A number of studies have documented an important area of concern for our sector: the persistent lack of ethnic/racial diversity in nonprofit senior management. A 2009 Chronicle of Philanthropy survey stated that 6.3% of the nation’s 400 largest nonprofits were headed by nonwhites, while census results showed that 34.4% of the U.S. population was nonwhite.

Despite delayed retirements due to the recession, a Bridgespan Group study concluded that the nonprofit sector may still need to fill as many as 300,000 senior manager positions by 2016. To accomplish our respective missions, we want access to the best talent from every segment of our labor force, and we also want to better reflect the communities we serve. Accordingly, we are pleased to release the summary of findings from the study Developing Senior Management Diversity, prepared for the National Human Services Assembly (NHSA).

The purpose of the study was to move from expressing concern about diversity to identifying specific practices that will be most effective in achieving ethnically/racially diverse senior management teams. The study was undertaken by the National Human Services Assembly, an association of the headquarters of 82 national nonprofits that employ more than 800,000 employees across the nation. NHSA submitted this project to the New York University Capstone Program for consideration. The project was accepted, and a team of five NYU Masters in Public Administration students went to work. Their primary research included surveying NHSA’s CEOs and senior executives in the areas of Human Resources and Diversity and Inclusion. The team completed a robust diversity literature review, conducted external interviews with search firms and diversity professionals, and analyzed best practice organizations across sectors.

On June 9th the Capstone Team presented the study’s findings and recommendations to the NHSA board of directors. The report was well received and board members are ready for action. Peer groups of Human Resources and Diversity and Inclusion professionals met on June 10th to review the results and incorporate them into a revised talent strategy, to be rolled out in coming months.

This study represents a beginning, not an end. We began with senior management ethnic/racial diversity because it has been a long-standing challenge both in our nation and in our sector. The principles we learn from this study will help us address other diversity challenges. It is also our hope that this study will increase the amount of workforce research conducted in the nonprofit sector. While we do not have the resources of major corporations, our need for talent to serve the nation is nonetheless essential to the functioning of society. Given our values, nonprofits should lead the nation in their diversity and inclusion practices. We hope this study and the actions that follow will represent steps in that direction.

Deborah Foster, Executive Vice President & Chief Diversity Officer, Strategic Alliances and Inclusion
United Way Worldwide
NHSA Diversity & Inclusion Council Chair

Michael Watson, Senior Vice President, Human Resources and Diversity
Girl Scouts of the USA
NHSA Human Resources Council Chair

June 2011
BACKGROUND & METHODOLOGY

The American workforce is on the cusp of the largest demographic shift in history. According to the US Census, race-based “minorities” including Hispanics, African Americans, and Asians, represented 34% of the working-age population in 2008. By 2039, these minorities will be the majority of the workforce. Simultaneously, the Baby Boom generation that dominated the workplace for decades is now retiring while Generation X and Millennials are stepping into new leadership roles.

These two trends and their impact on the workplace mean developing diverse leadership is more important than ever. Especially in the human services sector it is important that staff represent and understand the communities they serve. Embracing practices that attract, develop and retain diverse employees is no longer just an exercise in legal compliance—it is mission critical.

One of the National Human Services Assembly’s current priorities is to help its 70+ member organizations develop greater diversity. The Assembly asked a team of graduate students from New York University’s Wagner School of Public Service to help them explore one specific aspect of this challenge. The team’s directive was to identify practices that increase the ethnic and racial diversity of senior management within Assembly member organizations.

The research team collected data from multiple streams including a robust academic literature review; surveys of Assembly member CEOs and human resources leaders; and interviews with search firms, corporate HR leaders, and other nonprofits. The team classified data and insights into six inter-related themes that shape workplace and senior management diversity. They also developed suggestions of effective and feasible practices for Assembly member organizations as well as recommendations for initiatives the Assembly itself could adopt to support members. This guide summarizes the research themes and both sets of recommendations.

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Diversity and Public Administration
STRATEGIC DIVERSITY

More than 80% of Assembly member survey respondents strongly agreed that fostering diversity and inclusion in the workplace leads to a more effective organization. Workplace diversity literature supports this, but also emphasizes that there is no cookie-cutter approach to make diversity happen at any organization.

