

# Inside Philanthropy

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## Inside the Hunt for Philanthropy Talent

John Freund | June 07, 2022



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Recruitment for a senior job in philanthropy or fundraising might seem like a straightforward process: A job opens up, resumes are submitted, and, eventually, someone is hired for the role. What people don't see is the involvement of key stakeholders, the ongoing process adjustments, conversation upon conversation with both clients and candidates, and the



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management of search committees. The sausage-making can be quite extensive.

Consider [New Hanover Community Endowment's](#) placement of William Buster as its inaugural CEO earlier this year. The casual observer may have spotted [this press release](#), or noticed [Buster's updated LinkedIn profile](#). What goes unnoticed is the rigorous, time-intensive process of identifying just the right candidate for the role. In the case of Buster, that meant conducting a comprehensive search encompassing over 200 leaders with a background in philanthropy from over 23 states.

“All of this was led by a board of directors that itself was new to philanthropy,” said Sam Pettway, founding director of Boardwalk Consulting, the firm that handled the search. “The learning curve was steep for all — including us! — but the outcome proved the value of the collective effort.”

Whether they're new to the sector or old hands, leaders in philanthropy and nonprofits lean heavily on an ecosystem of recruitment and search firms like Pettway's to source top talent. In their own way, these firms can be key centers of influence, bringing their specialized expertise to bear on personnel choices that can literally determine the fate of nonprofit organizations — even grantmakers.

As the sector evolves, the pressures of competition dictate that the search world evolve with it, and that has led in some unconventional and innovative directions — one search firm we spoke with, for instance, structures itself as a nonprofit, conducts its



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own fundraising, and charges its scrappy grassroots clients only what they can afford. Meanwhile, other firms are investing heavily in tech solutions to stay ahead of the curve, even dabbling in the fraught field of AI.

Still, word of mouth, reputation and relationships remain paramount in a world where the ongoing generational leadership handover is placing a great premium on effective recruitment.

### **The philanthropy search firm landscape**

Recruitment firms come in many different stripes. Some focus on a variety of sectors, while others focus solely on the nonprofit sector. The former bill themselves as experts in search and seek to apply their search expertise to the nonprofit space. The latter bill themselves as experts in the nonprofit space, and seek to differentiate themselves through their understanding of how the sector operates and the specific challenges facing nonprofits, foundations and major donors seeking to attract and retain talent.

According to sources we spoke with, this tends to be a fragmented space, with little available in the way of hard numbers. As such, it's difficult to pin down exactly how many firms are focused on philanthropy and nonprofits. But we have drawn some rough conclusions. Industry participants agree that there seem to be roughly two-dozen large, national recruitment firms that either concentrate on the nonprofit sector exclusively or include nonprofits as a major area of focus.

The Catholic University Of America -  
Washington, DC

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Engagement  
The Catholic University Of America -  
Washington, DC

Director, Alumni Relations  
The Catholic University Of America -  
Washington, DC

Assistant Dean Of Advancement,  
Columbus School Of Law  
The Catholic University Of America -  
Washington, DC

Senior Consultant (Grants,  
Foundations, Institutional  
Fundraising)  
CIMA Consulting - Charlottesville, VA

Executive Director Of The Griffin  
Hospital Development Fund  
Confidential - Derby, CT

Director Of Development, Financial  
Aid & Scholarships (Hybrid Position)  
University Of California Los Angeles -  
Los Angeles, CA

Associate Director Of Development,  
Physical Sciences  
University Of California Los Angeles -  
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Director Of Development, Student  
Affairs (Hybrid Position)  
University Of California Los Angeles -  
Los Angeles, CA

Fundraising Consultant (Part-Time/  
Remote)  
SOUTHERN AFRICA LITIGATION  
CENTRE  
- Johannesburg

In addition to these major players, there are many dozens of mid-level firms with a focus on the social sector. And then there are numerous solo practitioners and two- or three-person shops. These niche players tend to specialize in a particular region, issue area, or on a particular role — or sometimes all three. For example, you might have a solo practitioner who conducts general counsel searches for environmental nonprofits in the Northeast. That practitioner might conduct 10 searches a year, drawing on a steady and consistent stream of repeat clients, as well as strong word of mouth.

There is also the issue of retained vs. contingency firms. Most search firms are retained — awarded contractual exclusivity to complete a specific search within a specific window of time. This lets the search firm develop a relationship with the client and spend the upfront time exploring the organization's needs and expectations for the role. Being on retainer also allows the search firm to dive deeper into the talent pool and spend time more thoroughly vetting potential candidates.

