



Bringing Business Skills
to the Nonprofit Sector



Executive Summary

Who will lead tomorrow's nonprofit sector and are they prepared? Multiple studies over the past five years have asked these questions and explored how the nonprofit talent landscape is shifting.¹ Although there is some disagreement as to the nature and magnitude of the transition, these reports all agree that competition for capable nonprofit leadership will be intense in the coming years, particularly as baby boomers retire or move into non-management roles.

With recent increased attention on applying business principles to strengthen nonprofits and create innovative new models, these studies have not yet focused on a group of high-potential candidates: individuals with a Master's Degree in Business Administration (MBA). As a global organization of more than 15,000 members using business skills to create positive change, Net Impact believes MBAs can play an important role in the nonprofit sector. This report analyzes the current landscape of MBA-level jobs and identifies potential opportunities and challenges for the future.

Net Impact carried out an extensive study of more than 1,700 nonprofit job postings and surveyed over 200 nonprofit leaders and business professionals, as well as 1,850 current MBA students. We found:

- Nonprofits with a focus on education and health and human services were the heaviest recruiters of MBAs, driven in large part by multiple job postings by large organizations.
- While demand is high for individuals with an MBA skill set in the nonprofit sector, organizations are concerned about their ability to attract these individuals, and particularly their capacity to provide competitive management packages.
- MBA interest in working in the nonprofit sector is mixed. While 71 percent of current MBAs surveyed indicated they are interested in working in the nonprofit sector at some point during their career, only 6 percent said that a nonprofit is their preferred employment site upon graduation.

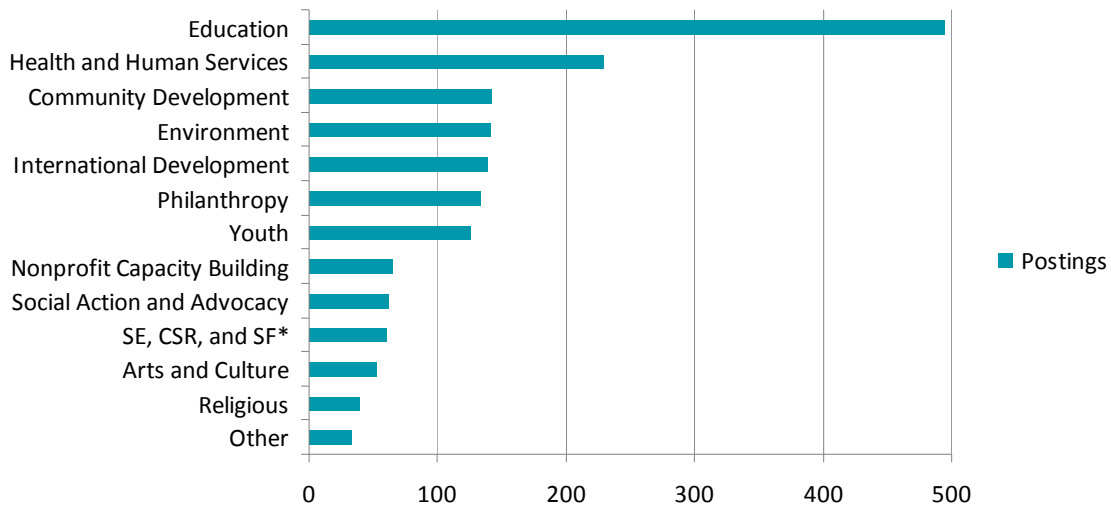
What barriers do nonprofits face to attracting and retaining talented MBA graduates who are well equipped to help nonprofits fulfill their missions? With this report and our additional work, Net Impact hopes to bring MBA skills and energy to the nonprofit sector.

¹ Please see "Additional Reading" section of this report for a list of partner publications and references.

Nonprofit Job Opportunities for the MBA Student/Alumni Community

Net Impact analyzed more than 1,700 nonprofit jobs posted between May 2007 and May 2008 on websites and electronic mailing lists aimed specifically at MBAs and business professionals, including Bridgestar, Commongood Careers, MBA-Nonprofit Connection, and the Net Impact Job Board. As illustrated in Figure 1 and Table 1, organizations with a focus on education and health and human services recruited the most MBAs. The magnitude of difference between these sectors and others was driven in large part by multiple postings by large organizations such as Teach For America, New Leaders for New Schools, and Population Services International.

