



SALARIES FOR NON PROFIT ED'S AND CEO'S

A step by step method
to establish a salary range
using 8 criteria
common to any ED/CEO position.

Matt Kayhoe, 2009

INTENT

To allow you to create a more accurate and defensible salary or salary range for the leader of a nonprofit organization.

To supplement the information sources normally used for this process – salary surveys, Board member experience and judgement, and history.

To provide material that will allow an entire Board or other group to participate thoughtfully in a conversation that will ultimately lead to a salary range decision. This is intended to improve the quality of that conversation, not replace it!

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Criteria 1: Organizational Size – Number of Employees

Criteria 2: Organizational Size – Budget

Criteria 3: Complexity – Number of Services

Criteria 4: Organizational Complexity – Service Delivery Range

Criteria 5: Scarcity – Candidates for the Job

Criteria 6: Credential Requirements

Criteria 7: Time and Energy Requirements

Criteria 8: Governance Requirements

How to Use the Tool

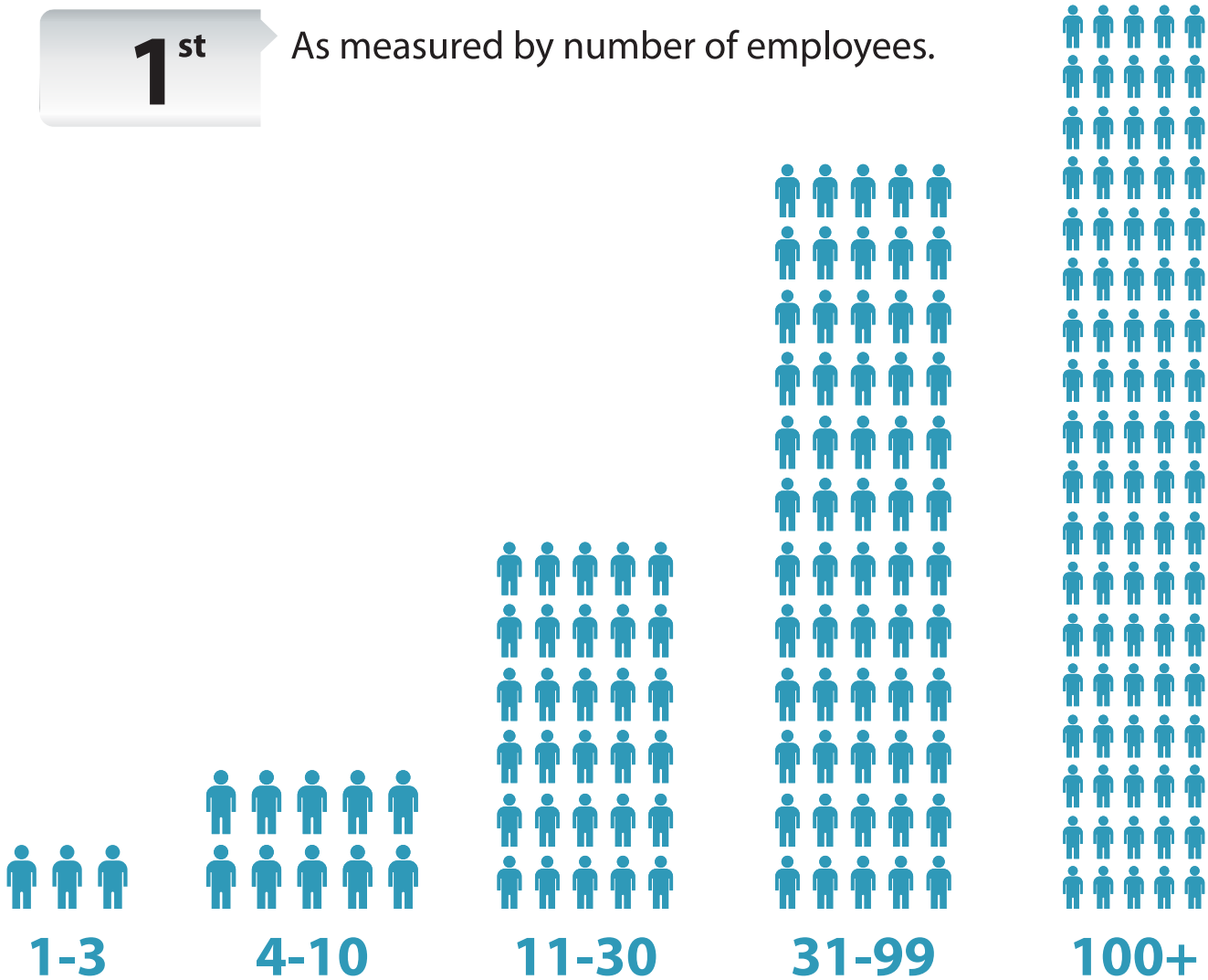
Worksheet: Prepare for a Conversation

CRITERIA

ORGANIZATIONAL SIZE

1st

As measured by number of employees.



2nd

As measured by budget.

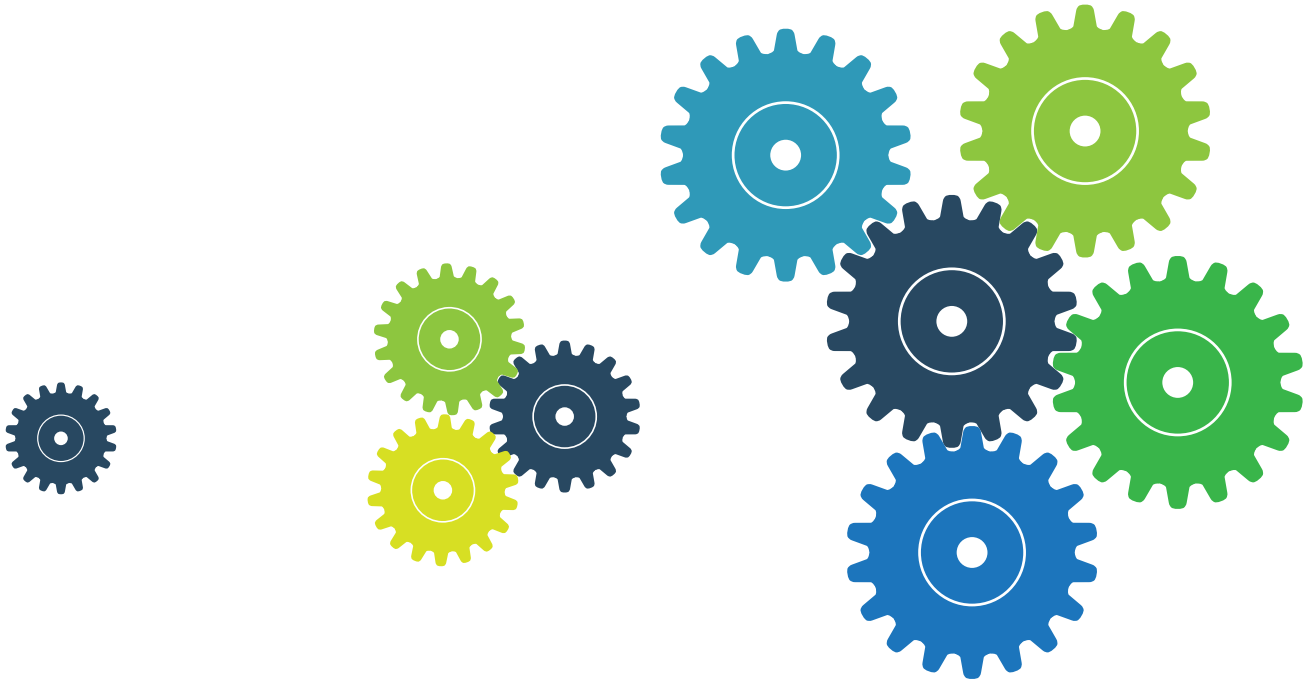
<\$1M \$1-3M \$3-10M \$10-20M \$20-50M >\$50M

CRITERIA

ORGANIZATIONAL COMPLEXITY

3rd

As measured by number of services offered.



NARROW: 1

MEDIUM: 2-3

BROAD: 4+

Each added service requires managerial expertise in that area, and often a different type of public relations approach, fundraising mindset and strategy, and finesse.