All of that time and attention costs money, however. And for organizations that want to spend a bit less, and perhaps fill a role more quickly, there's the option to turn to contingency firms. As the name implies, these firms only get paid if they fill the position. Often, their fees are less than those of retained firms, in the neighborhood of 20% of the placement's first-year salary for a contingency firm, as opposed to around 30% of the first-year salary for a firm on retainer.

Contingency firms are nonexclusive, so organizations can hire a handful at once and wait to see which one fills the position. Speed is therefore an imperative for contingency firms, which tend to perform less research and simply reach out to their candidate pools to get the word out about an opening. Nonprofits should expect a heavy volume of candidates when hiring a contingency firm, as these firms typically operate on a “spray and pray” model — throwing as many candidates as possible at the role to see which one sticks first.

In sum, retained firms focus on quality over quantity, seeking to foster long-term relationships with their partner organizations. These searches might take longer, but they will be more thorough and thoughtful. Contingency firms are more transactional in nature, and tend to be better suited for roles that must be filled quickly, and perhaps aren't as senior and won't have too much of an impact on the organization, should the candidate turn out to be a poor fit.

### **How recruiters get paid (and a few don't)**

Amid a tight labor market, the nonprofit sector is experiencing fierce competition for talent — especially top development officers — leading many organizations to rely more heavily on recruitment firms for their talent sourcing. Yet the percentage of open positions for which search firms are brought on to fill remains extremely low. While there are tens of thousands of development positions in the United States, industry stakeholders say that the vast majority, likely in the 97 to 98% range, are filled without the help of a recruiter. Searches for senior

roles — VP or above — are a different story: the vast majority of those *do* use recruiters.

Conducting these high-level searches can be lucrative. Most retained search firms charge a flat fee of 30%, or one-third of first-year compensation. So, for example, if the search firm sources an executive who earns \$300,000 in first-year salary, the firm is paid roughly \$100,000.

It's less common for outside recruiters to handle entry-level and mid-level searches, but that doesn't mean such searches can't be an important part of a search firm's business. Consider the Aspen Leadership Group, which focuses exclusively on sourcing development professionals at all stages of the pipeline, from entry-level to executive. Since so many nonprofits need help filling mid-level development roles, ALG was able to break into the industry by focusing on those positions. And once the firm established a strong reputation, it scaled its business model into other areas as it grew nationally. As founding partner Ron Schiller told me, "We got traction right away, but once we got traction, it took a couple of years for us to get to where we could provide more searches in the philanthropic space than any other search firm in the country."

ALG conducts entry-level searches as a way to build a lasting relationship with an organization, even if that means breaking even or sometimes even taking a loss on the search. ALG is an outlier, however. Most firms have a minimum fee — essentially a price floor on what they will charge. The standard minimum fee is \$25,000 (which implies a first-year salary of \$75,000 or above). But there are minimum fees as high as

\$100,000. These hefty minimum fees often make it impractical for employers to turn to a recruiter for searches for entry or mid-level positions.

One firm with a very different pricing strategy is Movement Talent. Founded in January 2020 by Linda Nguyen, this five-person search team focuses on social, racial, economic and environmental justice, and chooses to partner with organizations whose missions align with those values. It asks those clients to pay what they can afford for a given search. According to Nguyen, the business model enables Movement Talent — which is structured as a nonprofit and conducts its own fundraising — to perform searches for smaller nonprofits that cannot afford to pay full price for a given search.

Movement Talent has worked with around 40 partner organizations in just over two years of operation, and truly adheres to its “pay what you can” mantra. For example, one small nonprofit focused on a unique niche within the immigrant organizing space was in need of a policy/legislative director. Its total annual budget was \$5 million, and it did not have its own dedicated human resources staff to conduct the search process, which meant the principals were doing the heavy lifting. As part of its mission to build capacity within organizations for search, recruitment and talent development, Movement Talent partnered with the client on a “pay what you can” model. Ultimately, the nonprofit was unable to pay anything at all, but that didn’t stop Movement Talent from partnering with the same organization on a second search — this time for an organizing director.

Nguyen views her firm's entry into the recruitment space as disruptive. "We've become very focused on this fee-for-service model," she said. "And it's created unnecessary silos where talent has become this competitive space, as opposed to a movement ecosystem. If we're all trying to move in similar directions, then there shouldn't be a competition for finding talent."