Figure 1: Number of Postings by Organization Type

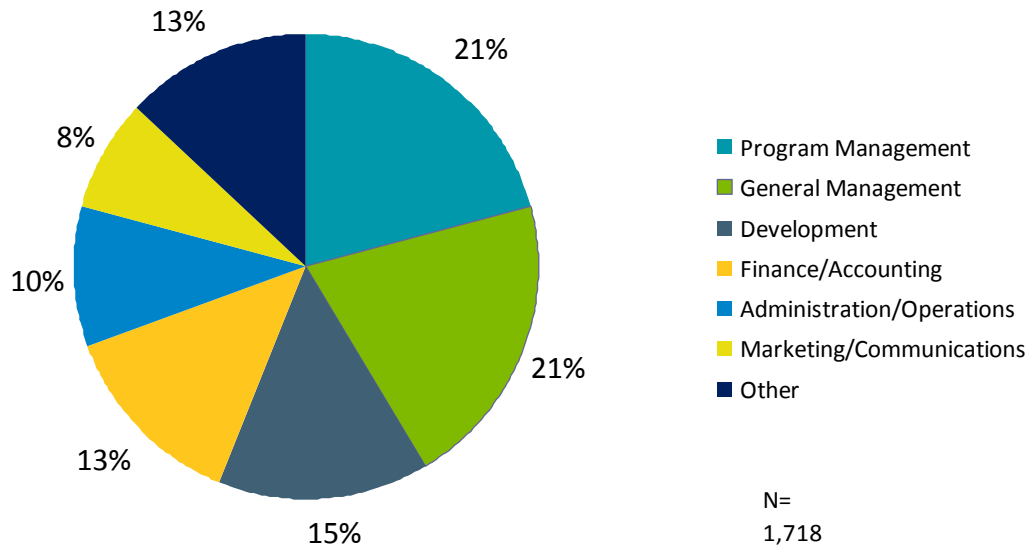


* Social entrepreneurship, corporate social responsibility, and social finance

Table 1: Top Posting Organizations	
Teach For America	63
New Leaders for New Schools	26
Population Services International	26
Citizen Schools	24
Bill & Melinda Gates Foundation	21
Environmental Defense Fund	21
N = 1,718	

585 of the posted MBA-level jobs disclosed salary information. Of these, the average annual salary was \$79,793, ranging from \$30,000 to \$200,000. The median annual salary was \$82,500. Figure 2 and Table 2 show that in general, postings were for positions and titles that utilize MBA skills such as Management (both General and Program), Development, Finance / Accounting, and Operations / Administration.

Figure 2: Breakdown of Postings by Job Function



Executive Director	135
Director of Development / Development Director	69
Controller	31
Chief Financial Officer	28
Chief Operating Officer	22
N = 1,718	

The Demand for Business Skills in the Nonprofit Sector

In July 2008, Net Impact surveyed more than 200 nonprofit leaders regarding the value they believe MBA candidates could bring to their organization. They agree across the board that their organizations would benefit greatly from having individuals with a strong understanding of business serve in a variety of positions. They strongly believe that positions focused on strategy and planning, finance and accounting, and business development would benefit from business knowledge. (See Table 3.)

Type of Position	Percentage responding "strongly agree"	Percentage responding "agree"	Total agreement
Strategy/Planning	50%	42%	92%
Finance/Accounting	49%	40%	89%
Business Development	49%	43%	92%
Administration/Operations	46%	41%	87%
General Management	43%	44%	87%
Marketing/Communications	40%	48%	88%
Consulting	39%	41%	80%
Research/Data Analysis	32%	51%	83%
Development	31%	51%	84%
Program Management/Evaluation	30%	45%	75%

Statement: My organization would benefit greatly from having more MBAs in the following positions
N = 188

91 percent of the nonprofit leaders surveyed said that their organization “incorporates business concepts into our management practices,” as illustrated in Figure 3. The majority also agree that “an MBA would fit well in the culture of my organization.” (See Figure 4.)

