



Number 13

*Join Us in Our
Continuing Discussions*

How does your organization handle board recruitment? Are your methods different than they were five years ago? What tools are most helpful in preparing board members for service?

We're interested in hearing from you on this topic. Send an e-mail to info@wolfkeens.com or fax a response to 617.679.9700.

We'll post your comments in the Publications section of our web site, located at www.wolfkeens.com.

Working Paper

“Plus Ça Change...”

What's New About Boards?

Dr. Thomas Wolf
*Chair & CEO
Wolf, Keens & Company*

Every few years since my textbook on managing nonprofit organizations appeared in 1984, I am asked by the publisher to update it. The title has changed twice¹, specific chapters have come and gone, and others have undergone major revision. But, surprisingly, the chapter on boards of trustees has not changed substantially. Despite transformations in society, in the funding environment, and in patterns of nonprofit administration, many of the fundamental ideas about boards seem to hold.

Boards should be composed of interested and engaged people with the proper range of skills, committed to a nonprofit organization's mission, and representing the diversity of the community. Trustees should be willing to give and raise money and to carry out their fiduciary oversight responsibilities. They should focus on policy, not day-to-day operations. With respect to the chief executive, their job is to hire responsibly, regularly evaluate and support the individual, and if absolutely necessary, terminate his or her employment with the organization. Trustees must make sure the corporation meets its legal requirements since they, ultimately, are the ones accountable to state and federal governments.

continued on page 2

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These fundamentals seem to matter more now than ever. Organizational stresses today require strong boards. Window dressing and largely honorific trusteeships are disappearing since most nonprofits cannot afford the luxury of inactive, uninformed, and unhelpful trustees. In addition, at Wolf, Keens & Company, we are urging specific attention to seven key areas:

- 1.) Board recruitment should be done especially carefully. Trustees should be sought who bring specific skills, are willing to work, and will stay the course in challenging times.
- 2.) Increased diversity on boards is important and will lead to a healthier mix of points of view and less parochialism. At the same time, it is important to recognize that board leadership may be more challenged in achieving consensus.
- 3.) The Committee charged with recruitment also needs to deal more comprehensively with other issues of board membership — roles and responsibilities, participation, orientation and training, and self-evaluation — if the board is going to be effective.
- 4.) Though controversial among experts, the easing of term limits may sometimes be appropriate. Where a recommended limit of two three-year terms was de rigeur in the literature and in practice two decades

ago, there is now an increased recognition that good trustees are hard to come by and that keeping them in the fold longer can be wise.

- 5.) A greater emphasis should be placed on finding short, specific board assignments as opposed to longer, open-ended commitments as trustees juggle the rarest commodity of all: their time.
- 6.) Trustees should be discouraged from making decisions that will tie the hands of their successors or compromise future organizational stability. Generous labor agreements, expanded programming, and new building programs not linked to realistic financial planning are simply irresponsible.
- 7.) Finally, ethics should be prominent in the minds of trustees both as they recruit their peers and as they carry out their governance responsibilities. Nonprofits are being held to a higher standard today and this requires paying careful attention to ethical behavior at every level of the organization.

We have asked three experts to share their perspective on these issues from different points of view. Their insights expand our view of effective boards.

¹ Currently titled *Managing a Nonprofit Organization in the 21st Century*, the latest edition, published by Simon & Schuster, appeared in 1999.

Robert Crane

President, JEHT Foundation

With unprecedented growth in the nonprofit sector in the past decade, the competition has become fierce among organizations to attract and hold onto board members who can effectively shepherd their institutions. The chief executives who do it best are those who have identified what their organizations need from board members; learned how to utilize board talents effectively; and established clear, time-constrained tasks for their board members. All three areas require serious management skills, focus, and time on task by the executives and key staffers.

In my experience, most board members are willing and eager to do more than they are asked to do, but often do not have leadership from a staff that understands how to organize assignments and facilitate the work for them. Sometimes that leadership is driven by an extraordinary

chair, but more often than not it needs to be initiated and carried out by the chief executive and the staff with the support and help of the chair. A frustration that I have heard voiced by many board members is not that they are being asked to do too much, but rather that they are asked to do very little beyond attending board meetings. The more competent and busier board members are, the more important it becomes to use their time as a precious resource and to insure that they see their time as being well spent. Too little emphasis is given by many nonprofit heads on the importance of their role as effective board managers, and many do not even see it as one of the main components of their job. They and their boards increasingly need to consider board management as an important attribute of a good executive.

