The Return on Investment of a Non-Profit Career

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Frequently, after I had made a presentation about my work with a major international relief agency, people would congratulate me on having the job of their dreams. Often, they waxed on about how fulfilling it must be to get up each morning for a job that meant something, that had purpose.

Many yearn for employment that makes them feel as if their lives are making a difference. It seems that fewer employees, especially millennials, are willing to punch a time clock and make widgets simply to put food on the table. More positively, they seek a satisfying job and one that leaves the world better for it.

In the context of employment, “service” embodies what most of them are trying to articulate. They are willing to work long hours and sacrifice certain amenities if there is a point to the effort. Students are particularly desirous of investing themselves in worthy enterprises.

If that is the case, should Catholic institutions of higher learning encourage and empower these aspirations? And how can that be done in a responsible manner?

Premise
The primary impetus of most colleges and universities is to make students better equipped to secure adequate employment. But the Catholic ethos, that man does not live by bread alone, indicates that we also seek something additional. What further is it that Catholic colleges and universities seek for their students, and how is it concretized in a business curriculum in particular?

Personal perspective as a practitioner
Before outlining some options for future graduates and job applicants, let me provide some insights into my background in order to contextualize my recommendations. I am not going to attempt to articulate academic solutions to issues like job satisfaction or the optimal tool kits for future graduates. Instead, I am reflecting on 20 years of service in relief and development agencies, both based in the United States and overseas, and from staff and leadership positions.
The most recent post was as Chief Executive Officer of American Near East Refugee Aid (Anera); I led this non-governmental organization (NGO) for ten years. Once it was a sleepy charity focused on health care, infrastructure, agriculture, and education in the war-torn arenas of Gaza, the West Bank, Jordan, and Lebanon. In my ten years, we grew from 55 staff to 150 and from revenue of $35 million to $67 million. Because of that rapid growth, there was an ever-present need for re-tooling. We expanded from four senior staff to eight, undertook three strategic planning processes, unveiled three new website designs, and undertook a massive capital campaign.

The point is that, in a brief period, this NGO was forced to revolutionize its mode of operation. Survival required significant upgrading of its systems and staff. However, that was not peculiar to Anera and probably represents a recurring picture of the non-profit world. Decades ago, it struck me as very different from the for-profit world. Now I am not so sure.

**Non-profit segment of the economy**

In the search for a job with meaning, many are drawn to the non-profit world. For my purposes, this includes any agency that is registered with the IRS as a tax-exempt organization qualifying under federal tax law 501c3. This could include soup kitchens, most hospitals, animal shelters, most colleges, and NGOs. In 2013, the total number of U.S. non-profits reached 1.41 million organizations. Contrast that with the number of non-profits in 1970, estimated to be only 380,000.¹

Likewise, revenue in 2013 skyrocketed to $2.26 trillion. “The non-profit sector employed over 14.4 million people (estimated) in 2013 […]. The non-profit sector has experienced a period of sustained growth over the past decade.”² In 2013, this translated into an ever-expanding 10.6% share of the national economy.³ A think-tank report comments further, “The non-profit sector has grown by 20% over the last 10 years in contrast to a growth rate of 2–3% in the for-profit sector.”⁴ In brief, in contrast to other niches of the economy, non-profits offer a wide variety and an increasingly larger volume of opportunities for new graduates.

**Sophistication**

There once was a common, gross oversimplification that non-profits were sloppy with revenue generation and, similarly, with cost containment and tracking. Some people spoke of church bake sales and non-profits in the same breath. Regardless, the sheer magnitude of money entering non-
profit coffers has prompted a wave of structural enhancements in the form of tighter stricutures sparked by a number of quarters.

1. **Federal Government**—Every non-profit with a 501c3 status must file an IRS Form 990 annually as a reporting mechanism. A series of recent revisions demand substantially more financial details than had been the case even fifteen years ago. Moreover, the filing is now easily accessible to the public. The expanded filing includes details on the compensation of top executives and board members. More important, it requests compliance with a list of “best practices” including regular meetings by the board of directors, annual reviews of the CEO, and outside auditing by qualified CPAs.