Figure 3: Organization Incorporates Business Concepts into Management Practices

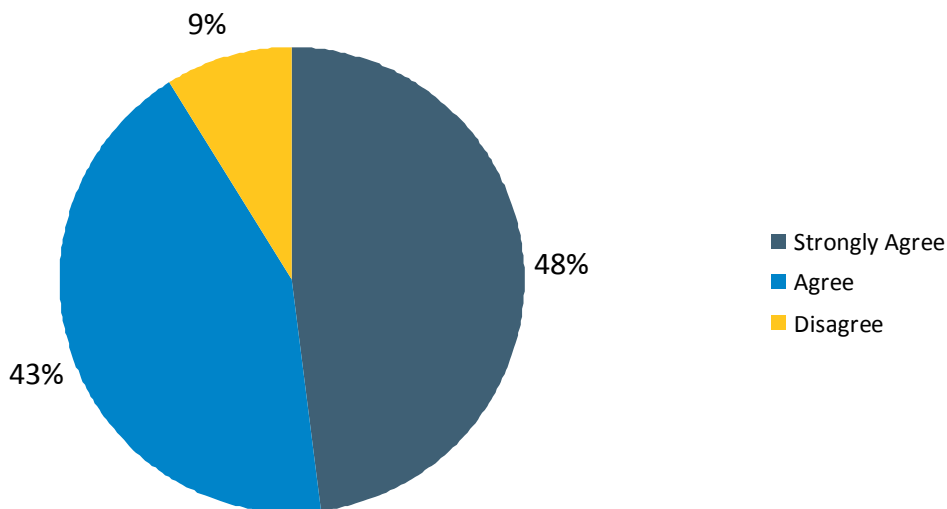


Figure 4: MBA Fit with Organizational Culture

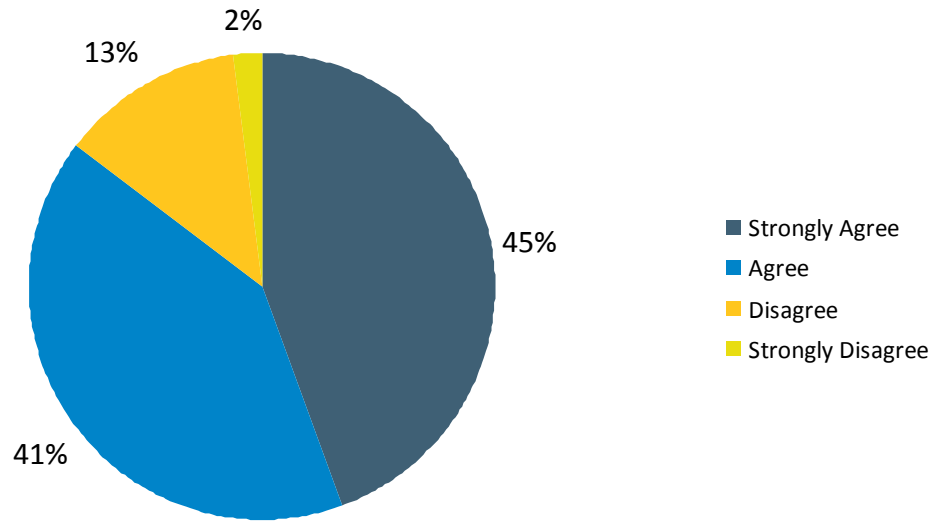
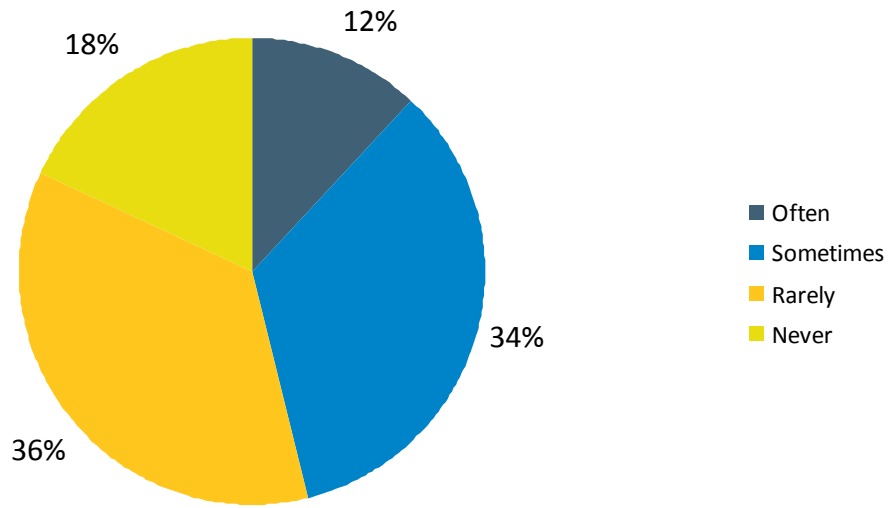


Table 4 illustrates Net Impact’s finding that nonprofits are primarily looking for candidates with relevant skills and a passion for the organization’s mission, as opposed to nonprofit work experience or a specific graduate degree.

