

TRENDS

THE BUSINESS-SAVVY NONPROFIT

The greatest trend to impact the third sector in recent years has been a pronounced emphasis on the integration of for-profit business practices into nonprofit operations. This has occurred on macrolevels and microlevels as nonprofits increasingly run their organizations like businesses, incorporating revenue-generating models that lessen nonprofits' dependence on unstable funding sources and recruiting more employees with business or finance backgrounds.

On the macrolevel, this trend is found in nonprofits' pursuit of diversified funding streams, with more finding ways to earn their own income. Take, for example, Housing Works in New York City. The nonprofit, which works to end homelessness and AIDS through advocacy and lifesaving services, also proudly markets its entrepreneurial initiatives, which include catering services, multiple thrift shops, and an online auction, as well as a thriving bookstore and café in the city's SoHo neighborhood.

Passion creates a problem in a marketplace when it churns out applicants who don't have the skills to back the position they're applying for.

A new breed of philanthropists is also putting pressure on nonprofits to become more business-savvy. No longer content with calling their contributions *donations*, today's philanthropists prefer to call them *investments*, with backers seeking to support a nonprofit's growth capital in addition to just specific programs.

One example of an organization heeding that approach is the Nonprofit Finance Fund (NFF), which

created NFF Capital Partners in 2006 to leverage what NFF calls *philanthropic equity*: capital or capacity that leads to a nonprofit's sustained growth. The organization's portfolio now features success stories such as Ashoka's Changemakers and VolunteerMatch, which grew its total budget 21 percent in three years with the help of NFF Capital Partners' capacity-building funds.

TIP

With nonprofits placing greater stress on staff performance, job seekers should call out specific metrics around their achievements during an interview. If you spearheaded budget cuts in your organization, for example, share details and identify the savings that resulted from your initiative

The trend toward a more business-oriented nonprofit has nonprofit boards focusing more on performance metrics for staff. One insider says: "There's a tendency for applicants to put their passions first, but there's nothing that allows you to have weaker skills just because there's a cause involved. That's the biggest mistake people make when they leap into nonprofits. They think it's about passion when it's really about the implementation of knowledge and mastery to a wider goal that furthers a mission."

ICU: TREATING TRANSPARENCY ILLS IN NONPROFITS

The emphasis nonprofits are placing on business principles finds its twin in the public's growing interest in just how nonprofits operate. This trend exists in part because of scandals involving the sector in recent years—think of the ACORN (Association of Community Organizations for Reform Now) fiasco during President Obama's campaign, when employees of the nonprofit were caught on tape advising undercover journalists on the finer points of sex trafficking. These scandals have eroded public trust in organizations that claim to do good. That trust was further jeopardized in 2008, when a report released by four professors

who study nonprofit accounting estimated that \$40 billion in nonprofit funds—or 13 percent of charitable giving—was lost to fraud and embezzlement annually.

Statistics like that give philanthropists pause, and nonprofits have responded by implementing independent audits on a regular basis and watching more carefully for possible conflicts of interest between board members and transactions made in the charity's name, as well as by developing ethical codes and policies that lay out expectations for a variety of actions, such as business travel.

Such tactics are meant to bolster public trust in nonprofits, which also struggle with public skepticism regarding employee compensation, especially at the executive level, where salaries can reach \$300,000. Nonprofits must balance public and donor expectations, which put a priority on program and mission goals over administrative overhead (where salaries are calculated), with marketplace realities: Top talent is increasingly commanding higher pay. The sector's turn toward for-profit ideals helps in that regard because funders are beginning to recognize that a nonprofit's success is predicated on the quality of its staff.

COMPETING IN THE DIGITAL AGE

According to Nora Ganim Barnes, coauthor of a 2010 study released by the Center for Marketing Research at the University of Massachusetts Dartmouth, 97 percent of nonprofits engage in social media, surpassing for-profit usage. And according to Blackbaud's Online Giving Report, charitable donations in the digital space for organizations of all sizes increased by almost 35 percent in 2010. Then there's the Arab Spring, made up of grassroots revolutions in the Middle East sparked in part by exchanges between activists participating in the social networking sites Twitter and Facebook. Few now question the power of the Internet to facilitate deep social change.

