

The Challenges-and Rewards- of Transitioning to the Nonprofit Sector

Since the mid-1990s, increasing numbers of individuals have chosen to leave significant careers in the for-profit sector to pursue senior management opportunities at nonprofit organizations.

These bridgers—individuals whose professional experience comes wholly or primarily from for-profit companies prior to entering the nonprofit sector—make the switch for reasons both personal and professional.

Some individuals bridge out of a desire for more meaning in their lives. This desire is often prompted by a personal experience, such as the start of a new life stage (e.g. early retirement or empty nest), or by an external event such as a college or family reunion, or the attacks of 9/11. Other bridgers want to cultivate a new or lifelong passion for a specific cause, such as reforming the foster care system, protecting the environment, or building affordable housing. Still others bridge to pursue professional opportunities within a nonprofit organization that are not as easily found in the for-profit sector.

Understanding the rewards and challenges that bridgers experience in making the transition from the for-profit to the nonprofit sector has been an important part of our work at Bridgespan. The themes that emerge and the voices you hear in this article reflect our extensive experience with bridging—including in-depth interviews with dozens of bridgers, seminars with over a hundred prospective bridgers, and search and advisory work for more than a hundred nonprofit organizations.

That said, these perspectives do not represent the entirety of the bridging experience. Bridgers' experiences vary widely depending on each individual's personal and professional background, as well as the nonprofit into which s/he transitions.

"I make less money now, but I am much better paid."

– *Tess Reynolds*, chief executive officer, New Door Ventures, and former high-tech consultant

It is important to remember that just as the for-profit sector encompasses a wide range of companies—from a mom-and-pop store to a multinational organization employing thousands of people—the nonprofit sector has an enormous range of organizations that vary in size, structure, culture, and of course, mission.

The rewards of bridging

Bridgers describe many rewards resulting from their move across sectors. These vary widely depending on the individual, but some often-cited benefits include: making a difference; working with passionate colleagues; and the opportunity to grow professionally.

For many bridgers, the desire to make a difference in the world marks the beginning of their journey to the nonprofit sector. For [Bruce Skyer](#), a combination of turning 40 and living through 9/11 prompted him to look for more satisfaction in work than increasing shareholder value. After becoming chief financial and administrative officer of the Nonprofit Finance Fund (NFF), he said, “I can see the impact I make on a daily basis by the people who come through my door. I get more fulfillment here in a day than I did in a year in the for-profit world.”

Barbara Brenner’s desire to become the leader of a women’s health organization was sparked by her battle with breast cancer. She said she was on medical leave from her 13-year career in law when she realized: “You don’t have much time in this world. I wanted to use mine to put my advocacy skills to work for women’s health.”

Brenner became executive director of Breast Cancer Action in 1995 and has seen the tangible benefits of her work as the organization has grown to over 16,000 members and supporters throughout the country under her leadership.

Growing up in Uruguay, Michael Chu’s childhood dream was to make a difference for Latin America’s poor. After attending college in the U.S., followed by several years of a highly successful for-profit career—including positions with Boston Consulting Group and KKR, a leading leveraged buyout firm—Chu had a chance to rekindle his childhood dream.

Chu became chief executive officer (CEO) of Accion International, a nonprofit provider of micro-credit programs in South America. As CEO of Accion, Chu participated in the founding of several microcredit financial institutions throughout Latin America. These included Banco Solidario, one of the premier microlending institutions in the world, which under his chairmanship became the most profitable bank in Bolivia. He managed Accion for five years before leaving to found a private equity firm focused on high-growth enterprises originating in Latin America.

In addition to the opportunity to make a difference for others, many bridgers said their sector shift has also made a positive difference in their daily work life. Mark Medema, who moved from a career in public finance to become director of

business operations at KIPP Chicago, said he was surprised to discover that his biggest reward from bridging turned out to be his nonprofit colleagues.

“They are passionate,” he explained, “They care so much about what they are doing—you feel honored to be near them. I didn’t know I would like the people that much.”

