

Where the Jobs Are: Nonprofits Hire More For-Profit Managers **The Wall Street Journal, April 17, 2008**

Gary T. Johnson, a Chicago securities attorney, took notice when a "perfect storm" of events converged on the Chicago Historical Society in March. The nonprofit organization was in the midst of a \$22 million capital campaign, renovating 75% of its galleries and losing a well-known president.

"My wife and I looked at each other and she said, 'Gary, they need you,' " says Mr. Johnson, 55. He applied for the job made vacant when the former president, Lonnie Bunch, agreed to head the Smithsonian Institution's National Museum of African American History and Culture. Mr. Johnson, who is active in Chicago civic affairs, has been a leader of large nonprofit law groups and headed development committees. In late July, after three months of interviews, Mr. Johnson was named the society's eighth president.

While the percentage of private-sector executives hired to run nonprofit institutions remains small, it's growing. For one thing, the time is right. The number of nonprofit groups in the U.S. is swelling, and the supply of nonprofit executives qualified to fill president and top development jobs is tight, say search professionals.

Excluding religious organizations, about 278,000 nonprofit groups were formed between 1997 and 2003, reports the Independent Sector, a Washington, D.C.,-based coalition of nonprofits. Retirements at the top and more pressure on existing leaders from boards of directors also is causing turnover.

Still, job hunters should bear in mind that demand in the field isn't robust across the board. Organizations in financial straits are doing very little hiring or, in some cases, trimming jobs. And if you're interested in switching in from a corporate job, be prepared for a smaller paycheck.

Although pay is increasing among nonprofits that are hiring, it generally remains modest compared to private-sector compensation. The average annual salary of top nonprofit executives (executive directors, chief executive officers and presidents) rose to \$92,411 in 2005, from \$90,422 in 2004, according to a survey by NonProfit Times, a twice-monthly trade publication. Recruited executives fared better, with CEOs of nonprofits recruited by Witt/Kieffer, an Oak Brook, Ill., search firm, in 2004 receiving average base salaries of \$165,263 and bonuses averaging 19% of their salary. Pay for fund-raisers isn't far off, says Dennis Barden, a Witt/Kieffer managing partner.

"Rates of compensation for fund-raisers are pushing against the CEO," he says. "It's very difficult to find an experienced chief development officer for less than \$150,000."

James Abruzzo, executive vice president and managing director in Newark, N.J., for recruiter DHR International Inc., says demand is so high for nonprofit presidents, vice presidents and fund-raisers that his firm won't accept every assignment. "It's exceeding the supply of people," he says.

In the art world, for instance, 18 major U.S. art institutions, including the Cleveland Museum of Art and the Miami Art Museum, are seeking new directors, according to the Association of Art Museum Directors in New York. Millicent Hall Gaudieri, the association's executive director, says she can't remember a time when so many director jobs were open at large art institutions. Retirements, relocations or differences with boards are behind many of the vacancies, she says.

Demand for executives is strongest at well-known, financially strong organizations with large endowments. But other groups are cutting back or unable to hire. These include social services and other organizations that receive the bulk of their funding from the government, says Mr. Abruzzo. Midsize and small classical-arts organizations -- orchestras, dance and opera groups, for instance-- also have struggled since the recession, says Mr. Barden.

Nonprofits are more likely to consider candidates from the for-profit sector if they have a history of volunteering or nonprofit board memberships, because they are more apt to understand the nonprofit world, says Mr. Barden. "There's a difference between how these sectors run their businesses," he says. "Just because you are a CFO of a Fortune 500 company doesn't mean you can be the CFO of the Smithsonian."

Kim McCalla, 48, was working as a senior project manager for a Baltimore building developer this spring when the National Aquarium in Baltimore needed to hire a new senior director of capital planning. Ms. McCalla, who has been a member of the aquarium's board for the past decade, was a logical candidate.

The job on the institution's five-member leadership committee became vacant as the aquarium readied its largest expansion, an Australian wild-animal exhibit, and prepares to break ground on a center for research and learning as it becomes more conservation-and research-oriented. The aquarium will hire about 20 new professional staffers this year, according to a spokeswoman.

"They came and asked me if I would take on the job," says Ms. McCalla, whose background includes 15 years of building large projects for the Maryland Stadium Authority. "I thought it was interesting and exciting, and I like these one-of-a-kind projects," like the Australia exhibit.

Even though Mr. Johnson says history is his first love and has a history degree, he didn't plan on having a second career outside of the law. "I know a lot of lawyers do burn out and look for other careers. I wasn't one of them," he says.

Connections helped his case. When he learned of the opening, he sought advice from a friend who heads WTTW, Chicago's public-television station. The friend encouraged Mr. Johnson to apply and called a WTTW board member who also serves on the historical society's board. She was skeptical about Mr. Johnson's candidacy but agreed to review his resume, Mr. Johnson says. He was called to meet with an executive recruiter screening candidates and emerged as the top choice as the board narrowed the field.

Mr. Johnson says his new compensation is lower than what he earned as a lawyer but adds that "he's lucky enough to be at a point" where he can take a pay cut. During job-offer negotiations with the board, he says he asked for the same level of pay as the previous president. "I didn't want to disrupt any of their usual ways of doing things," he says.