

Tom Little's

BIG IDEAS

for Non-Profits

In This Edition

April 5 to 9, 2021

Constant Acknowledgement Equals Better Performance

You can never acknowledge the work of staff enough. Tom explains why and how.

Should ED/CEO salaries be decided using the 8:1 ratio?

Wagemark promotes the concept of tying ED/CEO compensation to a ratio based on the lowest earners in the organization. Learn more and decide if it's the answer to executive pay.

Headline BIG Ideas

Constant Acknowledgement Equals Better Performance

The Story

It is amazing how some organizational principles stand the test of time. For non-profits, one of those principles is constantly acknowledging the work of your employees.

As part of our assistance to community organizations in strategic planning, my colleague Nancy Collins and I have the privilege of facilitating many focus groups, including with first line staff. Without exception, when we ask them what would make the organization better, we are told that it is acknowledging the people who work there and the effort they put forward every day.

With this in mind, the challenge, therefore, is to create a culture of acknowledgement within your organization. Success will ensure that your employees know that what they do is both recognized and appreciated. And the reason you should do so much acknowledging is clear: it will pay off in better employee performance.

The Skinny

Now, you may feel that your organization already does a lot of acknowledging, to which we would say, based on our experience: even too much is not enough.

Start by ensuring that in your management principles you state unequivocally, that your organization values staff as its number one asset. Then confirm that you will acknowledge both the day-to-day contribution of your employees, as well as extra effort that they provide from time to time.

Use all the tools that are at your disposal. In the non-profit realm, bonuses and other financial incentives are out of the question. Here are some that come to mind:

- A straightforward thank-you in person, by text, email or phone
- Mention in Executive Director blogs and employee newsletters

You can also acknowledge the work of individual workers in employee-wide emails. Some organizations mobilize all employees when it comes to this task. The management team gives everyone licence to recognize a colleague's achievements or contribution by encouraging them to send an e-blast to the rest of the staff as soon as they see something good happening. Bear in mind that some employees may conspire to continuously congratulate each other on doing a great job, but that tactic becomes obvious very quickly and doesn't really take away from the merits of the practice.

Better yet, think about writing thank-you cards that you mail to the employees' homes. Snail mail, maybe because it is used so little, has a big impact. I can confirm that first hand. In my files are thank-you cards people have sent to me over the years. I just don't want to throw them out.

If you are lucky enough to have a small budget, you can order off websites that provide tokens of appreciation: gift cards, mugs, t-shirts, pens, note pads and so on.

And, regardless of how you do it, acknowledgement must take place all the time. To ensure your culture of acknowledgement is sustained and enhanced, it should be an important part of operational planning. Performance evaluations for management staff should include the extent to which they constantly recognize the contribution of people working for them.

The BIG Idea

My BIG Idea for this week is to acknowledge the effort and achievement of staff too much.

Blast From the Past

Blast from the Past is a selection of previous BIG Ideas articles that you may not have read, or if you did, may have forgotten how helpful and insightful (i.e., brilliantly written) they were. This article is from 2014.

Should ED/CEO salaries be decided using the 8:1 ratio?

The Story

Bob Hepburn of the Toronto Star recently wrote about the salaries of the Executive Directors/CEOs of Ontario's community care access centres, suggesting they average \$234,000 per year while "many personal support workers and other health-care workers earned less than \$20,000 a year."

He railed against the CCACs for the way they operate and concluded: "*Premier Kathleen Wynne should step in and order a full audit of all the CCACs' books and a full review of their role in the health-care network. Such a move is needed because our health-care system deserves better.*"

The Star followed that up with an article by Peter MacLeod, co-chair of Wagemark, a Canadian foundation that advocates paying EDs/CEOs according to a ratio. On its website, Wagemark explains its approach as follows: *The Wagemark Standard is based on a formula for calculating the ratio between top and bottom earners within an organization. The standard compares the total earnings of the highest paid employee with the average pay of the bottom decile (i.e., 10% - ed.) of earners within an organization. This decile is based on the proportion of full-time and part-time employees within the*

organization. Earnings include all tax-reported income and benefits. Wagemark Certified organizations must achieve an 8:1 or better wage ratio.

