

## Talking About Compensation in Your Nonprofit Job Search: Q&A with Karen DeMay

Discussing compensation during a job search is often tricky. Below are some common compensation questions we hear from nonprofit job seekers, along with responses from former Bridgespan Executive Search Senior Director Karen DeMay. Karen has worked in close consultation with dozens of nonprofit organizations as they navigate the hiring process and has interviewed, placed, and counseled numerous candidates. Her insights on compensation in the nonprofit sector can help you begin planning your next step.

### **Bridgestar: What can I expect to earn when working in the nonprofit sector?**

**Karen DeMay:** On balance, most people seeking employment in the nonprofit sector expect that they will make less money than if they worked in a for-profit, and it is fair to say that executives in the nonprofit world tend to make less than for-profit executives with similar jobs or years of experience. But, like the for-profit sector, the nonprofit sector encompasses an enormous range of compensation levels, even within a given position or domain.

For example, according to The NonProfit Times 2007 Salary Survey, the average executive director (ED) salary in the central United States is just under \$100,000, compared to more than \$130,000 in the mid-Atlantic region. Salary differences across organizations of different sizes tend to be even greater. According to the same survey, the average pay for the chief financial officer in an organization with a budget of under \$500,000 was in the low \$80,000s, while the average for the same position in organizations with budgets over \$50 million was close to \$290,000. Disparities among nonprofits in different domains are similarly large, and the averages themselves conceal wide compensation ranges even within a given position, domain, organization size, and geographic area.

When determining what level of compensation to expect or negotiate for, it's important to gather as much information as possible and act on those specific facts rather than on general assumptions, which often prove wrong in this complex sphere.

### **How can I figure out whether I can make a salary I can live with?**

**DeMay:** Any time you change jobs you should fully understand your personal finances before you start assessing specific job opportunities. Once you know how much income you need, then you can evaluate how that need matches up against positions that correspond to your interests and qualifications. One way

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to start is by taking stock of your existing compensation package, including all of its components. While this may seem elementary, most people think of salary and bonus first and need to be prompted before considering health, dental, and vision insurance; retirement plan; discounts; transportation subsidies; and the many other secondary elements that these packages may include. Taking a few minutes to fill out a [compensation worksheet](#) is a good first step in assessing your existing total compensation package and preparing to compare your existing package to an offer you may receive from a nonprofit organization.

Having assessed where you are now, the next step is to consider what changes you would be able and willing to make for the right opportunity. Could you get by on less money? What benefits are essential? Try to be both specific and realistic in thinking about what it would take for you to change your lifestyle to accommodate your desire to secure a job. What changes might other members of your family need to make, and would they be willing? As best you can, try to include in your assessment your long-term financial goals. Do you expect your financial needs to increase or decrease over the next five to 10 years?

For some, it is important to think about more than just the bottom-line impact of a lower salary. If you've historically linked your contribution and worth to your employer with the dollar amount on your paycheck or the magnitude of your annual merit raise, you may need to change your mindset regarding compensation. Will you be comfortable with a smaller check that doesn't necessarily reflect your efforts, contribution, or worth to your nonprofit employer?

Once you have figured out what the bottom line is for you and your family and you have begun identifying some positions and organizations that interest you, the next step is to do some research on compensation within those positions and organizations [see below for more on how to do this research]. Find out as much as you can about the organizations you have targeted, and then assess whether there might be a match between your financial needs and what the organizations are paying senior managers. If you find that you are anywhere close (or if you are not able to get good information), it is usually worth pursuing your search to see if you can negotiate what you need. If you find that you are off by a factor of two or three, you may need to reconsider one or more of the criteria you are using to target your search.

Another important factor to consider is how your salary increases over time. Like for-profit sector salaries, nonprofit salaries tend to generally increase both with seniority and with tenure in an individual organization. However, the increases at a nonprofit are likely to be modest, and even if they are linked to performance, the upside may be limited. According to The NonProfit Times 2007 Salary Survey, the average pay of nonprofit executives was expected to rise by only 3.37 percent in 2007, barely keeping pace with inflation, and ED salaries were expected to rise less than that.

A word of caution: if you find out about a position that seems like a great fit for your skills and interests but the compensation is well outside of the range that you can live with, think carefully before pursuing it. There is always the possibility that you have underestimated the compensation or that the employer will have more room to negotiate than expected. However, I have seen and heard about too many cases in which candidates were so compelled by a particular organization or position that they accepted a package that was less than they needed, with negative results for both the individual and the organization a few months down the line.

### **Where can I find information on typical compensation packages for the kinds of jobs in which I'm interested?**

**DeMay:** Salaries in the nonprofit sector vary (e.g., a large organization usually has a greater range of compensation than a small one). To begin to gain an idea of the salary levels for particular jobs, you can take a look at salary surveys published by [GuideStar](#), the [Chronicle of Philanthropy](#), [The NonProfit Times](#), and Abbott, Langer Association, among others. To understand the compensation structure at a specific nonprofit, you can download its full IRS Form 990 from the GuideStar. An annual reporting return that certain federally tax-exempt organizations must file with the IRS, the 990 includes information on the organization's mission, programs, and finances and includes salaries for the highest paid positions within the organization.

