

Fiducient Advisors, Nonprofit Investment Stewards Podcast Episode 53, October 26, 2022

The Secret Sauce for High-Performing Nonprofit Organizations with Jeffery Perry

[00:00:00] Welcome to nonprofit Investment stewards with Bob DiMeo and Devon Francis from Fiducient Advisors. Bob and Devon are passionate about helping nonprofit organizations prosper. Whether you oversee endowment foundation or retirement plan investments, this podcast exists to help stewards improve performance, reduce costs, and discover strategies that enable your charitable organization to prosper and advance its mission.

Now onto the show. Hello, and welcome back to the Nonprofit Investment Stewards podcast. I'm Bob DiMeo. It's always good to be joined by cohost Devin Francis. Today's guest is incredibly accomplished with extensive experience at world class organizations. He is about to share insights on two fronts. First, we'll talk about what's in the secret sauce for high performing organizations, including how they approach managing their investments.

Then we're coming right at you, the nonprofit leader [00:01:00] with great advice on what makes leaders effective and a whole lot more. Before that, Devin, how are things. Great, Bob. I'm always happy to be here. And today we are joined by Jeffrey Perry. Jeff is founder and CEO of Lead Mandates llc, an advisory firm that helps organizations improve business and leadership performance.

He's a global strategic business advisor with relevant experience that spans 20 years combined as a partner at Ernst & Young and at Kearney. He's a highly skilled and passionate leader with a focus on purpose led leadership and execut. Today, he's a member of both corporate and nonprofit boards, including Fortune Brands, Equitable Funds, Babson College, Chicago Children's Museum, the Harvard Business School, African American Alumni Association, and more so he's a busy man.

Jeff received his BS in marketing, quantitative methods with high distinction from Babs. And his MBA from Harvard Business School. In [00:02:00] addition, Jeff has included in Sevo Magazine's 2021 most influential Black Corporate Directors and Financial Times Agenda Diversity 100. Jeff Kuwait. A resume. You have welcome to the show.

We're thrilled to have you here. Great. Thanks for having me. I really appreciate the opportunity. Jeff, I echo Devin's thoughts. Great to have you here and, and with such extensive experience working for leading organizations and really world class organizations, perhaps we can start with you bringing us up to speed on your current endeavors, including lead mandates.

Yeah. So building on what has already been shared, I guess the way to think about it is to take you back to October, 2020 when I announced my retirement from EY after 16 years and an actual 30 year career in, uh, management consulting in, in general. And on that day, I, I made three announcements. One. I just summarized my, uh, career, which has already been, uh, shared in terms of my [00:03:00] role, um, in terms of leading clients, leading our people, uh, during my career in, in consulting.

But the second thing that I announced on that day was my desire to lean into. Corporate board service because as an active EY partner, I could only serve on nonprofit boards, um, which I have. But I, as a retired partner, have the opportunity to serve on for-profit boards. So what I'm currently doing, like as was mentioned, uh, since December, 2020, been on the Board of Fortune Brands, uh, home insecurity.

In 2021, I joined the board of Equitable Mutual Funds, and I will be joining a third, uh, listed company board that will be announced, um, later this year. So, really excited about that. And then the third thing that was announced, um, back in October was launching my llc, uh, lead mandates, which I basically did because I wanted to stay relevant in the marketplace of ideas and relevant as a, as a thought leader.

So it gives me an [00:04:00] opportunity to, um, provide leadership and business, um, advisory services. And so currently I'm involved in that as well as writing on a variety of business and leadership topics, um, that helps organizations both for profit as well as nonprofit, um, navigate through. The, uh, the unusual situations and uncertainty that we're all experiencing today.

So that's what I'm, um, currently focused on. And Babson College was also mentioned, and since the middle of last year, uh, While I've been building my portfolio from a for-profit, um, perspective, uh, at the middle of last year, I actually had the opportunity to become the chair of the board of trustees at Babson College.

My, my alma mater. I just celebrated my 35th reunion from Babson. My second son is also a senior at Babson. So since the summer of last year, I became the chair board of the board of Trustees. And for those of you who are, [00:05:00] who may not be familiar with Babson College, uh, it's a school that is founded in.

Really grounded in the focus of entrepreneurship and entrepreneurial leadership. And it has been ranked number one in entrepreneurship for over, uh, 25 years. Uh, and the focus of the school is basically to empower global leaders who create economic and social value everywhere. So it was somewhat of a plot twist in terms of me being a chair of the board of trustees, but that's, that's something that, um, I'm, I'm very passionate about as well.

