

Insight and Ideas for Nonprofit Governance

# BOARD MEMBER®

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# Color Us Green (and White!)



While Washington, D.C., was buried in white due to what *The Washington Post* coined “Snowmageddon,” BoardSource was going green.

Welcome to the first digital issue of *Board Member!* We’re excited about presenting the publication in this format for several reasons. In my view, chief among them is the ability to present you, our members, with easy access to additional information about the governance topics that interest you most. Take, for example, this issue’s article about the YMCA of Greater New York’s board development program (page 2). If this article piques your interest in learning more about board development, just follow the links embedded in the list of resources that follow it. You’ll immediately be directed to other articles, books, and topic papers that address the topic.

As you may have already discovered, you also can customize the size of the publication’s print, bookmark a page, insert a note, watch a video, and even print the issue, if you’d like — all while helping BoardSource become more environmentally friendly. While a digital format may be new to you, I encourage you to “play” with it. I think you’ll enjoy it.

If anything, this issue’s format — and content — encourages board members to be open to looking beyond the traditional ways of doing things — be it reading a publication or governing our organizations — to help solve society’s pressing problems.

LINDA C. CROMPTON  
President & CEO, BoardSource

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# The ABC’s of Board Development



JOEL EMRICH  
Director of Board  
Affairs  
YMCA of Greater  
New York  
New York, NY

In 2006, the YMCA of Greater New York embarked on a three-year “Growing Great Boards” campaign to recruit more than 200 civic leaders to our association and 23 branch boards. On the heels of this campaign, we are now working to effectively engage these new board members to help achieve our shared goals for New York City’s kids, families, and communities.

To support this effort, we created six objectives related to board development:

1. Welcome 10 top civic leaders to the association board by the end of 2010
2. Develop board leadership succession plans through 2015
3. Increase attendance at the Board Summit (an annual gathering of all association and branch board members and staff who work with them to celebrate successes and plan for the future) to average 300
4. Develop, practice, and start measuring Branch Board Standards of Excellence, beginning in 2009
5. Diversify all boards to reflect New York City’s demographics
6. Roll out “Engaging Great Boards” program in 2009

While the Y of Greater New York is actively pursuing all of the listed objectives, of particular note is our “Engaging Great Boards” program with its varied approach to board engagement. The process, which I encourage other organizations to try, can be summed up as an ABC approach to board development: Assess – Build – Celebrate!

## Assess

Although we have made excellent progress in board recruitment in recent years, we recognized that each of our boards was at a different level of engagement. We, therefore, worked closely with each board’s leadership to identify needs, challenges, and existing strengths (assessing board strengths is sometimes overlooked but

particularly helpful in establishing a positive foundation from which boards might address related challenges). This was done over six months through online assessments; one-to-one consultations with senior staff working directly with our boards to develop a gap analysis of how a board operated at present as compared to how it might operate optimally in the future; and in small group meetings or retreats involving a combination of staff and board members focused on board development (half-day retreats were particularly helpful in providing a shared understanding of what board development is and how it would complement the work of the board going forward).



### Build

Once opportunities for board development were determined in the assessment phase, we were able to build an “Engaging Great Boards” three-year plan of action. Steps include but are not limited to

- assembling a toolkit containing all existing organizational governance and board development resources and making it available to all staff and board members in electronic and hardcopy format
- reconstituting our branch boards’ board development committees to embrace a broader developmental purpose that goes above and beyond the current nominating committee function
- developing and evaluating the profiles of current board members against the association’s strategic plan priorities
- incorporating board development activities, including internal and external training and education of both staff and volunteers in board work, on an ongoing basis

- creating 18-to-24-month board development plans for each board that outlines goals and strategies to achieve them

### Celebrate!

While the assess and build phases of the ABC approach to the “Engaging Great Boards” program are essential, it is vital for any organization to come together to recognize its work and celebrate its collective accomplishments. This past January, we held our sixth Board Summit and were joined by more than 300 of our “closest friends” — our board members and staff. The annual event is hosted by the association’s board chair and the Y’s chief executive and aims to build consensus on a topic staff and volunteers share as a priority. This year’s theme, appropriately enough, was “Engaging Great Boards,” and we were honored to have William Ryan from the Hauser Center for Nonprofit Organizations at Harvard University deliver our keynote address on “Governance as Leadership” (see page 8).

The evening was not only essential to relationship building but also an opportunity for the YMCA of Greater New York to reflect on what had been achieved over the past year, to consider what progressive board development is and what it might do for the organization, and to plan what good work remains to be done on behalf of the kids, families, and communities who need us most.

### RESOURCES:

“Developing Rules of Engagement for Boards” by Thomas C. Meredith. *Trusteeship*, July/August 2009.

*Board Self-Assessment*. BoardSource, 2009. [www.boardsource.org](http://www.boardsource.org)

### MORE ON THE WEB

about board development:

<http://www.searchboardsource.org/search3/sphider/search.php?search=1&query=board+development>

# Catalyzing Change



MARK R. KRAMER  
Managing Director  
FSG Social Impact  
Advisors  
Boston, MA

*If the nonprofit sector is going to solve the country's many problems, its leaders must catalyze profound change — as some are already doing.*

Can nonprofit organizations meet the many challenges that face our country? I believe we can, but to achieve the full impact that we believe in and work so hard for, we need a new and bolder approach. We need

- a new openness to different ways of collaborating
- the ability to see new possibilities
- the ability to catalyze change

What, however, does it mean to act as a catalyst? Let me offer two stories.