The very word “diversity” comes with a number of assumptions about what it is and is not. Assembly member organizations define diversity in many different ways--some name race, gender, religious background etc. while others broadly signal “valuing difference.” Some research suggests a broad and inclusive definition so every person feels affected. On the other hand, overly broad definitions of diversity may dilute efforts to create meaningful change for people from historically unrepresented groups. In general, it appears that exactly how an organization defines diversity does not seem to be as important as the fact that it is defined.

In addition to understanding what kind of diversity it is seeking, an organization needs to understand why it wants diversity. Corporations refer to this process as ‘building the business case for diversity.’ Diversity initiatives are most effective when the motivations/intentions behind them are clear. Some organizations see diversity as simply about compliance or the ‘right thing’ to do. Others consider having employees from a particular background a way to gain “market share” with clients from that same background. Still others approach diversity as a strategic tool that increases the creative perspectives, innovation, and productivity of the organization. Nonprofits that connect diversity to mission fulfillment have the greatest diversity at every level.

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Working with Diversity: A Focus on Global Organizations

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Organizations that promote transparency, employee involvement, employee development programs, and a culture of inclusiveness are more likely to have an ethnic and racially diverse staff, and senior management team, than those organizations that do not promote such factors as part of their organizational culture. Thus, if organizations want to attract diverse talent to management roles they must create an environment that reflects their commitment to diversity. Results from diversity programs should be transparent and evident to potential employees. Employee involvement in the workplace is also vital to creating a diverse and inclusive culture because it places an emphasis on the ideas and perceptions of an employee. Including employees in the decision making process recognizes their input and talent.

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Survey findings suggest that Assembly member organizations are already engaging in measures to create an inclusive work environment. Senior managers are leading dialogue about diversity and engaging employees in workplace decision making. Racial bias, with regard to job advancement, is not a significant factor at member organizations. Ongoing efforts should be made in these areas in addition to continued strides towards tapping diverse viewpoints and management styles in order to drive innovative problem solving and learning.
EXECUTIVE COMMITMENT

Commitment from current senior executives is necessary for any diversity initiative to be successful. When the CEO, top officers, and the Board of an organization demonstrate their support for diversity it signals to all staff, including aspiring leaders of color, that diversity is priority for the organization. Talented professionals of color are also drawn to institutions that have figureheads who frequently discuss the role of diversity in their organization.

Actively participating in diversity initiatives, financially supporting diversity programs, and continually reinforcing the strategic value of diversity are some of the ways executives can demonstrate their commitment.

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Based on survey data, Assembly member CEOs understand that diversity is important and how it impacts their organization is vital information. And while they “demonstrate their commitment” to diversity, for the most part, they are not held accountable for it. In particular, the ways in which some managers are held accountable do not require action or changes. Senior managers must be held visibly accountable in some significant way for the outcomes of diversity initiatives, if they are to be successful.
METRICS & ACCOUNTABILITY

Our research indicates very few organizations in the nonprofit sector monitor and assess whether their diversity initiatives are actually achieving their objectives and promoting diversity. Less than half of Assembly member survey respondents indicated their organizations use metrics or measurements to gauge the effectiveness of their diversity initiatives yet the majority also felt metrics and measurements systems were one of the most effective and feasible practices for increasing diversity at the senior management level. There are varying kinds of measurement practices an organization can employ:

- Benchmarking achievements and setting goals relative to labor force statistics in a specific industry or geographical area is a best practice. Effective organizations also track diversity within job function and management levels to ensure professionals of color are included throughout the organization.
- “Climate” or “cultural” assessment measure job satisfaction, perceptions of work-life balance, and management’s commitment to an inclusive environment.
- Assessments of organizational performance examine the impact diversity interventions have had on organizational outcomes and help continually strengthen a business case for diversity.

“There also has to be measurable deliverables. How will we know we have gotten there? Goals have to be set, and you have to be able to measure your progress. No one wants to go down a road and not know how far they have gone. You need to be able to look back and see your emotional and intellectual progress.”

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INROADS

Many organizations include diversity outcomes in all employee evaluations. It is important that there is a distribution of accountability thus ensuring that diversity issues don’t get dismissed as ‘just HR’s responsibility.’ Survey analysis found that organizations that had specific diversity accountability measures in place had a larger amount of professionals of color in senior management than those that did not.
Developing a diverse talent pool is essential to increasing racial and ethnic executive leadership. Assembly member CEOs felt recruiting was the “most effective” practice for increasing diversity in senior leadership. Yet many human service organizations feel they don’t have the resources to access diverse pools of candidates. Indeed many experts feel the entire sector lacks the infrastructure, or “pipeline”, for recruiting, retaining, and developing diverse talent. Despite this, there are several practices that seem to help individual nonprofit organizations.

