

COGNITIVE DIVERSITY: PRIVATE SECTOR TALENT IN THE NONPROFIT SECTOR *challenges & opportunities*

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Bridge Partners is an executive search firm with its own mission: we aim to advance the recruitment and retention of high caliber, diverse leaders across both our international development/nonprofit practice and our global private sector practice. We support our clients in their efforts to attract the very best leadership and know that, by focusing on diversity-inclusion in all its forms, organizations can cultivate a management team that offers a range of experiences and backgrounds, is innovative, can mitigate complex problems, and reflects the communities, constituents and customers they serve.

Using the Global Geneva 2015 list of the Top 500 NGO's as a starting point, it is evident that some of the more 'traditional' measures of diversity (race, ethnicity, nationality and gender) continue to be a challenge. Among this group of high impact organizations, only 4% of CEO's are of African descent, 18% of Asian descent, and just 7% of Latin American/Hispanic descent. At over 60%, executives of

European origin (both men and women) remain over-represented in leadership positions. Total representation of women in leadership roles is only 40%, with 63% of those women being of European origin.¹

A concerted effort and investment in diverse, local talent would be very beneficial to sector innovators. There are many opportunities, and some challenges, related to the recruitment, retention and development of local teams (which we will discuss elsewhere) but "For an international organization, having a truly international workforce can be seen as a matter of fairness and equity...increasingly, hiring talent with deep knowledge of local problems and challenges is also seen as a way to build effectiveness, impact, and sustainability into the job of doing good."²

What is Cognitive Diversity and how does it apply to the international development sector?

A recent research report published by the Center of Talent Innovation³ defines diversity as both inherent



(traits you were born with) and acquired (how you act as a result of life experiences). Cognitive diversity is the latter – in very simplistic terms, diversity in the way that individuals think, based on their life experiences. An example, in this case, could be experience gained in the private sector.

The most innovative organizations will identify and value both inherent and acquired diversity, and create an inclusive culture where both can be leveraged.

One of the greatest benefits of having a diverse set of experiences and backgrounds is "cognitive conflict". In essence, this is the different ideas and approaches that

are surfaced when a group is faced with complex problems and the need for collaborative solutions. When members of a group consider a problem from different perspectives, underlying assumptions are challenged, new topics of discussion arise etc.

We are at a time when the social/international development sector is changing and innovating – the ideal time for a concerted effort around diversity-inclusion. Organizations are seeking more diversified funding sources, there is a growing field of venture philanthropy and impact investing, private sector partnerships are increasing, we see the strength of emerging economies.

The current rate of disruption and evolution (some might call it revolution) is stunning in a sector that, rightly or wrongly, is characterized as thoughtful, deliberative and, in some cases, ponderous. It is both exciting and daunting. However, many of the drivers of this change, as well as its pace, are familiar to other sectors. Just some of them include:

- Donors are seeking increased effectiveness, impact and sustainability – an equivalent to corporate shareholder value and “return on investment”;
- Innovative social organizations are seeking market-based solutions and implementing an “act global, think local” approach that has been successful in many areas of the private sector;
- Simultaneously organizations struggle to reconcile global and regional budgets with local empowerment - addressed previously in many areas of the private sector;
- Cross-sector alliances and public private partnerships will require some of the complex project/financial management

skills and collaborative problem solving approaches gained through corporate mergers, acquisitions and integrations;

→ Today’s international development and social justice players move billions of dollars around the world, and the largest of them are developing complex organizational structures that begin to mirror the Fortune 500;

→ Everyone is seeking more data to support findings.

It is becoming evident that there is an increased demand for some of the skills and experiences that might already have been gained in the private sector (i.e. a form of cognitive diversity): flexibility/adaptability, entrepreneurship/innovation, agile/decisive, strategic approach/ “thinking big”, global mindset/inclusive etc.

How is this diverse talent leveraged?