Bridgers said they have discovered other workplace rewards too, chief among them professional growth opportunities that they would not have had access to at their for-profit jobs.

For example, bridger Marshall Chapin, chief operating officer (COO) and chief financial officer (CFO) of Envision Schools, had the opportunity to build a charter school organization from the ground up—to build a team, and to develop and implement systems and processes that were scalable.

When Chapin left Envision to join a for-profit clean energy company, he reflected on his experience building the nonprofit into an organization with 90 employees: “Envision offered me a professional experience that I never would have found elsewhere. There’s no way I would have been able to walk into a for-profit company and get the sort of responsibility and on-the-ground experience that I enjoyed at Envision.”

The challenges of bridging

In addition to the many tangible and intangible rewards that bridgers receive from transitioning to a nonprofit career, we have learned that they can also face a multitude of challenges as they switch sectors. The types of challenges generally fall into the following categories:

1. Making do with fewer resources

The financial constraints under which nonprofits operate can surprise those coming from the for-profit sector, especially for those whose experience has been with larger corporations, as opposed to smaller, start-up companies.

“Many nonprofits are cash constrained and cash flow is everything,” said Chapin. “They have to watch expenditures very carefully and cut corners where they can. The culture shock comes in many forms. For example, stuff isn’t always clean and doesn’t always work. When your computer breaks, there isn’t necessarily a huge help desk IT [information technology] group to call, and you do a little bit of everything.”

Limited financial resources can restrict managers’ ability to hire staff and consultants to develop and carry out plans. One bridger from a software company recalled starting her chief financial officer position at a \$12 million

nonprofit: “It was surprising, the scarcity of resources. It’s the hardest job I’ve ever had. You’ve got a wealth of problems, you can’t hire anyone to help you address it...You can’t throw money at it, bring on extra staff, hire a consultant.”

Chu contrasted his experience in the for-profit sector with his time at Accion, noting that when he was at KKR, “If I had an idea on Monday, by Tuesday, I had the best relevant professionals in the world fleshing it out. By Wednesday, it would be in the hands of a great legal team. By Friday, we would be ready to green-light or red-light the project. In the nonprofit world, that same process can take two years.”

Without the cash to hire extra help, nonprofit leaders typically must perform a wide range of job duties. [John Latchford](#), CEO of Goodwill Industries of the Greater East Bay, who has hired many bridgers into his organization, said this can be the biggest transition challenge for some bridgers.

“You have to wear many hats in a nonprofit,” he said. “I find that bridgers from large companies are particularly susceptible to wondering why they have to perform certain tasks and responsibilities, because they had expected a support staff to do it. I had to come to grips with some of these issues when I transitioned over so I wouldn’t fail.”

Chapin’s bridging experience confirmed this reality: “You quickly realize that everyone does a little bit of everything because that’s just how life has to be and no one is above doing any of the dirty work.”

2. Dealing in real time with many stakeholders

Because nonprofits have multiple constituencies—including the staff, board of directors, volunteers, and members of the communities they serve—decision-making often involves gaining consensus from all these stakeholders. As a result, the process can be very slow. One bridger reflected, “A lot of times because of wanting to get consensus, decisions never get made...but it’s the downside of the environment for an admirable reason.”

An outgrowth of this inclusive approach is that nonprofits have many different definitions of success—and very few of them are tied to financials. Instead, success may mean an improvement in the nutrition content of food bank donations or an increase in children’s self-esteem.

[John Tarvin](#), interim president of Jumpstart for Young Children, explained, “At for-profits, it’s fairly clear that people are managing to the bottom line. It’s harder to reach consensus on what people are managing to in nonprofits. It’s a much more subjective environment.”

Many bridgers said it can be frustrating to not know how to measure success for their organization—and sometimes even for themselves. Noted NFF’s Bruce Skyer, “Each nonprofit organization defines success differently.”

3. Finding professional development opportunities

The less hierarchical management structure at many nonprofits can be a double-edged sword for bridgers. Because nonprofit managers have a broad range of duties, they may be able to take on more challenging roles than they would have in the for-profit sector. However, many nonprofits—particularly smaller organizations—do not have formal professional development programs, so individuals have to truly take ownership of their career development.

