

Sid Johnston: Leveraging Political Savvy in a Nonprofit Career

Sid Johnston had extensive banking experience before focusing his efforts on affordable housing and lending in the nonprofit sector. It was his experience at the intersection of business and politics, however, which helped ease his transition from the private sector to the nonprofit sector.

Johnston is the executive director (ED) of The Development Fund, a San Francisco-based nonprofit that creates financial intermediaries that help attract private-sector capital to a variety of community activities. As he put it: “When I first joined the nonprofit sector, I didn’t realize the extent to which nonprofit activities, particularly community development-type activities, are political. [But] I think my political background was one of the reasons I was successful.” In fact, Johnston credits a string of political experiences—in the for-profit world, and on the campaign trail—for giving him the skills to work with disparate groups on charged issues.

His first such experience took place early on in his for-profit career. Johnston was part of a small team at International Harvester tasked with creating a refinancing plan to save the financially troubled company. Two of the company’s truck plants—one located in Fort Wayne, IN, and a second plant located in Springfield, OH—were part of a public competition to provide the best financing deal to the parent company. The winner would remain open; the losing plant would close. Chambers of commerce, local politicians, and workers in both locations waged spirited public campaigns in support of their plants. Johnston oversaw the bruising political process, weighed the proposals, and ultimately made the difficult decision to keep the Ohio plant open and close the one in Indiana. “I still don’t even like flying over Fort Wayne, Indiana,” he joked. “I’m seen as the guy who killed their plant.” Nonetheless, he learned a great deal in the process, about allowing people to have their say and moderating discussions among politically diverse groups.

That knowledge was a major asset when Johnston became executive vice president/chief operating officer for Sears Savings Bank. There, he was responsible for the bank’s compliance with the federal Community Reinvestment Act (CRA) in Los Angeles County. (The CRA was designed to reduce discriminatory lending practices in low-income neighborhoods.) The role proved to be another key political training ground; it required Johnston to work closely with a coalition of community development activists and public officials to target low-income communities for investment.

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It was in 1992 that Johnston began to consider switching sectors. That year, he toured the part of Los Angeles that had just been destroyed by the civil unrest following the Rodney King verdict. He said the devastation had a powerful impact on him, and he started thinking about a career change that would help him use his experience to have even more of a positive impact on the world.

When Sears sold its mortgage business the following year and his job was eliminated, Johnston volunteered in Kathleen Brown's 1993 campaign for governor of California and became one of her major supporters. Though Brown lost the election, Johnston said working on the campaign increased his desire to have a broader social impact, and improved both his political savvy and his political connections.

Then, in 1993, Johnston formally switched sectors, becoming president and chief executive officer (CEO) of the San Jose, CA-based nonprofit organization Savings Association Mortgage Co. (SAMCO), the nation's oldest public purpose affordable housing lending consortium. There, he worked closely with community advocates, the banks that funded SAMCO, public officials, and public sector agencies to create financing packages for affordable multi-family housing developments. While the financing packages were incredibly complex—involving funding from up to six different local, state, or federal programs—Johnston said the most difficult part was balancing the interests of all the parties involved in each deal.

“The intensity of the advocacy community in community development in California is striking,” he said. “The political situation in California is probably as intense—some would say more intense—than Washington, DC, politics.”

Johnston joined The Development Fund as executive director in 1996. At the Fund, he continues to navigate politically charged waters, collaborating with a wide variety of groups with diverse political viewpoints but a shared desire to make development happen.

“The mission-oriented community tends to attract people who are truly passionate and who truly need to be heard,” he said. And the most important skill he has gained from his political experiences, he notes, is the ability to be a good listener. “You can make a decision that goes differently than [people] would have liked if they are convinced you listened and understood the point they were making.”

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