The math is a bit complicated but basically it means paying the ED/CEO no more than 8 times the earnings of the lowest 10% of full and part time staff. Using the CCACs as an example, Peter suggests that the bottom 10% of CCAC workers make \$13 per hour or \$23,700 per year. It isn't stated, but it looks like this presumes a 35 hour week. Using the 8 to 1 ratio, the EDs/CEOs should be making about \$189,000, a reduction of \$45,000 from their current average.

First, a mea culpa. I am a big fan of the concept of the CCACs. Community-based services that prevent institutionalized health care make a huge amount of sense to me. From what I have seen over the years, the biggest problem the CCACs have encountered is that they are victims of their own success and have never had enough money to meet the overwhelming demand that we the citizens of Ontario have placed on them. I am not blaming government for that since we already spend in the neighbourhood of forty cents of every provincial dollar on health care, and we are in a deficit position in terms of Ontario's budget. But when Hepburn takes on the CCACs, I think he's got the wrong target. Just run through the government's so-called Sunshine List and some will be pretty obvious.

There are other problems with this scenario too. How many organizations have 35 hour work weeks? I think the more common number is 37.5, and lots are at 40. As far as I can see, as soon as you go higher, you raise the compensation threshold. Using Peter's example, forty hour work weeks mean \$27,000 for the bottom 10% and \$216,000 for the EDs/CEOs. So now the difference is down to \$18,000.

And where does 8:1 come from? Why not 6:1 or 10:1? And why the bottom 10% of salaries? Wagemark admits that there is no compelling science to its formula: *The Wagemark ratio is intended as an ambitious but not unattainable goal for many organizations. We agree there is plenty of room for debate as to whether the ratio should be set higher or lower. Ultimately, we chose an 8:1 ratio based on past precedents as well as recent research concerning optimal wage structures within organizations. We may from time to time revise this maximum either upwards or downwards based on the feedback we receive from our registered users and other experts.*

If Wagemark is low by even 1%, and the ratio should be 9:1, Peter's example goes to \$213,000 for the ED/CEO, and if it's 2% low it rises to \$237,000, which is more than the current average. Hmmm....

The Skinny

I don't want to rag on Bob and Peter too long. They do put their finger on a good question: **How do non-profit Boards decide what is fair as compensation for the job of ED/CEO?** If you are a Board member, feel free to try the Wagemark approach, but (And Bob and Peter should listen to this too) there are lots of EDs/CEOs in Ontario who would love to be paid 8 times the bottom 10% of their staff. Beware what you wish for.

The BIG Idea

My BIG Idea for this week is to consider how your ED/CEO compensation is determined, and base it on a logical and supportable rationale. That may turn out to be a ratio, as promoted by Wagemark, but there are other approaches too.

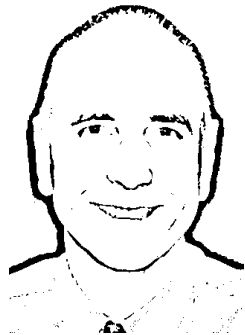
Current CMCS Clients

We are pleased to be working with York Region Centre for Community Safety, Community Living Thunder Bay, Canopy Support Services (formerly Tri-County Community Support Services), Community Living Port Colborne-Wainfleet, Community Visions and Networking (Quinte), Community Living St. Catharines, Community Living Association for South Simcoe, Camphill Community Services, Camphill Foundation Canada, Community Living Ajax-Pickering and Whitby, Tollendale Village, Willowdale Community Legal Services, Community Living-Central Huron and New Visions Toronto.

Recent clientele includes Chatham-Kent Family Health Team, Durham Youth Services, Literacy Network Northeast, Community Living Trent Highlands and Mill Creek Care Centre.

About Tom Little and Nancy Collins

Tom Little and Nancy Collins are the principals of CMCS.



In addition to consulting for many years, Tom has been Executive Director of a large human service organization, experience he brings to the table when working with his non-profit clients. In his younger days he was lucky enough to be part of three Canadian champion hockey teams while attending the University of Toronto.

Nancy's background includes a degree from Wilfrid Laurier and working at a downtown Toronto law firm. In her spare time, at least when there is no pandemic, she plays goal in women's hockey and catcher in summer slo-pitch. A life-long Leafs fan, she no longer apologizes for her unwavering commitment, given their resurrection in recent years. Now if they could just win a playoff round!



