A FORCE FOR IMPACT:

Millennials in the Nonprofit Sector

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EXECUTIVE SUMMARY

Millennials, typically defined as the generation of individuals born between 1980 and 2000, are now the largest generation in the American workforce: 53.5 million, or 1 in 3 American workers. According to the Brookings Institution, Millennials will account for 75% of the workforce by 2025. To tap this generation's potential for social impact, it is important for nonprofit and foundation leaders to understand Millennial employees and how to leverage this powerful workforce.

As a whole, the Millennial generation is:

DIVERSE. Millennials are the most racially diverse generation in U.S. history. 56% of Millennials are white, vs. Generation X (61%) and Baby Boomers (72%). They are diverse in other ways as well, including the type of household in which they grew up.

DIGITAL. Millennials have been leaders in driving adoption of new digital platforms such as mobile technology and social media.

VALUE-BASED. Millennials value quality of life, including staying close to family and friends; free time for experiences and recreation; and making a positive social impact.

EDUCATED. More Millennials have a college degree than any preceding generation of young adults, including more lower-income and underrepresented minority students.

DEBT-LADEN. The number of people carrying student loans is higher than ever before, and the amount of debt per borrower has increased. High student debt adversely affects low-income families in particular.

SHAPED BY THE RECESSION. Millennials who entered the job market during and after the Great Recession have been impacted economically, professionally, and culturally.

FILLED WITH OPTIMISM AND HIGH EXPECTATIONS. Millennials tend to be more optimistic than other generations, and they also have high expectations for themselves.

SINGLE FOR LONGER. Millennials are delaying marriage and families longer than past generations.

Millennials and Their Careers

These factors influence the career decisions and work lives of Millennials:

- *Purpose is paramount*
- *Pay still matters*
- *Flexibility is expected*
- *Feedback should be ongoing, not occasional*
- *Learning is a continuous journey*
- *Job switching is accepted*
- *Career paths are nonlinear and self-directed*
- *Career progress is important*
- *Sector lines are blurred*
- *Innovation influences employer reputation*

ProInspire has identified **ten strategies** for nonprofit organizations to better recruit, retain, and advance Millennial employees.

1. **BUILD A CULTURE OF TRANSPARENCY AND TRUST.** Honesty, transparency, and opportunity to provide input in decision-making are important to Millennials. Nonprofit leaders can deepen trust and credibility by fostering a transparent culture that aligns employees on organizational goals and strategy.

2. **DEVELOP STRONG PEOPLE MANAGERS IN YOUR ORGANIZATION.** People managers are the most important influence on an employee's engagement in an organization, and they are particularly important to Millennials.

3. **PRIORITIZE COMPETITIVE COMPENSATION.** Pay matters to Millennials, and it will become an even bigger factor as the economy improves and employment opportunities expand. It is also an important factor for organizations to attract and retain a diverse talent pool.

4. **MAKE DIVERSITY AND INCLUSION A PRIORITY.** Organizations that honestly assess their current state and place a meaningful focus on diversity and inclusion are more likely to attract and retain Millennials of different backgrounds in their organizations.

5. **ENCOURAGE ONGOING FEEDBACK.** Nonprofits should set expectations for managers to provide honest and regular feedback, and create a culture and support systems to enable it.

6. **PREPARE EMPLOYEES FOR THEIR NEXT OPPORTUNITY.** Millennials are eager to learn and grow throughout their careers. Nonprofits should be transparent that they want to prepare people for their next opportunity, even if that opportunity may not be at their organization.

7. **IDENTIFY PROJECTS THAT OFFER CROSS-FUNCTIONAL WORK AND LEADERSHIP EXPERIENCE.** With structure and supervision, organizations can leverage Millennial interests for cross-functional work, stretch opportunities, and leadership experience, while augmenting capacity for different projects.

8. **INTENTIONALLY INVEST IN PROFESSIONAL DEVELOPMENT.** Nonprofits that actively invest in employees—and give them some latitude in choosing opportunities that support both near-term needs of their roles *and* longer-term career goals—are better positioned to retain Millennials.

9. **CREATE OPPORTUNITIES FOR CROSS-GENERATIONAL ENGAGEMENT.** Organizations that encourage collaboration among employees of varying ages will help individuals build one-on-one relationships and overcome stereotypes that can hinder work.

10. **SUPPORT FLEXIBLE WORK PRACTICES.** Flexible work options can strengthen employer brand with Millennials and help offset lower compensation.

Nonprofits should invest time and resources to understand the interests and motivations of Millennial employees. This will enable organizations to build stronger talent cultures and systems that are important not only for Millennials, but for all generations in the workplace. Investing in talent will help nonprofits truly leverage Millennials as a force for impact.

INTRODUCTION

Lack of intergenerational understanding is an enduring phenomenon. Baby Boomers think Gen Xers are cynical. Gen Xers think Millennials are entitled. Millennials think Baby Boomers are resistant to change. In the nonprofit space, this lack of understanding has taken on its own dimension. Nonprofit leaders frequently admit, "I don't understand this generation, they think differently than we did." A common theme conveyed by Millennials is, "My organization doesn't invest in developing me." At ProInspire, we are quite familiar with the challenges that arise from misunderstandings between generations in the workplace. Across the ProInspire Fellowship, Managing for Success, and custom programs aimed at developing leaders at all levels, ProInspire has engaged nearly 500 Millennial nonprofit employees since our founding in 2009. Our work with 70+ nonprofits and foundations in Washington D.C. and the San Francisco Bay Area cuts across multiple phases of the career cycle, including recruitment, retention, and advancement.

