

Creating Non Profit Boards That Matter: Is There A Way Of Thinking Differently?

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Introduction

Some Boards and their Board members are happy, truly satisfied with the work that they do, collectively and individually, and with the positive and creative differences they make in their organizations and their communities. We can learn from these examples.

However, many Boards and Board members are frustrated. As a group, Board members often say that they are unclear about what they should be about, and that they feel disconnected from the real work of their organizations¹. Individually, there is often a gulf between what Board members experience on the Board, or at Board meetings; and, why they said “yes” when asked to come on the Board².

Some Boards have paid serious attention to these issues, and have looked for different models³ of how they should operate. Often, these attempts have failed; or, at least, have not generated the results and changes that people were looking for,

What can we do about this, if anything? Is it primarily a matter of better practice⁴; or, do we need better principles for understanding how Boards work effectively; or, is it more that we need a radically different framework for thinking about Boards⁵? I have written, taught, and consulted about these issues for many years. This paper is a further exploration of what I have discovered along the way.

¹ This dis-connection from the real work of the organization lies at the core of these reflections. Traditionally, we have seen the real work of the organization in the detailed products and services; and, generally have said that this is the responsibility of the management and staff. We have expected the Board to focus on the organization as a whole. But, apart from the overall mission statement, the real work of an organization does not lie at this level of the whole, it lies within. The challenge is to create a way of framing the real work of the organization, from a Board perspective, that lies between the products and the services, and the organization as a whole. Traditionally, we may have called these strategic directions.

² Typically, people say “yes” to being on a Board because they have a passion or commitment to the issues or mission of the organization, they want to learn, and they want to “make a difference”. There are always many other reasons, but these three are core, and most frequent.

³ For example, the model of John Carver. In earlier writings, I have argued that Carver did not create a new model; but, rather, a better understanding of how to make the old model work effectively.

⁴ For example, making Board meetings more interesting, efficient, and effective; or, improving Board orientation and training processes.

⁵ We could also ask whether we need a radically different framework for thinking about organizations, or about non profit organizations? I believe the answer to both of these questions is “yes”; but, these matters are somewhat beyond this essay.

History

There are a number of factors that have led, I believe, to the current frustrations within many Boards, and among many Board members.

- ❑ Over the past three decades, as non profit organizations have grown in size and complexity, and services and programs became professionalized⁶, power shifted from Boards to managers⁷. It is not uncommon for Executive Directors or CEO's to see their Boards as legally required, nice, maybe important at times, but not really essential⁸.
- ❑ Over the past decade and a half, this trend of power shifting to managers has continued much further, with the increasing attention to complex issues of program quality, outcome measurements, evaluation, accreditation, and accountability, mostly driven by the perceived needs and interests of diverse funders. Frequently, as a result of these trends, non profit organizations have focused more and more on their products and services, generally what funders are interested in, and less and less on their broader missions. Staff and managers do this work very well, which tends to push Boards even further out of the picture.
- ❑ Over the past decade, many of the key decisions that historically were made within non profit organizations have been moved to the broader systems level⁹. Decisions are reached through industry associations; or, made more centrally, by funders. As a result, power has shifted outwards from many non profit organizations, leaving both Boards and Executive Directors or CEO's less influential¹⁰. This trend to systems thinking is an inevitable result of building and maintaining larger and more complex service systems, in a time of increasing public fiscal restraint, and declining revenues from traditional sources such as foundations and donors.

⁶ The primary shift here was from volunteer delivered services to staff delivered services, a result of both increasing concerns for quality and risk avoidance, and the expanding complexity of the work.

⁷ It is worth noting that this trend has also occurred in the private sector, though over a much longer time period. The recent concerns about governance and Boards in the private sector need to be noted, and learned from. However, many of these concerns have arisen in reaction to significant corporate management misdeeds, and a severe lack of management ethical standards. The changes that have been proposed relate primarily to risk management, and to protecting the interests of the public and certain shareholders. A somewhat similar approach was taken by the Broadbent commission several years ago, looking at non profit governance nationally in Canada. It seems highly unlikely that these proposed changes, relating primarily to transparency and accountability, will do much to create Boards that matter in a positive sense.