2. **Donors/Funders**—During the same period, individual contributors and professional funders acquired a greater appetite for in-depth information. Specifically, it has become commonplace for individual donors to elicit materials over and above those presented in public materials like annual reports. Meanwhile, funding agencies, which run the gamut from small family foundations to federal entities like USAID, are seeking more clarity or mandating methodologies for reports. An entire industry has developed simply to provide training for the unique charts of accounts, procurement systems, and qualification of expenses demanded by federal grants. That has prompted the hiring of banks of specialists. At Anera, 10% more staff were required to comply with USAID regulations alone. Moreover, Anera placed on retainer an attorney who specialized in nothing but federal specifications under USAID. In total, funder regulations and oversight have evolved into quite rigorous infrastructures.

3. **Watchdog agencies**—The arrival of GuideStar in 1994 and Charity Navigator in 2001 has put teeth into the system, particularly for individuals. Functioning like Consumer Reports, those organizations assess program and financial effectiveness for donors. Under a rating system they devised, some comparison is available for the philanthropic shopper. This has forced non-profits to be more vigilant, especially regarding the all-important ratio of overhead expenses
to programs. Moreover, the watchdogs track best practices to ensure that non-profits evaluate staff performance, assess program effectiveness, and establish strategic plans. Now, consumers/donors can be significantly better informed in their decision making.

This trend toward standardization and accountability will only increase as non-profit competition for donor dollars accelerates. Thus, I contend that non-profits, in their rapid advancements, are closing the gap with for-profit businesses when it comes to professionalism.

Technology will further drive efficiency. The narrow margins of non-profits have forced them to adopt more time-savers and economize on staffing where possible. Greater usage of technology provides that opportunity. Illustrating the effects of hi-tech on non-profits, allow me to list what Anera adopted in software or Apps, only in the past five years:

- Salesforce—for fundraising and customer relations management
- Abila MIP—for general accounting and project tracking
- Target Analytics—for overlays of donor files with wealth indicators
- Eventbrite—for event planning
- Classy—for event planning and crowdfunding
- Hootsuite—for social media monitoring
- Moz—for search engine optimization for web site enhancement

That list doesn’t even cite the ubiquitous systems of Microsoft Office, Facebook, and various outsourced providers of pensions, payrolls, etc. that are located in the cloud.

All of this mandates a staff highly proficient in IT and versatile on multiple platforms. If someone does not possess a working knowledge of a particular system, he or she must display the readiness and capacity to learn, rapidly.

In retrospect, my judgment is that the non-profit world has enlisted standards of accountability, marketing, transparency, and technology that mirror most of what is found in comparably sized private corporations. Thus, the non-profit market deserves greater respect in business circles. Moreover, the core business qualities of a successful non-profit employee are now similar to those of for-profit staff.
Job satisfaction

Another commonality between the two markets is the jarring effect that rapid change has foisted on employees, especially older ones. Most staff surveys cite heightened stress among employees as both markets demand constant re-invention. Where the two markets continue to differ is on job satisfaction. Regardless of employee age, non-profit employees note greater contentment in their posts than their confrères in business.

“According to a TIAA survey, three of four employees and eight in ten managers choose to work at their non-profit organizations, and stay there for years, because they’re committed to making a difference in people’s lives.”5 Further, “managers think an organization’s values and mission (76%) and its ability to offer satisfying work (64%) are two advantages non-profit organizations have compared to for-profit companies.”6 This becomes more apparent when comparing staff retention. “A majority of employees and managers (65% and 74%, respectfully) have worked in the non-profit sector for six or more years. This is nearly two years longer than the median tenure for employees across all industries (4.2 years), according to the U.S. Bureau of Labor Statistics.”7

These data are consistent with my experience at both Anera and Child Fund (where I served as Vice President from 2001 to 2006): at both organizations, the average tenure for employees was significantly higher at eight years. When employees were asked what attracted and kept them, responses began with the mission, which resonated with their personal philosophy or theology. Yet it was the overall work environment that kept employees engaged for years. The process of decision-making was of particular importance. A participative system was perceived as a recognition of employees’ personal value: they appreciated being offered a possibility to impact agency direction. This was immediately apparent in our Anera organigram, which stressed a more flattened chart in contrast to the traditional hierarchical pyramid.