Millennials, typically defined as the generation of individuals born between 1980 and 2000, are now the largest generation in the American workforce: 53.5 million, or 1 in 3 American workers. According to the Brookings Institution, Millennials will account for 75% of the workforce by 2025. As the percentage of Millennial employees in the nonprofit sector grows and their impact widens, individuals from previous generations often ask how to best engage and collaborate with this younger demographic. While some characteristics associated with Millennials may simply be a factor of life stage, others are a product of this generation's unique experience and are therefore harder for individuals from older generations to understand.

The need for deeper connection between Millennials and their colleagues from previous generations is real; the good news is that practical, effective strategies exist to build a bridge of understanding. This paper aims to synthesize industry research, lessons learned, and direct input from Millennials in ProInspire's network to assist nonprofit and foundation leaders in understanding Millennial employees and how to leverage this powerful workforce to increase the social impact of an organization.

What is a generation? Generations are groups of people born in a defined date range with similar cultural experiences. Generations are often characterized by demographic trends, world events, and technological advances that can influence how people born in that period think and behave. Generational research methodology has inherent challenges, as individuals are diverse and cannot be grouped based on their birth date alone. Pew Research Center's 2010 report *Millennials: Confident. Connected. Open to Change* noted the challenge of studying generations: "Generational analysis...is not an exact science. We are mindful that there are as many differences in attitudes, values, behaviors, and lifestyles within a generation as there are between generations. But we believe this reality does not diminish the value of generational analysis; it merely adds to its richness and complexity."

The Generations Defined

THE MILLENNIAL GENERATION
Born: 1980 to 2000
Age in 2015: 15 to 35
Share of adult population: 27%

GENERATION X
Born: 1965 to 1980
Age in 2015: 35 to 50
Share of adult population: 27%

THE BABY BOOM GENERATION
Born: 1946 to 1964
Age in 2015: 51 to 69
Share of adult population: 32%

THE SILENT GENERATION
Born: 1928 to 1945
Age in 2015: 70 to 87
Share of adult population: 12%

Note: The "Greatest Generation" which includes those born before 1928, is not included in the analysis due to the small sample size. Share of total population is based on adults only in 2013; 85-year-old Silents are not included due to data limitations.

Source: *March 2013 Current Population Survey (PUMS) and Pew Research surveys, January and February 2014*

Research Methodology. ProInspire leveraged data from many respected studies on Millennials, including research conducted by Achieve, Deloitte, Nielsen, Pew Research Center, PwC, and the White House Council of Economic Advisors. While much of the data on Millennials at work is based on analyses of private sector employees and includes a global perspective, this paper focuses on the characteristics that are relevant to the nonprofit sector in the United States. To add depth, we reviewed research about Millennial interests as donors, volunteers, and board members. We also gathered information from ProInspire participants, alumni, and leaders within our network of nonprofit partners.

UNDERSTANDING THE MILLENNIAL GENERATION

The maturing of Millennials into adulthood (now ages 15-35) has catalyzed shifts in organizational priorities. Private sector companies are changing marketing practices to better target Millennial consumers, financial firms are developing investment strategies for Millennials, and businesses are launching new products for this generation. The nonprofit sector has experienced the profound impact of these dynamics, as well. Trends such as crowdfunding, impact investing, and social media movements have emanated from, or been amplified by, Millennial interests.

A few key attributes distinguish Millennials from older population groups. As a whole, this generation is:
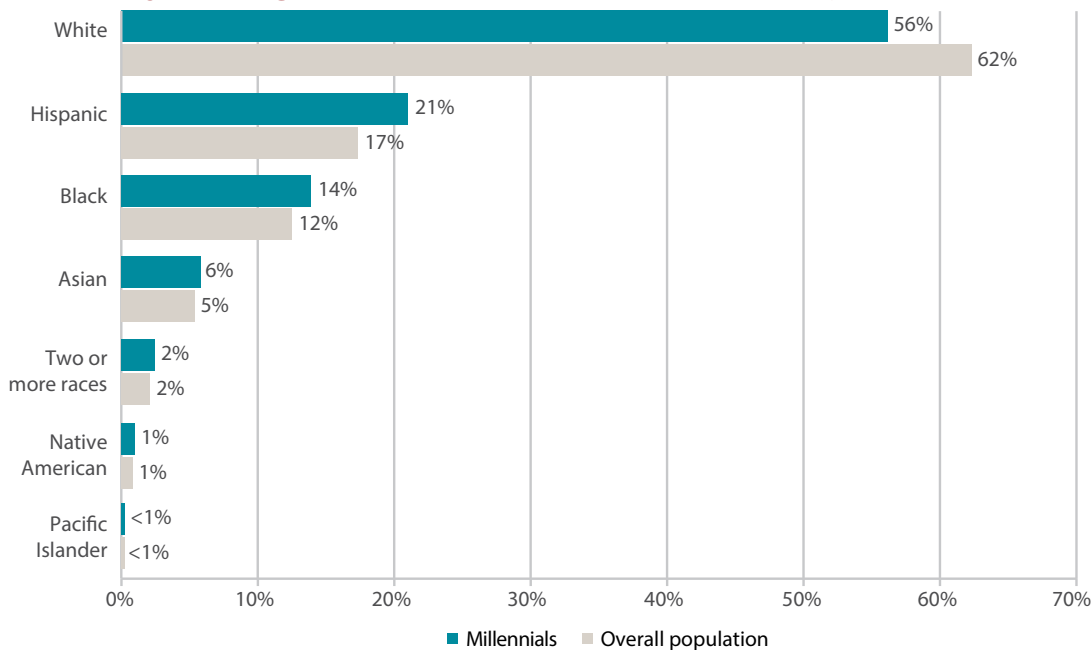
DIVERSE. Millennials are the most racially diverse generation in U.S. history. This is primarily the result of the large wave of Hispanic and Asian immigrants over the past 50 years, whose U.S.-born children are now aging into adulthood. According to National Public Radio data, 56% of Millennials are white, vs. Generation X (61%) and Baby Boomers (72%). The Census Bureau projects that the full U.S. population will be majority non-white sometime around 2043. Millennials are also more accepting of interracial marriage than prior generations. The Pew Research Center finds that an overwhelming majority of Millennials, regardless of race, say they would be fine with a family member's marriage to someone of a different racial or ethnic group. This generation is considered diverse in other ways as well; more Millennials come from single-parent homes, blended families and same-sex parent families than any young adult population that preceded them.