## Montana Meth Project

Tom Siebel, a wealthy donor, decided to catalyze change in Montana around the issue of methamphetamine use — something that had become an epidemic in that state. After researching the problem and bringing together experts, Siebel chose to approach meth use as a consumer products marketing problem. He founded the Meth Project, hired a major advertising agency and Hollywood talent — the director of the movie, *Babel*, for one — and created a gut-wrenching advertising campaign to scare teenagers away from trying meth. He tested it with focus groups and then saturated the airwaves — 60 commercials a day for two years. The Meth Project was the largest advertiser in the state of Montana. And in two years, teen meth use dropped by 63 percent.

## Strive

The second example — and the one I want to focus on — is Strive, an innovative cross-sector collaborative that helps Cincinnati's urban youth succeed academically from preschool through college and career placement. More than 300 organizations participate in Strive, including school districts, universities, private and corporate funders, civic leaders, and every significant nonprofit involved in education in that city. The organizations are grouped into 15 action networks based on the kind of work they do. For example, all of the afterschool programs form a network, as do all of the preschool programs, college readiness programs, etc.

Although Strive has only been in operation since 2007, its *2009 Report to the Community* provides evidence of improvements in a majority of key outcome areas through the cradle-to-career continuum. And these early signs of success have begun to attract national attention: Living Cities, a collaborative of 21 of the world's largest foundations and financial institutions, has committed nearly \$1 million to launch efforts similar to Strive in four cities across the U.S.

The original idea for the initiative came from Nancy Zimpher, the former president of the University of Cincinnati. Recognizing that isolated interventions and other stop-gap approaches lacked the power to transform public education in Cincinnati and envisioning the possibility of a powerful partnership

that could, Zimpher reached out to the Cincinnati Public Schools, two other public universities, and the Cincinnati-based KnowledgeWorks Foundation. Together, these stakeholders agreed on a common agenda to improve educational outcomes in their city and formed the foundation for what was to become the Strive initiative.

Through a vigorous research process, Zimpher and her colleagues developed the Student Roadmap to Success, a holistic, evidence-based framework that structures the ongoing efforts of the Strive partnership. The Roadmap identifies five critical transition years where interventions are most needed as well as critical benchmarks both in and out of school. Five goals align to the Roadmap. Strive's founders then identified the interventions or "priority strategies" that were necessary to achieve the goals. Each network of 10 to 30 organizations works on a specific priority strategy.

Since Strive was officially launched in late 2006, the heads of the participating organizations have met approximately every two weeks for two hours to define their network's problem, identify solutions, and share best practices and metrics. It is an extraordinary commitment of time, energy, and resources. A key element of the networks' success has been a collective learning process based on the Six Sigma continuous improvement process. Working with General Electric Corporation, Strive adapted the Six Sigma process to

improve the participants' capacity to define, measure, learn from, and continuously improve their efforts.

Many of the changes that are coming out of the process are very simple — the participants are aligning the afterschool curriculums and finding ways to get access to achievement data to better tutor students, for example — but each of the small changes is gradually improving the effectiveness of the system as a whole. Strive monitors progress toward its five goals using 10 community-level progress indicators and documents the current status of each indicator in its annual report to the community.

Strive's primary decision-making body is an executive committee, which comprises 23 chief executives who are well-respected in the region and highly involved with the collaborative. This is the body that was responsible for developing the Roadmap, identifying the key transition points and priority strategies, selecting the community-level indicators, adapting the Six Sigma process, and conceiving of and publishing the annual report card.

On the ground, each network is assigned a Strive staff member to coach it. A facilitator, who is a member of the network, leads the bi-weekly meetings and keeps the network focused on its goals.

While Strive is still in the early stages, several profound changes are already appearing among participating organizations:

- Commitment to a collaborative, cross-sector approach to problem solving
- Commitment to evidence-based decision making
- Commitment to transparency of data
- Commitment to ongoing collective learning and improvement

### **A new way forward**

Strive and the Montana Meth Project provide evidence that a new way forward is possible. These organizations are looking beyond

traditional and separate ways of operating to discover how to catalyze widespread change. And they renew hope that our fragmented nonprofit sector has the ability to meet the many urgent challenges our society faces.

What is needed is a new and bolder approach — and it can start with our boards. The sector needs board members to bring into the boardroom every skill and connection and resource they possess. Board members can leverage their personal and professional relationships to influence government, draw public attention to an issue by shining the spotlight on it, coordinate the activities of different organizations, and enlist the support of funders. Board members can transcend the organizational boundaries that separate us. They can be the links between organizations, the connectors and influencers who can mobilize change and forge partnerships.

While this is a very new vision and role for the board — one that imposes a responsibility to solve the problem, not just to govern our own individual organizations, and to foster lasting and systemic change — this is what it means to act as a catalyst.

### **RESOURCES:**

“Breakthroughs in Shared Measurement and Social Impact” by Mark Kramer, Marcie Parkhurst, and Lalitha Vaidyanathan. FSG Social Impact Advisors, July 2009.

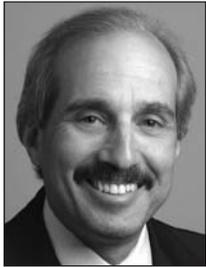
*The Nonprofit Board's Role in Mission, Planning, and Evaluation, Second Edition* by Kay Sprinkel Grace, Amy McClellan, and John Yankey. BoardSource, 2009.  
[www.boardsource.org/Bookstore.asp?category\\_id=0&Item=118](http://www.boardsource.org/Bookstore.asp?category_id=0&Item=118)

### **MORE ON THE WEB:**

[www.transformativegovernance.org](http://www.transformativegovernance.org)



# The Audit Committee's Must-Do List for 2010



THOMAS J. RAFFA  
President & CEO  
RAFFA, P.C.  
Washington, DC

Since the Sarbanes-Oxley Act (SOX) was enacted in 2002, the number of audit committees and their role in governance has greatly expanded. While the act focuses on publicly traded companies, the nonprofit sector has responded by reevaluating its governance structure and processes as well.