And one last thing, I just finished my, uh, six year tenure as the chair of the Chicago Children's Museum at Navy Pier in Chicago. So, if anyone is familiar with, uh, Chicago and has been to, uh, Navy Pier and has experienced, uh, Chicago Children's Museum, uh, that's also been, uh, an organization that I've been very much involved with as.

And what a special place that is. Oh, [00:06:00] absolutely. So Jeff, we mentioned in the open that we'd ask you to tackle two main tracks. So let's begin with a macro look at high performing organizations and work towards the endowments that support them. So starting with your, your website, your website is very robust, and you write about the importance of purpose for a high performing organization.

Can you expand on that a bit? Yeah. And first of all, thanks for going to my website and reading some of my thought leadership. I, I certainly appreciate that. With regards to high performing organizations, and I think this is relevant for, for profit as well as nonprofit organizations, one of the things that, that, that I've seen, um, particularly recently is the importance of organizations to be.

Very agile and to be able to adjust to the changing environments and the, uh, the challenges that, um, are, are facing all enterprises, um, you know, across [00:07:00] society. And we saw that a lot through Covid in terms of how many organizations were able to adapt and change. Exercise muscles that they didn't really know that they had, and organizations that were most successful in doing that were organizations that were already grounded in a clear sense of purpose and a clear strategy.

So they had that foundational piece in place, and so it created a, an opportunity to. Um, be agile and, and nimble because it was based on something that was, um, very meaningful to that particular

organization, to stakeholders, customers, employees, et cetera. And I think that's a big distinction versus organizations that were.

Quite frankly, ruthless, if you will. And it, it, it made it much more challenging in terms of [00:08:00] navigating, um, through the environment. And I saw that from a corporate perspective, I saw that from a higher ed perspective. And I also saw it from a, from a nonprofit, um, perspective as well, because I'm also a big believer that, um, Uh, and the reason why, again, purpose and strategy is, is important, is because those elements, when you enter into a crisis situation, um, the organizational culture is not developed during, um, a crisis.

It's actually revealed, um, uh, through a crisis. So having those foundational pieces around purpose, strategy focus, have been really important, uh, elements to. Help companies be successful and organizations be successful going forward. So we'll wanna circle back to that. I think particularly when we talk about track two, and that's some of the leadership because it, it is no small feat, right?

To deal with the, uh, [00:09:00] sort of, uh, issue de Azure while at the same time remaining focused over the longer term. So we'll wanna circle back to that, uh, when we chat about some of the personal leadership, particularly among nonprofits. But I'd like to chat a little bit about endowment management and you play a critical role at Babson and, and, and other organizations as well.

And I'm just curious with the markets as volatile as they've been this year. Again, not trying to get too caught up in the day to day, but curious if there's been any evolution in strategy or asset allocation, uh, at Babson or any endowments that you may oversee. Yeah, I think my perspective here is based mostly on my Babson experience.

Um, and I would say that at the school there's definitely a focus on making sure that there is a, a balance in terms of growing the endowment as well as, um, being focused on current use, um, opportunities, if you will. Now, we all know from a current use [00:10:00] perspective, Areas tend to be, um, very much focused on specific programs and specific initiatives that may be the passion of a donor or passion of um, uh, um, a certain entity.

So for example, at at Babson. We were fortunate to receive a 50 million gift from the Arthur Blank Foundation. Arthur Blank is AABs alum to fund, uh, the, uh, Arthur Blank School of Entrepreneurial Leadership. Again, expanding on the notion of entrepreneurship and, and entrepreneurial leadership. That's a, that's a very focused, um, uh, uh, use.

At the same time, Babson focuses on making sure. Endowment is viewed as importantly as current use. And even if it may not seem to be the most interesting stressing why it's very important. And the way the school does that is because it grounds it in the [00:11:00] purpose of the institution. So for example, if people are very passionate about certain scholarships that, um, benefit BAB and students today, there's the opportunity through.

Contributions to the endowment to ensure that those scholarships are, are endowed for a longer period of time and actually have a legacy, um, associated with it. So, uh, there's a very high focus on that in terms of articulating what are those key elements within the endowment that, um, supports longer term, uh, programs, if you will, and longer term, Elements that are really core to who the, um, who the school is and, and the populations that it serves.

So making sure that it's beyond just thinking of, Oh, endowment isn't very interesting or isn't very exciting, and current use is far more interesting. But underscoring [00:12:00] the fact that you have to

have, uh, investments from a longer term perspective that. Aligned with the purpose of the institution. Yeah.

