



There are three sectors in an economy. The first is the Public Sector. The second is the Private Sector. And the third is the Non-Profit Sector. The Non-Profit Sector is very important to the Irish economy, employing 8.8 percent of the workforce, along with another 2.3 percent on a voluntary basis. It accounts for 8.4 percent of G.D.P.

2into3 combines the skills and experiences of the Private and Non-Profit Sectors in Management Consulting and Recruitment.

This publication will offer quarterly insights into the Non-Profit Sector, fundraising, management consulting, philanthropic trends, and developments at 2into3 itself. The newsletter is intended to inform, educate, and promote thought and discussion, so please peruse the selected articles and give us your feedback. We hope you find the items interesting and useful, and we look forward to hearing from you.

***FEE-PAYING SCHOOLS:  
THE CASE FOR PUBLIC BENEFIT***

Private schools may have a much more public future if they wish to retain their charitable status, according to educational and government sources.

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The social responsibility of fee-paying institutions is causing a buzz internationally, with advocates on both sides of the issue vocally defending their positions. The Charity Commission in the UK has warned fee-paying schools with charitable status that they must justify that designation or risk losing it.

Such justification must prove that not only the elite or rich can benefit from private institutions. Schools must create bursaries or share facilities and programmes with the wider community.

Of the 1,278 schools in the UK's Independent Schools Council, 1,044 are charities - earning an estimated 100million pounds in tax breaks annually.

It is a situation mirrored at home in Ireland, where nearly half of all fee-paying schools also benefit from a charitable status tax exemption. But the Irish system is even more controversial, as parents must donate 250euro each year for the exemption to apply - making it easy for affluent schools to earn the exemption, but leaving it nearly impossible for schools in disadvantaged areas to do so.

Teaching organisations have denounced the situation as unfair and segregationist, and educational advocates argue that it perpetuates the dichotomy of vast opportunities for wealthy children and limited opportunities for their poorer counterparts.

Fee-paying schools 'are not charities and should not and cannot be regarded as such,' Fine Gael education spokesman Brian Hayes told the Irish Independent earlier this year.



Brian Hayes, Fine Gael Education Spokesman

'If you charge a fee that by definition excludes people, where is the charity?' he said. 'Each of these schools should be able to meet a public benefit test. Are their facilities available to others, how many places are available for poorer children, can children in the immediate area attend?'

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## 2into3 WELCOMES

## EIMEAR KEOHANE

### TO THE TEAM

**Eimear joins 2into3 as a Consultant with specific responsibility for supporting our clients in recruiting junior and mid-level fundraising, marketing and communications professionals. She has held a variety of fundraising and**

'Before any charity can claim the generous tax breaks that are available, should it not follow that a clear test be applied, that goes for schools as it does for everything else?'

A set of guidelines is scheduled to be finalised in the UK this year to more clearly demarcate how schools can justify charitable status - level of bursaries, extent of facility sharing, etc. The Charity Commission in the UK has said it will help schools comply with these guidelines and subsequently keep their status.

In Ireland, it is likely that fee-paying schools will also take larger steps towards including the wider community. As national dialogue increases about social responsibility and Irish society becomes more introspective, private schools will invariably figure prominently in ensuing discussions. But the burgeoning nonprofit sector in Ireland has given rise to expert consultants such as 2into3 which are well placed to help schools as they bring themselves into line with new ideas and best practice.

'A number of private schools have already well-established bursary or access programmes aimed at the disadvantaged, such as Belvedere College S.J and Clongowes Wood College S.J.,' said Dennis O'Connor, director of 2into3. 'The motivation behind these schemes is faith-based and reflects their ethos.

'These schemes have had a long gestation period as well,' he said. 'As a result, they are providing a public good and would meet any test that would be applied here. Many others are sharing facilities but a significant number of private schools would face some challenges if the UK guidelines were applied here. Given the length of time it takes to integrate such schemes effectively into a school, they should be considered as part of any private school's strategic plan.'