Traditionally, the role of the audit committee has been to monitor, oversee, and advise the organization's managers and external auditor as they prepare financial statements and conduct audits, subject to the ultimate authority of the board. However, with the public focus on transparency and accountability, as evidenced by the expanded disclosures on the new Form 990 and the bad press that accompanies a scandal, the challenge for audit committees is to be more proactive in fulfilling their traditional role, complying with current and new legislation, and upholding their organization's good standing under public pressure. This expanded role can be defined by some "must-do's."

## 1. Oversee the external audit process

The audit committee is directly responsible for the appointment, compensation, oversight, and retention of the independent auditor. Under SOX, the relationship between management and the outside auditor was meant to be replaced largely by one between the audit committee and the outside auditor. Yet many

nonprofit organizations have yet to form a separate audit committee, and, whether distinct or not, many of the committees or groups charged with the responsibilities for the audit still depend heavily on management in the disposition of these responsibilities.

Audit committees should be intimately involved with the selection of the auditor. The committee should participate in a planning meeting with the auditor to better understand the audit process and to provide insight to the auditor as to inherent risks that may exist in the operations of the organization.

Upon the culmination of the audit, the auditor should report to the committee concerning

- all critical accounting policies and practices
- the strength (or weaknesses) found within the internal control structure
- alternative treatments of financial information within generally accepted accounting principles employed by management and the ramifications of their use over methods preferred by the profession and by the auditor
- other matters of formal communications including
  - the representation letter signed by management
  - the letter to management and the full board covering suggestions for improvements to the systems of internal controls and in the financial accounting and reporting processes
  - a schedule of adjustments proposed by the auditor and details of any unadjusted differences

An executive session with the auditor should be a matter of common practice for the audit committee. Staff should be asked to leave the meeting so that the auditor can speak directly and freely to the committee on matters concerning management and the organization, such as

- any disagreements that may have occurred with management
- any major issues that may have been discussed
- whether the auditor is aware of management seeking consultation from other external accountants
- the capabilities of management and the finance department as it pertains to their contribution to the success of the audit

## 2. Oversee the financial reporting process

While the auditor certainly helps the audit committee fulfill one of its primary functions, this relationship, no matter how strong and reliable, cannot eliminate the need for the audit committee (in partnership with the finance committee) to oversee the financial reporting process throughout the year. Monthly and quarterly financial statements are the primary way in which to monitor the operations of the organization. The committee should be cognizant of the methods of reporting, enforce the systems to ensure accuracy, and demand timeliness of the data being received. With the economic downturn, financial reports might include not only historical data and budget-to-actual results but projected cash flows as well. These statements should be discussed with management and management should be prepared to give a

thorough analysis of the historical results and trends as well as its expectation for the near-term future of the organization.

### 3. Pay attention to risk assessment and risk management

Assessing controls and processes to determine where a fraud can occur or an error can go undetected is to understand risks that can threaten the very life of the organization. It is important to understand that fraud is not just the theft of assets but misreporting as well. Either one can do irreparable harm to the organization. Trusting management and those in your finance department is just not enough. Internal controls that segregate duties or provide supervisory checks keep honest people honest.

The audit committee should be aware of management's actions and attitudes towards improving internal controls and financial accounting and reporting processes. If the auditor is making the same recommendations in the management letter each year, if interim financial reports or the audited annual statement are untimely, if the finance department is understaffed or its infrastructure is unable to support its financial reporting needs, if there is significant and frequent turnover — these are indicators of inherent risk. They also can tell an audit committee about the true “tone at the top” — the attitude from the highest levels of the organization regarding ethical and compliance behaviors of all the employees. For an audit committee to be truly effective, it must influence this tone. It must ensure that management clearly communicates to employees that financial misreporting is absolutely unacceptable. The committee should ask tough questions with the proper amount of skepticism and insist on receiving bad news as well as good promptly and fully. It then needs to react quickly to such issues not only to resolve them but to install preventative measure.

Whistleblowing has become a new buzz word for the reporting of “bad news.” The audit committee should establish specific procedures for handling complaints received by the organization regarding finance, accounting, internal accounting controls, and audit matters. The whistleblower policy should allow for the confidential submission by employees of their concerns of questionable accounting, reporting, or auditing matters. And the audit committee should ensure that each employee receives a copy of the policy and is assured of confidentiality and protection.

Some good questions for the audit committee to ask this year include

- Is there detailed planning for internal control documentation and evaluation?
- Did this work identify any weaknesses in internal controls?
- Do we have sufficient resources to maintain the key controls?
- Is our staff adequately trained in such matters?

Audit committees need to be vigorous in the fulfillment of their responsibilities in order to effectuate proactive oversight. Strong oversight will help to protect the organization and ensure its sustainability and the success of its important mission within the nonprofit sector.

#### RESOURCES:

“Challenges Affecting Audit Committees of Not-for-Profit Organizations” by Frank L. Kurre. Grant Thornton, *Forward Thinking*, Issue 13.

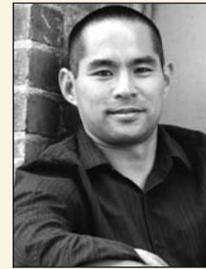
*Financial Committees* by Thomas A. McLaughlin. BoardSource, 2004.

#### MORE ON THE WEB

about audit committees:

<http://www.searchboardsource.org/search3/sphider/search.php?search=1&query=audit+committee&x=5&y=7>

## Executive's CORNER



CURT YAGI  
Executive Director  
Real Options for  
City Kids  
San Francisco, CA

**I'm good at my job, but what good is my job doing?** A decade ago, I found myself pondering that question. For years, I had been following the same routine in the business sector, making a living and putting my college education to use. Something was missing, however.