Mark Cole, a former management consultant and hospital administrator, has served as COO of New Door Ventures since 2001. He described his self-initiated professional development activities: “I talk with our CEO about fundraising, board management, and external partnerships. I’ve taken classes at CompassPoint Nonprofit Services, and am trying to find a good, solid colleague relationship in another organization that’s bigger than ours. Recently, my most important professional development has come from the strategic use of consultants and human resources, legal, finance, and real estate professionals that I have on a small retainer. I learn by working through situations with them. It’s all been really, really helpful, but it just takes time.”

4. Adjusting to nonprofit work hours and compensation

Some bridgers are surprised by the long hours often involved in working for a nonprofit. Although there is a range of expectations regarding work hours within the sector, James Firman, president and CEO of the National Council on Aging, warned that prospective bridgers “really need to understand that you’re not only going to work for less money, but you’re going to work as hard or harder than you did on your last job. And if you think anything otherwise, don’t go.”

In reality, salaries in the nonprofit sector—while typically lower than comparable for-profit positions—vary greatly depending on the mission, size, structure, and funding situation of a nonprofit and the responsibilities of the position within the organization.

[Tess Reynolds](#), CEO of New Door Ventures, said her transition to the nonprofit sector was made easier by not coming directly from an executive position in a publicly-held company. Instead, she had taken two steps in between: running a start-up, and then running her own consulting business. “Starting two businesses from scratch taught me how to operate at a high level with less staff and money,” she said. “I had been weaned off stock options and high-class travel and other executive perks. Joining New Door Ventures felt less shocking.”

Keys to successful bridging: Identify bridging opportunities

We have observed that there are some characteristics of nonprofit organizations that seem to translate into more bridger-friendly environments. Some of these characteristics are tied to developmental stages at which organizations are typically open to change. Others are connected to an organization's culture or mission. Here are some characteristics to look for in organizations:

Start-up organizations:

Start-up organizations often have not yet established their culture and processes, making them more open to ideas from outside the sector. When Paul F. Deninger was looking for someone to run WiredWoods, a nonprofit he had founded with a mission to spark a lifelong interest in technology among at-risk children, he turned to [Dana White](#), who had previously worked for him at an investment bank. Deninger believed White's technology background and skill set made her the right person for the position. She was able to shape the organization from the very early stages.

Entrepreneurial and high-growth organizations:

Nonprofits that are positioned at the brink of something new or in a period of rapid growth are often open to hiring people with a new set of skills or approaches. When Sue Meehan joined Year Up as director of finance, operations, and student services in April 2005, the organization was growing at an annual rate of 50 percent to 60 percent. She had experience as COO of a for-profit startup, helping it grow to over \$20 million in sales within nine years. Meehan said that when Year Up hired her, "the organization wasn't at a growth point to warrant a 'chief of this' or 'chief of that,' but they wanted to position my role to eventually split into chief financial officer and COO positions. There's a lot on my plate—any time an organization is growing this fast there will be a lot on your plate."

Organizations with a for-profit element:

There are growing numbers of nonprofit organizations that have for-profit businesses embedded in their service models. Some examples include microfinance institutions, organizations with social enterprises, and venture philanthropy funds. For example, New Door Ventures is a youth development organization that runs a silkscreen printing business and bicycle repair business to provide youth with employment opportunities. When New Door's board was looking for a new CEO, the directors specifically searched for and found in Tess Reynolds an individual from the for-profit sector who could help grow their social enterprises.

Organizations with operations that mirror a for-profit:

Nonprofits such as food banks achieve their social mission through operations-heavy delivery mechanisms. The Greater Boston Food Bank is one of the largest food banks in the nation, distributing over 25 million pounds of food annually to more than 600 hunger-relief agencies in eastern Massachusetts. Catherine D'Amato, president and CEO, suggested, "It might be easier for us to assimilate bridgers because we have to run more like a business than some other types of nonprofits do. We are a nonprofit, but we think of ourselves as a charitable business."