Fundraisers always say that it's harder to raise funds for endowment purposes because just like you said, they're, they're not quite as exciting, uh, if, if the money doesn't get put to work right away, but of course are so important to the sustainability of, of the institution. So as we stay on the topic of endowment investing, can you share your with us, uh, with regard to mission-aligned investing or ESG investing, and then perhaps also DEI and B with regard to investment management. And, you know, I know that the two are distinct and separate, but they do sometimes go hand in hand. So do you have any thoughts about either of those two topics from an ESG perspective?

Landscape continues to, uh, evolve. One of the things that we've done from [00:13:00] a, uh, Babson perspective is to make, uh, a commitment around, uh, responsible investing. And that's part of the, the charter of, um, uh, our investment committee. Uh, I also have a unique role as being a board member of, um, Equitable Mutual funds whereby, Many of the funds in the portfolio may have ESG strategies cetera, and then from a corporate perspective on, on Fortune brands understanding, um, an ESG story that, uh, corporations need to, to craft as well.

My perspective on ESG is that, um, it is an evolving area. It will continue to evolve and it can actually make a difference in terms of how. Um, investment decisions are being made and, uh, can have a, a very, you know, positive impact from an overall, uh, uh, return perspective. I also have a view on, um, ESG [00:14:00] that basically says that because the environment is evolving, um, so quickly, it's really important to be.

Um, really strategic and focused in terms of what elements of vsg really matter, either from an investor perspective, from a corporate perspective, uh, et cetera. And by having. The perspectives on ESG grounded in Strat, again, in strategy and purpose. It allows certain organizations to, um, lead and tell a story from an ESG perspective is very authentic as opposed to just being reactionary around every topic that, that, that comes up.

And it also, uh, eliminates the ability for organizations to take kind of. Peanut butter approach as it relates to esg. So those are some of my thoughts there. I know I, I came at it from multiple different lenses and perspectives, which I [00:15:00] actually think is valuable for the different, um, uh, seats that I'm, you know, that I'm in going forward.

You also asked about dei, I think, um, From a DEI perspective, you know, at Babson it's something that's very much integrated across the institution from the faculty, the staff, the board experience, uh, the student experience, et cetera. Um, and it's fundamental to how the institution thinks about what makes for an entrepreneurial leader, um, which.

Is, uh, someone with the ability to lead diverse teams to understand different points of view and perspective. So it's kind of embedded in the dna, um, of the institution. I think in terms of endowment management and, uh, investment committees and so on and so forth. I think it shows up in terms of the composition of our investment committee.

Uh, Individuals with significant investment experience, but from [00:16:00] a, um, diversity of perspectives, you know, some are very steeped in equities, others in fixed income, others have, um, perspectives on, on private equity or, um, social impact investing. So having those multiple perspectives, I think from a tactical perspective, uh, in our investment committee is something that's helpful as.

And before we move on, Jeff, you used an interesting phrase that I've never heard before. You said, um, that the peanut butter approach with regard to ESG investing, can you explain what you mean by that and you, something that you were trying to avoid using the peanut butter approach? Yeah, in fact, I actually wrote an article on that, uh, to my website.

It's called Authentic ESG. Uh, not whackamole nor peanut butter. And the peanut butter approach is to say that, um, and let's take it from a corporate perspective, that, [00:17:00] um, you're gonna approach everything the same, um, from an ESG perspective. So like, cover the entire landscape from an ESG perspective and try to be all things to all people.

Um, I fundamentally think that that is not a sustainable approach, because what you'll find is in many organizations, there's certain things that are material from an ESG perspective based on the company strategy and based on, um, uh, their purpose. And those are the areas that, uh, organizations can actually lean in and be leaders in, and then just be threshold in, in, in everything else.

And. I think that's an approach that is more effective because the ESG landscape continues to evolve. So if you try to be all things to all people, you can never stay ahead of it. And then on the other end, the whack a mole is just being reactionary, um, and responding to things as, [00:18:00] as they pop up. My argument is that organizations are more successful when they pick the areas where they actually can lead.

In that are authentic to who they are, they're likely to be more sustainable, uh, longer term, and then be threshold in other areas. That's helpful, Jeff. And, and I think now's probably a great time to shift to our second track, and that is insights for nonprofit leaders, or quite frankly, leaders of any organization for that matter.

Um, it's really important as we head towards potentially even more challenging economic periods to think about this and leadership and such. And if we start bigger picture, focus on one of the recent white papers that caught my eye on your website with a great. Great resignation, refocused as great re-engagement.