As a result, Millennials often describe themselves as tolerant and indicate that diversity is a core value.

DIGITAL. Millennials are the first generation to have had access to the Internet throughout their formative years. They have been leaders in driving adoption of new digital platforms, such as mobile technology and social media. According to Nielsen's *Millennials: Breaking the Myths* report, Millennials have a more positive view of how technology is affecting their lives than any other generation. 74% feel that new technology makes their lives easier, and 54% feel new technology helps them be closer to their friends and family. Millennials are also heavy users of smartphones and social media; 83% say they sleep with their smartphones, compared with 50% of Boomers. Facebook Mobile tops the charts for Millennial app usage in terms of both unique audience and time spent, followed by other social media apps like Instagram and Twitter. Millennials use social media throughout their day; 51% of Millennials aged 25 and older engage in social networking at the office—more than any other age group.

As a result, technology continues to influence generational expectations around communication, information access, and workplace practices.

Diversity Among Millennials* Vs. The Overall Population

Category	Millennials	Overall population
White	56%	62%
Hispanic	21%	17%
Black	14%	12%
Asian	6%	5%
Two or more races	2%	2%
Native American	1%	1%
Pacific Islander	<1%	<1%

■ Millennials   ☐ Overall population

Here we define Millennials as being born between 1980 and 2000.
Source: *U.S. Census Bureau Monthly Population Estimates (June 2014)*

VALUE-BASED. The White House Council of Economic Advisors identifies that Millennials value quality of life, including staying close to family and friends; having free time for experiences and recreation; and working in creative jobs. They also want to make a positive social impact on their children, communities, and society as a whole. Nielsen found that 52% of Millennials say being a good parent is one of their most important goals in life. According to Achieve's *2015 Millennial Impact Report*, 84% of Millennial employees made a charitable donation and 70% spent at least one hour volunteering in 2014. Millennials tend to view markers of success differently than prior generations. A Better Homes and Gardens Real Estate survey found that 77% of Millennials would prefer an "essential" home to the grand "McMansion" homes favored by their parents' generation. Millennials also value efficient ways to access goods and services, which is why they are key drivers of the collaborative economy with services like Uber, Zipcar, and Airbnb.

As a result, values have impacted Millennial expectations around work environments—including desires for flexibility, shorter commutes, and time to pursue outside interests.

EDUCATED. More Millennials have a college degree than any preceding generation of young adults. According to the White House Council of Economic Advisors, in 2013, 47% of 25- to 34-year-olds received a postsecondary degree (associate, bachelor's, or graduate degree) and an additional 18% had completed some postsecondary education. The U.S. has experienced an unprecedented expansion of higher education to lower-income and underrepresented minority students. Enrollment of all students in degree-granting institutions has increased over time, but recent gains have been greatest among black and Hispanic students.

As a result, more college-educated students are entering the workforce than ever before and seek work that leverages their knowledge and skill set.

Enrollment rates of 18 to 24-year-olds in degree-granting institutions
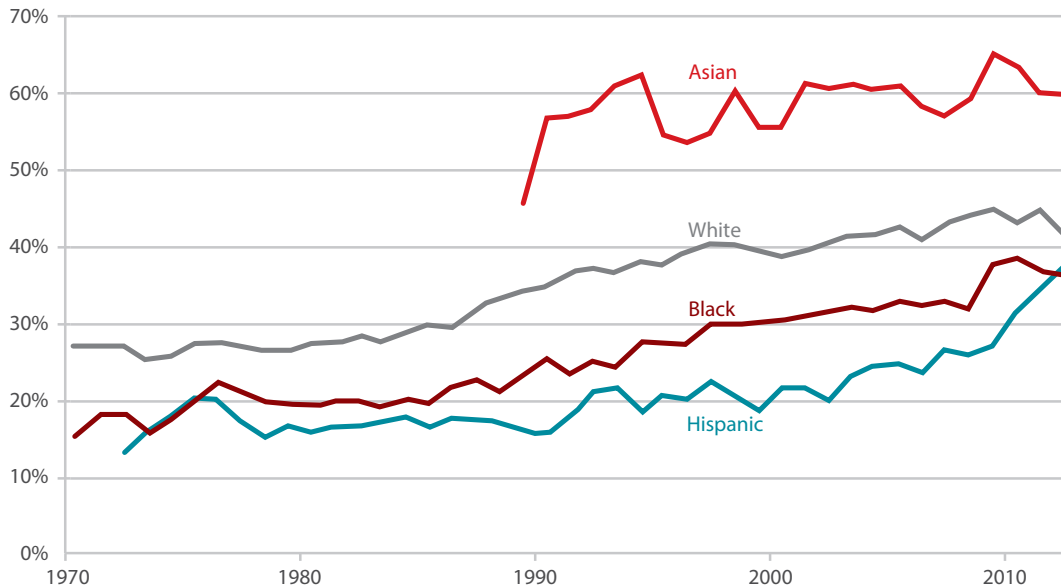
Source: National Center for Education Statistics; CEA calculations

