When Employees Leave, Are Let Go, or Are Fired

Spending on unemployment compensation has grown at alarming rates, climbing to unprecedented all-time highs, and pushing up the ultimate costs of staffing in every sector.

As such, it’s undeniably important that all organizations take careful stock of their firing and layoff practices, and how much Unemployment Insurance (UI) taxes are costing them. You may want to consider making careful changes to better mitigate unwarranted costs associated with wrongful unemployment claims.

Moreover, taking the right steps when terminating an employee can keep your liability low, and keep your reputation as an organization intact.

Read on to learn about proper procedures for documenting disciplinary actions and terminations as well as managing unemployment claims to make sure you keep your organization’s unemployment costs low.

“...When it comes to keeping your organization’s unemployment costs low, there are some best practices that you can adhere to for maximum savings.”
Proper documentation is paramount when it comes to separations. There are three important types of documentation:

1. **Company Policy**

By publishing your rules and policies, as well as disciplinary process if there are infractions, you not only ensure your employees understand what is expected of them, but you also have a great resource should a claim relating to a violation of the policies go to an unemployment appeal hearing. When a new employee is hired be sure to have them sign an acknowledgement that they received an employee handbook or written policy document. And as policies change, be sure to re-distribute the handbook to all employees and get an updated acknowledgement.

2. **Written Warnings**

When an employee violates a company policy, such as attendance, or even if their performance is sub-par (within their control), their manager should document the warning. Even if it is a verbal warning to the employee, the manager should document it somewhere in an email or other place. These warnings should be kept on file for at least 18 months.

Managers should avoid using words that describe their feelings about the situation, like “they seem lazy” or “it’s clear they don’t care about their job.” And general phrases like “inadequate performance” shouldn’t be used if there was a clear infraction of company policy that can be cited instead. For all warnings, managers should note witnesses, dates, times, etc. Remember, there is a difference between deliberate misconduct and inability. So be clear as to whether the problem was within their control.

3. **Final Separation**

When an employee is let go, the final incident or reason should be documented by the manager. If they leave voluntarily, the employee should provide a signed resignation letter. If they are terminated because of company reasons such as lack of funds, the layoff decision-making process should be thoroughly documented and include the business case for the layoff. Also include objective criteria, such as performance or suitability to expected work.

All good documentation should include:

1. Date of the violation
2. Details of the violation
3. Explanation of corrective action
4. Next disciplinary steps
5. Signature of employee/witness(es)
Chapter 2
Termination Etiquette

It’s hard to feel good about having to fire somebody. But with the proper etiquette, both you and the employee can feel better about the situation, even if it’s not a welcome situation. Plus, you will also reduce liability for your organization.

1. **Scrap the Email.** Never let someone go via email, a letter or memo, or even the phone. They deserve an in-person meeting set aside especially to discuss the termination that allows them to ask questions. And be clear about your reasons for the termination. They will respect you more if you can provide a clear-cut, non-emotion-based explanation of how their actions (or inaction, like sleeping at their desk) led to the event.

2. **Listen.** You want the employee to feel they have been heard, and had the opportunity to discuss the reasons for their termination. Helping them understand the situation, without being judgemental, can help get them to a point of acceptance. You don’t want it to turn into an inquisition, so be firm, polite, and succinct. Also be sure to provide them with resources such as information about collecting unemployment if they are eligible, COBRA, job training, and any information about their retirement accounts or benefits.

3. **Two is Better than One.** Having both the manager and an HR person, or another management employee, there is good for two reasons. One, you don’t know how the person will react. You’re better off having support there and a witness if they employee makes threats or turns violent. Two, the employee will better understand that this was not a decision just made by one person because they were “out to get them.”

4. **It’s not me, It IS You.** Ditch the classic break up line “It’s not you, it’s me” or some other variation. If an employee is being let go because of a violation of company policy or poor performance, they need to know the reason. They should not collect unemployment if it was a willful violation, and you want them to understand what lead up to the termination. A single incident is typically not a compelling reason to fire someone (at least many courts will decide so), and this is why using written warnings as progressive acts of discipline is important. Being able to discuss these warnings helps make your case to the employee, and provides potential documentation for an unemployment claim appeal, should one occur.

5. **Be Careful Using “The Wrong Fit”.** While sometimes an employee really is the wrong fit in terms of their ability not matching the job’s needs, be careful saying they are the “wrong fit” during the meeting. They could construe this to believe it was discrimination, and that the wrong fit is referring to their gender, race, or age.
Chapter 3
Claims Protests & Appeal Hearings

While you may not want to deny a former employee the right to collect unemployment benefits, if the employee really was at fault for the termination, you should protest the claim. Protesting unemployment claims is important to keep your unemployment costs low and is considered a best practice when done properly.

