

Rewards at Work

Inspiring Productive Employees
Across Career Stages

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EXECUTIVE SUMMARY

Some believe that nonprofit employees are engaged in work for the social good, not for personal gain. From that perspective, it makes sense that nonprofit salaries remain considerably lower than those in the for-profit sector and that benefits fall far below what government jobs offer.

Another perspective: Nonprofits should pay higher salaries to attract high-end talent and to acknowledge the increased cost of living for workers who may have high education-, housing- and family-related expenses.

While some nonprofits might not be able to afford higher salaries, they can find ways – some relatively easy – to make up for the difference in pay and enhance overall compensation. In choosing what kinds of rewards to offer, a nonprofit must consider the makeup of the work force it needs to recruit and retain to achieve its mission. It's a delicate calculation.

In today's workplace, age and generational diversity are more significant than ever. For the first time, it is common to have four generations working together – elders, boomers, Generation Xers and millennials. We need to view age and generational differences as systematically as we see other aspects of diversity and think creatively.

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When it comes to crafting rewards that will attract multiple generations, such systematic thinking recognizes that the attractiveness of employment benefits hinges on a worker's stage of life and career – perhaps more so than the person's age or generation. And while age and stage are aligned for many, they aren't for everyone. For example, as many Americans delay having children, workplaces may have some employees in their 20s and others in their 40s (and even older) who are raising young children.

Workers just starting nonprofit careers may need jobs that allow them to pay off student loans or start families. Those who are more established are likely to be assessing how to move up the salary ladder as they have families, buy houses, pay off remaining college debt and plan for future needs, such as college for their children and retirement.

The income requirements may be less demanding for those with children grown and mortgages paid off. This group might be seeking

encore careers, work that builds on their midlife careers and allows them to use their skills in different ways to serve the greater good.

What do employees need and want during the various career stages, and what can cash-strapped nonprofits reasonably offer? Employers should consider rewards from each of these four areas – life, health, work and money. For example: child care (life), gym discounts (health), coaching (work) and financial planning services (money).

Benefits packages could be retooled in ways that provide basic coverage but also reflect the needs of workers at different life stages.

As nonprofits try to find ways to survive in an economically challenging environment, innovative structuring of benefits could be an important part of attracting and retaining employees of all ages.

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INTRODUCTION

People are often the primary resource for nonprofit organizations, and with four generations in today's work force, it is critical that we sharpen our focus on attracting and retaining this diverse talent base. Leveraging the author's experience in leading a talent transformation for a large nonprofit organization, this paper intends to do the same by helping nonprofits focus sharply on rewards strategies. Ultimately, our sector can boast a slate of rewards drawing from innovative approaches to attract and retain a highly competitive, motivated, multigenerational work force.

Nonprofits have a reputation for being *nice* but not highly competitive or lucrative places to work. Nonprofit executives often hear from staff members, "I'm here for the mission." Nonprofit employees may tell their friends, "The pay is less, but it's worth it to do something meaningful."

The reality, however, is not so simple. It is true that nonprofits can be professionally and personally rewarding places to work and often offer strong intrinsic rewards (achievement, recognition, mission accomplishment) even beyond their for-profit counterparts. But when people evaluate job opportunities, they consider *both* the intrinsic rewards and extrinsic rewards (pay, title, fringe benefits) those opportunities offer. By showcasing the impressive slate of rewards in our sector, we can attract the best talent.

This paper emerged from Crossing Generations: Retooling the Nonprofit Workplace, a June 2009 meeting hosted by Civic Ventures and the Building Movement Project, with support from MetLife Foundation. That multigenerational assembly of nonprofit leaders agreed that nonprofits need to think more creatively about benefits that would attract talented people at different stages in their careers, especially as nonprofits cannot compete with the salaries and other perks available from for-profit employers.

While most nonprofits design a *single* set of benefit alternatives, expanding our view to consider **a more robust slate of rewards** will enable nonprofits of all sizes and missions to broaden their appeal across generations.

The motivational appeal of any particular reward – from job design to paid time off – will depend, of course, on the individual. A worker's geographic location, age, socioeconomic status and community values

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will matter. The approach developed in this paper for designing a rewards program utilizes the lens of career stages, rather than generations, to avoid clouded thinking that may stem from age-based generalizations. While these stages do not supplant the generations in today's work force, different age groups will dominate each stage. Focusing on career stage – instead of age or generation – makes it possible to design rewards strategically to recruit and retain top talent of all ages based on the organization's needs.

CAREER STAGES

While we have multiple generations in the workplace, we also have multiple generations in the same jobs. This landscape represents a shift in attitude about people, talent and the very nature of work. Age is no longer the benchmark for career readiness it once was. It also is no longer a proxy for a person's career stage.