Table 4: Factors influencing candidate selection	
<i>Factor</i>	<i>Percentage responding “very important”</i>
Applicable skills	81%
Passion for the organization’s mission	70%
College degree	59%
Nonprofit sector work experience	21%
Graduate degree	18%
Volunteer experience	9%
Nonprofit board membership	2%
Question: How important are the following factors in selecting a candidate for an open position at your organization? N = 188	

While some of the larger nonprofits such as Teach For America and Population Services International actively recruit MBAs, many smaller organizations do not. 54 percent of all respondents said their organization rarely or never actively recruits MBAs. (See Figure 5.)

Figure 5: Frequency Organizations Recruit MBAs



Of the nonprofit professionals who indicated that their organization rarely or never recruited MBAs, more than half said that salary was a consideration. Nearly four in ten said that the pool of interested MBAs is limited, as illustrated in Table 5.

Table 5: Reasons MBAs are Not Recruited	
<i>Reason</i>	<i>Percentage agreement</i>
An MBA salary is more than our organization can afford	63%
The pool is limited; few MBAs are interested in working at our organization	37%
The skills that an MBA would bring are provided by existing staff	28%
We have not considered recruiting MBAs	28%
An MBA skill set is incompatible with the culture of our organization	10%
An MBA's values are incompatible with the culture of our organization	9%
Question: What are the reasons that MBAs are not currently recruited as staff members in your organization? N = 96	

MBA Interest in the Nonprofit Sector

In November 2008, Net Impact and the Aspen Institute conducted a survey to understand current MBA student opinions on their careers, their graduate programs, the economy, and the relationship between business and social/environmental issues.² Of the more than 1,850 MBAs surveyed, only 6 percent said that a nonprofit organization would be their preferred site of employment upon graduation, as illustrated in Figure 6. That said, 71 percent expressed interest in working in the nonprofit sector at some point in their career. (See Figure 7.)

Figure 6: MBAs' Preferred Employment Sites upon Graduation

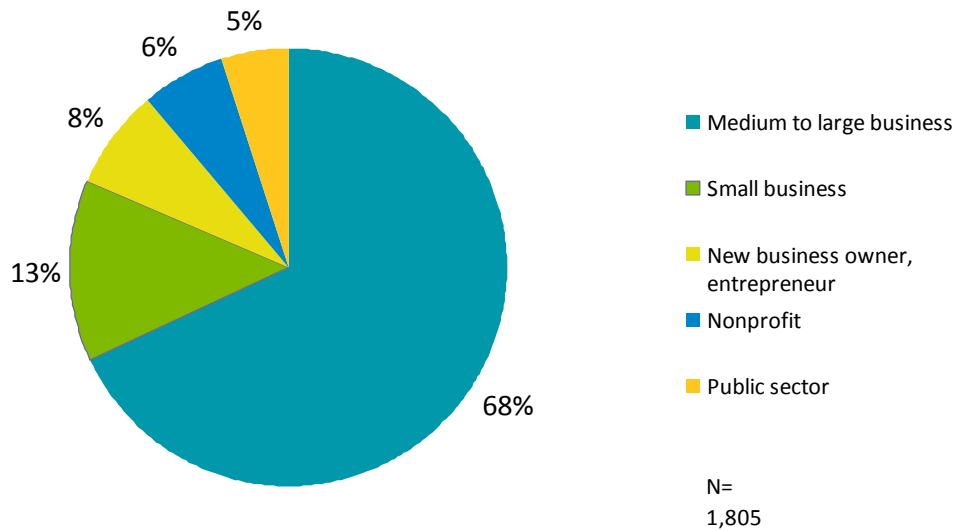
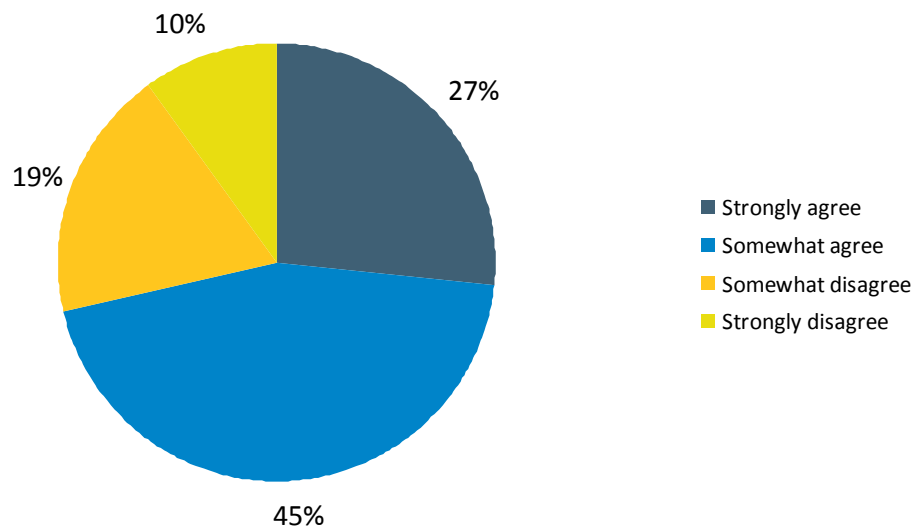