First to address one key point: being a successful leader and contributor in the social sector requires “more” than can be learned from a career in the private sector. There are nuances to this space that are an undoubted learning curve (and, often, frustration - see later). The most successful private sector leader could fail dismally in the social sector. What Bridge Partners has been seeking to discover is “why”? Is it cultural? Is it outcomes-based? Is it related to differences in budget? Does it derive from missed expectations?

If we can agree that cognitive diversity will help to drive innovative solutions on a global basis, can the skills of private sector executives be effectively embraced by nonprofit organizations to achieve greater impact, scale and leverage?

In June 2015 Bridge Partners reached out to over 100 leaders* in the global development and social justice sectors, to ask just that. As you will see on the following pages, the answer to that fundamental question was a resounding “yes!”

However...

As an executive search firm operating at senior levels in both the nonprofit sector and the private sector, we have experienced that a genuine desire to introduce diverse leaders to a team who will “shake things up” by thinking and acting differently, does not always translate to action.

This is not specific to the international development or nonprofit sector, it is a challenge faced by organizations large and small. It is always easier to hire with a low-risk lens, which often translates to who or what you know best.

So, we also asked our survey respondents to discuss potential hurdles and challenges to success. And then to consider how the sector might overcome them and/or find opportunity.

We think you will agree that the responses provide a valuable lens on the issue of innovation and cognitive diversity. Our intention is to use this data as the basis for a deeper dive into some of these topics, in future publications.

FOOTNOTE 1 - Fairouz El Tom - Africa Is A Country blog, May 13th 2015

FOOTNOTE 2 - Donna Bryson, SSIR, Spring 2014 - “Diversifying NGO Leadership”

FOOTNOTE 3 - How Diversity Drives Innovation: A Compendium of Best Practice, Center For Talent Innovation

* The respondents reflected both leaders from the field and head office; they include HR and talent leaders, but also CEO/President and other operational leaders.

1 Do you believe that the leadership teams of today's international NGOs, social justice and multilateral/bilateral organizations can leverage the skills and expertise of senior private sector leaders, in certain roles?

"They should but I don't think they know how."

"Yes. In the right roles. There is not a universal fit for private sector skill sets in all roles. For example, roles involving volunteers and some program activity may not be a good fit for individuals from the private sector."

"We have been successful in hiring leaders from the private sector and assimilating them into our culture and humanitarian space. It's about the willingness to 'learn' and humility..."

"I believe bringing for profit managers into the nonprofit sector is critical. I made this transition myself. The skills I brought are not part of the DNA of most nonprofits and while some staff within the organization view me and others as changing the culture...it has enhanced the organization's ability to improve systems and strategies, and build a sustainable model."

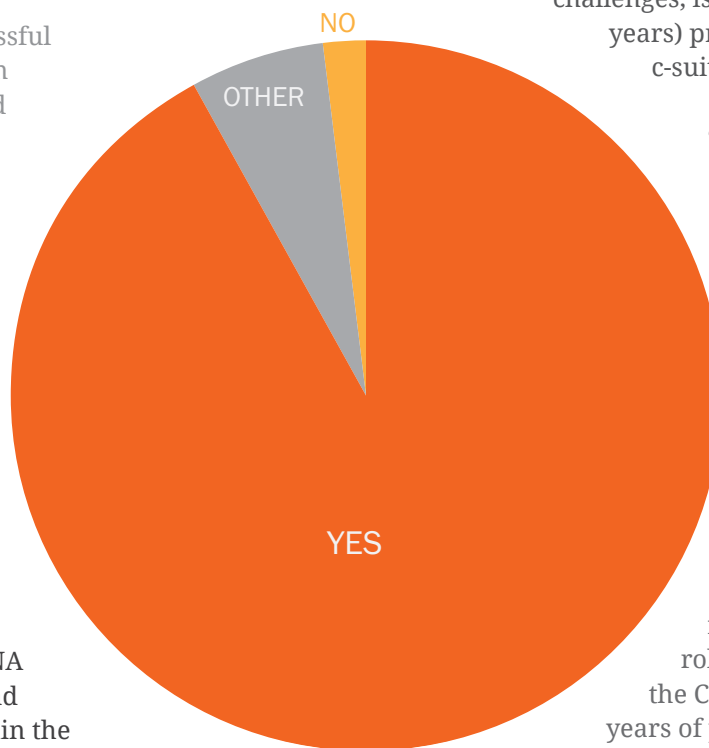
"I find certain positions 'cross over' better than others. COO and IT roles seem to have the best potential to work, whereas hiring a corporate sales/marketing person as a fundraiser has never worked in my experience. A 'softer' factor is the need for humility, which has been lacking in many of the corporate candidates for jobs with my organization."