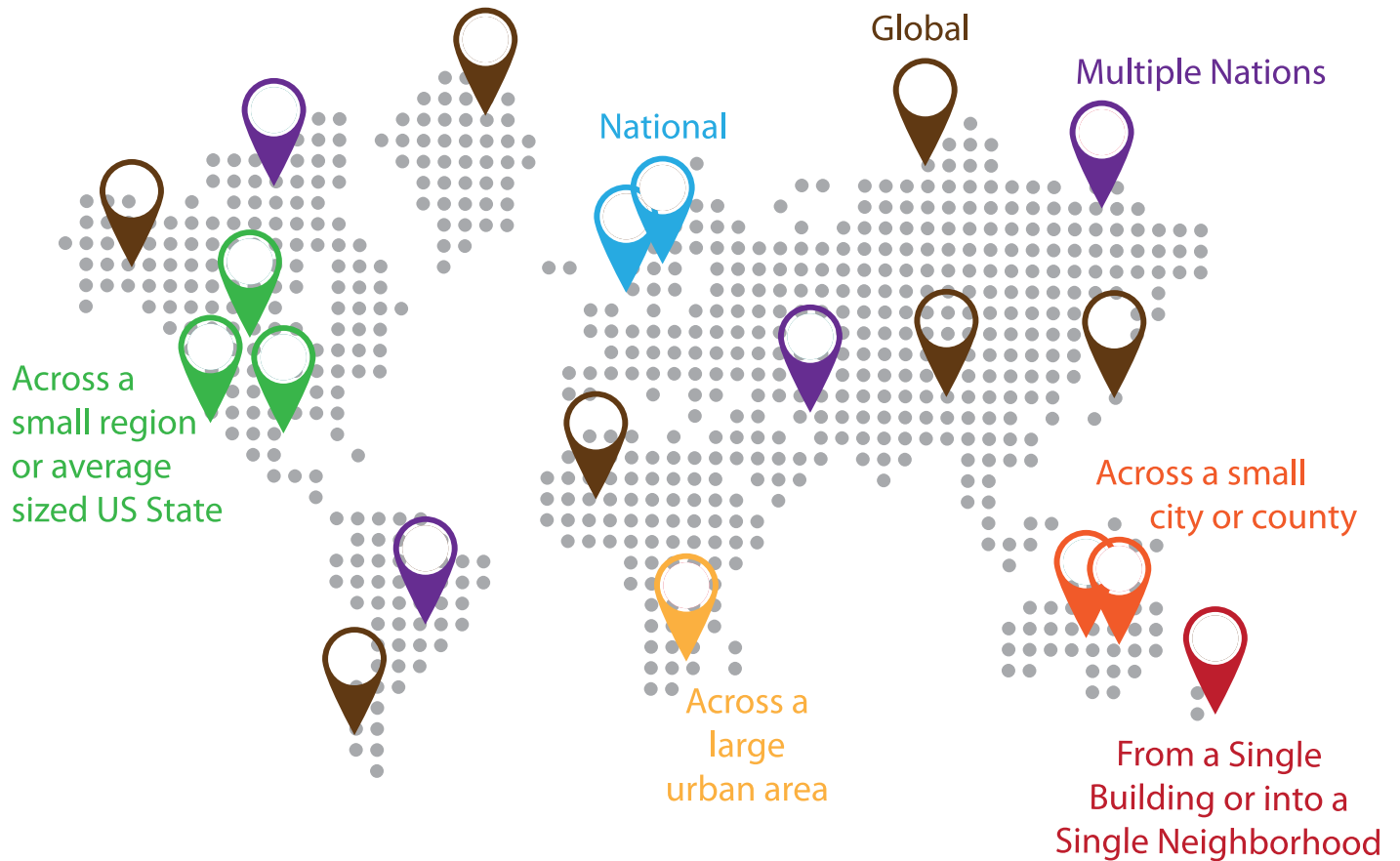
For example, an organization may distribute books to local jail inmates – a single service. Alternatively, an animal welfare organization may provide care to a variety of species, adoption services, behavioral counseling, animal cruelty investigations, law enforcement (police authority), a range of medical care, dog training, legislative initiatives (city and state), a pet supply store, and a range of educational services to schools.

