

# Leading the Transformation of Boards

*Get the best from your board members by helping them understand their changing roles.*

BY WILLIAM B. WERTHER, JR. & EVAN M. BERMAN

**N**onprofit leaders expend great effort trying to get the best from their boards of directors. But, as a nonprofit evolves toward greater maturity, the board's role, and hence contributions, must also evolve. Otherwise, role ambiguity results, leading to conflicting expectations among board, staff, and other constituents. At the heart of this potential ambiguity are board members who become locked into roles that are no longer appropriate.

An evolutionary perspective of nonprofit organizations can help avoid this problem. Nonprofits evolve through three distinct stages:

**1. The start-up phase** places the greatest demands on the leader and board—often at a time when resources are most limited. As suggested by Exhibit I, the founder, vision, and mission drive the new organization. Lacking the financial, human, and other resources of more established nonprofits creates a barrier for all but the most well-endowed start-ups. As a result, leadership, staff, and board roles tend to overlap because formal role descriptions haven't defined board members' responsibilities. Besides, role clarity during start-up is often secondary to constituents' needs and the nonprofit's survival.

**2. The growth phase** is characterized by increased resources, services, and overall sophistication, as well as greater experience of the leader and board members. The vision, mission, and organiza-

tional objectives are increasingly influenced by staff and other constituencies. Roles are more crisply defined. Staff members take on more and more activities, often relieving board members of active involvement.

**3. The mature stage** finds greater professionalization and legitimacy of the organization. Roles have been more formally delineated, especially for the leader and staff, and reinforced by time and traditions. Legitimacy is increased through a solid track record, professional management, and resources from well-regarded sources. The vision, mission, and organizational objectives become more diffused as a broader set of constituents, including staff, needs to be satisfied.

Consider, for example, the life cycle of a small arts organization. It began with a few people who contributed funds and in-kind services, hired an executive director, and created a small board. Limited funds required board members to play multiple roles. Besides traditional board duties, one member served as treasurer, chief accountant, and payroll clerk; another raised funds; a third took the role of publicity officer. As funding grew and stabilized through fundraisers that became annual community events, the staff expanded to include a bookkeeper, developmental officer, and communications officer, in addition to clerical and other support personnel. Hands-on board members remained and continued with their roles. However, their active involvement now created confusion and conflict

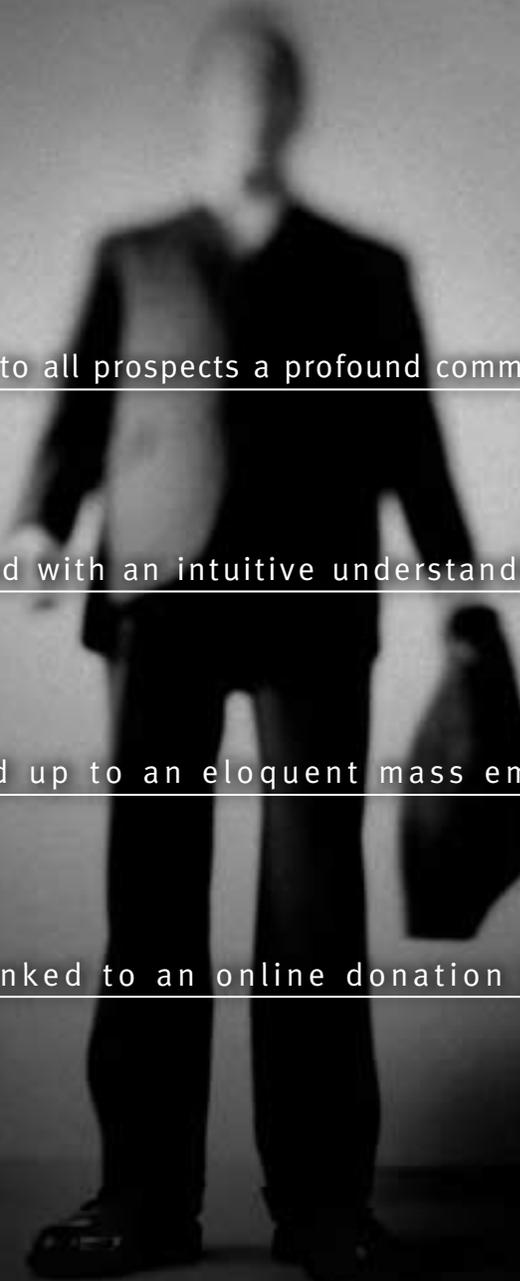
with the new staff members. Staff-board conflicts and the resulting turnover among staff finally resulted in the need for an outside consultant to help the executive director, board, and staff redefine their roles.

