

Nonprofit Financial Managers

A Resource for the areas of Finance, IT, Human Resources, and Office/Facilities Management

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For information, go to npfm.org, or contact Mitzi Fennel at 617-279-252 or Jessica Zander at 617-956-0215

Mark Your Calendars

All of our meetings take place on the last **THURSDAY** of each month. **No pre-registration required.** Upcoming dates:

- **June 27: Cloud Computing**

NPFM Membership Information

The annual membership fee of \$100 covers monthly mailings and other operating expenses. The membership period is from September to August. A part-year membership for \$60 is offered for those joining after January 1, which covers membership through August. Full-time students are welcome to join at any time without paying a fee.

In addition to attendance at monthly meetings, members receive a monthly newsletter and access to the NPFM e-mail forum. Lunch is provided for all attendees at meetings. There is a \$20 meeting fee for non-members, and since membership is by organization, there is no limit of individuals from any one organization who may attend the meetings.

RSVPs for the meetings are not required.

For renewals or new membership fees, please make your check out to:

Nonprofit Financial Managers
C/O Child Care Resource Center
130 Bishop Allen Drive
Cambridge, MA 02139

Contact Mitzi Fennel at 617-279-252 for more information.

The Next Meeting

Topic: I am not a Lawyer: How to Effectively Review a Contract

Date: Thursday, May 30, 2013

**Location: United South End Settlements
566 Columbus Ave., Boston**

Time: 12:00 PM – 1:30 PM

Have you ever been asked to review a contract and wondered what to look for? Bob Cowden, a long-time partner with the law firm of Casner & Edwards, has been invited to speak about the topic of contracts relating to nonprofit organizations. He has served as counsel to charitable organizations, trade associations and to grant-making foundations.

Drawing upon his extensive knowledge of the nonprofit sector, he will discuss types of contracts (e.g., service provider agreements, consultant agreements); when nonprofit organizations need a contract; and what should be included in a contract.

Recap of April Meeting

Compensation Strategies on a Tight Budget

Gordon Gottlieb led a discussion about the challenges different nonprofits face when it comes time to budget for and implement salary raises. Gordon Gottlieb is a human resources consultant at TDC, the nonprofit consulting firm. He offers a range of organizational development and HR-related services including technical assistance, coaching and training. Even in the best of times, how a nonprofit makes compensation strategies can be difficult. Options include COLAs, merit increases; and bonuses. What is best and fair? What's affordable? Does your board understand the challenges? There are no easy answers—especially in a tight economy, which is why salary administration has been called “the art of distributing dissatisfaction equally”.

First, you need to look at the big picture: who makes the decision on salaries: the Board, the Executive Director, and/or Financial Director? How do you determine whether to do percentage increase for raises or a fixed amount? The only salary that the Board should be directly involved with is that of the Executive Director or CEO. After that, it is the Executive Director and his/her staff who are responsible. The Board should examine and approve any agency salary policies but beyond that, their involvement in this issue should be through the budget approval process. It is important for the Executive Director and CFO to educate any Board members who come from the for-profit sector about the difference in compensation practices between the for-profit sector and the not for profit sector. There are key differences such as the funding structure of the organization and the accounting policies and regulations that might apply. There are 3 bottom lines for non-profits: the financial bottom line, the mission driven bottom line, and the environment that they operate in. For for-profits, there is usually only the financial bottom line.

The decision about going with a percentage increase or a fixed amount for raises may depend on the funding available. If the percentage that the organization can afford is 3% or less, then organizations should consider giving out a fixed amount, since the percentage method will mean that lower paid workers will get what might feel like an inconsequential raise. It also does not make sense to give out small merit increases. For small raises, whatever method you choose, you should make it as simple and as equitable as possible.

Your organization should have a compensation philosophy and policy which includes a position on how much social justice is built into your compensation practices. Also, it is important to determine where you want to be in the compensation marketplace in comparison to your peer organizations. Do you want to be a leader, equal, or below?

There are several ingredients of a good compensation policy. A very important one is to have up-to-date and accurate job descriptions. Second, it is important to have a system of salary grades or salary ranges for each similar job classification. A reasonable goal would be to have staff within certain jobs move up over time to a higher salary level for that job within the set salary range. There should be a cap for each job classification. A good salary policy will deal with the issue of how and when you actually adjust the salary ranges. It is good idea to conduct a salary survey peri-

odically to determine if your salaries are competitive. You should pick certain key jobs that might occur in other agencies and then get salary information from three to five comparable agencies. Use the median (not the mean) salary from those agencies as a benchmark. It would probably be advisable to have a 3rd party conduct the survey.

Generally, Gordon is in favor of giving merit increases, but only if the amount involved would be enough to motivate/reward staff. You have to have a good merit system in place and the requisite knowledge to know what merit looks like. If you do not have an organized and rational merit system in place, then don't do it. Give out across the board increases instead or bonuses for good performance. Spot bonuses can be linked to previously identified goals or left up to the discretion of the manager. Whatever system you choose, it should be fair, clear, and consistent. Remember that any salary increase will eventually become a topic of staff discussion, one way or another.

Job Openings...

The NPFM group has a section on their website for job postings. Check out our website at www.npfm.org for a complete list of jobs. Contact David Richardson at dr44@verizon.net with questions or postings.

NPFM E-mail Forum

One of the benefits of membership in NPFM is a subscription to our e-mail listserv. We encourage members to post questions, announcements and new developments in finance and administration. All new members who provide e-mail addresses are automatically subscribed. To post messages send to npfm-boston@googlegroups.com. If your membership is current and you do not have access to the listserv, please contact Karen Kelley Gill, at kgill@cedac.org.

NPFM Steering Committee

The Steering Committee consists of several members who are responsible for the meeting topics, speakers, and other details surrounding the group. If you are interested in joining the steering committee, or in submitting ideas for future sessions, please contact any of the existing members, by email or in person at a meeting.