One effective but under used practice is engaging the diverse talent that already exists within an organization to recruit other candidates from diverse backgrounds. Current employees know what the company is looking for and can help expand the reach of the HR office. Professionals of color are more likely to choose to work for an organization when another person of color is involved in the hiring process.

Human service organizations also benefit from building relationships with other organizations in their communities that value diversity. As an interviewee said, “If the only time you are doing recruitment is when positions become available, as opposed to at all times, you are doing it wrong. It's the responsibility of the organization to make the organization attractive to diverse communities at all times.”

When it comes to hiring for diversity at the senior management level promoting from within is great when the talent is there but sometimes bringing in a professional of color from outside the organization can give the diversity profile of the organization a nice boost. Many organizations use search firms for executive hires. This investment seems to pay off especially if the firm has a record of placing ethnically and racially diverse candidates.

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“The Talented and Diverse Leadership We Need”
RETYAINING & DEVELOPING DIVERSE TALENT

Recruitment efforts alone can diversify organizations but without thoughtful retention initiatives and development programs an organization can’t get the full benefit of its diversity. Professionals of color who are given the opportunity to rise up to senior management send a message that the organization is committed to diversity. The majority of Assembly member survey respondents agreed that senior management at their organization encourages professional development. Onboarding, succession planning, and mentoring/sponsorship emerged as practices that are effective in developing diverse talent within an organization.

Thorough onboarding ensures all employees start off shared expectations and understanding of organizational culture and helps insert them into the relationships they will need to advance. An onboarding plan for the first several months of a new hire is especially important for senior managers and executives.

Succession planning can help an organization strategically shift to include more diversity. Forecasting what leadership needs an organization will have in three or five years can give hiring managers time to expand their talent pool network that can be called upon when the need is imminent. Surveys of Assembly members found succession planning was not widely used yet ranked as among the most feasible practices for increasing diversity at the senior management level.

Mentoring is, perhaps, the most widely endorsed form of employee development. The guidance of a mentor can help professionals of color navigate the culture the organization and feel more included. Some professionals are lucky enough to have sponsors who can go beyond the advisory capacity of a mentor and actively advocate to decision makers in an organization and help fast-track promotions. Overall, mentoring and sponsorship can improve employee retention, reduce recruitment costs, and cultivate new leaders and networks. The majority of Assembly members seem interested in mentoring programs but few organizations have invested in creating mentoring programs.

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RECOMMENDATIONS FOR ASSEMBLY MEMBERS

- **Develop and communicate the business case for diversity in your organization.** All organizations should go through a process of defining what diversity means to them and how it aligns to and advances their mission. This process should involve a variety of stakeholders including service recipients and it should be led, as much as possible by the CEO, senior managers, and the Board of Directors. Structural policies and cultural norms should be formed to support an organization’s specific business case for diversity.

- **Create a diversity accountability system for current senior managers and then all staff.** Staff at all levels should be accountable for diversity goals. The structure of the evaluation system should depend upon the organization’s mission, resources, and which outputs/outcomes will be measured. Evaluation follow-up should include reward, recognition, consequences, or change as appropriate. Whomever is given the responsibility to enforce and hold managers accountable must be given the explicit authority to do so.

- **Engage in an organization-wide performance measurement system.** Performance measurement is a critical component in all staff accountable for outcomes. It is also a widely cited component for organizational transparency. Measuring performance and metrics were found to be highly effective and feasible by a large portion of individuals during the primary data collection process. Geographic and industry benchmarks should be used to set appropriate goals for all recruitment and hiring practices, professional development and advancement opportunities.

- **Make an effort to display the already-evident diversity within their organization during the recruitment process.** Member organizations should involve professionals of color in senior positions during the interview process of candidates of color, and follow-through to the hiring decision.

- **Engage in a thoughtful succession planning process designed to promote diversity.** Succession planning is a formal process that allows an organization to map out current and future human resources. Organization that consider diversity in their succession plans give themselves the opportunity to course correct and bring talent into their leadership pipeline. Using a matrix can help to assess the performance and potential of emerging leaders. Organizations can also develop tools for staff to self-assess their leadership and allow professionals to nominate themselves for promotion and development.
• **Develop formal mentoring or sponsorship for employees.** An advocated within the organization can help a professionals of color navigate the leadership pathway. Effective mentoring processes include integration with the new hire onboarding process, private one-on-one mentoring sessions, advisory board peer group meetings, expert speaker workshops, and online mentoring tools. Before initiating a large-scale mentoring or sponsorship program organizations should assess the time and resources that it will require or consider piloting a small-scale version.