Then I received an e-mail inviting me to volunteer for an organization called Real Options for City Kids, or ROCK for short. I showed up on a Saturday for a sports clinic for at-risk kids and was hooked. The years flew by as I regularly volunteered and, eventually, joined the board. I became so passionate, in fact, that I left the corporate world to serve as ROCK's executive director when the opportunity presented itself.

It's now been more than six years since I made my career change, and I've never looked back. Beginning my work as a volunteer provided me with a clear picture of the value of ROCK without the detailed interworking of the organization clouding my mind. While I am no longer a consistent volunteer in our programs, I make it a point to stay connected with our constituency — and I encourage our board members to do the same. Our quality programs are the heart and soul of ROCK, the product we are representing. I, for one, find that the more engaged and passionate I am with our product, the more effective I am in selling the concept to volunteers, staff, partners, and funders. And I now can say, “I'm good at my job, and my job is doing good.”

# “GAI” Turns Five





RICHARD P. CHAIT  
Research Professor  
Graduate School of  
Education  
Harvard University  
Cambridge, MA

*Governance as Leadership: Reframing the Work of Nonprofit Boards* (or GAL, as many nonprofit leaders affectionately refer to it) is five years old this year! Written by Richard Chait, William Ryan, and Barbara Taylor and developed in collaboration with BoardSource, GAL has transformed the way many nonprofit boards govern. While shedding light on the traditional fiduciary and strategic work of the board, it introduced a critical third dimension of effective governance: generative governance (see sidebar on page 10).

To mark the fifth anniversary of the book's publication, *Board Member*<sup>®</sup> recently spoke with Chait, who shared the authors' reflections on *Governance as Leadership* and its impact on nonprofits.

***Over the past five years, GAL has been a bestseller for BoardSource and the framework for many well-attended workshops. What explains the book's success and popularity?***

First of all, we named the fundamental problem of nonprofit boards, which is a problem of purpose rather than performance. Second, we focused on the upside of governance — the idea that effective governance is not a zero sum game but rather empowers more people. This tapped into a latent hunger on the part of board members to be more than spectators and to do more significant work. The book has been well received because we offered a pathway to more meaningful and consequential work.

***How have nonprofit boards and organizations used GAL to improve governance?***

The big shift has been in mindset, not mechanics. GAL has been used most effectively to reposition the board's entry point into discussions. Boards should be at the headwaters of the decision-making stream, not late entrants after important aspects of decisions have been formulated and the focus has shifted to operational details. An early entry point enables boards, with management, to find and frame critical problems and questions, to discern better goals and opportunities, and to identify the issues that matter most to the organization's future, rather than simply accept the problem as defined and the solution that suggests.

Early entry enables boards to change the drive motor of governance so that

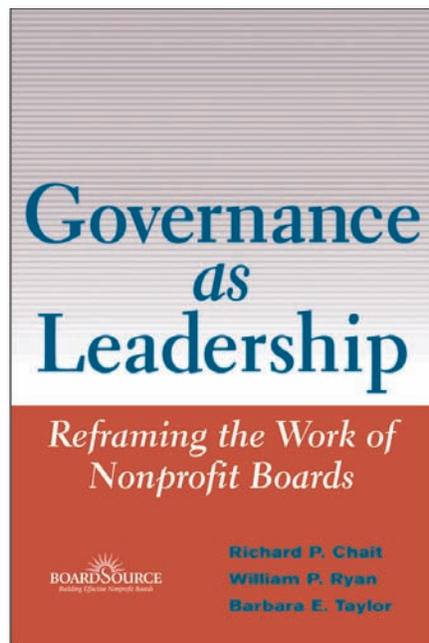
the collective views of the board and management guide the work of committees, rather than have the work of committees drive the board.

***Do boards have to develop or refine different skills and behaviors in order to incorporate the key concepts of governance as leadership?***

This is one area that has been a surprise for most board members. The short answer is "no." GAL invites board members to apply in the boardroom the very same skill set that they deploy at work. Most people instinctively work in the generative mode, which entails efforts to make sense of circumstances, to discover patterns and discern problems, and to make meaning of what's happening. These are not technical skills one has to acquire; these are generic leadership skills.

***What do chief executives need to do differently?***

They have to engage, rather than handle, the board. They have to introduce challenges to frame and highlight complex, mission-critical problems and opportunities, and do so at a point when they are still trying to make sense of circumstances and context. It takes encouragement from the board and confidence on the part of the chief executive to say, "I haven't made sense yet of this problem so I want to share it with you." It's easier to camouflage all that complexity and ambiguity and bring to the board only technical solutions to relatively straightforward problems.



Chief executives should highlight, rather than downplay, difficult questions, dissonant data, alternative hypotheses. GAL involves robust discourse that taps the collective mind of the board. It means a change in *modus operandi*. Rather than persuade and prevail, the chief executive fosters discussion and deliberation.

***What have you found to be the most common obstacles boards and executives encounter when trying to practice governance as leadership?***

The basic barrier has been low stakes. Board members, collectively, ask, “Do we really matter? What difference does this make? Why should we learn a new way to do business?” There’s a simple antidote: better work, because better work promotes better performance. We generally see boards at their best when they are dealing with truly significant issues, such as leadership transition, financial constraints, a dramatic shift in public policy, or a competitor’s savvy initiative. If the board members do not perceive the work as consequential, there’s little incentive to do the work in an importantly different way.