DEBT-LADEN. The increasing number of Millennials pursuing postsecondary education and soaring costs of college tuition have impacted student debt, which is now the second largest category of household debt in the U.S. The number of people carrying student loans is higher than ever before, and the amount of debt per borrower has increased. According to Pew Research Center, 69% of the 2012 college graduating class borrowed for their education, up from 49% in 1993. The average amount of student debt more than doubled, from $12,000 for the class of 1993 to nearly $27,000 for the class of 2012 (adjusted for inflation). Graduates from low-income families are particularly impacted, and 77% finish college with debt. ProInspire's anecdotal experience indicates that student debt has a big impact on Millennials working in the nonprofit sector—and those who would like to work in the sector but feel they cannot afford it due to lower compensation. This influences the socioeconomic diversity of Millennials entering the nonprofit workforce, particularly as low-income college graduates are more likely to have debt and family obligations that can make their road to debt repayment much longer than their upper-middle-income counterparts.

As a result, college educated Millennials are more likely to have student debt obligations that impact their career decisions.

	Class of 2012	Class of 1993
College graduates with student loans	69%	49%
Average amount of student debt*	$26,885	$12,434
Graduates from low-income families leaving college with debt	77%	67%
Graduates from upper-middle-income households leaving college with debt	62%	34%

* Figures adjusted for inflation

Source: **Pew Research Center**, *The Changing Profile of Student Borrowers*, Oct. 2014

SHAPED BY THE RECESSION. The economic recession of 2007-2009 had a significant impact on the Millennial generation that continues today. Those who entered the job market during this period and after have been impacted economically, professionally, and culturally. Many Millennials were faced with unemployment, living with their parents, and finding alternative paths. These paths include taking low-skill jobs, pursuing graduate school, and freelancing. The Millennial generation is still lagging in the workplace and makes up 40% of the unemployed. Many Millennials who are employed are not in the type of job they expected to land after college. A study by the Federal Reserve Bank of New York found that 44% of recent college graduates (defined as people aged 22 to 27 with at least a bachelor's degree) were working in jobs that didn't require a college degree. Only 36% were in what are considered to be "good non-college jobs"—those paying around $45,000 a year. This could have lasting, negative impacts on the generation, which are further amplified by growing income and wealth inequality; stagnant wages; and the increased cost of living facing the country.

As a result, Millennials' past work experience—or lack thereof—may be the result of recessionary impacts on the labor market. Compensation may be a bigger priority for those who faced financial hardships after college.

FILLED WITH OPTIMISM AND HIGH EXPECTATIONS. Despite financial challenges, Millennials tend to be more optimistic than other generations. Pew Research Center found that young employed people today are somewhat more confident about their economic future than Gen Xers were when they were young. For example, 69% of Millennials say they do not earn enough money to lead the kind of life they want, but 88% think they will be able to earn enough in the future. Millennials are also more hopeful about the country's future. Pew found that almost 50% of Millennials think the country's best days are ahead of it, higher than Gen Xers (42%), Boomers (44%), and the Silent Generation (39%). In addition to having high expectations for the future, Millennials have high expectations for themselves. This may stem from the influences of "helicopter parents" and the movement towards increased parental involvement in their lives.

As a result, Millennials have high expectations for their careers and are more comfortable expressing their desires in the workplace.

SINGLE FOR LONGER. Millennials are delaying marriage and families longer than past generations. The average age of first marriage is 27 for women and 29 for men, up from 20 for women and 23 for men in 1960, according to Pew Research Center. Multiple factors have contributed to this change, including shift in public attitudes; financial insecurity; and a rise of individualism and "finding yourself" mentality. In addition, Millennials are more open to other forms of committed relationships; about 9.2 percent of Millennials cohabit, compared with 5.8 percent of Gen Xers.

As a result, Millennials are more flexible with career decisions throughout their 20s, before they start families.

MILLENNIALS AND THEIR CAREERS

Taking into account some of the characteristics highlighted above, ProInspire finds the following key factors influence the career decisions and work lives of Millennials.

PURPOSE IS PARAMOUNT. This generation is socially conscious and purpose-driven, which has profoundly impacted expectations of their careers. According to Deloitte's _2015 Millennial Survey_, 60% of Millennial workers indicate a "sense of purpose" as a key factor in choosing their current employers. While this purpose-driven characteristic makes Millennials ripe for jobs in the nonprofit sector, businesses are quickly catching on. Big companies like Google, KPMG and others are reshaping the opportunities and environment they provide to better engage Millennials. Google cites "have a mission that matters" as their first pillar of innovation. KPMG was featured in _Harvard Business Review_ for their new initiative reframing and elevating the meaning and purpose of their work to increase employee engagement.

**Takeaway:** Organizations should emphasize their purpose in recruiting and retaining Millennial employees, including showing how each individual's work impacts the organization's mission. Nonprofits should also recognize that they cannot rely on being mission-driven as their sole recruiting tool, as businesses and social enterprises are increasingly integrating purpose into their work.

PAY STILL MATTERS. While their desire for purpose is well known, Millennials still value compensation when making career decisions. In particular, high levels of student debt and a challenging economic environment render compensation a bigger concern than most organizations expect. A _2014 Business Insider survey_ found that Millennials ranked pay (69%) as the most important factor in evaluating a job, above meaningful work (53%), positive relationships with co-workers (43%), and work-life balance (36%). In Net Impact's _2012 What Workers Want_ survey, 89% of students indicated that good compensation is very important or essential to their ideal job. 81% of ProInspire Fellows indicate that salary is important or extremely important in deciding whether to stay at their nonprofit organization after the fellowship.