The concept of career stage is familiar in human resources. Adding an encore career stage recognizes shifting social norms, needs and aspirations about work in the second half of life.

The career stages are fluid, but here are some general characteristics:

Precareer workers are generally exploring career possibilities – for example, as interns, volunteers, fellows or part-time employees exploring career possibilities. Typically people in their 20s, their desire to explore may be a trait shared by more experienced (and older) workers considering switching sectors or beginning encore careers.

Early career workers are just embarking on their careers with limited work experience in a chosen field, perhaps one or two jobs. An example may be a recent college graduate or a stay-at-home parent entering the work force for the first time. Someone switching to a new sector may be “early” in that career.

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Midcareer professionals may be shifting their primary priority from career to family or may be returning to the work force after a break to start a family. They may make such critical career decisions after two or three roles in an organization or sector, frequently before moving from one job to the next.

Advancing career workers have generally held four to six career roles. These individuals vary widely in organizational level, from manager to vice president.

Late career professionals have moved among multiple organizations or have been employed long term with one organization. They are likely to remain with their current organizations. Generally, individuals in this stage are nearing optional retirements or traditional retirement age.

Encore career workers have left their midlife careers, through retirement or for a change, and are driven by a desire to engage in work that benefits society. Often this work will build on prior skills – for example, a nurse who becomes a community health worker. In other cases, it could involve entering a new field – such as a corporate executive transitioning to a hands-on nonprofit job. Encore careers attract people in a stage of life where their priority is to make a social impact, rather than build their credentials or maximize their income.

REWARDS SLATE

While many nonprofits offer flexible benefits, this differentiated, strategic approach considers alternatives that employees at different career stages may value. Consider, for example, an individual at a later career stage who may be more motivated by external networking and retirement benefits than someone in an early career stage who is just learning his or her job. Similarly, an early career professional may be more motivated by tuition reimbursement, eldercare reimbursement or child care discounts than a precareer professional.

The crucial question: How can we create an administratively simple slate of exciting rewards designed to appeal across career stages?

The slate in the table at the top of the next page presents a sampling of traditional and nontraditional rewards in four categories: life, health, work and money. Of course this list is not exhaustive, but it highlights some of the more cost-efficient and high-impact employee rewards. Which ones do you offer today? Which ones would your employees see as true rewards? These sample reward slates have been developed from research, field experience and interviews.

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Traditional and Nontraditional Employee Rewards

LIFE	HEALTH	WORK	MONEY
<ul style="list-style-type: none"> • Noncash incentives • Time off • Child/elder care • Flexible work • Concierge services • Counseling • Personal space at work (lactation room, exercise room) 	<ul style="list-style-type: none"> • Gym discounts • Long-term care insurance • Wellness program • Health risk appraisal • Disability insurance • Health care options 	<ul style="list-style-type: none"> • Career visibility • Frequent feedback from managers • Relationship networks • Learning opportunities • Trade or professional memberships • Coaching or mentoring • Engaging culture 	<ul style="list-style-type: none"> • Savings accounts • Tax preparation discounts • Financial planning services • Cash incentives • Cash compensation • Retirement contributions

The slate of rewards that an employer offers should explicitly consider and include rewards from each of those four areas. In offering a diverse slate of rewards within each category, we attract and retain a similarly diverse work force.

Life

The rewards associated with life enhance an individual’s ability to enjoy and participate in his or her nonwork life. While many nonprofit employers offer flex time and paid time off, few provide elder care discounts or on-site services, such as laundry or food service. Noncash incentives at work can also make employees’ lives simpler and more enjoyable. Parking spaces, certificates, signature products (such as bags or other items featuring the nonprofit’s logo), even speaking opportunities that allow employees to demonstrate skills outside of the workplace can boost morale and enhance work-life balance.

Health

Providing employees with flexible options among relatively standard benefits, such as health care or disability insurance, is already a valuable strategy among employers. Expanding these offerings to new and innovative health and wellness platforms, such as health risk appraisal, long-term care insurance, online medical resources and online health communities and support groups can enhance this value. Nonprofits have often stayed away from some of these areas, as they are initially

costly, complex and often vary widely by market. However, as the wellness industry matures and we can see true return on investment in this area, it is worth a second look even for organizations with limited resources.

Work

Moving up the career ladder motivates employees, regardless of career stage or sector (though encore workers may be less interested in promotions than in meaningful work). Generally, it's important for an employee to have a clear developmental path, a next career step, with good communication and frequent feedback from managers. Two common challenges: managerial preparedness and a limited career runway – few positions at the next level, particularly in smaller organizations. Having peers with whom to socialize, network and develop is invaluable and often leads to long-term mentoring relationships. Even the smallest organizations may develop networking groups of similar organizations in order to share experience or talent. Further, organizations that pay for memberships to trade or professional organizations and provide developmental coaching for their employees see strong returns on those investments.