"It depends on the level of the role. I'd say at the manager or director level, we've successfully hired, onboarded and retained many private sector people. But these are more likely to be people with 4-8 years of private sector experience who have always had an interest in international development. Where I've seen bigger challenges, is bringing in lifelong (20+ years) private sector players in c-suite roles."

"I have seen a few organizations make concerted efforts to hire for certain positions from the private sector. But, in my opinion, the NGO world has conservative hiring approaches."

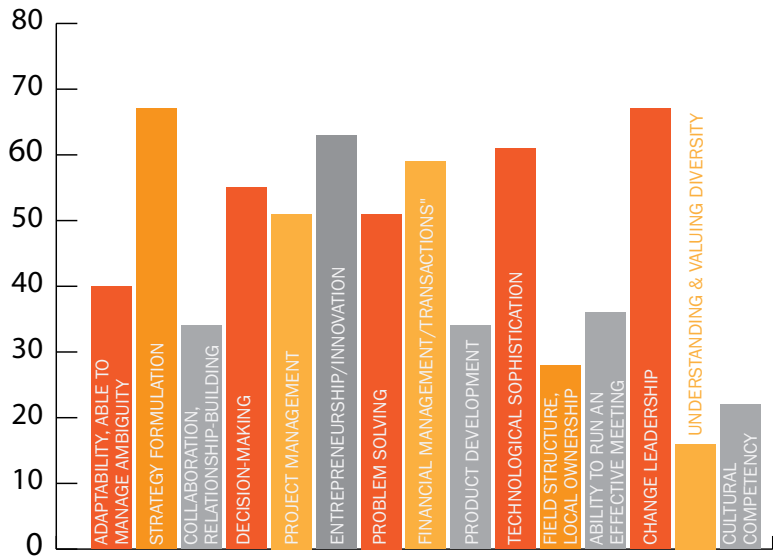
"Some organizations value this, while others don't. A number of years ago, interviewing for a director-level NGO role, I was surprised when the CEO noted he thought my 3 years of private sector experience was a liability."

"Clearly, it depends on several factors: the position requirements re: experience, the specific mission / strategy of the organization, the internal culture... the authentic understanding of and deep interest in the organization's work, issue context, and theory of change."



2

If you answered yes to question 1, which of the following skills/experiences do you believe private sector leaders could leverage to the greatest positive impact on the development sector?



“While there is often good reason to look to the private sector for leadership talent, and while I see such successful transitions (I did it myself), experience shows that the greatest risk of such hires is taking a too-narrow focus on the skillset of desired candidates and not enough on the cultural fit and genuine motivation of the candidate to dedicate herself/himself to achieving the mission.

Without demonstrated interest in, knowledge of, point of view about the mission/vision/plan & strategy of the specific organization to accompany experience and past success, we won’t hire them.”