Testimonials

On behalf the Board of Directors, we would like to thank you very much for facilitating the work of creating a new strategic plan for our network. It was a pleasure to work with you and everything flowed smoothly. It is great to have this project complete! I hope we will get the opportunity to work together again in the future. **Rita Delaurier, Executive Director, Literacy Network Northeast**

Thank you so much (for your Board training)! Looking forward to the notes and your presentation was very well received! Lots of growth happening with the board and you helped steer more of that in the right direction. Really enjoy working with you and will keep you in mind for my other boards. **Natasha Cosulich Vemb, Board of Directors, Big Brothers Big Sisters of Clarington**

Thank you again to you and Nancy for all the work, dedication and effort put into this Operations Review. We made the right choice in hiring you to do this project and on behalf of the board of directors, I express our deep gratitude. **Roz Werner-Arce, Board Chair, Durham Youth Services**

Our Strategic Plan is moving along better than I could have imagined. I chair the group of around 20 Board and staff who have been meeting monthly for the past 6 months and plan to continue through the fall. Great enthusiasm from all involved and much is being accomplished already, particularly on renewed focus on our Mission and Vision. Thanks again for getting us off on the right foot! **Frank Moore, Board Chair, Community Living Central Huron**

Free Resources From CMCS

We offer a range of free resources to help non-profits be better. For your copy, contact us at info@cmcsconsulting.ca

- Board Duties
- Policy Board Model
- Board Meeting Minutes
- Board Decision-Making Checklist
- Board Evaluation Form
- Dealing with Risk
- List of Possible Board Policies
- Board Recruitment (Stop the BIG LIE)
- Management Principles
- Member and Director Qualifications
- The Importance of Planning
- Canada's Great Non-Profit Websites
- Transitioning to the New Not-for-Profit Corporations Act

Tom's Book For Boards of Directors



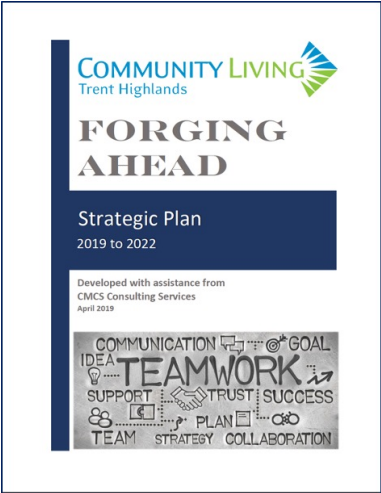
One hundred and ninety-pages. Thirty-six *BIG Ideas*. Thirteen of them are *The BIGGEST of the BIG*, ideas Tom's experience says are critical to any non-profit. Then come twenty-three *BIG Ideas*, more ways to enhance the governance of your organization.

You don't just get ideas either. The book contains all kinds of resources for implementing them. For example, *BIG Ideas* includes samples of strategic and Board yearly action plans, and of evaluation formats Boards can use to rate their own work.

Tom Little's BIG Ideas is formatted as a work book, so it can be used on a continuous basis by the Directors. It is easy to read and has a fun quality your Board members will appreciate. Just \$40 plus HST and shipping. For your copy, contact us at info@cmcsconsulting.ca.

More About CMCS

At CMCS, our specialty is strategic planning.



Since the start of 2018, the following 15 organizations have completed their strategic plans with help from CMCS:

- Kenora Association for Community Living
- Community Living Dryden-Sioux Lookout
- Community Living Trent Highlands
- Elmira District Community Living
- Literacy Northwest
- E3 Community Services
- Durham Region Child Care Forum
- Tollendale Village
- Centennial College School of Transportation
- York Region Violence Against Women Coordinating Committee
- Autism Home Base Durham
- Canoe FM Community Radio
- Toronto Island Residential Community Trust

York Region Centre for Community Safety
Literacy Network Northeast

We provide Board training that comes with a bonus: A Board action plan developed by participants based on the discussion.

Tom wrote his book for non-profit Boards, which you can buy and use as an ongoing resource. We are great facilitators and can help develop agendas for Board and management retreats.

Much of our past work has been in the human service sector, especially disability. But we have assisted in other sectors such as community colleges, local workforce authorities, family health teams, Big Brothers Big Sisters, United Ways and violence against women. We have even assisted a community radio station.

We have built our reputation on producing quality products that have great content and are appealing to look at.

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