As may be expected, salary is not the primary element of satisfaction for employees of non-profits. In advance, employees at Anera and Child Fund anticipated the industry stereotypes of business paying higher wages/salaries but more frugal benefits. They mentioned that they perceived the non-profit emphasis on health care packages as evidence of their serious appreciation of employees. Here the stereotype is borne out by facts. As one report notes, “non-profits generally pay less for comparable jobs than for-profit companies but […] non-profits often have a richer set of benefits.”8 That said, in recent years, this gap has dissipated in many job categories. Those positions that are replicated in the for-profit world face stiff market demand and, as a result, reach
parity. At Anera, we discovered that the toughest competition was for accountants, IT specialists, communication experts, and social media managers. The old salary disparity remains profound only at top levels for CFOs, CEOs, and Vice Presidents. It remains common for NGO executive pay to be only 50% to 60% of his or her peers in the for-profit world. Part of this difference is attributable to charity watchdogs that monitor and publish senior management compensation packages. But this contrast would not be a concern for entry-level employees and, in fact, may be an incentive. Having a narrow pay range at Anera spoke to millennials of a community rather than a hierarchy.

**Opportunities**

Oddly enough, the frugality of staffing in non-profits may provide extra opportunities for employees. For instance, at Anera, we sought to maintain expenses at a rate under 7%. That single digit made us more marketable with donors and funders. At the same time, it forced us to be very creative in utilization of resources. This actually proved to be a benefit for new employees who deliberately sought a variety of experiences. Our job descriptions heavily accented the final clause, “and other duties as required.” This meant that jobs were rarely cookie-cutter roles with minutely delineated tasks. Instead, they actively encouraged cross-training in various other disciplines. This enabled us to supplement overtaxed departments during peak periods, supplant individual staff during illnesses, and stretch existing staffing before justifying a new position. Thus, a secretary could become a procurement officer, fundraisers might help design a school construction project so that it was appealing to donors, and an intern could become a lead negotiator because of his or her language skills. We had to utilize talents regardless of strict job titles.

Another attractive feature stemmed from being an agency with international projects. Both Anera and Child Fund had the occasional need for staff who could volunteer for temporary posting overseas. This TDY (temporary duty) or seconding was quite popular for many who were unencumbered and sought the work or travel experience.

All of this served to build an atmosphere where staff felt valued in the present and encouraged to continue professional and personal growth for the future.
From adventure to service

Often, our new hires would exhibit huge fascination with the drama and glitter of geopolitics and international travel. Based in Washington, D.C., our work involved regular elbow rubbing with foreign ambassadors, State Department officials, and wealthy donors. That glitz attracted many to jobs in relief and development. Yet, you can imagine their perspectives soon changed.

What transformed them was the first trip overseas to meet recipients and inspect projects. Examining with school teachers the debris of a recently bombed out kindergarten in Gaza tends to make things real. Likewise, meeting a twenty-year-old Syrian woman who lost her husband because he was executed focuses the idealism. These encounters personalized the work and gave employees something tangible as a purpose. No longer were they striving only for an ideal. Now they could work extra hours and sacrifice when necessary for the benefit of real people who had touched their lives.

At this point in their employment, we would observe a transformation from rather naïve and even selfish motives to a dedication to service. To assist this journey, we created opportunities for new hires to process what they had observed. Debriefings conducted by several staff would allow someone to digest a wide array of emotions. Some struggled with guilt because they felt so fortunate to be living in the U.S. Others expressed anger and hatred for those who were responsible for unjust conditions. Still others were grappling with the very basic realization of evil in the world. In those discussions, we were able to clarify their feelings and motivations for service despite the now apparent forces battling against them.

Servant leadership

Understandably, non-profit careers are attractive to many who seek a life of service. Yet developments in management theory have made deeper purpose in work a possibility for students inclined to the for-profit world as well.

The rather hackneyed term “servant leadership” was popularized in 1970 by a former executive for AT&T, Robert Greenleaf. According to the Center for Servant Leadership, it is “a philosophy and set of practices that enriches the lives of individuals, builds better organizations and ultimately creates a more just and caring world.” Greenleaf first developed the concept in his essay “The Servant as Leader.” The initial hurdle that he found was that this phrase struck most listeners as an oxymoron. In traditional discourse, the two cannot co-exist. The leader must be in charge and,
thus, not at the whim of the masses. But since the 1960s, societal trends toward participation and equality broadened the outlook of how people view power and authority. Thus, from Greenleaf’s point of view, this novel approach became not only possible but a necessity for the truly successful leader.