⁸ On the other hand, those Executive Directors and CEO's that truly believe in the essence of their Boards, and in the positive and creative influence and impacts that their Boards can have, have been able to work to build and maintain Boards that truly matter.

⁹ Examples include collective bargaining and accreditation standards.

¹⁰ These dynamics are also true in many quasi-public organizations such as crown corporations, community colleges, school boards, and health authorities.

Good Practice Rules Of Thumb

As I have observed those non profit and quasi-public organizations that have been able to create, nurture, and sustain Boards that truly matter, despite these powerful trends, there are several key patterns. We might consider these good practice rules of thumb.

These Boards:

- ❑ Acknowledge that their organizations are complex and always changing, and that their organizations are successful partly because they are highly adaptive in changing landscapes
- ❑ Recognize that their own direct sphere of action, or control, is limited, and work to expand their somewhat broader sphere of influence
- ❑ Focus their attention on the issues within their sphere of influence; and, avoid becoming caught up in “whining” about the issues over which they have no influence
- ❑ Understand that no one within their organizations, including themselves and their Executive Director or CEO, has “ultimate” control over what happens. In fact, they recognize that successful organizations depend on everyone, managers, staff, volunteers, and Board members, freely turning up to contribute their passions, talents, energies, time, perspectives, and ideas¹¹
- ❑ Work in a true lateral partnership with their Executive Director or CEO, and the management team, each carrying out their separate and important work on behalf of the organization¹², and sometimes carrying out work together¹³
- ❑ Acknowledge that their staff are fully competent to carry out much of the work of their organizations; stay out of the way of their staff getting on with this work; and pay attention to that work which truly does require the Board to learn, think, and act¹⁴

¹¹ This understanding helps Boards to see that they are not the “ultimate” arbiter of what happens in their organizations, despite the fact that we continue to draw organizational structures as though power flows downwards, from the Board.

¹² The nature of the lateral partnership means that the Executive Director or CEO supports the Board as they do their work; and, vice versa.

¹³ The traditional model, then, whereby the Executive Director or CEO is seen to “report to” the Board; that, in turn, provides directions to the Executive Director or CEO, does not work. Neither does the model, commonly seen in practice, though not openly talked about, where the Board “does what the Executive Director or CEO tells it to do”.

¹⁴ Most of the time when Boards run into conflicts with their Executive Director or CEO, or more broadly their staff, it is because they do not trust the competency of these people. This is ironic, because it is the Board that hires the Executive Director or CEO. Thus, their distrust of his or her competency is really a distrust in their own capacities to choose well.

- Know that the way to continue to sustain a Board that truly matters in their organization depends not on a theoretical model, nor a legal understanding, of the work of Boards; but, is based on a changing and deepening analysis and understanding of their own organizations and their external environments, and of what their organizations need from the Board in this moment¹⁵

It is also worth noting that, in those organizations which have been able to create, nurture, and sustain Boards that matter, the Executive Director or CEO has clearly made a conscious choice that he or she truly wants a Board that can and will make a difference. And, this conscious choice leads to a significant time commitment to the Board¹⁶.

Future Trends

There are some future trends that should also be noted if we are to find useful ways to re-think the work of Boards, and the ways and means for creating, nurturing, and sustaining Boards that truly matter.

- People are increasingly busy in their personal, family, and work lives. They do not have the time, nor likely the desire, to contribute to a Board that is not making any real difference to its organization and its community
- Younger people are looking for alternative ways beyond “joining” to be active and involved in non profit and other organizations. What they are looking for is time limited, project work, that has meaning and impact. This is not likely to change as they grow older
- Increasingly diverse and pluralistic communities require Boards that truly reflect this diversity of values and perspectives, whether these come from age, gender, cultural, faith, language, or class differences

Traditional Thinking About Boards: The “Why” And “How”

Most of the traditional thinking about Boards revolves around three words: power, accountability, and function or role. The first two words define the “why” of Boards, and the third defines the “how”. What is missing, here, is any definition of the “what” of Boards. The next section begins to focus on the “what”; but, it is important to briefly review the traps that Boards can get themselves into when they only pay attention, or pay too much attention, to the “why” and the “how”.

¹⁵ In other words, there is no right answer; and, no ideal model for how Boards should operate. There is only the answer that fits this organization at this point in time. This is a contingent or situational approach.