Would you just share a little bit about that? Interesting. Yeah. Again, thanks for, um, reading the [00:19:00] article. Um, I tried to come up with, uh, topics that are, are meaningful based on what we're all experiencing today. And of course there's been significant discussion about the, uh, great resignation, but I wanted to take a step back and think about it a little bit, um, uh, differently.

And what, what I basically write about is that what I basically, uh, write about is. The great resignation really isn't something that's terribly new. Uh, and if you go back, uh, there have been people looking at different opportunities for, for many, um, of, of the past several years, quite frankly, since 2014.

It's just that during Covid it became, Very much accelerated and coming out of Covid became very, very accelerated. Um, with over, I believe 47 million, um, departures in 2021. So many organizations have focused on, okay, what do I need to do to, uh, keep my [00:20:00] talent? And, you know, they've come up with different ideas around flexibility, about pay, about, um, um, health and wellness, et cetera.

Rather than just being reactionary and, and starting to put things on the table to see what will resonate with, uh, employees, other organizations, uh, have an approach that I would describe more as the great re-engagement. So rather than giving people reasons, just just to, um, you know, not to leave, if you will.

But to create an organization that is compelling and that really sends the message to why people should want to work, um, uh, at the organization and to have a compelling work and career opportunities and just some more proactive approach as opposed to a reactionary one. And so that's really the premise of the.

Uh, uh, uh, the article that I wrote, um, and I also cite in there [00:21:00] that, you know, 81% of of business leaders believe that when their employees are, um, very much actively engaged, that that is a key driver of overall, um, retention. So creating those, those, those reasons and, um, compelling stories for why people want to be in certain organizations as opposed to just trying to keep them from leaving.

That's a great perspective, Jeff. So let's shift to a discussion on personal leadership in nonprofit organizations. And you know, as Bob mentioned, this advice can apply to any sort of, of leader, um, in your personal leadership service offering. You talk about the role that vulnerability plays, and that's a little different than what listeners might have heard before.

So can you share some insight about that? Yeah, I think the notion of vulnerability, um, particularly in the environments that that we're in now is, um, As important now [00:22:00] more, more than ever. I mean, if you take a step back, if you think about some of the traditional things that we think about from a leadership perspective, it's around, you know, insights and, um, being able to inspire people and being able to, um, uh, Have answers to, to, to problems and, and problem solving, et cetera.

But we are in such an environment where things are changing, uh, so rapidly that the notion of. Being vulnerable and not having all the answers and needing additional perspectives. Uh, and taking accountability are things that people don't naturally think about. But if you actually can harness that, it can be a very, um, powerful, it could be a very powerful leadership, uh, uh, uh, tool if you will.

And the, that, the reason being is that it creates the opportunity to develop. Uh, deeper relationships with, uh, [00:23:00] uh, the teams that are being, uh, led and by letting your guard down and basically saying, We are facing challenges, and I don't have all the answers. You're actually inviting people in the organization to play a bigger role in developing solutions.

And that drives engagement and that drives affinity. And uh, it can be very, it can be very, um, powerful. So things like, Sharing what the organizational challenges are as opposed to trying to protect the rest of the team from what the, the real challenges are. Um, acknowledging that, um, you don't have all the answers.

Again, that invites people in to be part of the solution. And then, um, uh, another element of taking responsibility, personally. Taking responsibility for your own actions, including mistakes. Um, now, What's interesting about that one is that sometimes people believe, Okay, now I'm exposing [00:24:00] that I'm not perfect, and I, I've made mistakes.

But the real benefit of it is that it actually models the behavior that we expect from people across our organizations to, you know, take responsibility and to take ownership. And when you as a leader demonstrate the ability to take responsibility for your own actions, it creates a platform. To hold other people accountable because if you're holding yourself accountable, then you can hold others accountable as well.

So that was the, that was the note, That was the notion there that, um, it's just a different way of thinking about, uh, uh, a leadership in a way that actually, uh, can lead to stronger and more effective, um, leaders going forward. That's really helpful. So I guess, um, I'll just ask another follow up question.

Other than vulnerability and personal responsibility and accountability, um, are there any [00:25:00] other qualities that you think really make for effective leaders? Um, Yeah, there's several. Um, but a couple that come to mind is, uh, just the notion of we as leaders have to be open to lifelong learning. Um, gone are the days where you go to undergrad, you go to grad school, you start your career, you develop a track record of performance.

Um, you have ascended to leadership levels either. In companies or in nonprofit organizations and everything like that. And again, you know, have all of this, this wisdom and perspective that's all great and that's all foundational. But another thing that's really important is the ability to continue to learn and to to continue to, um, Uh, learn new skills and, and flex, um, muscles that you hadn't flexed before.