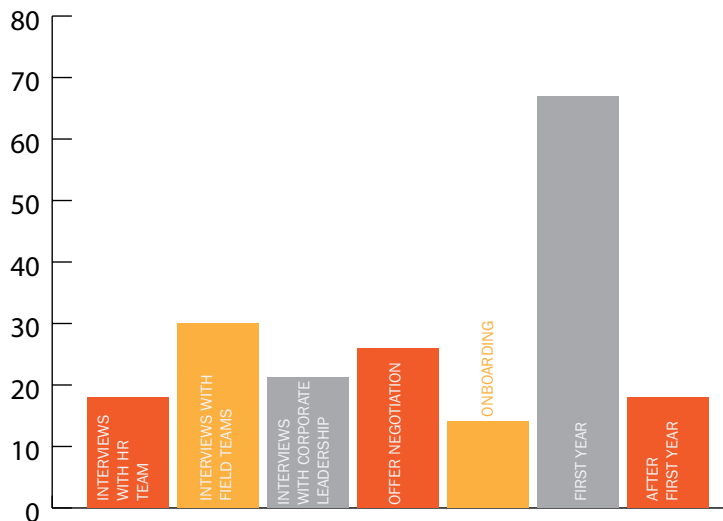
“I think they can benefit from all these areas, but I don’t think that they are open to most. NGOs don’t think that the private sector understands the sensitivities of

development work. NGOs think that their challenges are unique and look down on the private sector.”

“I feel private sector executives have a lot to offer to the iNGO sector, specifically fiscal discipline.”

3

If at all, at which point do you most frequently see senior private sector executives “fail” in international NGOs, social justice or multilateral/bilateral organizations?



“The “failure” may often come before the interview process; NGOs view themselves, their culture and their outcomes as highly specialized and not understandable by those outside of the NGO sector. Private sector candidates often are overlooked due to “fit bias” during the initial CV screening process.”

“Unless the executive truly understands the impact of the lesser salary and benefits, they can’t adapt to the salary being offered - so, it has to be at the right point in their life to work in humanitarian sector.”

“Important to any new hire is a well-structured onboarding process (introduction to the organization). What do they need to know during the first 30/60/90 days of employment? As well as time with supervisor/manager to help them manage the transition and setting expectations early on.”

4 Do you believe international NGOs, social justice and multilateral/bilateral organizations are prepared to receive and leverage senior private sector executives?

“Yes, if they are mission aligned and have specific skill sets.”

“Assimilation is the challenge – not by the private sector staff – but by the NGO staff, accepting them into the team and giving them what they need to be successful.”

“I believe NGOs are ill-equipped to deal with the sophistication and business savvy of the private sector leader. My experience tells me that NGOs are often resistant to the kinds of changes that a private sector leader brings and hence push back even harder than others.”

“If referring to “cultural” preparedness, probably not. But, in some functions like strategy, finance, marketing, most probably are prepared and welcome the addition of senior private sector experience.”

“‘Sometimes’ - as much depends on the individual profile & technical specificity of different roles... Most organizations expect new hires to be able to ‘hit the ground’ running. This is not completely possible for new hires who have never worked in the sorts of contexts & situations humanitarian organizations find themselves. Without taking