Organizations with a history of hiring bridgers:

Organizations that have already hired and had success with bridgers in key management positions are often more open to hiring additional bridgers. In particular, bridgers with hiring authority within their organization may have a better understanding of the transferable skills of prospective bridgers and appreciate the contribution they can make in their own organization.

Keys to successful bridging: Inventory your skills and style

We have also observed that there are certain individual skills and character traits that can indicate whether a candidate is likely to have a successful bridging experience. Ideal bridgers are:

Able to translate their functional skills and management experiences across sectors

Janet Albert, former regional director of talent and recruiting at Bridgestar, explained, "In our experience, clients aren't necessarily looking for bridgers. They are looking for a specific skill set. If that skill set can be found in a for-profit person, then they'll embrace that person as a candidate."

[Mike Dunn](#), vice president/CFO of Outward Bound, described how he translated his for-profit experience into the nonprofit context: "Outward Bound was going through a geographic merger of the seven individual regional Outward Bound schools. In my prior company, I had taken three different family-owned businesses across the country and merged them. I got them on the same accounting platform and dealt with the East Coast/West Coast cultural issues that arose. There was an emotional similarity between that experience and what Outward Bound was looking for in a CFO."

Entrepreneurial and innovative

Due to the resource constraints in the nonprofit sector, successful managers often must accomplish more with fewer resources. [Frederica Williams](#), CEO of Whittier Street Health Center and a former health care finance consultant, observed, "People have a perception that people in the nonprofit world don't know what

they are doing. But I have had to be savvier here, because if you don't have resources, you have to be innovative and creative. Anyone who wants to be a leader, to be entrepreneurial, then the nonprofit world would be the best place to go."

Collaborative

Because there are so many stakeholders in the nonprofit sector, and executive power is more widely distributed than in most for-profits, it is important to be able to manage through influence and collaboration. Firman, who has hired several bridgers into his organization, provided his perspective: "Authoritarian managers and authoritarian delegators certainly don't fit in well here. I'd be surprised if they worked well in any kind of nonprofit organization. In a business where you have to manage by inspiration, you also have to be willing to roll up your sleeves and work, which some people aren't used to doing."

Adaptable and flexible

"I generally look for the ability to think critically and to adapt to different situations," said Latchford of his hiring process with prospective bridgers. "I want to see if they've got an adaptable mind because they are going to have to change their thinking quite a bit when they bridge over."

Tarvin of Jumpstart reflected on his own experience as a bridger: "To be successful, you have to be open-minded and flexible, and opportunities will appear...you can help shape and drive the organization."

Good communicators

Kathleen Yazbak, former managing director of national relationships at Bridgestar, emphasized the importance of being able to relate well not only to the staff, board of directors, and multiple stakeholders within a nonprofit, but also to members of the community and leaders of peer organizations. "When this does not happen," she said, "it can be a disaster."

Jaymie Saks, COO of Jewish Women's Archive, who bridged from a career in management consulting and business development, explained, "I've learned not to come on too strong with business rhetoric. In a nonprofit, you have more process; you have to get your ideas across differently."

Committed to the mission

"We require our employees to be very, very passionate," said Daniel McLaughlin, president and CEO of Envision Schools. "I'm not saying people in the private sector aren't, but I think we are looking for a different level of commitment than you would find in a typical private-sector employee."

Jan Dahms, who has worked for and consulted with numerous nonprofits since leaving the for-profit sector, emphasized the importance of passion, “I’m still working 13-14 hours a day. You have to love what you do, otherwise you’ll be constantly asking yourself, ‘Where is my bonus? And where are my stock options?’”

Self-aware and humble

Skyer said his bridging success was due in part to advice he received when he joined NFF: “I had been warned about not coming in as a bull in a china shop, as the ‘know-it-all’ from the for-profit world, and to be very conscious about how I suggested and made changes.”

[Brian Collier](#), a former lawyer who has held multiple nonprofit management positions, advised other bridgers, and particularly other lawyers: “Check your ego at the door. Understand that the nonprofit world has highly skilled and gifted people and people you can learn from if you’ll shut up and listen.”