**development positions, both in Ireland and abroad, and has most recently specialised in Corporate and Major Donor Fundraising. She has worked in non-profit organisations such as the Peter McVerry Trust, Habitat for Humanity Ireland and The Lothian Centre for Integrated Living, Edinburgh. She completed a Graduate Certificate in Fundraising Management with the British Institute of Fundraising in 2005. Eimear has also held a number of voluntary positions locally and internationally, and has a keen interest in development issues.**

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***EXPLORING THE LEADERSHIP DEFICIT IN THE NON-PROFIT SECTOR***

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Retirements and executive departures could leave the nonprofit sector with a leadership deficit within the next decade unless firm changes are made by charities and philanthropic organisations, experts say.

Recent studies indicate that, as a generation of baby-boom directors and executives begin to leave their posts, there could be a dearth of younger workers with the skills or desires to replace them. Surveys of emerging leaders show that many do not feel qualified to hold top positions or simply do not want the jobs - citing relatively low pay and unhealthy work-life balance as negative factors.

The sector must actively labour, therefore, to attract and keep top talent - not just by offering better compensation but by improving training, defining career trajectories and implementing mentorship programmes, according to non-profit specialists and research bodies.

'We have a lot of work to do to make "our product" - the leadership of a non-profit organisation - more attractive than it currently is,' wrote the authors of a study published this year by CompassPoint Nonprofit Services, The Annie E. Casey Foundation, the Meyer Foundation and Idealist.org. 'Overwhelming fundraising responsibilities, long hours, sub-par pay rates, and meagre consideration for retirement are not what will attract bright and talented people to non-profit careers, however mission-driven they might be.

'We heard from a number of focus group participants about their desire to do good in whatever sector they found themselves. This sector agnosticism - a growing trend, in our view - works against the notion that the non-profit sector will always have the upper hand in attracting those who are most strongly committed to advancing the public good.'

They predict that the non-profit sector could find itself in an all-out 'war for talent' with Government and business.

Colin McCrea, senior vice president of The Atlantic Philanthropies and board member of Philanthropy Ireland, recently noted that 'to develop

philanthropy properly in Ireland we need skilled askers almost as much as we need givers, and we also need more people who are properly trained in the management of philanthropic resources.'

But many entrenched traditions within the entire non-profit sector seem to be working against its preservation. Most non-profits tend to hire executive directors externally, rather than coaching their own workforce for top-level positions. One-third of workers surveyed were seeking new employment in the belief that they could not advance any further in their current positions.

Retention and advancement, then, were cited as crucial by the study in ensuring that top talent accept high-level jobs within the sector. The authors concluded that current leaders must better groom promising staff for top positions - in a transparent way that allows emerging leaders to see that they are being considered for futures within the organisation.

But the tradition of fundraising - inextricably linked to the non-profit world - also discourages many potential leaders, the survey found.

'The belief that executive directors are solely responsible for the financial sustainability of their organisations and therefore the livelihood of their staffs is also too daunting for many people,' the authors wrote. 'It is not that they shy away from responsibility in general, but that they do not want to be set up for failure . . . The top reason survey respondents chose for not wanting an executive position was the level of fundraising responsibilities inherent in the job.'

The authors concluded, then, that boards and funders must ensure that executive directors are surrounded by excellent support staff. Rather than changing just the development and training process for directors, nonprofits must efficiently develop other senior management, as well.

Thomas J. Tierney, in his 2006 paper 'The Leadership Deficit,' makes similar observations.

'To shore up the impending leadership crisis, both individual organisations and the non-profit sector as a whole must take action,' he said. 'Board members, senior managers and major donors must commit to building strong and enduring leadership teams within their own organisations. Across the sector, foundations, intermediaries, and associations need to collaborate to nurture a cadre of management talent . . . three broader actions must be undertaken: 1) invest in leadership capacity; 2) evaluate management compensation; 3) enhance career mobility and explore new talent pools.'

The 'new talent pools' of which Tierney speaks include three separate and highly interesting populations. The first ironically involves the very generation which has sparked fears of a leadership deficit in the first place: baby boomers. As they retire from *other* sectors, many will wish to lend their talents to a different, more charitable enterprise - and Tierney points out that non-profits can undeniably benefit from such eager and experienced workers. The second group includes mid-career individuals who wish to change careers. And the third involves young managers, especially those involved in graduate programmes. Non-profit management programmes are increasing - and creating a growing pool of

workers not only committed but highly schooled in the mechanics of the sector.