### THREE MODES OF GOVERNANCE

Richard Chait, William Ryan, and Barbara Taylor posited in their groundbreaking book that there are three modes of governance that constitute governance as leadership. Unless boards govern in these three modes, it cannot be said that they are truly governing:

- \* Type I, the fiduciary mode, is where boards are concerned primarily with the stewardship of tangible assets. Type I constitutes the bedrock of governance – the fiduciary work intended to ensure that nonprofit organizations are faithful to mission, accountable for performance, and compliant with relevant laws and regulations.
- \* Type II, the strategic mode, is where boards develop strategy with management to set the organization’s priorities and course, and to deploy resources accordingly.
- \* Type III, the generative mode, is where boards, along with executives, frame problems and make sense of ambiguous situations – which in turn shapes the organization’s strategies, plans, and decisions. Because most organizations lack frameworks and practices for this work, it’s easy for boards to become bystanders to it – even though it is central to governance.

*Excerpted from the June/July 2004 issue of Board Member®.*

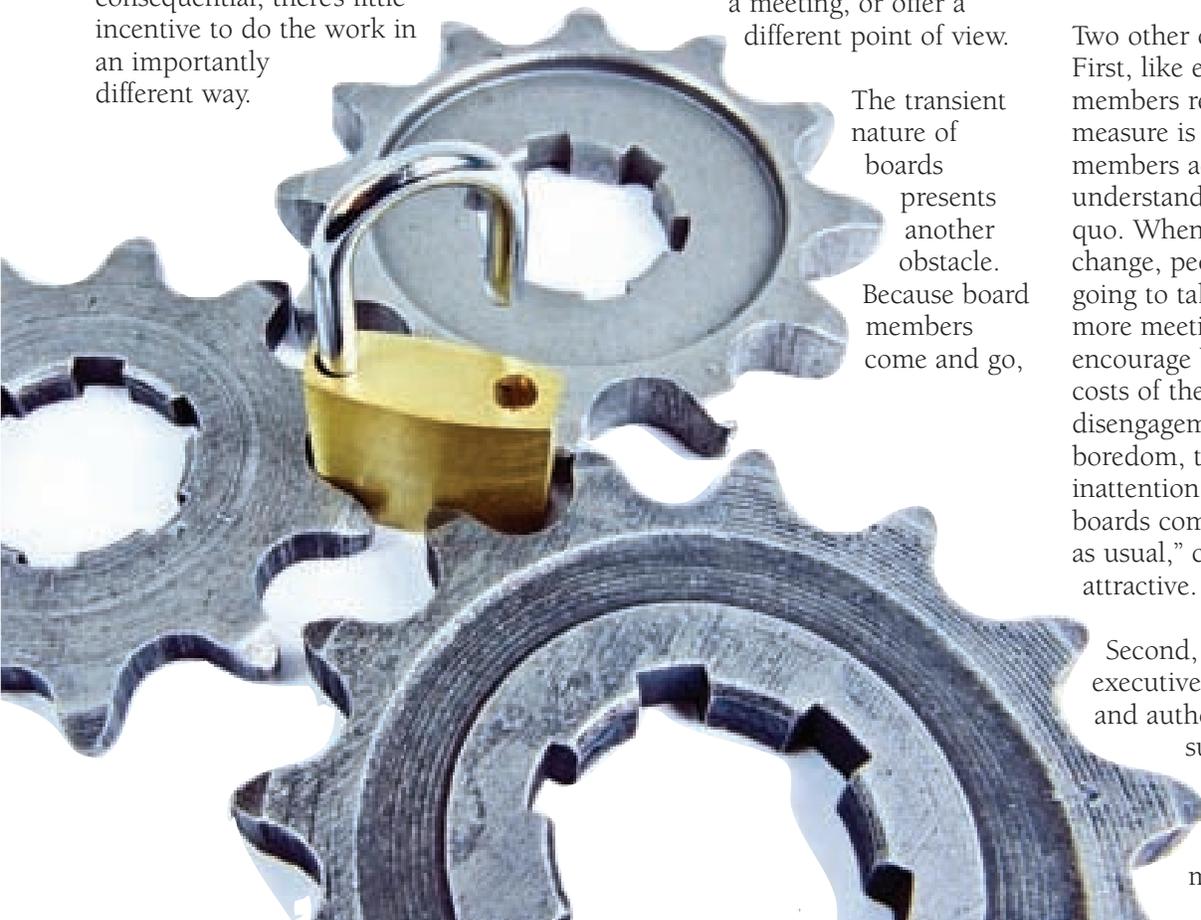
Many board members feel marginalized. GAL fosters broader distribution of leadership opportunities. Board members might be asked to lead a discussion or panel, assume responsibility for a portion of a meeting, or offer a different point of view.

The transient nature of boards presents another obstacle. Because board members come and go,

it’s difficult to inculcate habits and behaviors. However, when boards explicitly codify and enforce mutual expectations, norms, and standards, a culture takes hold. Permanent norms guide transient board members.

Two other challenges deserve mention. First, like everyone else, board members resist change. The countermeasure is to ensure that board members actually calibrate and understand the price of the status quo. When we introduce ideas for change, people sometimes ask, “Is this going to take more time, more effort, more meetings?” In response, we encourage boards to calculate the costs of the status quo, such as disengagement, micromanagement, boredom, toxic chemistry, or inattention to strategic issues. When boards compute the price of “business as usual,” change often becomes more attractive.

Second, sometimes chief executives, fearful of a loss of power and authority, resist or only tepidly support changes that invigorate the board. We encourage boards and management to focus more on fusion of thinking



than division of territory. Who calls the shots matters less than where organizations aim.

***What have you learned since the book's publication? What would you change if you were writing a second edition?***

We've learned that the more opportunities board members have to add value, the more value they derive, and the more value they derive, the more likely they will add even greater value. There is reciprocity to good governance. It's win-win.