There also may be more specific compensation resources depending on the type of nonprofit position for which you're interviewing. For example, the [Council on Foundations](#) has extensive compensation survey data on various kinds of funding organizations, and the [College and University Professional Association for Human Resources](#) offers salary surveys for higher-education organizations. Furthermore, if your search is focused on a particular city or region, you will likely be able to identify with a quick web search one or more organizations that offer compensation information for that area.<sup>1</sup>

Because many compensation surveys can only be accessed on a fee basis, you may want to think about what types of positions or organizations would be a good fit before you look at surveys. One good way to start the process is to do some informal benchmarking. Think about some organizations in your target geographic area whose missions interest you. Using GuideStar, you can easily isolate several of these organizations, being sure the organizations have similar profiles in terms of geography, budget,

<sup>1</sup> For more information about specific compensation resources, see "Selected Compensation Resources," [www.bridgestar.org](http://www.bridgestar.org).

headcount, and programs. On GuideStar, view each organization's Form 990. This form includes the compensation of the senior executives. By researching at several similar organizations, you'll begin to gain an understanding of the compensation ranges in the types of nonprofits you want to target.

Generally, it is most helpful to use a combination of these approaches. For example, one job seeker who was looking for a position as a senior program officer in a foundation began by looking at some of the nonprofit salary surveys. She couldn't find any that included the role she was interviewing for, but she was able to get a sense of the general compensation ranges for nonprofit executives in her region. Looking at the 990 forms of a foundation where she had set up an interview and some similar organizations gave her additional data points. Still, she was looking at a pretty large range of possibilities. In the end, she found it most helpful to take that data and do "old fashioned sourcing and networking," talking to everyone she could think of who might know about compensation in that kind of position and checking the numbers she had found with them. Those conversations helped her gain a better understanding of where she might fall in the general ranges she had worked out from the salary surveys and sample 990s.

### **What are some of the specific factors that determine a nonprofit salary?**

**DeMay:** Key factors you need to look at include the role and its responsibilities; any required experience, education, and certifications; the size of the organization; the sub-sector or domain; the nonprofit's geographic location; and the overall compensation structure and traditions of the organization.

### **Should I bring up compensation or wait for the interviewer to raise the issue?**

**DeMay:** The right answer to this question depends a lot on your style and circumstances and those of the interviewer. In the early stages of the hiring process, you and the organization are learning about one another, and delaying the compensation conversation allows both parties to focus on the other elements of fit. However, it may also leave you and the hiring manager wondering about compensation and potentially wasting time if compensation differences are insurmountable. Only you can determine—and your determination may be different depending on the opportunity—how much time you are willing to invest without knowing whether there is any overlap between what the organization can offer and what you can accept. However, if by the second interview there has been no conversation about compensation, you might want to raise the issue at that point and try to get a sense of the general range.

Sam Pease, vice president at New Directions, an executive career planning and transition management firm in Boston, pointed out that occasionally a nonprofit organization will put off conversations about compensation with an impressive candidate in the hope that, by the time the candidate finds out that the

compensation they can offer is lower than his/her requirements, the candidate will be so taken with the organization and its mission that s/he (like themselves, who have joined for the mission) will overlook the gap. He coaches his clients to raise compensation around the second interview if the organization hasn't done so to avoid this kind of situation.

One important element to take into account as you consider what timing works best for you is that sometimes hiring managers make assumptions about what candidates might need or expect to earn based on their past positions. They may then use those assumptions to decide whether or not those candidates are worth pursuing, depending on the organization's salary range for the position. In particular, those transitioning from the for-profit sector sometimes get screened out early in a hiring process solely because the hiring manager or recruiter assumes that the candidate would be unlikely to accept the compensation package the organization is offering. If your salary needs and expectations are lower than a hiring manager would tend to expect, you may want to consider proactively getting that information across early in the process.

If the interviewer does ask you about your compensation requirements, that gives you an opening to ask what the organization is offering. If the interviewer asks about your current compensation and you are prepared to take a salary cut, be sure to mention that as part of the same conversation.

In general, the compensation issue is less sensitive when you have a search firm as an intermediary. With a recruiter, once you have an understanding of the requirements for a position and have established that you are a potential fit for the role in the initial interview or phone screen, it is perfectly acceptable to ask what the compensation range is for the position.

### **How should I handle talking about compensation when the time comes?**

**DeMay:** If and when an employer asks about your compensation requirements, be forthright about your self-assessment, your current compensation, what you believe your needs to be, and how you determined them. Being honest about your limitations will go a long way to establishing your relationship with the hiring manager whether or not you ultimately get the job.

Signaling your compensation expectations early in the process is tricky. If you are really afraid that your resume may get screened out early in the process because of mistaken assumptions about your salary requirements, think about bringing up the issue in your cover letter. If you do, you will need to position the information in the context of a well-written cover letter that outlines why your skills align well with the requirements for the job and why you are passionate about the nonprofit's mission. After you have

explained why you think the fit is good, you may want to say that you have assessed your salary needs and are open to the possibility of taking a pay cut.

One ED who was doing a search a few years ago for a development director for a small nonprofit in the public health field received a call from a man with a degree from a prestigious medical school. She reports, “First he told me about a couple of really interesting elements of his experience that connected to what we were doing and made him really passionate about my organization’s mission. Then he said that he was going to apply for the development director position and that he hoped that if his resume looked interesting I would at least sit down with him so that he could explain why someone with an MD would want to be a development director.” He was personally engaging enough on the phone that she was intrigued, and when she did interview him, she was persuaded that he was the one for the job. His salary requirements, while less than what most people with MDs would expect, were still beyond what the organization could offer, but they were able to work out a part-time arrangement that enabled him to take on some small and well-paying consulting contracts for a couple of days each month to supplement the salary the nonprofit was able to offer.

If you get to the second interview and compensation hasn’t come up, you might ask the interviewer for a ballpark sense of the compensation for the position, to avoid going too far with the process if there is a big gap in expectations. But there should be no negotiation about salary at this point.

**Bridgestar** ([www.bridgestar.org](http://www.bridgestar.org)), an initiative of the Bridgespan Group, provides a nonprofit management job board, content, and tools designed to help nonprofit organizations build strong leadership teams and individuals pursue career paths as nonprofit leaders.