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### *INTERVIEW: MARK KENNEDY, MERCHANTS QUAY*

Mark Kennedy left more than a decade of work in the corporate arena to take a job in October 2007 with Merchants Quay, which works to help the homeless, drug users, and others who have been excluded. He spoke with 2into3 about his decision to accept non-profit work and his experience so far.

Q: Was your background non-profit or did you come from the business world?

A: I had done a small amount of voluntary work just here and there beforehand. My background is really from large PLCs here and in the US; that's where I was based with a multinational food group. I was the director of finance for their North American company 'La Brea Bakery'.

Q: Did you find non-profit work very different from financial work in the corporate sector?

A: I did; it was a huge change. First of all, things are very different in the charity sector. I think in PLCs the emphasis is solely on meeting targets for revenue growth and profit margins - whereas certainly with MQI, the emphasis is on the provision of services to clients. The primary stakeholders are our funders. Some fund specific parts of our projects - some people will fund the homeless services, some people will fund residential detox, some people want to look after counseling. They want a constant feedback on how that's going - what's the return? I was going to say 'return on investment,' but that's not how you look at it. They want to know how their euros are being spent and what it is achieving and whether it is having an impact on people's lives. There's a lot of communication involved.

I was in PLCs for about 12 years; it was great from the point of view that I was at the cutting edge and was thrown into many unstructured situations. There was a lot of pressure working to keep the share price up, but there

is pressure of a different sort in the charity sector. You're far more dependent on people's good will, and we don't have the same infrastructure as a multinational would have. All of our income is accounted for; there's very little in reserve.

For me, I'm much more of an all-rounder now in Merchants Quay. Partly, it's because it's a smaller entity; I'm the treasury department, I'm part of the fundraising department, I'm involved in our services, mostly from a financial standpoint - whereas in a bigger company, you're one small part of a giant machine. Even within that, you may only see certain parts of it, whereas here you see everything - which makes me feel closer to what we do.

Q: Why did you choose to switch to non-profit work?

A: When I went in to meet with the guys in Merchants Quay and with Dennis, I had a tour around one or two of the sites with the CEO and I was just blown away by the one-on-one contact he had with the clients. He knew them all by name, and they knew him by name. He was asking them how they were doing, and it was very warm with a great respect for the client group.

I saw one of our residential sites out in High Park in Dublin and had a tour around that site again with one of the clients. Just the sheer impact that we were having on her life - she was looking to get drug-free, and she was doing that through intensive counseling groups, fitness, work on diet - she was explaining to me the detail that they go to, and I really saw the humility of somebody who was looking to get her life back together. I thought to myself, 'Yes, I definitely want to be involved in this.' If I can say I played some small part in helping a few people just to deal with the toughest circumstances - some of the toughest circumstances that there are to deal with in a human life - the prospect of that just lit my flame. I was drawn to it.

Q: In your short time in the Irish non-profit sector - since October 2007 - what have your initial impressions been? Do you think the sector needs to adapt to the evolving social and economic situations in Ireland?

A: I think some of the changes in the sector you can already see starting. I think there's more of an emphasis on partnership. I think we recognise that ourselves because we operate off limited resources. I would deal with people in various other charities around the country, and we pool our knowledge. A lot of us are facing similar difficulties, so it's far easier to tackle some of the issues as a group. We have charity legislation coming in which is going to require a much more detailed standard of reporting - and there's going to be quite an effort to get that implemented.

I meet people from other charities, and we sit down, have coffee and chat about some of the joint challenges that we're facing. That's very much going to be a continuing thing, particularly as the Government's financial position was not what it was 12 months ago. I think things are going to continue to get tighter.

Q: What advice would you give to a corporate professional who is considering a switch to non-profit work?