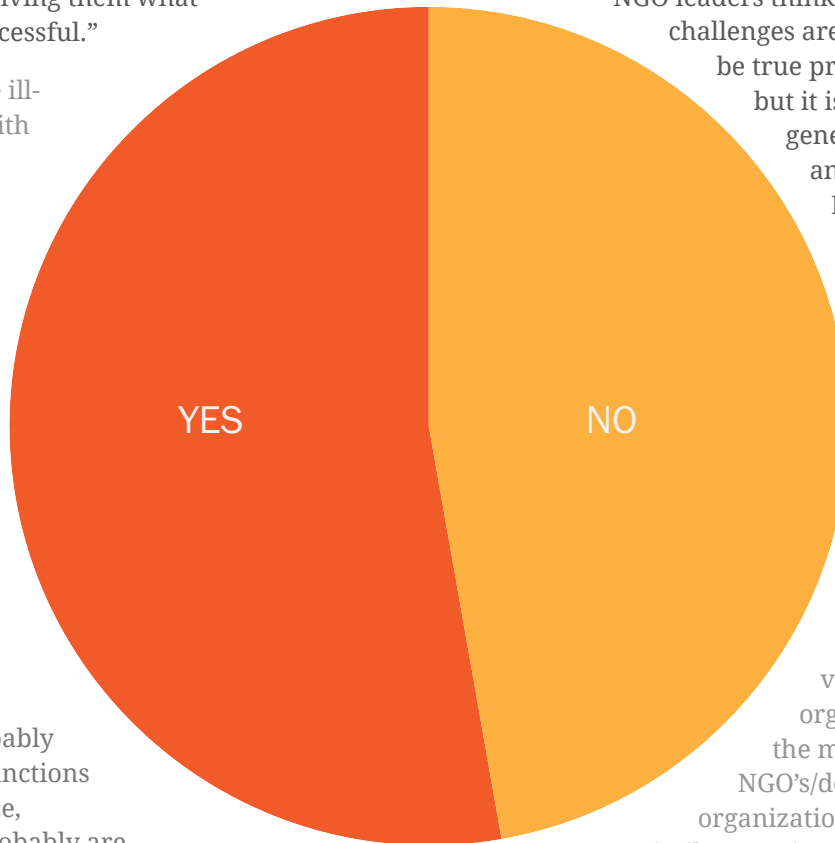
time to manage expectations, talk through the differences between the two sectors, reinforce what is ‘normal’ it will always be uncomfortable for all involved.”

“NGO leaders think that their challenges are unique. That may be true programmatically, but it is not so for general management and strategy.

Because most NGO staff are overwhelmingly programmatic, and so are their leaders, they tend not to see the value outside of their sector.”

“It seems to me that the variation in organization size is the most telling. Larger NGO’s/development organizations function very similar to private sector.”

“[One option is] secondments between INGOs and private sector organizations... High potential leaders in INGOs go to corporate and corporate to INGOs. This is the best opportunity for people to see what the sector is all about and to engage with them early in their career.”



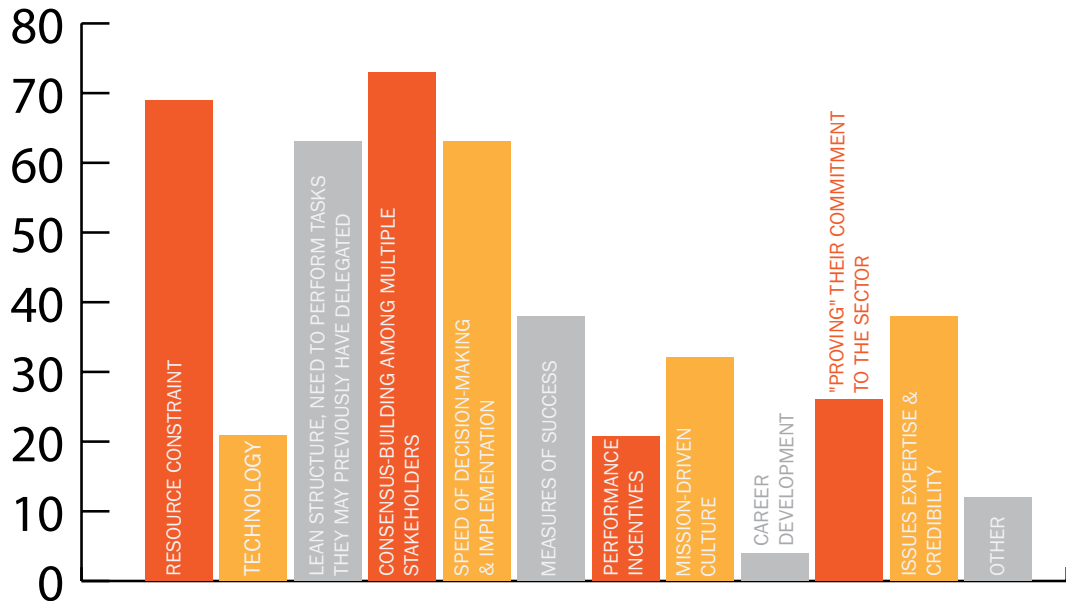
5

Once onboard in the sector, what challenges do you believe private sector leaders struggle with the most?