So I think particularly today, um, the most [00:26:00] effective leaders are actually lifelong learners. Um, and you know, I've written about that as well. And you know, you look at people like Warren Buffet invested 80% of his time in reading and thinking, um, throughout his career and, um, Bill Gates read a book a week, including a yearly two week reading vacation throughout his entire career.

So, um, and these are very successful people that are, um, lifelong learners. Jeff, you shed a lot of terrific insights. Anything else that you'd like to share or underscore? Yeah, I think the other thing that I think is relevant for the current environment that we're in, um, and the, the pressures that leaders have in, in nonprofits as well as in, in, in incorporations is the importance of just having, um, uh, personal balance in terms of being able to, um, [00:27:00] Uh, what I like to use the term of harmonizing.

Um, free time. Free time, and me time. So fee time is what you're paid to do. Um, free time is your volunteerism and, and, and giving back to society. And then me. Time is making time for, uh, your self, family and friends. And given all of the pressures that everyone is under, Having that balance and the ability to harmonize across those dimensions, I think are really important, and that gets to the notion of the importance of being present.

So if you're, um, working and you're, you're focused on a set of issues to, to be present in that and, um, not be distracted. Um, that's also true if you're serving nonprofits, um, you know, lean into the issues that you're trying to, uh, address during your volunteerism to make sure that you're impactful. And then, [00:28:00] When you are, um, focused on yourself, making sure that you're taking time to, um, uh, uh, recover and refresh and re-energize and all those things are, are related.

So I think that's a, an important skill that, uh, leaders today really need to have. That's great. I I like that. Uh, the, the cadence of that fee time, free time, and me time. So while we're on that topic, when you're away from your work and your volunteer activities, so outside of that fee time and that free time, what do you like to do with your me time?

Yeah, that's a great question. And, and one of the things that I always say is that if I, if I write about something, I have to make sure that I'm like actually doing it in my own life, . So, um, with, with my me time, uh, it is got a, a few dimensions. Uh, I'm a. I'm a very avid connected fitness enthusiast. Um, I'm an avid Peloton bike [00:29:00] rider.

I have a Peloton trip, plus have a tonal, um, uh, digital weight system. I have an hydro rower and um, so I'm really into that. And in fact, actually, Had the opportunity to ride my Peloton bike on a Good Morning America segment. Back in 2018. They were featuring, uh, Peloton riders in New, at the New York studio, the GMA studio, and they were featuring two home riders, a woman from LA and me from Chicago.

So if you ever look it up, it's actually on my website too. Of me riding my Peloton bike on, on Good Morning America. So I'm very much into that. Um, because I'm a big believer in, um, physical fitness. I also think that that enhances, um, you know, my leadership. Um, personally, I'm also an AVI golfer. Um, uh, I'm, I'm not a great golfer, but I, I, I do enjoy, uh, uh, the game and it's, uh, something that we also do together as a family and [00:30:00] related to family.

Uh, we enjoy international travel. Um, my wife and I have three, um, uh, kids. Um, there we're technically empty nesters. Now my youngest daughter just started, uh, freshman, her freshman year in college. Uh, we also have a, a college graduate. And my, um, Other son is a, uh, college senior. So enjoy spending time with them and we enjoy, um, traveling together and have some great memories, um, from that as well.

So those are some of the things that, uh, uh, round out my, my me time. Absolutely. That's great. So, Jeff, before we let you go, if listeners want to learn more about you or lead mandates, how would you direct them? Yeah, you can go to my website@leadmandates.com. Uh, there you'll see, um, services, um, both business services as well as leadership services, um, described there.

In addition, there's a thought leadership section, um, that features, [00:31:00] um, the different article articles that I write. You can go there and subscribe for updates. Um, and I also post those, um, articles on LinkedIn. Um, and I'm pretty active on LinkedIn as. That's great. Well, we are so appreciative of your time and your expertise and the, the varied perspectives that you have, so thank you so much for joining us.

Thanks for the invitation. I really appreciated the opportunity. Thank you Jeff. Uh, and Jeff shared excellent insights. For more on the topic of endowment management during Tough Times, check out an article I just wrote titled At Your Side For the Rough Ride. We'll include that in the show notes as well as a link to fiducian website where you can access many timely resources.

So to all you good stewards, thanks for investing time to help your nonprofits prosper. We'll connect with you soon on the next episode. Thank you for listening to the Non-Profit Investment Stewards podcast. Click the subscribe button below to be [00:32:00] notified of new episodes, and visit fiducian advisors.com for more information.

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