The preceding lists of key characteristics for individuals and organizations obviously represent an ideal bridging model. Bridger candidates and nonprofit organizations should evaluate themselves and one another to determine whether each party has enough of the traits necessary for a smooth transition. Noted Yazbak: “In our experience, we’ve found the reality is no one organization or individual will have all of these traits. But keeping these traits as criteria is critical.”

Pathways to bridging

Despite the growth of the nonprofit sector and increasing interest among prospective bridgers, the sector as a whole lacks clear channels for accessing and assimilating talent. Personal networking remains an important method for identifying nonprofit opportunities and gaining entry into the hiring process of many nonprofit organizations. We have found bridgers can also make inroads by volunteering with nonprofits, doing nonprofit consulting, and researching job boards and working with executive recruiters.

1. Networking

[David Nelson](#), COO of National Foundation for Teaching Entrepreneurship (NFTE), spent more than two years looking for an opportunity to enter the sector. He utilized personal networks, such as an executive forum group, and applied for advertised positions. Despite his successful 30-year career at IBM, which included running some of the company’s biggest accounts in China, Nelson had a hard time getting his foot in the door. He finally connected with a woman who served on “a ton of boards” who introduced him to the founder and CEO of NFTE.

Serendipity played a role in helping Collier find his first nonprofit job after practicing law. He said he had been longing for more meaning in his work life when he learned from a close friend about a position overseeing government advocacy and legal administration for Daytop Village, a substance abuse organization. He recalled, “I had a close friend who was the right person at the right time.”

2. Volunteering with nonprofits

It is invaluable for bridgers to be able to show potential nonprofit employers that they have a track record of volunteering. Individuals have even occasionally been offered staff positions at organizations where they had been volunteers. [Christy Lueders](#), senior vice president and CFO of the YMCA of Greater Seattle, started out volunteering for the Y doing fundraising while working for a commercial bank. After three years of increasing volunteer involvement, she recalled, “One day, the CFO at the YMCA called me and said he was moving to the Houston Y and asked if I would be interested in interviewing for his position.”

3. Consulting with nonprofits

As a result of his networking efforts to find a nonprofit position, Bruce Skyer landed a consulting project with NFF, working on interest-rate-management issues. Skyer recalled, “NFF had been without a CFO for a little under a year and I was aware of the open position. The consulting project wasn’t advertised as a steppingstone, but I felt there was a real opportunity to turn the project into a permanent position.” After two and a half months of consulting, Skyer became NFF’s chief financial and administrative officer.

4. Researching job boards and working with executive recruiters

There are a growing number of organizations focused on helping nonprofits identify and recruit talent, including numerous online job boards that post senior nonprofit positions. Additionally, more executive search firms, both for-profit and nonprofit, are specializing in finding and placing individuals in senior management positions.

Conclusion

Over the past decade, increasing numbers of individuals have begun searching for more meaning in their professional lives. Many have found rewarding, challenging, and fulfilling opportunities in senior management positions within nonprofit organizations.

At the same time, there is a growing **leadership deficit** in the nonprofit sector. This is due in part to the growth of the sector and to the approaching retirement of the sector's most experienced leaders, many of whom are baby boomers who rose to leadership through their involvement in the social change movements of the 1960s and 1970s.

The entry of individuals with significant for-profit experience holds great promise and poses great challenges for the nonprofit sector. There is a premium on leaders able to deliver breakthrough results on sliver-thin margins to address society's greatest needs. But the difficulty of adjusting to work in a mission-based environment, where resources are constrained and quarterly financials no longer define success and failure, can leave some entrants unsure of their moorings.

The stories and perspectives we've shared in this overview on bridging are based on our collective observations and experiences to date. We at Bridgespan look forward to conducting more comprehensive research into the experiences of bridgers and the nonprofit organizations that have hired them. In the meantime, we will continue our work to support and strengthen nonprofit organizations by enhancing the flow and effectiveness of passionate and highly skilled leaders into and within the nonprofit sector.

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