• **Engage in interventions that emphasize the value of diversity of all employees.** A dedicated program valuing the diversity of all employees will unite employees under one common banner. Interventions that emphasize the value of a diverse workforce include promoting employee affinity groups and steering committees in the workplace, and actively monitoring organizational culture for potential bias in the workplace.
RECOMMENDATIONS FOR THE ASSEMBLY

- **Help members develop their business case for diversity.** The Assembly should support its members in this process by identifying and recommending external strategy consultants who can help make the connection between diversity and mission. The Assembly should also collect examples of case statements and create a forum for discussion about strategic diversity.

- **Give members tools to strengthen internal and external accountability mechanisms.** Most member organizations do not have accountability systems and yet they appear very effective at supporting diversity initiatives. The Assembly should use its unique position to make the case for investing in accountability systems or modifying existing ones to include diversity goals. The Assembly could also centralize accountability resources to make adopting these systems easier. Creating a forum for organizations to share best-practices would be a good place to start.

- **Educate members about onboarding practices with advice from other sectors.** We recommend the Assembly identify preconditions under which onboarding programs are likely to succeed. Collecting examples or templates of onboarding techniques could help members develop their own systems.

- **Offer an external mentoring program for members.** Interest in mentoring is strong among Assembly members, however efforts to implement mentoring programs appears to be weak. A mentoring program designed and lead by the Assembly could help members see immediate benefits or mentoring and offer an example of how members might develop their own internal mentoring programs eventually.

- **Develop strategies to help raise the profile of nonprofit career opportunities especially among professionals of color.** Talented individuals may dismiss careers in human service because they feel the salaries are not competitive with other options. An outreach campaign that promotes the benefits of working in the sector would help members’ with recruitment. We commend the Assembly’s participation in meetings and job fairs hosted by associations of professionals of color. We suggest the Assembly increase their presence at these events. Additionally, outreach to college students could help develop a pipeline of diverse human service professionals.
• **Continue to explore diversity practices and facilitate learning among members.**
  Diversity is a big topic and no study can be exhaustive. The Assembly should continue the learning process by supporting additional research. Specifically, surveying the line staff and middle management of member organization could further understanding about the professionals already in the leadership pipeline and what they need to advance. Research correlating members’ diversity practices, their outcomes, and their geographical locations could help establish more appropriate benchmarks for diversity. The Assembly should also facilitate in-depth examination of a few individual organizations with high diversity achievement and develop case studies to be shared with members.
CONCLUSION

Organizations can be strengthened by leveraging differences that mirror the diversity of the clients they serve. To achieve this, leaders must take diversity efforts seriously if they expect to increase diverse leadership within the sector while meeting the ever-changing needs of society. Workplace diversity literature, Assembly member surveys, and field experts all demonstrate senior management diversity can help performance outcomes and creativity.

While this study suggests several individual practices that appear to increase diversity in senior management, the research also suggests no one practice will solve an organization’s diversity challenges. Valuing and working with diversity must be a priority across an organization--at all level, in all policies, and in all practices--in order to effect the greatest benefits of diversity.

The Assembly looks forward continuing to learn about diversity in the human services sector and invites its members to share their feedback about this guide.

Please send your comments to:

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Guide to Findings

Developing Senior Management Diversity
National Human Services Assembly

NYU Wagner School of Public Service
Capstone Consulting Project

Spring 2011

Plum Consulting
Adam Drucker
Beth Gonzales
Selena Juneau-Vogel
Monisha Makhijani
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RETAINING & DEVELOPING DIVERSE TALENT

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● **Create a diversity accountability system for current senior managers and then all staff.** Staff at all levels should be accountable for diversity goals. The structure of the evaluation system should depend upon the organization’s mission, resources, and which outputs/outcomes will be measured. Evaluation follow-up should include reward, recognition, consequences, or change as appropriate. Whomever is given the responsibility to enforce and hold managers accountable must be given the explicit authority to do so.

