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Nonprofit Boards Offer Career Boosts for Executives

Directorships help strengthen leadership skills and connections with high-powered players

Executives are doing good for others—and good for their careers—by joining boards of nonprofit organizations.

Consider Fred Strobel. In 2012, the Morgan Stanley executive became a director at Tuesday's Children, created to aid youngsters who lost a parent during 9/11 terrorist attacks. John Cahalane, a Tradeweb Markets LLC executive on the charity's board, wooed Mr. Strobel to accept a top post at the trading platform operator last year.

Nonprofit board experience can help senior managers strengthen their leadership skills and connections with high-powered players. They may get to “display abilities they don't demonstrate at their employer, such as strategic planning or fundraising,” says Marilyn Machlowitz, an executive recruiter who works only with nonprofits.

But unpaid nonprofit directorships often require considerable time and money, making it critical to choose the right one, experts say. Ideally, an executive “is really, really driven by passion to join a board” and works for a company also committed to that cause, says Joan Garry, a strategic adviser for nonprofits.

One-fourth of nonprofit board members took seats to advance professional or personal interests, concluded a recent survey of 2,302 directors at 84 major U.S. nonprofits by recruiters Russell Reynolds Associates Inc. Most of those polled were corporate executives.

More executives are looking to serve on nonprofit boards because “they operate in an increasingly competitive and networked world,” says Gary Hayes, a leadership and succession specialist at the search firm. The experience “builds our networking further,” he adds.

More than 1.8 million such board seats turn over annually, estimates Cynthia Remec, executive director of nonprofit BoardAssist, which matches potential directors with nonprofits.

Charities, foundations and universities increasingly are looking for more than just “give and get”—money from board members' wallets and donors.' Many nonprofits face greater pressure to operate efficiently. So they want highly skilled directors willing to donate intellectual capital as well, Ms. Remec says.

Mr. Strobel, a veteran human-resources executive, brought extensive management know-how to Tuesday's Children. He was soon named a board vice chairman. He served as a key fundraiser for its annual gala and asked prior corporate donors to buy tables again.

During his first fundraising effort in 2014, Mr. Strobel got to know Tradeweb's Mr. Cahalane. Their bond deepened after Mr. Cahalane joined the charity's board. Mr. Strobel recalls that he previously “didn't

really know people outside the Morgan Stanley world.” His latest job, running HR for Tradeweb’s U.S. operation, offered a chance “to get significantly different and broader experience,” he says.

For Christopher Blunt, joining the board at YMCA of Greater New York in 2012 enhanced his effectiveness as investment group president at New York Life Insurance Co. The provider of life insurance, retail mutual funds and asset management already supported that YMCA’s after-school program.

Mr. Blunt says he grew better at recruiting senior management for his employer after he assisted with the hunt for a new YMCA chief executive last year. He gained insights from a banker who served with him on the board search committee.

“She followed up on a candidate’s initial answers to probe more deeply into their decision making,” Mr. Blunt says. And she insisted that possible CEOs solve specific problems to see “how people think on their feet,” he adds.

During job interviews for New York Life, Mr. Blunt now presses harder with prospects to get a sense of how they handle stressful situations, he says. He and fellow interviewers also spend more time discussing whether a contender would be a good cultural fit. In June, Mr. Blunt took command of the YMCA board.

Other busy executives must relinquish their nonprofit directorship because of lack of time. In the late 1990s, a Chicago colleague persuaded recruiter Ginny Clarke to join the board of Youth Guidance, which counseled minority students at local schools.

Ms. Clarke traveled so much for work that she resigned after missing three of the group’s next eight board meetings. She says she later devised ways to handle the chairmanship of a different nonprofit because she felt passionate about Chicago Sinfonietta, a professional orchestra that promotes diversity. Her two-year stint, which ended last year, helped her land a job as a Google recruitment executive this summer.

“Join a nonprofit board to learn to be a better leader,” Ms. Clarke recommends. “Don’t do it as a résumé builder.”

Sometimes, an executive’s board involvement with a nonprofit can serve as a springboard to full-time employment. But leaving the business world for a nonprofit arena can be difficult—as Fidel Vargas discovered.

The successful private-equity executive says he lost sleep debating whether he should pursue the top job at the Hispanic Scholarship Fund four years ago. Already a board member, he had received \$9,000 in fund scholarships while a Harvard undergraduate and M.B.A. student.

“I was conflicted,” Mr. Vargas recollects about his disrupted sleep. “You make a lot more money in the private sector,” he says. Still, money “wasn’t the most important thing to me either.”

Mr. Vargas quit as a managing partner of Centinela Capital Partners and became the fund’s president and CEO in January 2013. He says he found it difficult to take a 45% pay cut, and stopped treating family and friends to extravagant meals.

“The biggest adjustment was working harder than I was in my prior job,” the nonprofit leader says. “During the first few months, I was the first one here and the last one to leave”—usually 13 hours later.