A: I think it's a case of following your gut. I think Irish people are starting to look at themselves a little bit more now - looking past what your salary is and starting to look at quality of life issues. Part of that is people looking at 'What do I do every day? What do I contribute? Am I passionate about what I do?' One thing you definitely get in charities is passion. I think a lot of us are very connected emotionally with what we do. You see the results. When I go into work every day, I pass by clients and you know we're there for them. Certainly for me, it's something that I find very fulfilling. I feel that I definitely contributed something, I've given back something. My work is a meaningful part of my life. I haven't looked back for a second. In the PLC world, I found a constant desire for profit numbers. It just became a bit repetitive, so it's just refreshing to get away from that completely and get to a stage where the bottom line is what kind of an impact we are making on people's lives and how effectively we are reaching out to people.

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## *SUMMER SCHOOL FOR NON-PROFIT PROFESSIONALS*

Irish civil society is at a crossroads, according to the Centre for Nonprofit Management at Trinity College Dublin - and it has structured its third annual summer school programme around that very theme.

'Relationships and Representation: Irish Civil Society at the Crossroads' will examine the fact that non-profit organisations in Ireland operate in a rapidly changing environment, which brings both increasing possibilities for action and also increased expectations from the public and the State. The summer school event, scheduled for June 18 and 19, will explore how the nature and function of relationships between non-profit, political and private sectors are key to the capacity of the non-profit sector to meet heightened expectations and exploit new possibilities.

Siobhan McGee, director of new project development at the Centre, said the annual summer schools have continuously evolved since they began in 2006 - offering an invaluable forum for sector leaders to discuss advancements and issues in the Irish non-profit world.



'The School has gained momentum year on year, with more directors/CEOs from the sector attending,' she said. 'This year, the theme of the School was developed in response to feedback and conversations with people in the sector following the previous Schools - there is a great sense that the question of "relationships and representation" is a recurring challenge for the sector; hence this year's theme is very much influenced by our ongoing dialogue with practitioners.'

The Centre commissioned a Context Paper outlining trends and the current status of the Irish non-profit sector in relation to the State and its agencies. The paper first defines the sector and its characteristics, then examines key policies and relationships, looks at Community and Voluntary relations with government in other jurisdictions (Northern Ireland, Denmark and Canada), examines the findings and makes some concluding observations. It will be available to delegates from the end of this month and is intended to form the basis of the opening presentation at the summer school.

The rest of the programme will include a number of expert speakers and case studies, which will provide 'an opportunity for reflection on two quite different initiatives, relative to the existing structures and processes'. One case study will focus on a cross-departmental effort by the State to tackle homelessness; the second will explore the effort to start a new organisation in Ireland and will be presented by Salome Mbugua Henry, founder and director of AkiDwA, the organisation which addresses the needs of migrant women resident in Ireland.

The summer school programme will also offer panel sessions to examine how the sector operates in different 'spheres of engagement'. These are: Engaging within the Civil Society sector; Engagement between Business and the Sector; NPOs in the Public Sphere; Irish Civil Society and International Development; The Individual and the Sector; and NPOs in the National Sphere.

Panellists and chairs will include representatives from the non-profit

sector, the business world and the media. These include Fergus Finlay, chief executive of Barnardos and chair of Special Olympics Ireland; Jackie Harrison, chief executive of Philanthropy Ireland; Sarah Carey, Sunday Times columnist; Maurice Healy, president of the Irish Business and Employers Confederation; and Teresa Harrington, partner at PriceWaterhouseCoopers.

Ms McGee said the summer school event marked just one of the many ways the Centre can help the Irish non-profit sector by offering expert advice and exploring new dimensions.

'The Centre offers a 'space' for those interested in the non-profit sector, mainly sector leaders and others, to come together to discuss issues of overarching strategic importance to the sector,' she said. 'We also offer the opportunity to bring international non-profit experience to bear, by bringing international speakers and international academics into the Irish conversation. And of course through the output of the Centre's research programme, we can provide clarity on the size, scope and defining characteristics of the Irish non-profit sector, which is of interest also to policy makers and the public.'

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## ***SECTOR LEADERS DISCUSS RANGE OF ISSUES AT MARCH CONFERENCES AND EVENTS***

March was a busy and productive month in the Irish non-profit sector, as the nation played host to both domestic and international events.