For those from a Christian perspective, the idea of servant leadership should not be shocking. A concordance of the Bible lists the word “leader” six times, whereas the word “servant” appears 900 times. Business school professors Sen Sendjaya and James Sarros acknowledge that “[i]t was the founder of Christianity, Jesus Christ, who first taught the concept of servant leadership.” Nevertheless, despite numerous examples, the Apostles did not comprehend this novel management style. The evangelist Mark records a situation when they were bickering with each other about who was the heir apparent to Jesus. In a moment of correction, “Jesus called them together and said, ‘You know that those who are regarded as rulers of the Gentiles lord it over them, and their high officials exercise authority over them. Not so with you. Instead, whomever wants to become great among you must be your servant.’” Later, Jesus reiterates this teaching with nonverbal action at the Last Supper. Washing the feet of the Apostles was demeaning and not to be performed by honored guests, but by slaves or servants. Yet this action was not one of a groveling, insecure man, but one who was self-possessed enough to deliberately place himself at the disposal of others.

Greenleaf’s 1977 book, *Servant Leadership: A Journey into the Nature of Legitimate Power and Greatness*, proposed the following:

> A fresh critical look is being taken at the issues of power and authority, and people are beginning to learn, however haltingly, to relate to one another in less coercive and more creatively supporting ways. A new moral principle is emerging, which holds that the only authority deserving one’s allegiance is that which is freely and knowingly granted by the led to the leader in response to, and in proportion to, the clearly evident servant stature of the leader. Those who choose to follow this principle will not casually accept the authority of existing institutions. *Rather, they will freely respond only to individuals who are chosen as leaders because they are proven and trusted as servants.* To the extent that this principle prevails in the
future, the only truly viable institutions will be those that are predominantly servant led.\textsuperscript{12}

This prescient thought from 1977 seems to be more valid now.

Greenleaf’s vision presumes, however, that each manager will undergo a \textit{metanoia}, or transformation, in his or her style of decision-making. Simply to change structures would be insufficient. Greenleaf expects that adopting this model in a thorough way requires its philosophy to be integrated in the leader’s daily personal style. Then, personal conduct will feed the new organizational mentality and not be an artificial overlay. Authenticity will encourage other managers to adapt and other staff to respond in a cooperative manner. It cannot be simply a nine to five business approach. Sendjaya and Sarros put the point this way: “Th[e] \textit{being} and \textit{doing} attributes of servant leadership represent a significant paradigm shift in the act of leadership, which comprises the leader’s self-concept and primary intent.”\textsuperscript{13}

This admonition segues to another feature of servant leadership as envisioned by Greenleaf. Servant leaders should possess an ancillary and, as circumstances require, perhaps unspoken goal of transforming society in the course of achieving business success. Greenleaf writes, “Businesses are asked not only to produce better goods and services, but to become greater social assets as institutions.”\textsuperscript{14} A business led by a servant leader has the potential to catalyze ripple effects across society in the form of heightened societal expectations of transparency, participative decision-making, rewards for group sacrifices, and respect for individuals. In extremis, the corporate world can feel exempt from these expectations. But the expanding popularity of servant leadership in business, especially but not only in the non-profit world, can create a momentum that even the most profit-seeking of corporations might find difficult to ignore.

\textbf{Merger of two worlds}

Personally, I think we are seeing a convergence of major segments of the traditional for-profit and the non-profit worlds. As I observed above, part of this convergence is triggered by technology and core competencies mandated by both sectors. But part has also been a by-product of pioneers like Greenleaf and Stephen Covey who popularized the servant leadership concept in business circles.
An additional ingredient to muddying the waters has been the appearance of social entrepreneurs who fostered for-profit businesses with servant leadership mentalities. For many, Tom’s of Maine, founded in 1970, was the harbinger of this novelty. A producer of natural toothpaste built on a family-like atmosphere, Tom’s became so successful that Colgate Palmolive purchased it in 2006 for $100 million. Before that sale, it developed a cult-like for its open management style and allocation of millions by employee selection to various charities. The titles of Tom Chappell’s two books, *The Soul of a Business: Managing for Profit and the Common Good* (1996) and *Managing Upside Down: The Seven Intentions of Values-Centered Leadership* (1999), clearly indicate his bent. By no means averse to making money, he advocates a more Christian way of doing so. It is no mistake that Tom himself graduated from Harvard Divinity School.