**Takeaway:** Organizations should prioritize compensation as a critical tool for recruiting and retaining Millennial employees. Foundations and donors also need to ensure that they provide adequate support for overhead and program staff so that nonprofits are not hindered by compensation in attracting talent.

> " _When looking at their career goals, today's Millennials are just as interested in how a business develops its people and how it contributes to society as they are in its products and profits._ "
>
> _Barry Salzberg, Retired Global CEO of Deloitte on The Deloitte Millennial Survey 2015_

FLEXIBILITY IS EXPECTED. Millennials prioritize flexibility and work/life alignment. According to Bentley University's survey, 77% of Millennials say that flexible work hours are key to boosting productivity within their generation. Another 39% believe that more options to work remotely would result in higher productivity. PwC's _NextGen study_ found that attitudes for flexibility are similar across generations: "A significant number of employees from all generations feel so strongly about wanting a flexible work schedule that they would be willing to give up pay and delay promotions in order to get it." Millennials believe that productivity should be measured by the output of their work, not by the number of hours put in at the office. Millennials feel that this flexibility makes

sense given that advancements in technology, and the wider connectivity options available to them, mean they are always "on." The Bentley survey found that, of the 80% of Millennials who own a smartphone, 89% regularly check work email outside of work hours.

Takeaway: *Organizations should evaluate workplace practices, including options for employees to work flexible hours and from remote locations. Flexibility is a non-traditional compensation benefit that can help nonprofits attract and retain employees.*

> " *If they were able to make their current job more flexible, 64% of Millennials would like to occasionally work from home, and 66% of Millennials would like to shift their work hours.*
>
> PwC's NextGen: A global generational study

FEEDBACK SHOULD BE ONGOING, NOT OCCASIONAL. Millennials want honest and regular feedback; they don't want to wait for annual reviews to hear about their positive contributions or opportunities for development. As a cohort, this generation was raised with an emphasis on structure, measuring systems, coaching, and feedback. This has translated to their expectations in the workplace. Jeff Lawson, CEO of Twilio, highlighted this point in a *New York Times* interview: "We don't wait until the annual performance review to give feedback…This is especially important with Millennial workers… They always want to always be learning, always be growing, and they're looking for that constant feedback. It's not that they're looking for constant praise…but rather…they want to know how they're doing." In fact, some big companies are moving to new feedback models that focus on learning, coaching, and real-time information sharing. For example, earlier this year Accenture announced that it will get rid of annual reviews and instead implement a system in which employees receive timely, ongoing feedback from their managers.

Takeaway: *Organizations should create a workplace culture that promotes regular feedback. This will not only engage Millennials, but will also help employees across all generations increase performance and productivity.*

LEARNING IS A CONTINUOUS JOURNEY. Millennials are entering the workforce at a time when colleges are being criticized for not adequately preparing students for it, and individuals are increasingly told to take responsibility for their own professional development. Thus Millennials are eager for opportunities to learn on the job, through coaching from their manager, stretch assignments, and other options for skill development. According to UNC's *Maximizing Millennials in the Workplace*, "[Millennials] don't view managers as content experts (like their predecessors) because they know where to find multiple versions of the information. Instead, they view managers more as coaches and mentors…the constant launching of a newer or better app has made them continuous learners." ProInspire alumni pursue multiple opportunities for continuous learning including graduate school; other fellowship programs; joining nonprofit boards; volunteering abroad; and taking courses through programs like +Acumen, General Assembly, and Philanthropy University.

Takeaway: *Organizations should invest in developing strong people managers who can provide coaching and feedback to employees. A manager who supports and encourages continuous learning by his/her direct reports is more likely to increase engagement and retention of them.*

JOB SWITCHING IS ACCEPTED. While Millennials have been labeled as "job hoppers," they are actually staying in their jobs at rates similar to Generation X at the same age. According to *The Washington Post*, the average job tenure of 25- to 34-year olds is three years, a figure that has remained fairly constant for this age group over the past 30 years. Even though Millennials aren't necessarily switching jobs more than previous generations, the practice has become much more accepted. It remains to be seen how Millennial tenures will change as they progress in their careers, but research suggests that two to three years may be the norm during their early careers.

Median Employee Tenure in 2014

All workers	4.6 years
Workers ages 25-34	3.0 years
Workers ages 55-64	10.4 years

Source: U.S. Bureau of Labor Statistics

Takeaway: Organizations should be prepared for average tenures of two to three years among younger Millennials. As the cohort ages, leaders should develop targeted strategies to grow and retain high potential workers.

CAREER PATHS ARE NONLINEAR AND SELF-DIRECTED. Millennials feel more freedom to explore career paths than prior generations, capitalizing on the increased mobility that stems from marrying later and the wider acceptance of job switching. This has led to growing interest in non-traditional opportunities like freelancing, working abroad, and pursuing new work experiences through fellowship programs. A national survey conducted last year by Freelancers Union and Elance-oDesk found that 38% of Millennials are freelancing. The interest in freelancing by Millennials may be spurred by multiple factors including the sluggish economy, desire for creative outlets not readily available at their jobs, and interest in passion projects. *Forbes* calls this phenomenon sidepreneurism, and highlights that Millennials do not identify with one company or career. This generation also exhibits a strong interest in entrepreneurial pursuits as a way of charting their own course. According to a Kauffman Foundation study, 54% of Millennials either want to start a business or have already started one. Despite the prevailing entrepreneurial spirit among Millennials, however, the Kauffman Foundation's *2015 State of Entrepreneurship* report found that student loan debt and financial setbacks from the recession can make it challenging for Millennials to pursue entrepreneurial interests at this stage of life.