Money

Financial incentives can provide low-cost, creative alternative compensation strategies. Traditional offerings such as savings accounts, cash compensation, cash incentives and retirement contributions remain at the core of our benefits packages, but they are often seen as must-have benefits. Offering tax preparation discounts or financial planning services, in addition to the must haves, can highly motivate staff.

TOP 5 REWARDS

If your organization is seeking a few low cost, quick ideas to boost engagement and appeal across multiple career stages, below are five concepts to consider. Each reward can help attract and retain competitive talent at multiple career stages – whether the award appeals to an employee's *intrinsic* needs (for self-affirmation or personal growth) or *extrinsic* needs (for tangible benefits, such as raises or bonuses).

1. Coaching

Coaching is a powerful motivator, in particular for workers new to a job (can be early career or encore career) and those in career transition or between career stages. Coaching is an intrinsic reward, because it helps people develop their skills, capabilities and sense of self. While a program using external coaches can be expensive, an internal or volunteer coaching program can provide employees with opportunities to develop into coaches and help others in their development.

While there are still costs to an internal program, a growing number of organizations are able to sustain small internal cadres of coaches or to share coaches among smaller organizations. The American Cancer Society, for example, has recently implemented such an internal coaching program. External volunteers serve as lead coaches through an apprentice-type model for staff and volunteers who are interested in becoming coaches. More than 100 staff members received high-quality coaching for two years at a minimal cost, and a new role for volunteers was developed in the process. The staff members who received coaching unanimously felt that the coaching was a strong reward that helped them grow as individuals.

2. An engaging, empowering culture

Creating an engaging culture in which staff members are empowered to be effective is a strong intrinsic reward for employees across work stages. With limited investment, increased communication, less bureaucratic decision processes, open door policies, even honest feedback can have a positive impact on the culture. One organization held a number of workshops during which employees were asked to help eliminate bureaucracy and speed decision making. Senior leadership accepted the recommendations, and the employees were empowered and engaged by this quick decision-making solution.

Culture transcends age and career stage. An engaging, empowering culture changes an individual's experience and interaction with his or her workplace. A happier, more productive relationship between employer and employee results in happier, more productive employees. Research has shown that this type of culture shift helps develop a more intrinsically rewarding workplace. Organizations with high employee engagement experience substantially improved fundraising and mission delivery.

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3. Incentive compensation

Simple incentives are strong extrinsic motivators. Designing incentives for all employees can be as simple as traditional bonuses for strong performance or specific target objectives that are aligned with work goals. While incentive compensation does cost money up front, many organizations find that the returns are substantial, namely because it creates a work environment in which people feel moved to maximize productivity and performance. Across work stages, small financial incentives can pay for themselves many times over.

4. Peer-to-peer rewards

Informal peer recognition is a common reward in nonprofits. Developing relationships and complimenting and thanking each other are core to the intrinsic rewards systems of many organizations. In particular, this reward appeals to those in earlier career stages. This type of peer recognition, however, is seldom formalized in nonprofits. Many for-profit organizations have formalized peer rewards through online programs that allow workers to perform tasks such as sending certificates to each other or rewarding nonmonetary points (redeemable via catalogue) to each other for jobs well done.

5. Wellness

Investing in employee well-being at all career stages benefits both employees and organizations. Well-being can involve physical fitness or emotional support and can range from a formal wellness program with online data tracking (of food intake, weight, exercise, chronic condition management and other health factors) to nutritious food options or daily fitness time. Among the possible financial gains: lower insurance premiums due to decreased use of health care. However, many of the gains from implementing a wellness program are intrinsic as well. Simply making people feel better about and more connected to their workplace will improve productivity.

THINKING STRATEGICALLY

Motivating people at different career stages while maximizing mission objectives can be challenging. Untangling multiple, intertwining goals that sometimes seem at odds will help you make the most strategic rewards choices for your organization.

Building a rewards system should include asking:

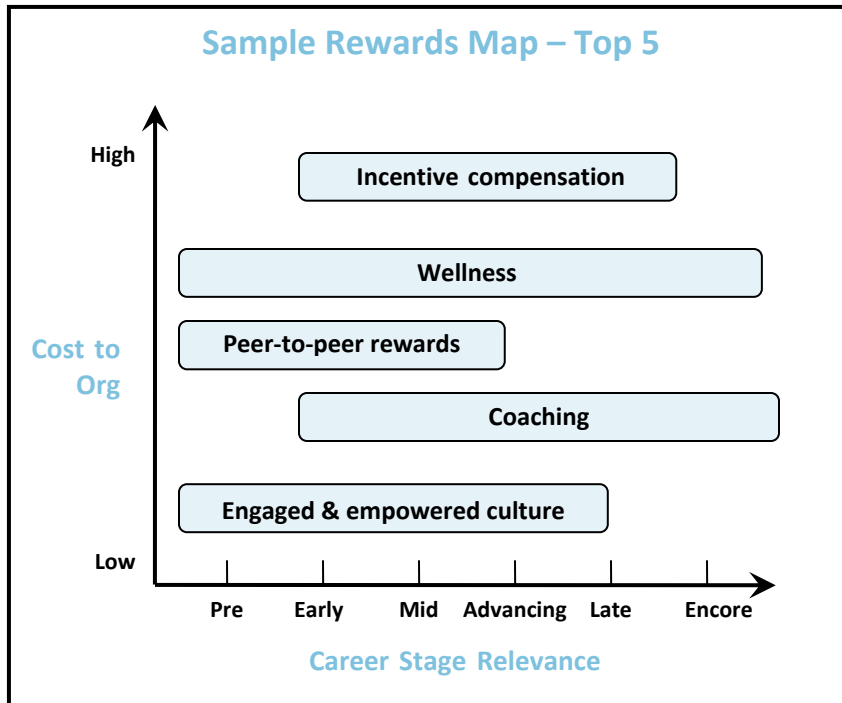
- What career stages are most important for your organization?
- What is most motivational to your employees at each career stage?
- What outcome is most critical to you as an employer?

While much discussion has focused on rewards from an employee perspective, the impact that rewards can have on the employer – engagement, retention, even public relations – is measurable and real.

Here are some criteria for evaluating a reward from an employer perspective:

- **Cost** – Yields benefits to the employer that are worth the money or effort
- **Retention** – Heightens employee loyalty
- **Attraction** – Entices a more desirable candidate pool
- **Ease of implementation** – Relatively simple to put into place
- **Diversity of impact** – Affects multiple segments of the work force
- **Correlation with engagement priorities** – Matches the rewards strategy to appeal to the organization’s most important human capital needs
- **Career stage relevance** – Engages individuals across career stages
- **Employee health** – Aims to improve employee health and well-being, which in turns increases productivity and reduces sick leave
- **Public relations** – Positively influences or maintains organization’s public messaging
- **Market competitiveness** – Strengthens position relative to competitors

To illustrate the interplay between these criteria, the diagram at the top of the next page presents a hypothetical evaluation of reward options – a rewards map – as they relate to cost and career stage. The assessment of each reward is based on the author’s knowledge and experience. Of course, in analyzing these or other rewards for your organization, it will be important to collect relevant data. For example, asking your employees at different career stages how they view a particular reward allows you to judge the reward’s effectiveness as a motivator.



Selecting strategic rewards is not just about what is simple, inexpensive or in demand. It is about marrying organizational objectives with employee motivation across career stages, about matching our diverse employee needs with the diverse capabilities of our organizations. The first step is understanding what is important to your employees at each stage in their careers and the different cost models.

For example, developmental coaching is a medium-cost reward that is highly relevant across career stages. For someone new to an organization entering as an encore employee, coaching may focus on integrating into a new culture. For a midcareer individual promoted to a chief financial officer position, coaching may focus on gaining credibility and on leadership and technical skills. Implementing such coaching systematically and affordably may be challenging, but the concept offers great value.

Another example: incentive compensation. This reward is most relevant to people in their midcareers or late careers and is an expensive proposition. Development and design, plus the initial expense of incentive payouts, contribute to a high cost. Regarding career stage, the newest career professionals may feel too pressured by incentive compensation to perform well or to be highly motivated by such a program. For someone advancing through a career, however, having a new and exciting target would be highly motivational. And at the encore career stage, people may be motivated more by the impact that they can have than by compensation incentives.

Being strategic about rewards will enable us to be more attractive workplaces. We can move from having commonplace benefits to truly differentiating our organizations. Meeting the motivational needs of our employees helps our organizations and can catapult the nonprofit sector into the spotlight as an exciting and attractive place to work.

CONCLUSION

No matter what the size of your nonprofit organization, being intentional and targeted about corporate strategy has always been mission critical. Similarly, being intentional and creative in providing a diverse slate of compelling rewards will attract and retain a generationally diverse slate of compelling people across career stages.

Nonprofit organizations face the challenge of attracting and engaging staff and truly selecting rewards that take into account their personal and professional lives. We can begin to address this challenge by continually providing intrinsic rewards – challenging and meaningful roles, career progression and individual development. Similarly, we can provide meaningful extrinsic rewards, such as bonuses.

The nonprofit sector can compete even more effectively for top talent of all ages, while seeing improved mission and financial returns, if employers are personally, professionally and financially fulfilling the needs of their employees.

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