Elsewhere, the "pay what you can" model has yet to catch on much, and a likely reason is that costs can vary so significantly. Executive-level searches often require a large amount of focused time and energy, as well as access to niche networks and communities. In a senior search, recruitment professionals often conduct many more stakeholder interviews at the outset, are probably supporting a larger search committee, and may facilitate three or four rounds of interviews, instead of two for a less senior position. All of this requires a search expert with the ability and resources to deal with a high level of complexity.

## **Reputation is king**

How do nonprofit search firms get their clients? Those we spoke with indicated that client sourcing is almost exclusively reputation-based. Nonprofits and foundations tend to hire firms that they already have a relationship with, or come with strong word of mouth, and whom they feel will understand their needs and gel with their organizational culture.

Given how much relationship-building is at play here, firms that deliver can expect more clients to come their way. People in the nonprofit world talk, and they



remember which search firm went the extra mile to fill a role with real care and diligence.

This insider dynamic makes it difficult for new entrants to break into the space. You can't simply hang a shingle, do some advertising, and expect nonprofits and foundations to start knocking your door down. There is too much entrenched competition — established players with strong relationships cemented over years of experience. New players must differentiate themselves via some form of specialization, and build up a reputation and Rolodex over time.

According to the search firms we consulted with, there are various ways to specialize. A firm could opt to focus on a given region or type of role, or only work with certain kinds of institutions, such as hospitals or universities.

As another example, take what Vincent Robinson did when he founded The 360 Group. The firm has a strong track record on diversity, equity and inclusion, which, according to Robinson, enjoys broad support as a concept, but grows complicated once you move past the conceptual phase. "I think people are generally positively disposed," Robinson said, "but because this shift is tectonic in some ways, it can scare people until they realize that opening the tent or casting a wider net is not as daunting as it appears."

The 360 Group works to ensure that the entire search, hiring and onboarding process is comfortable for individuals from all walks of life. That includes the composition of the search committee, the overall

diversity of the candidate pool, and how interviews and other encounters are structured. “While we learn more every day, we also recognize that people and organizations are where they are on this particular journey,” Robinson said. “In aggregate, it’s definitely a journey, one where we see progress, step by step.”

## **Getting ahead on the tech curve**

There are plenty of resources available to search firms — from digital publications to webinars and in-person events. One hub within this world is the [Network of Nonprofit Search Consultants](#) (NNSC). Founded in 2002, the organization bills itself as a “forum for executive search consultants to discuss best practices in the field of retained search services predominantly for nonprofit organizations and nongovernmental organizations.” It hosts two in-person events annually, as well as monthly Zoom meetings.

Technology can also make things easier — customer relationship management systems and candidate tracking systems are the norm. Automating processes reduces costs and speeds the process of sifting through candidates. There is also a push underway for AI and psychometric candidate assessments, but there is no broad consensus regarding how beneficial these systems may be, according to those we spoke with. It is also difficult to ascertain how much bias these systems contain.

While it’s early in the game, industry stakeholders believe it’s likely that some form of technological disruption will impact the search world, as recruiters

continue to experiment with ways to streamline their efforts and make talent sourcing more effective.

Some search firms are keen to get ahead of this curve. ALG is one of them. “When I co-founded Aspen Leadership Group, I chose as my co-founder a software entrepreneur rather than a nonprofit expert,” Schiller said. “One of the principal reasons was that he and I felt that the old way (and sadly, still the current way) of approaching search was for the search firm to gather and keep all the information — essentially create a database of resumes that gets stale very quickly. We wanted a new approach, so we designed our own software platform that would support a relationship. Our candidates are in charge of their own materials. They keep them on our site, and they can update them anytime.”

While off-the-shelf digital innovations will continue to proliferate, search firms will also continue to think internally about how they can optimize, and future winners in the space may be the ones who develop customized solutions. When you can't compete on price, you have to compete on everything else — and one of those battlegrounds is technological innovation.

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The competition for nonprofit talent is growing and that trend is likely to intensify as baby boomers retire from the labor force. That's good news for recruiting firms that are already established in this space, with the relationships to land clients and the skills to deliver results. But don't count out the ability of newcomers to get their foot in the door by specializing

and innovating. Like so much in philanthropy right now, the headhunting space is dynamic. A lot could change here in the coming years.

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