

☞ **Phil Anthrop**, continued from page 72 and community—that build authentically great organizations,” Satveer said.

Taking a page from Daniel Pink’s new book, *Drive: The Surprising Truth about What Motivates Us*, the Meaningful Purpose Foundation publicly asked corporations to kick out their paid consultants and contemplate a new model for compensation.

After considering a roster of candidates, MPF chose AIG as its first pro-bono engagement. Following the collapse, the public vitriol over AIG bonuses spilled over to the end of executives’ driveways, where protesters shouted and waved signs. While AIG was a ward of the state, almost all bonus recipients felt pressured to forgo half of their millions in bonuses—only to later unanimously rescind their give-back pledges. AIG was a poster child for how out of whack the entire field of corporate compensation had become.

AIG’s reaction to the Meaningful Purpose Foundation’s recommendations was quite bitter.

“That’s when we realized that corporate America had a lot to learn from the nonprofit sector in how to reasonably motivate people, pay them fairly with good benefits, and, mostly, to offer equal amounts of encouragement and succor alongside moderate amounts of cash and equity,” Haddad said.

The Meaningful Purpose Foundation launch event was a mirror image of the Corporate Philanthropy Day event in New York City, with 20 nonprofit HR directors pledging \$10 million in free consulting time to help struggling banks get back on their feet. Speaking at the dinner at Trump Plaza, Chad Wilson, the volunteer lead on the AIG project, and the director

of human resources for Community Services, Nashville, announced their recommended compensation plan for AIG:

- Eliminate commissions on sales
- Readjust salary bands so that the ratio of compensation from the top to the bottom is no more than 100:1
- Eliminate compensation for board directors (other than reimbursement for expenses)
- Provide one-on-one coaches to corporate board members (e.g., volunteer nonprofit board to buddy up and talk public service).

According to Wilson, “Highly accomplished nonprofit boards attract top talent and have no need to compensate their university or major art institution trustees. When corporate boards stop paying their boards beyond reimbursement for expenses, the conflict of interest surrounding compensation will diminish. Clearly corporate board members, including the so-called independent board members, don’t want to be seen as beholden and unwilling to question management.”

- Create bonus schedules based on 720-degree evaluations, with equal weight given to opinions of panels of community members in communities affected by corporate operations.

“The entire field of corporate compensation consulting has been corrupted and needs to be replaced with nonprofit advisers and legitimate, evidence-based compensation surveys,” Wilson said.

AIG’s reaction to the Meaningful Purpose Foundation’s recommendations was immediate and quite bitter.

“Who are these people?” one former AIG bond trader who requested anonymity complained. “And what exactly do they know about our business? It’s fine if they want to drive Volkswagen Beetles

and send their kids to public schools, but don’t impose your life on us! I don’t work 80 hours a week to make other people feel better. This is pathetic!” This reaction echoed the bulk of the feedback the foundation received. AIG management scheduled a meeting but later canceled it and the board of directors declined to meet, citing a conflict of interest.

“These industries are hard to change, especially financial services.”

—John Crosby,

professor of international relations

The altruistic impulse on the part of the nonprofit volunteers, who only wished to make finance a more humane work environment for its workers, was lost on the banking community.

“These industries are hard to change, especially financial services,” concluded industrial relations professor John Crosby, the author of *Compensation and Incentives: Practice Fails to Apply to Theory*. “Despite some excellent conceptual work on the rewards of life, almost all our research shows that a substantial part of the population places a greater value on money than on human relationships. They just really, really like it.”

“Nevertheless, I hope the Meaningful Purpose Foundation will keep raising these compensation issues, but maybe with a different occupational group,” Crosby concluded. “Perhaps with musical instrument makers, organic farmers, or even philanthropists.”

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SATIRE



Giving Back Nonprofit-Style: Corporate America Gets Precious Advice

By Phil Anthrop

INTERNATIONAL CORPORATE PHILANTHROPY Day in New York City was an irony and an inspiration. A celebration of worldwide business generosity was held shortly after the same lauded corporations were scorned for their shortsighted greed and blamed for the Great Recession. The fact that following the downturn there had been no apparent change of heart led a group of enterprising volunteers to come to the aid of the financial services industry in an unexpected way.

“When we saw the painful circumstances of the TARP [Troubled Asset Relief Program] recipients and their public struggle with how to fairly compensate their hardworking bond traders, we knew it was time to give back to those who gave so much advice to us,” recalled Jennifer Haddad, the director of human resources for Habitat for Humanity International.

“Surely what we have learned from millions of volunteers is that money alone does not build great organizations. The carrot and stick have failed. Americans yearn for purpose-driven lives, which \$10 million bonuses can never satisfy,” Haddad added.

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—Jennifer Haddad,
director of human resources,
Habitat for Humanity International

After the banking meltdown and its aftermath, with the embarrassing scene of billion-dollar New York banks skulking to Washington hat in hand, Haddad and other charity leaders felt a duty to give back. America’s nonprofits had benefited so much from the free, unsolicited advice they had received for years from these corporations.

Bringing Purpose to the Financial Sector

In 2010 the Meaningful Purpose Foundation (MPF) launched to offer confidential technical assistance to reengineer corporate compensation structures, bringing motivational concepts refined over the past 10 years by innovative nonprofits as well as Silicon Valley-based startups. Newly appointed Meaningful Purpose Foundation CEO Rinal Satveer noted

that “corporate philanthropy has long combined pro-bono consulting help to improve the management of nonprofits with their cash gifts and in-kind contributions and volunteers. In our case, MPF will zero in on strategic HR and compensation consulting for the financial services industry.”

While nonprofit organizations have grumbled good-naturedly about corporate volunteers that behaved as though *virtually any corporate executive was inherently qualified to give any nonprofit organization management advice on any subject*, Haddad and Satveer wanted to avoid any hint of presumption by adopting a narrow mission.

“These corporations have a right to learn that people are not motivated primarily by material things; that only cheapens the employer relationship. Million-dollar bonuses have never achieved the intended result—only a desire for more and more—as we saw from the abominable judgment and rank perfidy rife in the ranks of AIG, Bear Stearns, and Countrywide Financial. At the end of the day, it is intrinsic reward—such as meaning, autonomy,

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