

Uninsured, Uninsurable



Imagine this... a highly competent President & CEO successfully navigates an organization through the COVID-19 pandemic. Shortly after, as the Board of Directors catches their breath, that same President & CEO submits a two-week notice ~ he or she is leaving for another job with higher pay, a more attractive benefit package and less stress.

Compensation can be an uncomfortable topic, even more so for organizations with tax codes designating them as “nonprofit”. A misconception exists that nonprofit professionals should take a vow of poverty and expect to make substantially less money than their for-profit peers. “Nonprofit” is a designation that encompasses so many industry segments – healthcare, human/social services, associations, education, certain financial institutions and many more. While these industries employ a large percentage of society and impact the lives of so many, people often neglect to realize executives within these organizations must be top notch.

At all times, pressure is on leaders to provide guidance, make decisions and boost morale; however, during times of adversity more weight falls on the shoulders of those at the top.

Obviously, the health impact of COVID-19 is top of mind, but the financial and emotional impacts are a close second. Lives have been lost, jobs have been cut, retirement funds depleted and mental health concerns on the rise.

COVID-19 has proven the importance of the nonprofit industry segments. In fact, while much of the economy has been shut down, so many nonprofit entities have been deemed “essential” and continue to operate during these turbulent times. The public is fortunate that these organizations employ skilled professionals and are led by tremendously talented executives. As the boards of nonprofits determine how they can best engage in their mission post COVID-19, they should work with their CEO/Executive Director to ensure continuity of their executive team. COVID-19 recovery can provide an opportunity to assess the quality and appropriateness of leadership succession and alignment via a review of executive compensation.

Executives that successfully lead their organizations through a crisis will be recruited by for-profit entities and other competitors.

Ultimately, executives must negotiate the terms of their employment with the board; however, these times of uncertainty should shift the board mindset away from... *“Can we afford to pay that highly skilled and qualified executive to retain him or her?”* to *“Can we afford not to?”*





# Gallagher

Insurance | Risk Management | Consulting

Gallagher's Not-for-Profit Executive Benefits Practice is equipped with creative plans to attract and retain the leadership necessary to successfully run your organization. Contact Rich Brock (Rich\_Brock@ajg.com) or Matt Jakubowski (Matt\_Jakubowski@ajg.com) to learn more.

*Gallagher's Nonprofit Practice consults with more than 24,000 nonprofits around the world. You can find more about Gallagher's **CORE360™** methodology online at <https://www.ajg.com/us/about-us/how-we-work/core-360/>*