We've also learned that board culture matters more than board structure. An environment of trust and respect, open inquiry, candor, and lively discussion; an environment that respects diversity and different points of view and minimizes the power differences in social status — these qualities matter much more than the size of the board, the number of committees, the frequency of meetings, or the presence or absence of term limits. Unfortunately, it's easier to focus on the hydraulics of governance rather than critically examine the board's culture.

Over the long run, changing the way boards behave, think, and deliberate may require a coach — someone able to observe boardroom culture, group dynamics, deliberative processes, and leadership behavior, and provide real-time feedback. Many chief executives have coaches. The same approach may benefit boards.

***Some say that a time of crisis is not the moment to tackle governance as leadership. Can you speak to the value of it during the current recession?***

If an organization literally confronts a crisis, such as the inability to meet payroll, the board has to right the ship. This is not the time for introspection. On the other hand, most nonprofits, however stressed by the recession, are not on the brink of bankruptcy. So the question becomes,

“If not now, then when?” Boards should model, not defy, the very expectations they have for their organizations. And what board would advise management to never be reflective, introspective, or generative?

#### **RESOURCE:**

*Governance as Leadership: Reframing the Work of Nonprofit Boards* by Richard P. Chait, William P. Ryan, and Barbara E. Taylor. BoardSource and John Wiley & Sons, Inc., 2005.

## **TECHNIQUES FOR ROBUST DISCUSSIONS**

The techniques described here provide a “starter kit” for boards unaccustomed to deliberations that are highly participative and relatively spontaneous. While they may strike some board members as “parlor games,” many boards, habituated to formal discussions, have used these devices fruitfully to acclimate to a different approach.

- \* **Silent Starts**  
Prior to the start of a major discussion, set aside two minutes for each board member to anonymously write on an index card the most important question the board and management should consider relevant to the issue at hand. Collect and randomly redistribute the cards. Ask a board member to read his or her question aloud, and then invite everyone with a similar question to do the same. Tally the numbers. Continue until all questions have been read aloud. Identify the question(s) most important to the board and any question that the board now recognizes as crucial.
- \* **One-Minute Memos**  
At the conclusion of a major discussion, reserve two to three minutes for board members to write, anonymously or not, what they would have said next had there been time to continue the discussion. Collect the cards for review by the board chair and the chief executive. By reviewing the comments, leadership no longer wonders what remained on the board members' minds.
- \* **Future Perfect History**  
In breakout groups, develop a narrative that explains in the future perfect tense how the organization moved from its current state to an envisioned state. For example, five years from now the organization will have achieved greater diversity as a result of taking the following steps.
- \* **Counterpoints**  
Randomly designate two to three board members to make the most powerful counterarguments to initial recommendations.
- \* **Role Plays**  
Ask subsets of the board to assume the perspective of different constituent groups likely to be affected by the issue at hand. How would these stakeholders frame the issue and define a successful outcome? What would each group regard as a worst-case scenario?
- \* **Breakouts**  
Small groups expand available “air time,” ease participation by reticent board members, and counter “groupthink.” Small groups, even within 30 minutes, can raise important considerations on topics of significance.

*Adapted from Governance as Leadership: Reframing the Work of Nonprofit Boards by Richard P. Chait, William P. Ryan, and Barbara E. Taylor. BoardSource and John Wiley & Sons, Inc., 2005.*

**Q** What should board members do between meetings? Are there “best practices” a board chair or chief executive can encourage the board to pursue?

**A** There has recently been intense interest in the quality and impact of nonprofit board meetings. At best, this is because many meetings are not as effective as they could be. A great deal of value can be “left at the table.” At worst, some meetings are boring and counterproductive, sapping energy from an organization’s staff and volunteer leadership as effectively as a black hole.

When challenged to improve their meetings, many boards focus too narrowly, however. My advice? Don’t just look at the meetings themselves — pay close attention to what happens *between* meetings.

Of course, board members are typically volunteers, and overwhelming them is not a good strategy — but ignoring them (or allowing them to forget you) between meetings is not effective either.

### Projects, committees, and other work

People join boards because they care about the organization’s mission and want to do something to help, so giving them something meaningful to do will help keep them engaged between meetings.

1. Involve board members in leading a project, committee, fundraiser, advocacy, or other effort. Get to know your board members’ interests and skills, and then play to those strengths.
2. Ask board members to attend organizational events or make public appearances on behalf of the organization at community events.
3. Invite a board member to accompany you on a visit to a significant donor or partner.

### Board development

Board members are not always knowledgeable about the nonprofit sector or about the particular area that your organization operates in.

1. Share industry newsletters and resources with board members and tell them where they can learn more.
2. Offer to send board members to development and training conferences or classes, if funding exists.



MICHAEL DAIGNEAULT  
BoardSource Senior  
Governance Consultant

### Use technology!

Where time and space conspire to keep us separate, technology fills in to keep us informed and involved.

1. Invite your board members to be fans of your organization’s Facebook page — this can keep them updated on everyday aspects of the organization as well as involve them in an ongoing conversation with stakeholders.
2. Implement an online board portal to include board documents, reading materials, program information, RSS feeds, calendars, discussion threads, and online workspace. This provides another easy way to update your board and can be a venue for discussion that won’t clog their inboxes or waste paper.
3. If your state laws allow, conduct some business via e-mail. Board members can use this medium to approve minutes, committee reports, and other actionable items or resolutions that don’t require board discussion.

By engaging board members between meetings, you help ensure that your board members are informed and ready to engage in authentic discussion, meaningful strategic thinking, and mapping new ideas for the future when it comes time to meet. The key to great board meetings is what happens between meetings!

### RESOURCES:

“Electronic Tools for Trustees Gaining Favor” by Marc Schaeffer and Merrill Schwartz. *Trusteeship*, January/February 2009.