Takeaway: Organizations should enable workplace opportunities that acknowledge Millennial desire for autonomy and personal growth. Organizations can also infuse an entrepreneurial spirit into their culture as a way to enhance their employer brand. Contests to solicit new ideas, initiatives, and processes from employees are one way to tap into this generation's entrepreneurial mindset — and simultaneously improve the organization.

CAREER PROGRESS IS IMPORTANT. According to PwC, Millennials want more rapid career advancement than that to which older generations are accustomed. In fact, 'opportunities for career progression' was the top factor of an employer's attractiveness in *PwC's Millennials Survey*. Previous generations expected career advancement based on seniority or length of service, while Millennials value results over tenure and get frustrated by outdated processes to move up the career ladder. A survey by Addison Group of worker preferences across generations

found that 40% of Millennials expect a promotion every one to two years, and they are more likely than others to say that raises, promotions and bonuses should be provided more than once a year.

Takeaway: Organizations should facilitate transparent conversations around career paths and opportunities. In particular, nonprofits that develop targeted strategies to help high achievers progress in their organization will improve retention rates of their more valuable employees. Adding more levels, grades, or titles can provide career paths and timeframes that satisfy Millennial expectations.

SECTOR LINES ARE BLURRED. Millennials have come of age during a time of "sector agnosticism," a concept built on the belief that good for society can take place in any sector—nonprofit, business, or government. Ralph Smith from the Annie E. Casey Foundation is believed to have coined this term in the *Nonprofit Quarterly*, where he said "Foundation philanthropy is increasingly sector agnostic...foundation philanthropy is in the solutions business and can succeed only if and to the extent it is willing to pursue solutions wherever it finds them, regardless of whether they are in the public, private, or social sector." The Millennial cohort is recognized as a key driver behind the growing interest in impact investing, which focuses on using private capital to invest in businesses that simultaneously address societal needs and generate profit. In addition, research by The InterSector Project demonstrates that cross-sector leaders, or leaders who understand how to work with nonprofits, business, and government, are critical to solving large-scale problems. Millennials take a sector-agnostic view when it comes to their careers; they want to achieve impact, regardless of sector, and they expect businesses to assume a greater societal responsibility.

Takeaway: Nonprofit leaders should be prepared to compete for talent with other sectors besides nonprofits. Organizations should also expect that Millennial workers may have more varied and nonlinear career paths that cut across multiple sectors, which can be an asset for the organization.

> " *More than half of Millennials...believed that business, not government, will have the greatest impact in solving society's most pressing challenges."*
>
> *Vilas Dhar and Julia Fetherston, Harvard Business Review*

INNOVATION INFLUENCES EMPLOYER REPUTATION. Millennials want to work in environments that foster innovation. Deloitte's *2014 Millennial Survey* found that 78% of respondents' employment decisions are strongly influenced by a prospective employer's reputation for innovation. Only half of survey respondents feel they currently work for an organization that encourages and rewards employees for thinking outside the box. They believe the biggest barriers to innovation are management attitude; operational structures and procedures; and employee skills, attitudes, and (lack of) diversity. Millennials are also passionate about innovation in the social sector, taking social entrepreneurship courses in college, participating in impact-focused business plan competitions, and investing in innovations through crowdfunding.

Takeaway: Millennials care about social innovation and how nonprofits are driving novel solutions to social problems. Organizations should articulate their approach to innovation and involve employees in helping drive those forward.

STRATEGIES TO ENGAGE MILLENNIAL PROFESSIONALS IN THE NONPROFIT SECTOR

In order to attract and retain top candidates, nonprofits should deepen their understanding of Millennials in a professional context; evolve policies and practices; and adapt work environments to better engage this generation and manage talent overall. Organizations need to be intentional in their approach and invest meaningful resources—including senior time—to be effective. PwC's *2013 Annual Global CEO Survey* found that 77% of corporate CEOs were planning on revising talent management processes in the coming year. Bridgespan's report *The Nonprofit Leadership Development Deficit* highlights that the sector's lack of investment in managing talent and developing people is costly. In fact, only 30% of C-suite roles in the nonprofit sector were filled by internal promotion in the past two years—about half the rate of for-profits. An increased focus on talent will not only benefit Millennials, but employees across generations as well.

ProInspire has identified ten strategies for nonprofit organizations to better recruit, retain, and advance Millennial employees.

1. **BUILD A CULTURE OF TRANSPARENCY AND TRUST.** Millennials value transparency, and are often frustrated by ambiguity and opaque decision-making at work. Having grown up in a more participatory, information-rich environment than previous generations, Millennials are eager to provide input and participate in decision-making. Fostering a transparent community builds trust and understanding, and helps align employees on organizational goals and strategy. Nonprofit leaders can further deepen trust and credibility by increasing transparency around compensation and career decisions.

   For example, a number of ProInspire partners have created open office environments to encourage transparency and collaboration. An open office is most effective if leaders are visible and accessible. Organizations are also creating regular checkpoints to engage employees in organizational priorities through monthly meetings, annual retreats, and more. Accion holds monthly staff meetings for all employees to learn about key updates across the organization. This fosters a sense of transparency across different departments and office locations.