Of more recent vintage is TOMS Shoes, established in 2006 by Blake Mycoskie. This California firm skyrocketed to success with the business model that, if you buy a shoe, it will donate a shoe to a child. The altruism of shopping to save the world, so to speak, was especially appealing to millennials. Additionally, Mycoskie ran the operation in a very horizontal fashion.

During my tenure as CEO of Anera, we developed a sustained partnership with TOMS. It used Anera as its distributor of free shoes in Gaza, the West Bank, and Lebanon. Over the years 2012–2017, TOMS donated $8 million of footwear to our children alone. In 2015, I inspected the company’s headquarters outside of Los Angeles. In a very “laid back” Californian style, TOMS had retrofitted an old warehouse with an open concept. An espresso bar, firemen’s poles to the lower floors, and animal-friendly sections were among the amenities. But TOMS truly surpassed the frills and incorporated a collaborative style that attracted and retained employees. Moreover, even though it was a for-profit venture, its philanthropic approach fed many of the staff with the satisfaction that they were in fact making the world better.

I see this new generation of business entrepreneurs as routinely incorporating into their businesses features of what previously had been considered a strictly non-profit mentality. Gradually, the executive washrooms and separate dining areas are being eliminated as all employees mingle. The net result will be a shrinking number of firms that embody the old-school mentality of business operations.
A new world for future managers

I have recounted that the non-profit and for-profit worlds which once ran in parallel universes are now in direct competition for many resources. Charity watchdogs and federal regulations will only accentuate that trend as they force the rapid professionalization of charity operations. Simultaneously, a full employment economy, as we have now, heightens the competition for employees. Employers must provide superior packages, but in return they will ask for superior skill sets.

The question arises then: How do colleges and universities outfit students who seek a career of service during this shifting reality? One initial response has been to focus directly on incorporating business disciplines into novel forms of non-profit studies. A cursory search reveals 212 schools that offer credit courses and advanced degree programs in non-profit management. Johns Hopkins University and Virginia Commonwealth University produced master’s programs that have filled a niche in the Washington non-profit job market, particularly for NGOs. Throughout the country, other programs have emerged with variations on a theme. Harvard boasts a master’s in public administration (MPA), which leans more heavily to government service but in recent years has begun catering to NGO executives. Notable graduates include Ban Ki-moon, General Secretary of the United Nations; David Petraeus, former Director of the Central Intelligence Agency; and Kathleen Sibelius, former Secretary of Health and Human Services. Other monikers for similar programs are master’s in public affairs or master’s of public policy and administration. Still other schools have created more boutique offerings, like philanthropic studies, managing mission-driven organizations, and strategic fundraising. And some Catholic universities have responded in kind by developing uniquely Catholic solutions, like a master’s program in church administration (MCA), as offered by Villanova University and Catholic University of America.

I worry, however, that most of these efforts are highly specific to niche segments of the workplace—segments that may not endure. I fear that they train people to answer the tailored needs of either NGO, church, or government sectors, but severely limit the recipient’s mobility. For example, I know from personal experience that recruiters in the for-profit industry or even those in secular non-profits balk at applicants with a distinctly churchy background. Some such employers have admitted that they were uncertain about the transferability of work experience and education. Moreover, they quietly feared that the value system of a “church employee” would not mix well with a secular environment.
Conversely, in the Washington, D.C. environment, recruiters at NGO agencies were very hesitant to interview MPA graduates. First, they were thought to be interested in government policy rather than administration or operations. Second, their education and work experience tended to be more “macro” than the daily needs of NGOs. Third, government employees had no experience in the fundraising or marketing necessary to sell an agency’s wares. Fourth, they were stereotyped as less “hungry” and probably unwilling to work hard or for long hours. For all those reasons, they were routinely placed at the bottom of the CV pile.