“Virtual Meeting Attendance: Not Present, But Still Here.”  
[www.boardsource.org/dl.asp?document\\_id=713](http://www.boardsource.org/dl.asp?document_id=713)

The responses to the “Ask Our Consultants” questions are based on our consultants’ experience working with nonprofit boards throughout the country. If you would like to improve your board’s effectiveness, please consider contacting BoardSource’s consulting team for assistance via e-mail ([consulting@boardsource.org](mailto:consulting@boardsource.org)) or call 877-892-6293.

# Fundraising in 2010



NANCY L. RAYBIN  
Board Chair  
Giving Institute:  
Leading Consultants to  
Nonprofits  
Glenview, IL

In 2009, when the Giving Institute released *Giving USA*, our annual report on philanthropy, we reported the first decline in giving since 1987 and only the second since we began publishing the report in 1956.

The data led to a logical question: When will charitable giving return to “normal” levels, or is this decrease the new normal? A recent report published by Giving USA Foundation found that, historically, it takes between three and four years for giving to return to pre-recession levels.

So, what are some concrete steps boards can take for the foreseeable future to ensure your organization’s fundraising success? The following suggestions are gleaned from the pages of *Giving USA 2009*, as well as from what I have learned by working in the field as a practitioner.

- ✓ **Make a personal connection.** As reported in *Giving USA 2009*, the personal connection for high-net-worth donors is particularly important. In one study, 58 percent of donors gave to causes or issues that affected them personally or affected someone they know.
- ✓ **Introduce donors and prospective donors to those you serve.** This can build a rapport that can translate into higher giving. Also ask prospective donors to donate time to your cause; this step has been associated with higher levels of giving.
- ✓ **Be crystal clear about what a charitable contribution will support.** Be clear, too, about what programs may have to be cut.
- ✓ **Equip board members and staff with the resources needed to make the “ask.”** Get all your solicitors together to talk about their fears and concerns and to practice ways to make the “ask.”
- ✓ **If you’ve put a campaign on hold, use this time to get ready to go when things turn around.** Help board members refine their cultivation and solicitation skills and identify creative ways to inform the community about who you are, what you do, and the people who make it all work.
- ✓ **Finally, say thank you early and often.**

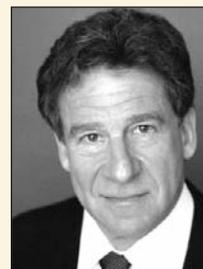
## RESOURCES:

“Fundraisers See Glimmers of Hope Amid Challenges” by Holly Hall. *The Chronicle of Philanthropy*, February 7, 2010.

*Fearless Fundraising for Nonprofit Boards, Second Edition* by Dave Sternberg. BoardSource, 2008.

## A Board Member

### Speaks Out



JEROME MEYER  
Board Member  
Eugene O’Neill Theater  
Center  
Waterford, CT

**If you don’t have a personal connection to the work your organization does, it’s time to develop one.** When I first joined the board of a nonprofit theater, I wasn’t familiar with many terms being used in the boardroom — I only knew and enjoyed theater from sitting in an audience. What, for example, was a “green room”? So I took a drama course at nearby Yale University that turned me on to the art of making theater, and, in turn, brought me closer to the theater I was serving. I finally understood what went on behind the scenes and was so enthused that I eventually served as that theater’s board chair.

The Eugene O’Neill Theater Center offers an annual trustee residency that connects people who serve on theater boards with the theater development process. Every summer, we immerse board members of regional theaters from across the country for five days in the production of a play from start to finish. When they are not meeting with writers, directors, actors, and other creative professionals, they are attending seminars on topics of interest to all board members, such as strategic planning, creating and enhancing revenue streams, and building an institutional brand.

When the participants return to their own theaters, they’re more knowledgeable and enthused about serving — and selling — their theater’s mission. Speaking from experience, I can say that board members who have a personal connection to the work their organizations do are going to be among their organization’s most engaged, knowledgeable, and even generous volunteers.

# At the Board Chair's Bidding

Pauline Batley Robinson, board chair of YoGo, a network of youth centers in a major metropolitan city, grew up in a single parent household in a low-income neighborhood of the city. She was an active participant in her neighborhood center's programs and attributes her later success in life in part to the support she received at that center. Her passion for YoGo, along with her direct knowledge of the community and the centers' programs, makes her a valuable and trusted board member.

Recently, Pauline took an active role in hiring the new chief executive, Ayesha Aylward, for YoGo. The nonprofit network is struggling financially, and Pauline knows that it is imperative to turn things around quickly. Ayesha is an experienced fundraiser, and

Pauline is convinced that an ambitious fundraising campaign is the key to overcoming the organization's financial woes. She is sure that the community's high-rollers, corporations, and foundations will feel just as passionate about YoGo as she does when they hear the centers' success stories.

David Leggatto, vice president of development, is less optimistic, however. He believes the organization should close several of its low-enrollment centers, sell the properties, and use the profits to go from "red to black." Even though he knows Pauline is dead set against closing even a single center, David has been quietly pulling board members aside at their meetings to talk up this idea, and he now has several board members' ears.

Determined to keep the centers' new chief executive focused on fundraising (rather than on closing centers), Pauline has decided that David should be replaced by someone who is excited about a fundraising campaign. To bring this about, Pauline met privately with Ayesha a few days after she joined the organization and requested that she fire David.

Describing him as uncooperative with the board and as having a negative influence on the organization, she insisted that Ayesha and YoGo start fresh with a new vice president of development.