Odessa Woolfolk

President Emerita, Birmingham Civil Rights Institute

To flourish in twenty-first century America, institutions must intentionally embrace diversity. Nonprofits in the arts, human services, and education are especially compelled to take note of changing demographics, caused by both immigration and internal migration.

The clientele and stakeholders affected by the services of agencies/organizations are likely, in the years ahead, to be more varied in ethnicity, religion, gender, class, and expertise than previously. As surrogates of the communities served, boards and trustees ought to represent a wide mix of backgrounds and experiences. Board members serve as a feedback loop assuring client satisfaction, equity, and access.

Given the amount of time required for board participation and the expectation that members ought to “give or get” money, too many major institutions select their board members primarily from the more affluent and socially

prominent members of the community. Thus, blue collar workers or others whose jobs allow little flexibility are under represented. Their perspectives and experiences would enrich discussion about such topics as community needs assessment, outreach to underserved populations, and issues of equality in service delivery systems.

The most commonly noted dimension of diversity is racial or ethnic. This topic is a hearty perennial at conferences and workshops of nonprofits. It has also generated a spate of journal and magazine articles. Finding minority candidates is not difficult if the recruitment plan includes making contacts through social, civic, and religious organizations within minority communities.

Boards can create or recreate community bonds. Perhaps the best case for board diversity was made by governance consultants, Daryl Fisher and Barbara Booker. They wrote that, “The more diverse your board, the more strategically it can function.”

Dr. Rushworth M. Kidder

Founder and President, Institute for Global Ethics

Trustee, Charles Stewart Mott Foundation

Author, How Good People Make Tough Choices: Resolving the Dilemmas of Ethical Living

My only quarrel with Tom’s excellent paper centers on the words “7. Finally, ethics . . .” I’d have said, “1. First, ethics . . .”

Too often, ethics is an afterthought in board recruitment. Too often, as some high-profile cases in the nonprofit world demonstrate, it should have come first. Well-meaning board members sometimes aren’t aware that nepotism, self-dealing, coercion, and a host of other activities are unethical.

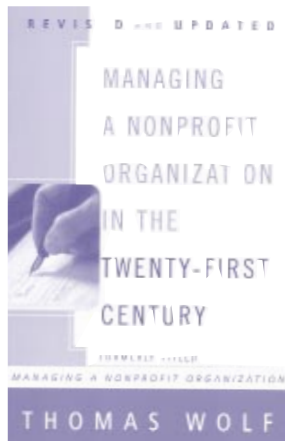
That’s not surprising: ethics is widely misunderstood. In 1989, as part of an Independent Sector committee hammering out a code of ethics for the nation’s nonprofits, I admired the title of our report: Obedience to the Unenforceable. Penned by a British parliamentarian, Lord Moulton of Bank, in 1924, the phrase perfectly defines the ethics needed by boards 80 years later. Because ethics isn’t enforceable law, it’s tempting to fall

back on the old saw, “If it ain’t illegal, it must be ethical.” But the issues over which nonprofit boards publicly come unglued aren’t always about illegality. Too often they’re about perfectly legal but appalling, outrageous behavior that highly offends the public.

But even when the problems aren’t about right versus wrong, board members face tough choices between right and right. Do we or don’t we hire, construct, campaign, lobby, merge, borrow, or sell? If the decision is tough, that’s usually because there are powerful ethical arguments on both sides. Today’s boards are increasingly called upon to negotiate right-versus-right issues — publicly, creatively, and quickly.

My recipe for board recruitment? Bedrock integrity, moral courage, clear thinking, and experience in the ethical trenches. Find those attributes, and Tom’s other six points suddenly get easier.

MANAGING A NONPROFIT ORGANIZATION IN THE 21ST CENTURY



Completely revised and updated, this book has been popular in nonprofit organizations and in classrooms nationwide since its original publication in 1984. Thomas Wolf guides the reader through all the major elements of a nonprofit organization—board, staff, marketing, finances, fund raising, planning—and discusses the big picture concepts of sustainability and leadership. Step-by-step checklists appear at the end of each chapter to assist the reader in understanding the changing landscape of America’s nonprofit organizations.

Order this classic book directly from Wolf, Keens & Company by calling 617.494.9300 or e-mailing us at info@wolfkeens.com.

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Wolf, Keens & Company
10 Rogers Street, River Court, Suite 102
Cambridge, Massachusetts 02142