Dublin first welcomed the Case Europe Schools Development Conference on March 2-4 - marking the first time the high-profile conference has been held outside of Britain. The programme focused on issues facing schools in Ireland and the wider European community, bringing leaders from multiple countries together to share their own experiences and learn from seasoned speakers. 2into3 Director Dennis O'Connor was among the presenters, and attendees left the three-day event armed with invaluable new ideas and advice gleaned from the speakers and from fruitful discussions with each other.

Less than a week later, non-profit professionals were invited to a landmark master class given by 2into3 sister company Prospect 23 - the only dedicated prospect research service in Ireland. The breakfast seminar

was held March 12 in The Shelbourne Hotel and introduced participants to how fundraisers in the cause-based sector can compile and manage their donor databases.

Presented by Prospect 23's Robbie Foley and Brian English, the master class focused on items that included the necessity of prospect research; gift pyramids; research report templates; and key elements in securing a major gift - such as the right time to ask, and the best place to make such requests.

And an upcoming awards ceremony being organised by STEP will give Irish professionals involved in such philanthropy and strategising to be recognised for their efforts. The STEP Private Client Awards highlight excellence among private client accountants, solicitors, bankers and trust managers. Nominations must be received by June 12 and will be judged by an independent panel of expert professionals who advise judges on the specific sectoral awards. The Philanthropy Team of the Year Award, open to international nominations, applies to teams who provide outstanding strategic advice to donors on philanthropic giving and structures. The Charity Team of the Year, open to UK and Ireland nominees, applies to teams who provide outstanding advice to charities. Winners will be announced at an awards ceremony in London in September.

More information about the awards and nominations process can be found at [www.step.org/awards](http://www.step.org/awards).

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## ***NON-PROFIT SALARIES: SURVEYS AND IMPLICATIONS***

It is a topic which invariably sparks debate both within the third sector and outside of it: salaries of non-profit professionals.

Media outlets and those unfamiliar with non-profit dynamics often draw attention to large executive salaries, questioning the necessity of such wages in connection with charities. Leaders within the non-profit sector argue many wages are not sufficient, dissuading qualified workers from applying for positions.

No comprehensive salary survey had ever been conducted involving the community and voluntary sector as a whole in Ireland. But support body The Wheel finally commissioned one, arguing that such a survey would help organisations, add transparency to the sector and stand as a 'reality check' for funders.

The survey, sponsored by 2into3 and mycharity.ie, was carried out in February and involved more than 2,700 organisations. Results will be published in the upcoming weeks.

Before this inaugural survey was carried out, The Wheel stated that its presence 'on either an annual or bi-annual basis would aid organisations significantly in terms of attracting and retaining staff and managing their scarce financial resources.'

'It would also add transparency to the sector and allow it to be seen as a professional place of work for people in other sectors,' the body said. 'It would also provide a 'reality check' for funders, including the State, in relation to the real costs in terms of employing people or providing a particular service.'

And such information and awareness is imperative, as research suggests that the sector is now an integral part of social and economic life in Ireland - employing more than 63,000 people, benefiting from the voluntary contributions of more than 50,000 people and producing an estimated annual turnover of 2.5billion euro.

'There is a definite gap within the sector for this type of information, and The Wheel constantly receives queries about what the appropriate pay should be for a particular position,' the body says. 'Many organisations find it difficult to pitch their jobs at the right level to recruit and retain good staff. The data collected will provide quality information about pay and benefits associated with a wide range of jobs and responsibility levels in our sector.'

The Wheel Pay and Benefits Survey 2008 will detail information involving eight categories of employee, including the following information: pay

scales; pay increases; bonus payments; additional payments; overtime; annual, service and compassionate leave; pension; and further education assistance.

The report will analyse organisations by size, location, type of activity (homelessness, childcare, elderly, etc) and whether the groups are direct service providers or representational bodies.

**For any additional information about 2into3, please contact Amy Curtin at [amy@2into3.com](mailto:amy@2into3.com) or +353 1 640 1914.**

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