Surprised by Pauline's request, Ayesha said she needs a few days to consider how she would go about addressing it. Her mind is now reeling. She has



RACHEL PARAS  
Executive Director  
Oasis For Girls  
San Francisco, CA

This situation presents one plus — Pauline is passionate about YoGo and seems to play the ambassador role well (this is a great characteristic to have in a board chair) — quite a few minuses, and a great leadership opportunity.

If Ayesha agrees to fire David, she sets herself up as a "yes" person to be micromanaged by Pauline in particular. Losing David also would add new staff hiring to Ayesha's plate at a time when she faces challenging economic issues. Furthermore, by firing David, Ayesha would send the wrong message to her staff members. They would begin to question their own fate, knowing that the board now has a large influence on their job stability.

Ayesha, therefore, needs to diplomatically say "no" to firing David by reminding the board and Pauline in particular that she is an excellent fundraiser and that this was one of the reasons why they hired her. Ayesha should inform Pauline and the board that she will conduct her own assessment of the current situation that will include a meeting with David to gain an understanding of YoGo's current funding and fundraising landscape and to address his need to act collaboratively rather than divisively.

Ayesha also should schedule a meeting with the board to share her leadership style and to remind the board that staffing issues are to be dealt with by her alone. This meeting also would provide Ayesha with the opportunity to communicate her determination to align the board and staff in terms of how to sustain YoGo by setting priorities and establishing a plan to address the financial woes. As the newly hired chief executive, Ayesha can bring everyone together and balance Pauline's zeal for fundraising with David's less optimistic view.



R. ALAN FISHER  
President  
NorthStar Nonprofit  
Institute, Inc.  
Cumming, GA

Ayesha is in a difficult balancing position between the board and staff. I suggest she deal with the situation in the following ways:

- *Review the organization's bylaws.* Do they address the relationship of the chief executive with the board and the roles and responsibilities of the board, the chief executive, and staff? This is important information that all organizations should include in their bylaws.
- *Meet with the board to discuss the chief executive's and the board's roles and responsibilities.* Is the current situation really about Pauline's leadership? Does Ayesha have the authority or support to actually manage YoGo?
- *Meet with the vice president for development* to review his job

no concrete grounds for dismissing David, yet she reports to the board. Can she, or should she, say “no” to its chair so early in her tenure? If she agrees to firing David, what might the consequences be? And how, as a brand-new chief executive, is she going to navigate her way through this terribly uncomfortable situation?

**RESOURCES:**

“Microgovernance: The Changing Roles of the Board and Management” by James E. Orlikoff and Mary K. Totten. *Trustee*, July/August 2008.

*The Board Chair Handbook, Second Edition* by Mindy R. Wertheimer. BoardSource, 2007.

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*about the board chair’s role and responsibilities:*

<http://www.searchboardsource.org/search3/sphider/search.php?search=1&query=board+chair+chief+executive+partnership&x=7&y=8>



description and his current duties. Why is David more interested in operations than driving a fundraising campaign? Is he performing his job?

- *Look into why some of the service centers have low enrollment.* Was the organization too ambitious when it established them? If the organization did its due diligence, why haven’t they all prospered? If Ayesha, the staff, and the board don’t answer these questions now, how do they know the remaining centers will be successful?
- *Review the lines of communication within the organization and between the staff and the board.* David thinks it is acceptable for him to go around the chief executive and lobby board members. Is this standard operating procedure?

Ayesha needs to get all of these questions answered and dig to the root of the organization’s problems before she can make a decision regarding David’s employment and help navigate YoGo through its current financial struggles.



JACQUITA WRIGHT-HENDERSON  
Board Chair  
Neighborhood House, Inc.  
Wilmington, DE

Saying “no” to a supervisor can be awkward at any point in one’s career. What, you wonder, might the consequences or retaliation be for not doing what your supervisor has requested. And, in this case, if Ayesha agrees to fire David, she will have to manage personal discomfort brought on by taking actions that she knows are not justified. In addition, she may have to deal with the possibility of her supervisor continuing to make similar requests.

Fortunately, Ayesha is new in the chief executive role, and this situation can be used as an opportunity to establish herself as an objective, effective, and results-oriented supervisor. She can also demonstrate

her ability to work with her supervisor — the board — and with her subordinates to obtain the best outcomes for the organization as a whole.

Since Ayesha has very little concrete evidence available to her, she should choose not to fire David at this time. She should meet with him, however, to outline her immediate goals related to fundraising and her commitment to increasing enrollment while keeping all centers open. She should solicit his support for the organization’s focus, letting him know that it will demonstrate his willingness to be a team player.

Ayesha then should meet again with Pauline, the board chair, to discuss the outcome of the meeting with David and her own commitment to fundraising and keeping all centers open.

## BOARD MEMBER®

Editor  
Anne Atwood Mead

Contributing Editors  
Deborah Davidson  
Outi Flynn  
Karen Hansen

Production Manager  
Monica Luchak

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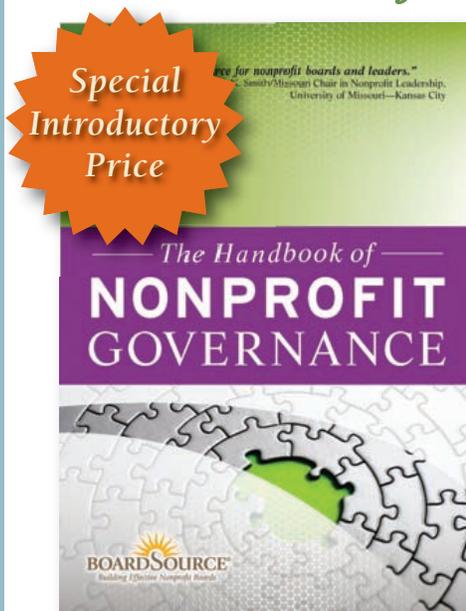
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