● **Engage in an organization-wide performance measurement system.** Performance measurement is a critical component in all staff accountable for outcomes. It is also a widely cited component for organizational transparency. Measuring performance and metrics were found to be highly effective and feasible by a large portion of individuals during the primary data collection process. Geographic and industry benchmarks should be used to set appropriate goals for all recruitment and hiring practices, professional development and advancement opportunities.

● **Make an effort to display the already-evident diversity within their organization during the recruitment process.** Member organizations should involve professionals of color in senior positions during the interview process of candidates of color, and follow-through to the hiring decision.

● **Engage in a thoughtful succession planning process designed to promote diversity.** Succession planning is a formal process that allows an organization to map out current and future human resources. Organization that consider diversity in their succession plans give themselves the opportunity to course correct and bring talent into their leadership pipeline. Using a matrix can help to assess the performance and potential of emerging leaders. Organizations can also develop tools for staff to self-assess their leadership and allow professionals to nominate themselves for promotion and development.
• **Develop formal mentoring or sponsorship for employees.** An advocated within the organization can help a professionals of color navigate the leadership pathway. Effective mentoring processes include integration with the new hire onboarding process, private one-on-one mentoring sessions, advisory board peer group meetings, expert speaker workshops, and online mentoring tools. Before initiating a large-scale mentoring or sponsorship program organizations should assess the time and resources that it will require or consider piloting a small-scale version.

• **Engage in interventions that emphasize the value of diversity of all employees.** A dedicated program valuing the diversity of all employees will unite employees under one common banner. Interventions that emphasize the value of a diverse workforce include promoting employee affinity groups and steering committees in the workplace, and actively monitoring organizational culture for potential bias in the workplace.
RECOMMENDATIONS FOR THE ASSEMBLY

- **Help members develop their business case for diversity.** The Assembly should support its members in this process by identifying and recommending external strategy consultants who can help make the connection between diversity and mission. The Assembly should also collect examples of case statements and create a forum for discussion about strategic diversity.

- **Give members tools to strengthen internal and external accountability mechanisms.** Most member organizations do not have accountability systems and yet they appear very effective at supporting diversity initiatives. The Assembly should use its unique position to make the case for investing in accountability systems or modifying existing ones to include diversity goals. The Assembly could also centralize accountability resources to make adopting these systems easier. Creating a forum for organizations to share best-practices would be a good place to start.

- **Educate members about onboarding practices with advice from other sectors.** We recommend the Assembly identify preconditions under which onboarding programs are likely to succeed. Collecting examples or templates of onboarding techniques could help members develop their own systems.

- **Offer an external mentoring program for members.** Interest in mentoring is strong among Assembly members, however efforts to implement mentoring programs appears to be weak. A mentoring program designed and lead by the Assembly could help members see immediate benefits or mentoring and offer an example of how members might develop their own internal mentoring programs eventually.

- **Develop strategies to help raise the profile of nonprofit career opportunities especially among professionals of color.** Talented individuals may dismiss careers in human service because they feel the salaries are not competitive with other options. An outreach campaign that promotes the benefits of working in the sector would help members’ with recruitment. We commend the Assembly’s participation in meetings and job fairs hosted by associations of professionals of color. We suggest the Assembly increase their presence at these events. Additionally, outreach to college students could help develop a pipeline of diverse human service professionals.
• **Continue to explore diversity practices and facilitate learning among members.**

Diversity is a big topic and no study can be exhaustive. The Assembly should continue the learning process by supporting additional research. Specifically, surveying the line staff and middle management of member organization could further understanding about the professionals already in the leadership pipeline and what they need to advance. Research correlating members’ diversity practices, their outcomes, and their geographical locations could help establish more appropriate benchmarks for diversity. The Assembly should also facilitate in-depth examination of a few individual organizations with high diversity achievement and develop case studies to be shared with members.
CONCLUSION

Organizations can be strengthened by leveraging differences that mirror the diversity of the clients they serve. To achieve this, leaders must take diversity efforts seriously if they expect to increase diverse leadership within the sector while meeting the ever-changing needs of society. Workplace diversity literature, Assembly member surveys, and field experts all demonstrate senior management diversity can help performance outcomes and creativity.

While this study suggests several individual practices that appear to increase diversity in senior management, the research also suggests no one practice will solve an organization’s diversity challenges. Valuing and working with diversity must be a priority across an organization--at all level, in all policies, and in all practices--in order to effect the greatest benefits of diversity.

The Assembly looks forward continuing to learn about diversity in the human services sector and invites its members to share their feedback about this guide.

Please send your comments to:

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