Thus, students who pursue, for instance, an MPA or MCA may find their later career choices highly restricted. If students are thoroughly convinced that their entire life will only be spent in one sector of society, so be it. But considering human nature, I suspect that most people cannot plan out all of their life choices in their twenties. Moreover, the volatility of our economy recommends optimal flexibility. Versus our parents, the average American has many more careers. “According to the Bureau of Labor Statistics, the average worker currently holds ten different jobs before age forty, and this number is projected to grow. Forrester Research predicts that today’s youngest workers will hold twelve to fifteen jobs in their lifetime.”

Of the two sectors, for-profit business is undoubtedly more volatile at this point and for the foreseeable future. Technological revolutions alone are forcing rapid reconfiguration. An article on “America’s 24 Dying Industries” has some surprises. The dying industries range from the predictable loss of bookstores and textile mills to the demise of recording studios and harbor operations. Its most startling feature was the rapidity of decline. Since 2007, most of the industries in question have plummeted in employment totals by more than 45%.

Unpredictable fluctuations of societal tastes, technological ripple effects, and economic necessities will force both for-profit and non-profit markets into quicker transformations over the next years. Current students should be prepared.

**Recommendations for the future**

First and foremost, I highly recommend non-profit jobs as a means of discovering unparalleled satisfaction. In particular, the experiences of international NGO work provided me with insights into life which could not have been garnered elsewhere. Even years later, I revel in the knowledge that I built schools and fresh water systems, provided jobs, and delivered medicine that saved lives.
in some of the most war-torn corners of the world. Students should be thoroughly exposed to the magnificent potential for fulfillment through non-profit careers.

Second, I suggest that Catholic institutions also promote non-profit careers as worthy vehicles for living out the Gospel in a spirit of service. If students desire an opportunity to sacrifice for a higher goal, there are few better ways. While agencies like Catholic Relief Services are specifically crafted on biblical principles, even secular non-profits labor in ways that will transform an individual and society. Overseas, I was particularly struck by groups like International Rescue Committee and the Aga Khan Foundation which always had notable impact.

Third, while I heartily suggest that universities encourage dreams of changing the world, the shifting plates of our economy caution that they do so with an air of practicality. Even a well-intended desire to be thoroughly immersed in a specific discipline can handicap later options. Consequently, I advise that those considering a non-profit career should not follow the route of full specialization in non-profit studies. To prepare for an uncertain future, students should entertain a master’s in business administration. The core skills necessary for non-profit work, the generation of revenue and its appropriate spending, are precisely what an MBA hones. Most of that knowledge would be transferable to non-profits. Moreover, the big picture offered by an MBA is highly valued at the executive level by boards of directors, many of whom are business leaders themselves.

If a student matriculates at a university with diverse course offerings, it would be advisable to salt an MBA program with various electives in non-profit management or project design and programming. That exposure would at least introduce the student to the vocabulary of the non-profit industry. In the end, if a promising non-profit career is interrupted by external factors, at least, the employee has the tool kit to enable a shift to for-profit firms.

Finally, the majority of business students will undoubtedly be attracted to the for-profit sector. That being the case, the inculcation in the curriculum of Greenleaf’s theory of servant leadership, later popularized by Covey, would seem to be consonant with the Catholic world view. Promoting authority based on service, even in the private sector, could act as a leaven against more utilitarian approaches.
Conclusion
Students hunger to leave their mark. Naturally, some may yearn for name recognition, power, or monetary success. It would be refreshing to challenge that drive with an authentic Christian spirit of service. It strikes me as appropriate that alternatives be offered, at Catholic colleges and universities, in more places than campus ministry. There are ample reasons for infusing academic disciplines with our spiritual outlook on people, authority, and responsibility. Active promotion of non-profit careers and servant leadership are rational means of accomplishing that goal.

In the seminal book *Small is Beautiful*, E.F. Schumacher entitles one chapter “Buddhist Economics,” which articulates an Eastern religious perspective on commerce. 18 Considering our rich tradition of Catholic Social Teaching, it would be heartening to see biblical concepts become a source of positive values that could seep into the economic milieu of the country. In the process of observing these principles, graduates may achieve the jobs of their dreams.

Notes


3. Ibid.


6. Ibid.
7. Ibid.


11. Ibid., 59. See Mark 10: 42–45.