CRITERIA

GEOGRAPHIC REACH

4th

As measured by the service delivery range.



Additional burdens come from supply chain management, cultural diversity, regulatory complexity, language differences, and multiple time zones.

CRITERIA

SCARCITY

5th

As measured by the difficulty to find qualified, interested candidates to fill the role.



EASY

AVERAGE

HARD

Many local candidates, quickly identified

Several national candidates, 2-3 weeks

4-6 candidates in 1 or 2 months

2-3 candidates identified after several months

Very difficult to find a single good candidate

The need to use a search firm is also an indicator of difficulty.

The type of firm, and the type of contract with that firm (exclusive or not, retainer or commission) are also indicators of the rarity of candidates for this position.

CRITERIA

CREDENTIAL REQUIREMENTS

6th

As measured by the educational and experiential requirements for qualification.



MINIMAL

Role can be filled by people with good leadership skills and a solid understanding of non-profit management



AVERAGE

Plus:
Requires significant knowledge and experience in the field, and a liberal arts education



A LOT

Plus:
Requires extensive knowledge and experience in the field and related post graduate education

CRITERIA

TIME & ENERGY REQUIREMENTS

7th

As measured by the hours and effort required by the job.



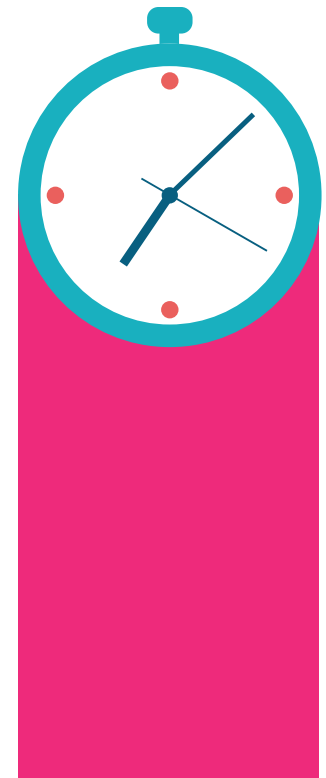
FEWER

Usually 8 hour days, regular work week, very rare interruption at home



MORE

Plus:
One or two late days a week, occasional home interruption



CONSUMING

Plus:
Regular calls at home; late evenings preparing are routine; travel a few times a year;

Plus:
24/7, little down time, with home & work blurred; travel regularly

Be careful, here, board members.

It is easy to believe what you want to believe, and in the process, insult the current ED/CEO .

Get hard data in place of your impressions.

CRITERIA

GOVERNANCE RESPONSIBILITY

8th

As measured by Board governance capability and style.



LESS

MORE

Operational ED with Board that sets Vision and does majority of fundraising

ED and Board share vision, strategy, and fundraising roughly equally

ED that generates vision and strategy, and the organization does all fundraising

CEO (and thus member of the Board) and educates other Board members on industry dynamics

CEO and Board President or Chair

Fundraising

Vision

Strategy

Dynamics

President or Chair

For each of the eight criteria, have a conversation, following these three steps:

1.) How do we rate our ED/CEO position on each of the eight? Where do we place the check mark?
What comes from our conversation about these decisions that will help inform our decision?

Important: Keep current ED/CEO performance out of this conversation



2.) How important are each of these eight in our case? How might we rank order them in terms of how we believe they should be weighted? Why?

3.) What has been our history with the salary for this position? What is the most recent salary? What is our budgetary expectation going forward? How might we help the organization if we adjust this?

What's Not Here

Unusual circumstances, such as the organization being under a great deal of pressure or controversy, or requiring a new vision, or to be torn down and rebuilt, or needing to quickly raise its status in its community or to raise a good deal of money for a project, etc. Any of these can require the hiring of a special candidate that may call for extraordinary compensation considerations. The 8 factors still apply; they simply need to be supplemented.

1

Organizational Size -
number of employees

2

Organizational Size -
budget

3

Organizational Complexity –
number of services

4

Organizational Complexity –
service delivery range

5

Scarcity–
candidates for the job

6

Credential Requirements

7

Time and Energy Requirements

8

Governance Requirements