Figure 7: MBA agreement that they will work in a nonprofit at some point in their career



² To read the full report, visit www.netimpact.org/perspectives

The majority of students indicate that work/life balance (56 percent), challenging & diverse job responsibilities (51percent), and compensation (49 percent) will be the most important factors in deciding their career paths. 32 percent say potential to contribute to society will be among the three most important factors in selecting employment. (See Table 6.)

Table 6: MBA Statements on Important Job Selection Factors	
<i>Factor</i>	<i>Agreement percentage</i>
Work/life balance	56%
Challenging & diverse job responsibilities	51%
Compensation	49%
Potential to contribute to society	32%
Colleagues whom I respect	26%
Opportunities for training and development	26%
Opportunities for rapid advancement	22%
Opportunities to travel/work internationally	20%
High ethical standards	19%
Job security	19%
Other	3%
Question: What factors will be the most important in your job selection? Please select the top three. N = 1,784	

Conclusions and Recommendations

It is clear MBAs can contribute in significant ways to the nonprofit sector, and there is strong nonprofit demand for business skills. Yet challenges exist on both sides of the equation.

One of the most significant implications of Net Impact’s data is that the MBA-nonprofit disconnect may be a problem of perception. Nonprofits that do not actively pursue MBA candidates cite salary and interest as top concerns, but in reality, many MBA students’ priorities for job selection are in line with what nonprofits can offer: a balanced workplace where MBA skill sets can be challenged and well utilized.

On the topic of salary, the discrepancy between nonprofit and MBA expectations may not be as large as perceived. According to the nonprofit job postings evaluated in our research, the average salary offered to MBA graduates is \$76,632. In Net Impact’s survey, MBAs expressed an average salary interest of \$77,451. This is an area for further study: what is the magnitude of difference between nonprofit and MBA compensation expectations, and what type of nonprofits can provide the best match?

To respond to other issues raised in this report, Net Impact has developed a number of general recommendations for MBAs seeking employment in the nonprofit sector, as well as for nonprofits looking to hire business program graduates.

Recommendations for MBAs seeking jobs in the nonprofit sector

Communicate skills and passion for the nonprofit's mission – As this survey of nonprofit professionals shows, nonprofits are looking for candidates with applicable skills and passion for their organization's mission. When applying to a nonprofit position, take some time in the cover letter and interview to explain how an MBA or business experience would apply to this particular position. It is also important to express passion in the organization's mission. Volunteer or intern experience can be used to illustrate belief in the organization's core cause.

Research available positions – Don't rule out a nonprofit job based on your perceptions about salary potential. Your salary expectations may not be too far out of line with what some nonprofits can offer for your skills. Potential candidates are urged to spend time researching jobs and organizations, as well as scheduling informational interviews with current nonprofit professionals in similar positions. Titles vary widely across the sector, but after a few interviews, any candidate should have a good sense of what common titles mean.