> " *I care deeply about working for a transparent organization. Millennials have grown up with nearly limitless access to information, and we expect the same from our employers. I view increased access to information and decision-making processes as vital to my workplace effectiveness.*"
>
> ProInspire Alum

2. **DEVELOP STRONG PEOPLE MANAGERS IN YOUR ORGANIZATION.** People managers are the most important influence on an employee's engagement in an organization, and they are particularly important to Millennials. Google conducted a multi-year research study to determine whether managers matter, and found that retention was related more strongly to manager quality than to seniority, performance, tenure, or promotions. The perception, however, is that nonprofit organizations have not effectively developed critical managerial skills in their staff. Only about half of ProInspire participants indicate their manager is effective at managing people. To be sure, resources do exist to help nonprofits strengthen managerial capabilities in

their ranks. Accenture lays out a framework in _Superior Engagement Managers in U.S. Nonprofits_, highlighting the importance of collaboration and coaching. In _Stanford Social Innovation Review_, Maggie Davies identifies four steps that nonprofit organizations, large or small, can take to develop strong managers, including identification of managerial competencies and targeted opportunities to develop managers.

For example, College Summit worked with ProInspire to create a two-day training program for supervisors. All individuals who manage people attended, including the senior leadership team. The training focused on emotional intelligence, difficult conversations, coaching, and feedback. The organization found that the training helped create a common language and is using that to build a culture that prioritizes management.

> "
> _People don't leave companies, they leave managers. Smart companies are putting pressure on managers to step up their game."_
>
> _Lisa Orrell, author of Millennials Incorporated_

3. **PRIORITIZE COMPETITIVE COMPENSATION.** Pay matters to Millennials, and it will become an even bigger factor as the economy improves and employment opportunities expand. In addition to remaining competitive in the hiring market, nonprofits should consider how their pay scales impact the socioeconomic diversity of their talent pool. Given the high amounts of student debt facing many Millennials, competitive compensation is critical to ensure that organizations are attracting and retaining a strong and diverse talent pool, not just those who can afford to work there.

For example, San Francisco Child Abuse Prevention Center recently revamped its pay scale for employees, bringing everyone to median of market based on a study of nonprofit salaries in the area. Individual letters to each employee detailed the change and reasoning, and managers held one-on-one conversations to allow for questions and feedback.

4. **MAKE DIVERSITY AND INCLUSION A PRIORITY.** Millennials prioritize diversity and seek inclusive work environments. Nonprofits should evaluate whether their culture embraces diversity across multiple dimensions, including race and ethnicity, gender, age, ability, and socioeconomic status. Leaders need to assess their environment by having honest and open conversations with employees across levels, as well as creating channels for anonymous feedback. ProInspire contributed to research for Independent Sector's _Strategies for Talent Diversity_ report, which highlighted challenges facing the sector around diversity and inclusion: "Nonprofit employers struggle to actively demonstrate their commitment to creating a racially diverse environment and to committing the financial and human capital resources needed to fully execute effective strategies." The report lays out 11 strategies to increase diversity, with a focus on the role that leadership must play in driving cultural change. Organizations that focus on diversity and inclusion are more likely to attract and retain Millennials of different backgrounds in their organizations.

For example, ProInspire recruits young business professionals to work full-time for nonprofits as part of the ProInspire Fellowship program. Racial and ethnic diversity is a priority of the program, and over

50% of ProInspire Fellows are persons of color. The organization focuses on four key areas: 1) Addressing implicit bias that can prevent people of color from entering the nonprofit sector, specifically low compensation and employer expectations for prior nonprofit work experience; 2) Leveraging recruitment strategies to attract a diverse applicant pool, including broad outreach and word of mouth campaigns; 3) Providing support to all candidates around preparation for the interview process; and 4) Creating a support system for Fellows during their first year on the job. The organization evaluates data and gathers input from Fellows to continuously refine and enhance its processes.

5.   **ENCOURAGE ONGOING FEEDBACK.** As identified in the previous section, Millennials prefer an ongoing feedback mechanism. Yet when asked how effective is their manager at providing regular feedback, ProInspire participants rated him/her an average of 5 on a scale of 1 to 10. Nonprofits should set expectations for managers to provide honest and regular feedback, and create a culture and support systems to enable it. Ed Batista explains the four essential elements of a feedback-rich culture in a 2013 Harvard Business Review article. Feedback can help organizations align expectations between employees and managers around engagement and growth. It also confers benefits at the organizational level, as it leads to a positive work environment.

     For example, GlobalGiving has injected a sense of fun into its feedback practices. Employees ring bells to announce an exciting accomplishment and give KUDOS® bars to coworkers who have performed well on an important task or project. The organization uses a climate survey at least every other year to collect feedback on the overall environment and discern what's working and what could be improved. They also use a web service that enables employees to track goals and applaud coworker progress. Every weekly staff meeting includes rewards for those who made the best contribution to GlobalGiving's institutional knowledge platform.

6.   **PREPARE EMPLOYEES FOR THEIR NEXT OPPORTUNITY.** Millennials are eager to learn and grow throughout their careers. This can be a challenge for nonprofits, as it can be difficult to align employee desires with opportunities for advancement. In fact, ProInspire has seen that a lack of clear career paths at nonprofit organizations is a key challenge for Millennial employees. The majority of ProInspire participants indicate they are *not* clear on what it takes to get to the next level at their organization. Nonprofits should be transparent that they want to prepare people for their next opportunity, even if that opportunity may not be at their organization. In the book The Alliance, Reid Hoffman, CEO of LinkedIn, urges organizations to create a new compact between employer and employee. "As allies, employer and employee try to add value to each other. The employer says, 'If you make us more valuable, we'll make you more valuable.' The employee says, 'If you help me grow and flourish, I'll help the company grow and flourish.'" Nonprofits who are open to the fact that their organization may be a stepping stone in someone's career, or for graduate school, are more likely to attract Millennials.