“1. Personal ability and competence to adapt to an environment of ambiguity whether structure, decision making or accountability. 2. Personal adaptability to different environments and stakeholders. I find those who have a global perspective and worked with different cultures in other roles are able to make the transition more easily. 3. Stereotypes or biases of long-term development colleagues of what working, leading, and success in the private sector is and how it is achieved by those leaders. 4. Private sector leaders who expect that working in this sector will be “easier” or less demanding or a “retirement” job.”

“Specifically for NGOs: scale. Most of the organizations are much smaller structures. Lack of global operating policies and procedures.”

“I think one of the challenges may be the very different organizational cultures of non-profit organizations vs the for profit world, particularly in the area of performance measurements. In for-profits, often it is much easier to measure or see tangible proof of success, i.e. meeting sales, revenue or production targets. In the non-profit world, what constitutes success, particularly of a senior level director/manager, can often be more vague and subjective.



“The pace of change and general progress. Non-profits typically use a lot of consensus building to move forward or make decisions; this takes lots of time.”

“The biggest hurdles I had to overcome were the additional ambiguity, lack of speed of decision-making, lack of funds/resources to tackle all that needs to be done. Setting clear expectations of the challenges/opportunities is essential for sustainable success.”

“As someone who has made the transition from the private to the nonprofit sector, the biggest difference I encountered was much less rigor in strategic planning and decision-making processes.”

“Senior leaders coming into the sector need to be aware that while they bring much needed leadership capacity & other skills they cannot arrive believing they ‘know it all’ or can quickly diagnose the problems & solutions. Contexts, teams & programs are highly complex so the advice that all new managers are given to take 3 months before instituting changes, applies even more to those unfamiliar with the sector.”

6 *How might organizations in the development sector improve their ability to recruit, retain and leverage the skills of senior private sector leaders?*

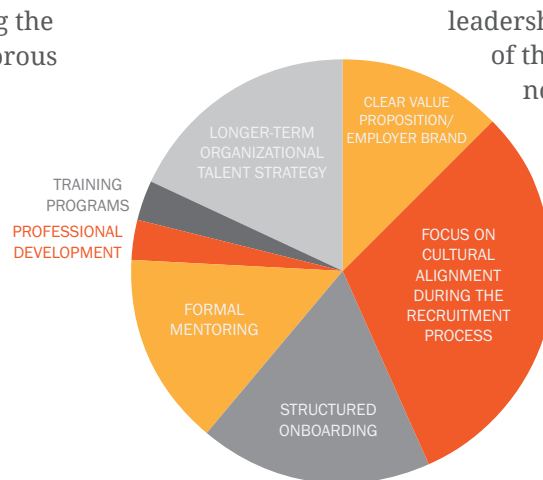
“First, it’s about selecting the “right” leader; more rigorous and sophisticated recruiting processes help there. Second, the organization needs to be open to new ways of doing things, willing to change and adapt for the better. People often say they want fresh talent, but then resist new ideas the talent brings when it comes in. Likewise, the new hire needs to come in eyes open to the resource-constrained world of international development.”

“What you are looking for is people who have actually done things and have concrete skill sets and experiences that they can bring to the sector, not guys who sat in a room of big chairs and whose only claim to fame is that they sat in a slightly bigger chair. There also has to be a clear willingness to serve.”

“I think the biggest keys here -- nearly 100% -- is matchmaking through the recruitment/selection process with honest expectations-setting.”

“In my experience, many private sector leaders “romanticize” what it would be like to bridge to the nonprofit/NGO sector without real clarity on the challenges. Better upfront orientation (e.g., spend a day shadowing a senior leader at the organization?) before acceptance/onboarding, might be one idea. Certainly, mentoring/connections to others who have successfully bridged would be very helpful.”