Understand the main issues – Just like the business world, the nonprofit sector has its own terminology and logic. Before beginning a job search (and definitely before the first interview), candidates should read through the most recent issue of a few industry publications to ensure they understand the sector and the main topics of concern. The reports cited in the Additional Reading section of this publication are a great place to start. Additional reading could include the *Stanford Social Innovation Review*, *Nonprofit Quarterly*, and *Chronicle of Philanthropy*.

Recommendations for nonprofits seeking to recruit MBAs

Seek help in finding the right candidates – Help exists for nonprofits that have trouble recruiting MBAs, or have not begun. Local MBA career services, groups like Net Impact or Commongood Careers, and MBA Nonprofit Connection all provide services to recruit interested MBAs for the nonprofit sector.

Invest in employee and professional development – It is important to understand MBAs might have different expectations of nonprofit career paths, but retention and job satisfaction can be maintained as long as these candidates are presented with mentors and challenging work. As this report suggests, MBAs and business professionals are interested in positions with challenging and diverse responsibilities. They are also especially interested in using their management, analytical, strategic, and operational expertise. Help MBAs understand their career path by providing mentors and training programs, and continually find new ways to engage their talent for the organization.

Understand the value of an MBA/business skill set – MBAs bring a valuable and differentiated skill set to the nonprofit sector, and organizations should recognize the investment is worth the price if these skills are utilized properly. MBAs can help streamline operations, build programs, and manage valuable funding relationships. The nonprofit sector can benefit from a business perspective, which can coexist perfectly with the overarching goal of doing good. Using these skills to their advantage is not always easy, but worth the investment in time and capital in order to increase the impact on the organization's core cause.

Net Impact Resources for the Job/Candidate Search

Net Impact offers a range of resources for both jobseekers and employers in the nonprofit sector.

Career Center - The Net Impact Career Center is a comprehensive resource for recruiters to connect with business students and professionals who want to leverage their skills to make a positive social and environmental impact. The Career Center includes an active job board with the most relevant nonprofit and corporate social responsibility jobs and internships from around the globe. Learn more at <http://www.netimpact.org/career>.

Education – Net Impact offers the *Issues in Depth* call series and Learning Center to support members in their professional growth. Interactive *Issues in Depth* calls provide members with an opportunity to learn from nonprofit and for-profit leaders sharing their experience with social and environmental issues. The Learning Center is a one-stop shop for continuing education with online resources focused on helping individuals hone their skills in areas such as nonprofit management, international and community development, and corporate social responsibility.

Nonprofit Capacity Building: Net Impact offers a number of programs that enable members to learn first-hand about the challenges and opportunities of the nonprofit sector. Service Corps provides an opportunity for members to participate in volunteer consulting projects at nonprofits, providing support in much-needed business areas like marketing and strategic planning. The Board Fellows Program places Net Impact members as non-voting members of nonprofit boards, which builds the nonprofit's organizational capacity and engages members first-hand in nonprofit development.

Additional Reading



The Bridgespan Group, *Finding Leaders for America's Nonprofits*, 2009

<http://www.bridgespan.org/finding-leaders-for-americas-nonprofits.aspx>



CommonGood Careers, *The Voice of Nonprofit Talent in 2008*, 2008

http://www.cgcareers.org/downloads/CGC_2008TalentSurveyReport.pdf



CompassPoint, *Ready to Lead? Next Generation Leaders Speak Out*, 2008

http://www.compasspoint.org/assets/521_readytolead2008.pdf



Opportunity Knocks, *Nonprofit Retention and Vacancy Report*, 2008

http://content.opportunityknocks.org/research/Retention_Vacancy_Report.pdf

About Net Impact

Net Impact is a global organization of students and professionals using business to improve the world. The organization offers a portfolio of programs and initiatives to educate, equip, and inspire more than 15,000 members to make a tangible difference through business. Spanning six continents, Net Impact's membership is one of the most influential networks of students and professionals in existence today and includes current and emerging leaders in corporate social responsibility, social entrepreneurship, nonprofit management, international development and environmental sustainability. The Net Impact network includes over 250 chapters in cities throughout the world and a central office in San Francisco. For more information, please visit www.netimpact.org.

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