¹⁶ In other words, the old adage that Executive Directors and CEO’s get the Boards they deserve, and vice versa, remains true.

The issues of power and accountability flow, first, out of the legal structure of most non profit organizations which require that a Board be in existence¹⁷, and define the powers and responsibilities of the Board.

The Board represents first the members, the legal owners of the non profit organization; and, second, the broader public or community. The Board has legally defined decision making powers; and, a legally required general responsibility to act in good faith, oversee the organization, and ensure the organization's on-going legality¹⁸ and accountability. In fact, most non profit incorporation documents say nothing about the Executive Director or CEO, and the staff. Their powers are all legally delegated to them by the Board.

In practice, from my observations, the legal framework does nothing to create positive life, either in the organization or the Board. It is purely a safety net that should only be relied on in significant crisis situations¹⁹. Focusing on the legal framework leads to Boards worrying constantly about accountability and liability, taking their attention away from other, more important matters, such as organizational mission, advocacy, success, excellence, and sustainability.

Boards that truly matter to their organizations take a minimalist approach to the legal issues. They:

- Act to hire the Executive Director or CEO; provide she or he with a set of expectations²⁰ to work within; evaluate she or he regularly; and, act to fire the Executive Director or CEO when this is required

¹⁷ As an aside, this is why it is important that people think long and hard as they begin to create new organizations about the "best" legal structure for these new organizations. Too often, people choose the non profit society model without considering the other choices that they have available such as co-operatives and not-for-profit private companies.

¹⁸ For example: Are the affairs of the organizations carried out within the relevant Provincial and Federal statutes; Are the activities of the organization within its legally defined mandate?' and Are the organization's by-laws properly adhered to?

¹⁹ My thinking, now, is that the same applies to organizational policies. It has been traditional thinking that Boards should outline a policy (or value) framework as a container within which staff must operate. Largely, this policy framework serves as a risk management tool. Often, this can mean that non profit organizations do not take the risks that are required to pursue their own missions, excellence, success, and sustainability.

²⁰ For example: a contract, a job description, a set of organizational values or principles, a mission or vision statement, a strategic plan ... The extent to which the Board provides a clear or extensive set of expectations for the Executive Director or CEO varies greatly; and, in my experience, does not correlate either with the success of the organization or with whether the Board truly matters. In fact, and again in my experience, in the most successful and creative non profit organizations, the statements of the Board's expectations for the Executive Director or CEO are so broad that they might as well not exist. Again, these statements are more likely just useful as safety nets.

- ❑ Ensure that their organizations are appropriately²¹ accountable to the various stakeholders²²
- ❑ Are very clear that accountability is not the same as responsibility²³ or liability²⁴

The issues of power and accountability flow, second, out of the assumptions that non profit organizations are power hierarchies, with the Board at the apex, directing what should and does happen; and, that the organization has significant control over much of what it does or is about²⁵. Closely linked to this second assumption is a perspective that the external environment of the organization is relatively stable and unchanging; or, that if it does appear to be turbulent, then this turbulence will go away before too long.

Again, in practice, from my observations, these assumptions end up creating non profit organizations that are often unresponsive to the changing world, and neither excellent nor sustainable over the longer term. Those that have life, and Boards that truly matter, see themselves more as rich, diverse, and complex organizational systems, where there are dynamic relationships among all of the parts; and, the Board is just one of these parts.

Let me turn now to the “how” of Board functioning, the statements of roles and responsibilities in traditional thinking.

²¹ In looking at what accountability is required, it is important to remember that each accountability process comes with costs.

²² The operating word, here, is “ensure”. Boards that fall into the trap of “We are the people who are accountable” rarely end up making any real differences in their organizations. They are too busy checking, reviewing, and re-making other people’s decisions. Organizational accountability is necessary and important. In most non profit organizations, it happens in a myriad of ways from external financial audits to accreditation processes, from regular reports to clients and funders to staff evaluation processes, and from the development and monitoring of organizational policies to staff and client complaint and grievance processes. The bottom line to ensure organizational accountability is, in my experience, hiring passionate, competent, and ethical staff.

Boards should not take on direct accountability roles without first asking the questions: How is our organization accountable now?, How can these processes be improved?, and Does the Board really need to play a direct role?