“A commitment from the leadership to communicate clearly to the staff the value of a diversity of skills and experience would be important to overcome initial cultural resistance. Of course, a certain humility on all sides is the most important--too often, private sector leaders come in believing they have “superior” talent/



leadership/skill having survived the “rigors” of the marketplace; on the other hand, non-profits can be overly precious in staking their commitment to a mission and be blind to the value of different perspectives and skills; in the end, forging a culture of acceptance to embrace the benefits of bringing the two worlds together can make the difference.”

“The first six months are critical, it is important to support the new leader translating his/her knowledge and expertise. I found internal coaching and mentoring worked well.”

“I see lots of organizations that would love the leadership, financial and technical ability of private sector leaders - I don’t think those leaders are often flexible enough to adapt to their new organizations... much preparation needs to be made to identify culture match during the interview process, and establish a realistic job preview process for corporate people to understand what they’re getting into.”

“Total compensation can also be a factor preventing non-profits to attract talent from the private sector. The private sector normally offers superior compensation for executives in the form of bonuses, stock options, etc. That is very difficult for non-profits to match.”

“Spending time assessing a candidate’s ability to tolerate slower and more collaborative decision making in a development organization during the recruitment process is imperative. On the flip side, assessing an organization’s sincere interest in hiring a private sector employee is equally important. Can the senior team truly tolerate the diversity at that level and be open to working in new ways? I think desire for the diversity is not always aligned with what the culture can honestly tolerate.”

About Bridge Partners

Bridge Partners is a retained executive search firm with unique expertise in attracting and retaining senior, global, diverse executives. Clients include major corporations, nonprofits, public sector, and entrepreneurial organizations across the US and around the world.

What they have in common is a desire to adapt to a changing global market and diversify their leadership teams. They retain Bridge Partners to leverage our innovative search approach and our track-record of presenting the highest caliber executives.

Diversity-Inclusion

Diversity-inclusion is not an “initiative” for us. It is what we do.

Our team reflects a commitment to driving diversity in all its forms, embedding this core value in every aspect of our culture and practice. We have grown our business based on the knowledge that a diverse leadership team is critical to our clients – not just to reflect employee base, communities and constituents served, but also to encourage innovation and progressive decision-making.

We have a proven track record of building effective leadership teams by:

- Providing a higher level of service, embedding diversity and inclusion into every aspect of our client work
- Raising the degree of expectation regarding inclusion in our candidate slates
- Partnering with clients to ensure they gain access to the very best executives in the marketplace, remaining focused on ability as the top priority, regardless of race, gender, or any other defining characteristics

Select Nonprofit Client List

Acumen
 Benwood Foundation
 Blue Cross Blue Shield
 Boston Children’s Hospital
 BRAC
 Cape Abilities
 City Harvest
 Cleveland Foundation
 Communities in Schools
 Connecticut Council for Education Reform
 Consumer Finance Protection Bureau
 Cradles to Crayons
 Education for Employment
 Federal Home Loan Bank
 Gallaudet University
 Global Resilience Partnership
 Habitat for Humanity
 Jackie Robinson Foundation
 Lutheran World Relief
 NAMIC
 Network for Teaching Entrepreneurship
 Pact
 Simons Foundation
 South Asian Youth Action
 Starbucks Foundation
 TIAA-CREF
 Turnaround For Children
 Vermont Foodbank
 Woods Hole Oceanographic Institute

Select For Profit Client List

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 Barnes & Noble
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 Choice Hotels
 Colgate-Palmolive
 CVS Caremark
 Foot Locker
 Fossil
 General Electric Company
 GNC Corporation
 Grant Thornton International
 Kaiser Permanente
 Macys
 McKesson
 Michael Kors
 Microsoft
 Northwestern Mutual
 Novartis Pharmaceuticals
 Owens Corning
 Prudential Financial
 Sodexo
 Starbucks
 Starwood Hotels & Resorts Worldwide
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