     For example, National 4-H Council asks employees to set their annual goals, with a focus on one of three things: 1) Help you become better at your job; 2) Prepare you for another job at the organization; or 3) Prepare you for a job at another organization. This establishes a norm that employees can—and sometimes should—look outside the organization for personal career growth.

7. **IDENTIFY PROJECTS THAT OFFER CROSS-FUNCTIONAL WORK AND LEADERSHIP EXPERIENCE.**
Millennials are enthusiastic about trying new things and building cross-functional skills. Organizations that provide in-house leadership opportunities typically find that Millennials feel valued and empowered by the experience. In fact, these opportunities follow the most effective approach for development – learning through doing. Bridgespan highlights the 70/20/10 Model of adult learning, which shows that 70% of learning takes place through on-the-job stretch opportunities, 20% through coaching and mentoring, and 10% through training programs to grow discreet skills. This can be a win for both sides, as nonprofits are frequently resource constrained and need to leverage capacity in cost-effective ways. By providing structure and supervision, organizations can leverage Millennial interests for cross-functional work, stretch opportunities, and leadership experience, while augmenting capacity for different projects.

For example, ProInspire conducted a strategic planning process and decided to tap into our alumni base to help us do the work. We invited alumni to apply to be pro bono "strategy analysts," working under the supervision of an experienced strategy consultant. This was a voluntary commitment, with opportunity for them to give back to the organization, gain exposure to a strategy process, and build new skills. We had seven Millennials serve as analysts, contributing 150 hours in time and saving the organization more than $15,000 in consulting fees.

8. **INTENTIONALLY INVEST IN PROFESSIONAL DEVELOPMENT.** Nonprofits that actively invest in employees are better positioned to retain Millennials. Rather than defining a set learning agenda, organizations will benefit by offering employees some latitude to choose development opportunities that best support not only the needs of their current roles, but also their longer-term career aspirations. An increasing number of nonprofits are setting aside annual per-employee budgets for professional development, with priorities determined through goal discussions between employees and their managers. Some organizations are sponsoring their high performers for opportunities like ProInspire's *Managing for Success*, a leadership development program that helps new nonprofit managers increase their effectiveness. Organizations should define their future leadership requirements and provide the right type of support to grow the capabilities of the most promising candidates. Achieve Mission and Bridgespan offer resources for organizations on how to accomplish this.

For example, Share our Strength has developed "Cookbooks," an internally resourced professional development program consisting of employee-led sessions on different topics related to their expertise. The organization taps internal talent across all levels, including the senior leadership team, to run about sixty Cookbooks a year. More than half of the workforce participates in them and they now track Cookbooks as a dashboard metric. The organization has found this to be a cost-effective strategy to foster professional development and employee engagement.

> **"** *As Millennials, we are constantly looking to push ourselves and learn new skills. If our current employers don't offer this, we will look elsewhere."*
>
> *ProInspire Alum*

9. **CREATE OPPORTUNITIES FOR CROSS-GENERATIONAL ENGAGEMENT.** Collaboration among employees of varying ages can help alleviate intergenerational tensions that negatively impact workplace morale and productivity. According to a study from the ASTD Workforce Development Community, more than 1 in 3 people waste five or more hours each week due to chronic, unaddressed conflict between colleagues from different generations. Often, people use generational labels as an excuse to avoid addressing specific behaviors. Organizations that create opportunities for cross-generational engagement will help individuals build one-on-one relationships to overcome stereotypes that can hinder work. Managers should get to know each of their employees individually. Organizations can also create teams that bring together older and younger people towards a common purpose.

For example, Goodwill Industries International provides opportunities for discussions that are related to, but not directly about, work in recurring lunchtime meetings among colleagues at various levels. In the room at these "blue sky" meetings, rank and status based on position level or age are disregarded. Honest conversations between colleagues take place on a diverse array of topics, all of which are proposed and facilitated by members of the group. This allows people to dream big, share frustrations, disagree about philosophies and learn from each other.

10. **SUPPORT FLEXIBLE WORK PRACTICES.** Nonprofits that create flexible work options can strengthen their employer brand with Millennials. As identified in the previous section, Millennials expect flexibility and believe that it can boost productivity. Flexibility is also a benefit that can help offset lower compensation. Examples of flexible work practices include flexible work hours, telework, work-from-home, reduced summer hours, and discretionary time off (DTO).

For example, Tipping Point Community allows employees the flexibility to work remotely in order to balance individual needs with organizational priorities. This benefit contributes to the organization's positive work culture.

> " *I want more freedom to be flexible in my role and explore different projects outside of my regular duties within the organization. This is the best way for me to learn, explore my passions, and grow within an organization."*
>
> *ProInspire Alum*

CONCLUSION

The Millennial generation presents a great opportunity for the nonprofit sector. Never before have so many young people been motivated by purpose and a desire to change the world. In addition to their potential as donors and volunteers, nonprofits should invest time to understand the interests and motivations of Millennial employees. This will enable organizations to build stronger talent cultures and systems that are important not only for Millennials, but for all generations in the workplace. Investing in talent will help nonprofits truly leverage Millennials as a force for impact.

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ABOUT PROINSPIRE

ProInspire is a nonprofit that develops leaders at all levels for organizations addressing the world's greatest challenges. Through fellowships, leadership development, and research, ProInspire strengthens individuals and organizations to catalyze social sector performance. Founded in 2009, with offices in Washington, DC and the San Francisco Bay Area, ProInspire partners include Accion, Community Housing Partnership, Global Giving, National 4-H Council, Share Our Strength, Tipping Point Community, and Year Up, among others. The Chronicle of Philanthropy named ProInspire as one of 7 Nonprofits to Watch in 2015.

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