This recognition has spawned a host of nonprofits jobs related to the digital space. *Online content manager*, *associate web producer*, and *director of digital market-*

ing are just some of the titles you'll find listed in the nonprofit sector. And, as one newbie in multimedia production says: "I don't think my foundation would have hired someone my age if it hadn't been such a new field. They would've been able to attract someone with 25 years of experience, no problem. I had an opportunity to get my foot in the door because I had as much experience as someone older."

Another insider says: "It's easier for young people to make inroads in the media field. This is an area where you may not have to slave away as an intern for years before you get hired."

■ CHATTING YOUR EAR OFF: NONPROFITS AND SOCIAL MEDIA

In summer 2011, Craig Newmark, founder of Craigslist, and his team at Craigconnects (<http://craigconnects.org/>), a site that aims to link the world for the common good, studied the social media presence of various nonprofits. Did nonprofits with the highest revenue use the medium most effectively? After studying

the behavior of nonprofits in the digital space in August and September of that year, the team concluded no. A nonprofit's revenue doesn't boost its visibility or interactivity in social media, and, when you consider social media is about facilitating dialogue, that augurs well for longevity in the online world.

GENERATION Y VS THE BABY BOOMERS: JOB COMPETITION HEATS UP

With unemployment holding steady at about 9 percent since 2008, competition for work in all industries has remained fierce, with the nonprofit sector seeing new kinds of job seekers among its applicants. It has, for instance, entertained queries from a greater number of experienced business professionals, especially finan-

riers laid off in the early part of the recession. Would-be retirees also are entering the nonprofit market; sated by a lifetime of work in the for-profit world, baby boomers are seeking second careers in fields that allow them to give back to their communities. They're joined in their pursuit of nonprofit work by millennials unable to find jobs in the for-profit sector. (Millennials are those born more or less from the late 1970s to the late '90s.) In fact, according to data provided by the American Community Survey, 11 percent more young college grads secured work in the nonprofit sector in 2009 than the year before.

These numbers and trends make for a more crowded job pool long thought to be the home of small, not-so-fast swimming fish. With former or would-be for-profit applicants entering the market, human resources departments are seeing a wider set of skills featured on resumes—but technically skilled job seekers would be wrong to overvalue their abilities. As one insider told us: "A lot of times we get calls from people saying, 'I worked for this ad agency, and I can do this function,' and we explain we have professional staff who do that. They assume we don't have people who can do things, that we're not professional."

Failing to recognize the importance of an organization's mission is another misstep made by some people transitioning from the for-profit to nonprofit sector. "This guy came from the for-profit finance world, and he had a hard time understanding that we didn't want to evict every nonpaying tenant," says one insider who specializes in low-income housing. "We are not willing to raise the rent on populations that can't afford it. Applicants really have to understand how important the mission is to the nonprofit."

OVER THERE: NONPROFITS ABROAD

To many interested in the nonprofit sector, dashing overseas to rescue a child orphaned in a natural disaster is the stuff of glamour and the fulfillment of a life's dream. Stats suggest it's a popular dream: Between 1998 and 2008, the number of international development and disaster-relief nonprofits nearly doubled, with their revenues tripling in the same period. The founders of those organizations must've known there was a willing army of workers ready to tackle the very real needs posed by communities in the world's least developed nations or in areas struck by natural disaster.

Certainly, many established nonprofits offer international opportunities—Habitat for Humanity and the Red Cross, for example, work across borders. Temper your enthusiasm for such jobs with a dose of realism, though: Competition for positions that take employees abroad is among the most fierce in the nonprofit sector, says one insider. "A lot of young people really want those jobs. It's the right time for them to go overseas because they don't have families to support."

But if you don't have dual nationality or a valid work permit for another country, it might be very hard to become a direct employee of an international agency registered in another country.

Perhaps one of the most obvious international organizations for U.S. citizens to work for is the United Nations—but it's tough to get hired there too. Luckily, a number of other international relief agencies and international nonprofits are based in the United States; for starters, peruse the 50 top nonprofits listed on the following page. And if you really want an experience in cultural immersion, a two-year commitment to the Peace Corps might be just the ticket.