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## **SURVEY: STAFF MANAGEMENT STRATEGIES VARY IN TOUGH ECONOMY**

**CHICAGO, AUGUST 7, 2009**—Organizations across the nonprofit sector are using combinations of staff management strategies, including salary freezes and layoffs, to deal with the recession, according to a survey Campbell & Company—a national consulting firm to the nonprofit sector—conducted in early July.

Half of organizations reported that they are freezing salaries to contain human resources costs, and nearly half (47.4 percent) have instituted layoffs. In addition to salary freezes and layoffs, organizations noted that they are:

- Instituting hiring freezes (15.8 percent).
- Imposing furloughs or reducing salaries, hours or raises, or decreasing benefits such as employer contributions to deferred compensation plans (10.5 percent each).
- Reducing or eliminating bonuses (7.9 percent), although we note that many nonprofit organizations do not pay annual performance bonuses.

“In many cases, organizations are using a mix of strategies like salary freezes and reduced benefits to try to avoid layoffs,” says Lynda McKay, director of Campbell & Company’s Talent Management Division, which conducted the survey. “Unfortunately, as the survey showed, layoffs have become increasingly prevalent in this lingering recession.”

Indeed, the survey results indicate a much higher level of layoffs among nonprofit organizations than reported in two February surveys. The Chronicle of Higher Education reported that an Eduventures survey found only 13 percent of higher education clients found had laid off staff as of February, and Marts and Lundy’s survey of a variety of nonprofit organizations found 20 percent had instituted layoffs.

Other findings from the survey include:

- Although half of organizations have instituted salary freezes, 29.5 percent of respondents are awarding raises based on performance, and 20.5 percent are giving cost of living raises.
- More than half of respondents (51.2 percent) reported that their operational budgets are lower this fiscal year, but 24.4 percent have increased their budgets, with the remaining 24.4 percent maintaining the prior year’s budget levels.
- When considering fundraising staff only, slightly fewer organizations (43.5 percent) have instituted salary freezes for these employees than reported freezes for other staff members.
- Similarly, fewer organizations (43.5 percent) reported layoffs among the fundraising ranks than across all staff, and 13 percent have increased their fundraising staff this fiscal year.

“The fact that many organizations are prioritizing fundraising is encouraging,” McKay says. “Private donations and diversified revenue are particularly important right now, and we found that to some degree, organizations are sparing these staff members a bit more from cuts.”

Respondents to Campbell & Company’s survey of nonprofits have not instituted salary cuts and freezes to quite the same degree as private-sector companies. A June survey of the private sector conducted by global outplacement consultant Challenger Gray found that 52.4 percent of companies were instituting salary cuts or freezes, up from 27.2 percent in January.

Campbell & Company conducted the e-mail survey, which had a 21.8 percent response rate, to gauge how the economy is affecting staffing at nonprofit organizations. Organizations responding to the survey represent 10 subsectors, including arts and culture, higher education and healthcare and have budgets ranging from less than \$500,000 to more than \$500 million, with the majority (60 percent) between \$1 million and \$25 million.

### **About Campbell & Company**

Campbell & Company is a national consulting firm offering advancement planning, fundraising, marketing communications and talent management services for nonprofit organizations in education, health and medicine, arts and culture, environment, social service and professional societies.

Through 33 years and thousands of engagements, Campbell & Company has helped nonprofit organizations anticipate and manage the challenges of the philanthropic marketplace. Campbell & Company’s offices are located in Chicago, Boston, Cleveland, Los Angeles, Phoenix, Portland, the San Francisco Bay Area and Washington, DC. For more information, please call 877-957-0000 toll-free, e-mail [info@campbellcompany.com](mailto:info@campbellcompany.com) or visit [www.campbellcompany.com](http://www.campbellcompany.com).

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