**Why?** With each claim that is attributed or “charged” to your organization, your unemployment insurance (UI) rate goes up (or your direct costs if you a nonprofit reimbursing for UI). Or if you have opted to reimburse the state for unemployment claims because you are a nonprofit, the amount of benefits collected directly affects your costs.

**When?** As soon as you receive a notice of a claim from the state, look for the reply due date. If you want to protest the claim, you must do it within a short time period as dictated by the state. In fact, states are required now by law to penalize employers for not responding to the first request for information on a claim. If the state identifies a pattern of failure to provide complete and timely responses, your organization and/or your claims administrator are at risk of permanently losing the right to protest claims in the future, and in some cases, face monetary penalties!

**How?** Write a detailed protest letter to go with the claim form. Include in the letter the dates, times, locations, witnesses, their job titles, and facts of the separation.  

**Unemployment Hearings.** If the determination after your protest is in the employee’s favor and you still believe that this is an improper benefit determination, you can appeal and go to an unemployment hearing. Unemployment hearings can be in person or sometimes over the phone. The key to a successful hearing is being well-prepared. Having witnesses and documentation will help you improve your win rate. The benefit of the doubt typically goes to the claimant, so as the employer, you have to be prepared to prove your case.

*Note: If you work with an Unemployment Trust or claim administrator, you may have access to a Hearing Representative. For example, all UST members are automatically assigned a Hearing Representative to help them with gathering documentation, preparing witnesses, cross examining the claimant, delivering a closing statement, and more. This has helped clients increase their win rate to 72.3% compared to 57.4% for employers who represent themselves.*
Chapter 4
Managing Unemployment Costs

When it comes to keeping your organization’s unemployment costs low, there are some best practices that you can adhere to for maximum savings.

Exercise your unemployment tax exemption if you are a nonprofit. By federal law, 501(c)(3)s can elect to independently reimburse the state only when a former employee receives benefits, instead of paying taxes. This option can help save thousands. If your organization has more than 10 full-time equivalent employees, you may be a good fit for this option.

Appeal claims when it makes sense. The number of claims attributed to your agency is the primary factor that affects your unemployment costs. If you don’t think a former employee should collect benefits because they were at fault for the separation, you can file a protest.

Work with an unemployment trust/claim administrator. Working with an unemployment trust and/or claim administrator can provide you a partner that works with you throughout the unemployment process—claims, appeals, hearings, charge audits, best practices, unemployment reports, and HR education. For example, the Unemployment Services Trust (UST) helps 501(c)(3) organizations evaluate whether “reimbursing” for unemployment is right for them and to exercise this alternative properly. UST’s claims administrator provides web reporting to stay abreast of unemployment activity and related charges. Every claim filed against your account is carefully reviewed to detect any irregularities or improper charges. They protest all improper claim determinations. Expert hearing representatives assist you in winning an appeal, which can make the difference in saving thousands of dollars in claims costs. On average, nonprofits save $100 per employee upon joining UST. You can find out how much your organization could save at www.ChooseUST.org.

Nonprofits have options when it comes to paying for unemployment claims:
1. Remain in the state unemployment insurance system as a tax-rated employer
2. Exercise their unemployment tax exemption and only reimburse the state for their own claims, dollar for dollar

Take the quiz to find out if you should exercise your unemployment tax exemption at ww2.chooseUST.org/ust-quiz
Connect With Us

Unemployment Services Trust
UST helps 501(c)(3) organizations manage their unemployment overhead costs. By helping them exercise their unemployment tax exemption, UST is able to help members see over $35 million in savings annually. Members also get access to exclusive claim and hearing support to help them further reduce costs.

The UST Division of Nonprofit Research provides nonprofit organizations with original and economically relevant information on employment and human resources matters. As the research and education branch of UST, the Division seeks to further UST’s mission of helping nonprofits make the best of their resources.

Savings Evaluation
You can get a complimentary Savings Evaluation to help determine whether you could benefit from opting out of state UI taxes, and how much your agency could save. Just go to ChooseUST.org/request-a-savings-quote.

Webinars
Sign up for an upcoming webinar at ChooseUST.org/webinars to learn more about how nonprofits can reduce unemployment costs by joining UST.

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Visit ChooseUST.org/news-blog for articles on nonprofit HR, unemployment, budgets, ideas and more.

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References