²³ Boards are not, and cannot be, responsible for all of what happens in their organizations. They can only be responsible for what they do, and how well they do it.

²⁴ Liability is a complex legal issue that closely relates to risk taking and risk avoidance. Non profit organizations that are able to maintain a healthy balance between taking risks and avoiding risks do not rely on their Boards to be the gatekeepers of risk. They use many different processes, at all organizational levels, to maintain the balance, including staff training and competency, internal policies, insurance, and financial contingency reserves.

²⁵ Most traditional models of Boards and non profit governance are based, at least implicitly, on these two assumptions. The fact that the assumptions make no sense in many non profit organizations reinforces our need to re-think Board and governance models.

These sound more like a job description. Boards are expected to:

- ❑ Plan, particularly strategically and for the longer term
- ❑ Monitor, particularly the organization's accomplishments and progress towards the plan
- ❑ Relate, particularly to members and to external stakeholders
- ❑ Advocate, particularly at political levels
- ❑ Acquire resources (otherwise known as fund raise)

There are two observations that I want to make about this traditional list of roles and responsibilities. First, these are essentially process or "how" words. And, interestingly, they tend to be management process words. They do not get at the "what". Second, and closely related, non profit organizations plan, monitor, relate, advocate, and acquire resources in many diverse ways. This raises the question: Why does the Board have to also do this work?²⁶

Good Practice Rules Of Thumb

There are some further good practice statements that emerge out of this traditional thinking that are worth noting. These relate, primarily, to the nature of the Board as a team, that is separate from the management team. Boards should:

- ❑ Have effective, competent, and independent leadership
- ❑ Build connections between the members and other key stakeholders of the organization
- ❑ Create benchmarks for the Board's performance
- ❑ Ensure that Board members are competent to carry out their work, through proper recruitment, orientation, training, and informing
- ❑ Build a Board culture where participation, constructive dissent, and proactive dialogue is encouraged

²⁶ An example might help. All non profit organizations plan, and in many ways: budgeting, program plans, proposals to funders, contract negotiations, meetings, retreats They also have, at least implicitly, strategic directions. The questions that need to be asked are: Are our planning processes strategic and effective?, Do we do enough or too much planning?, Are all of the ways in which we plan now linked?, Should we have an explicit strategic plan?, and, Given all of this, what planning activities are required of the Board?

Newer Thinking About Boards: The “What”

Some authors have tried to articulate a sense of “what” Boards should be about²⁷. John Carver, for example, has argued that it is the work of the Board to define the “ends” of the organization, the desired outcomes²⁸. Robert Greenleaf, another example, has argued that it is the work of the Board to demand organizational excellence.

It should be clear that the “what” of the Board, or the work of the Board, needs to relate directly to the “what” of the organization, or the work of the organization. Too many Boards feel dis-connected from the real work of the organization. Boards that truly matter, that make a real difference in their organizations, focus on the real work of the organization, and on what the organization needs from them at this point in time to further this real work. This means that each year, Boards should take a long hard look at what their organizations need from them over the next 12 months; and, plan their own work as Boards accordingly²⁹.

Three Lives

In two earlier essays, I suggested that non profit organizations have three different, though inter-connected, lives. Each of these is a different way of looking at, or defining, the work of the organization.

- The *associational or community life*, where people come together freely, in dialogue, to explore what the mission of the organization means to them as persons and families, living in neighbourhoods and working in diverse settings. The *associational or community life* is about learning, risking personal change, and, potentially, neighbourhood and social action.
- The *product or service life* where attention is focused on doing things for the broader community, or groups of people within the community. The *product or service life* is about growth, outcomes, client or customer relationships, funding, standards, staff, and volunteers.

²⁷ There are many more who have defined what the work of the Board is not about; that is, not interfering with the work of staff. This negative definition does not work. Without clear and important work of their own, Boards quickly figure out that the only real work is that of management and staff; and, then, they start to “meddle” with management and staff work. As a result, conflicts arise all over the place.

²⁸ In my experience, many Boards that have taken this approach have ended up with such high level statements that they mean nothing. And, after the statements have been carefully written, they, then, do not know what to do next. Carver’s thinking also, I believe, rests on the assumptions that the Board is at the apex of the organization, and that the Board and the organization have a fairly wide sphere of control or influence. As noted earlier, my experience is that these assumptions do not bear out.

²⁹ Hence the absolute imperative of annual Board retreats, not to create plans for the organization, but to create plans for themselves and their own work.

- The *innovation or renewal life*, where new thoughts, ideas, languages, and metaphors come into play, perhaps gestated or sparked by actions, crises, and conflicts within the two other lives; and, are given birth, defined, and brought to fruition. The *innovation or renewal life* encompasses planning in traditional forms, but also entrepreneurial thinking.

There are two key questions here. First, Is this a useful way of framing the work of a non profit organization that lies between the whole organization and all of the various smaller parts (see footnote 1.)? And, second, Is this a useful way of framing the work of a non profit organization from a Board perspective?³⁰ I believe the answer to both questions is yes.

If these three lives make some sense, then defining the “what” of a Board, or the work of the Board for the next year, needs to start by analyzing the organization from the perspective of these three lives. In each case, the analysis needs to lead eventually to an answer to the question: What does the organization need from the Board this year? And, the answers will likely be quite different within each life; and, will change over time.

My experience suggests that in the *product or service* life, there is, often, little needed from the Board. Management, staff, and volunteers typically have this work well in hand. But issues and questions may arise for the Board to address. For example, Does the organization take on this new contract or activity which is well within the current range of products and services, yet carries a significant risk? Or, another example, How does the organization raise sufficient funds to continue its current products and services when the current revenue sources are deficient?

In the *innovation or renewal* life, the work of the Board begins to increase. It may be, simply, that the Board needs to continually challenge staff to innovate and renew, to wake them up to the changing landscapes of the organization. Or, the Board may need to look at the financial assets of the organization, and make some tough decisions about investing in the future. Or, perhaps the organization has very limited financial assets that have no strings, and the Board needs to create a plan for acquiring such funds.

The Board’s work increases even more in the *associational or community* life, where attention begins to be given to the broader issues of mission, social change, advocacy, and personal risk taking. I suspect this is where the most passionate and long term work of the Board really lies³¹.

³⁰ The way in which the Board frames the work of the organization does not necessarily need to be the same as the various ways that others, for example management frame the work of the organization.

³¹ An example might help. Imagine an arts organization concerned with promoting the role of professional artists and arts companies in schools. The organization has a range of products and services, from providing schools with information and funding, to showcasing artists and arts companies, and from offering training for teachers to supporting arts champions in school districts. At the associational or community level, however, there are much broader issues such as: public and political support for arts and culture in schools and local communities, research on the diverse impacts of arts and culture in schools, and linkages between local emerging artists and schools.

It is not possible in this essay to take this any further. The reality and the challenge is that each organization is unique; and, each Board, then, needs to discover its own answers to these questions. My sense is that, while this work is very tough, it is also much more fruitful than tying the Board down with traditional understandings of “why”, “how”, and “what”.

Good Practices Rules Of Thumb

What might this mean for a Board looking to become a Board that truly matters, that makes a sustainable difference to its organization and community?

- ❑ The first step is to look long and hard at the organization, and to discern its real work, its core businesses. There are many ways in which this framing could be done³². I have suggested one in the previous section. Traditionally, non profit organizations tend to define their core businesses in terms of the current range of products and services. My sense is that this is useful from a management perspective, but not from a Board perspective.
- ❑ The second step is to look at each of the core businesses, and to ask: What is needed from the Board within this core business this year? In some areas, the answer may be nothing. In others, it may be a lot.
- ❑ The third step is to look at the organization’s infrastructure, its visioning and planning, its ways of working with people, its systems, and its external relationships; and, ask: Is there something that the Board needs to do this year to further build the infrastructure to ensure long term sustainability?
- ❑ The fourth, and last step, is to address the issues of accountability, asking: Is there something that the Board needs to do this year to improve the organization’s accountability?

I do not mean to suggest that these questions are simple. They are not, and answering them takes time, and is an on-going process. However, I do believe that this approach makes more sense than going at it in the reverse way, starting with accountability. In other words, Boards need to start with the “what” of their organizations; and, hence, the “what” of their own work; before worrying about the “why” and the “how”.

³² This could be done by brainstorming several different frames, looking at the organization from the perspective of each frame, and then assessing which frame resonates with the Board and individual Board members.