## The Board's Evolution

As the nonprofit evolves through its organizational life cycle, the perspective of the board and of individual board members must undergo a parallel transformation. Otherwise, conflict and confusion are likely results, as was the case in the arts-support organization already described. Exhibit II details how the board's role, functions, and sources of failure evolve in parallel with the nonprofit's maturation.

In the **start-up** stage, the board can best be described as a "working board." Members typically undertake activities that would be assigned to professional staff in more mature nonprofits. Start-up board members are often expected to perform fundraising, accounting, clerical, and other duties. The role of board members is to make a hands-on contribution. They create policies, select employees, and, in many cases, actually direct operations.

During this phase, failure is likely if the board takes too passive a role or makes poor selection decisions. As suggested by Exhibit II, failure is most probable if the board doesn't hire an initial executive director with an entrepreneurial orientation. Problems are also likely if



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## NONPROFIT EVOLUTION STRATEGIC LEVEL

### STAGES

ISSUE	START-UP	GROWTH	MATURITY
<b>Vision</b>	The glory of the purpose	The glory of the purpose & those involved	Glory of expanded purpose & involvement
<b>Vision driver</b>	Founder(s)	Founder(s), board, & staff	Board, staff, & supporters
<b>Mission</b>	Altruistically fill a need in the community	Balance narrow community need & related agendas	Expand community need as a means to other agendas
<b>Organizational objective</b>	Altruistically fill a need in the community	Professionalize to gain legitimacy & effectiveness	Institutionalize & increase legitimacy
<b>Strategic barriers</b>	Founder's drive, financing, & supporters' dedication	Professional staff's management of mission, money, & "missionaries" (resources & supporters)	Supporters of management of mission, money, & staff (resources & staff)

Exhibit I. Nonprofit Evolution at the Strategic Level

Source: William B. Werther, Jr. and Evan M. Berman, *Third Sector Management: The Art of Managing Nonprofit Organizations*. Washington, D.C.: Georgetown University Press, p. 9.

## NONPROFIT BOARD EVOLUTION BOARD LEVEL

### STAGES

ISSUE	START-UP	GROWTH	MATURITY
<b>Board's Role</b>	♦ Working Board	♦ Managing Board	♦ Advisory Board
<b>Board's Functions</b>	<ul style="list-style-type: none"> <li>♦ Strategic guidance</li> <li>♦ Policy formulation</li> <li>♦ Committee responsibilities</li> <li>♦ Staff life-support</li> <li>♦ Operational funding</li> <li>♦ Leadership selection &amp; support</li> <li>♦ Directing operations</li> </ul>	<ul style="list-style-type: none"> <li>♦ Strategic guidance</li> <li>♦ Policy formulation</li> <li>♦ Committee involvement</li> <li>♦ Issue leadership</li> <li>♦ Operational &amp; project funding</li> <li>♦ Leadership support &amp; evaluation</li> <li>♦ Advising operations</li> </ul>	<ul style="list-style-type: none"> <li>♦ Strategic reformulation</li> <li>♦ Policy guidance</li> <li>♦ Committee oversight</li> <li>♦ Issue evaluation</li> <li>♦ Institutionalize funding sources</li> <li>♦ Leadership advice &amp; succession</li> <li>♦ Monitoring operations</li> </ul>
<b>Board's Failures</b>	<ul style="list-style-type: none"> <li>♦ Selecting director</li> <li>♦ Managing board responsibility</li> <li>♦ Passive involvement in operations</li> </ul>	<ul style="list-style-type: none"> <li>♦ Advising director</li> <li>♦ Managing board composition</li> </ul>	<ul style="list-style-type: none"> <li>♦ Monitoring operations</li> <li>♦ Failure to reevaluate mission &amp; board composition</li> <li>♦ Over-involvement in operations</li> </ul>

Exhibit II. Nonprofit Evolution at the Board Level

Source: William B. Werther, Jr. and Evan M. Berman, *Third Sector Management: The Art of Managing Nonprofit Organizations*. Washington, D.C.: Georgetown University Press, p. 18.



the board's policies, procedures, and expectations for its members don't result in the right level of support for the nonprofit. In particular, boards that take a hands-off approach—seeing their positions perhaps as largely honorary—are likely to be a source of failure among nonprofit start-ups.

Although too little contribution by board members is a severe problem during start-up, the threat of failure often stimulates changes in leadership, board composition, or board attitudes. At least the danger of failing has the saving grace of being an energizing force.

During the *growth* phase, board members need to shift their role from that of a working board to a managing one.

Here, the need for change may not be readily apparent to board members. Ironically, the issue of over-involved board members may be most pressing among those who helped most in the organization's earliest days. The hands-on efforts that launched and sustained the nonprofit have been reinforced by the organization's success. Repeated efforts to remain helpful may lead to actions that the management team and staff consider intrusive, at best, and disruptive, at worse.

Admittedly, some hands-on involvement by the board may still be needed—in the area of fundraising, for example. Board members often link staff with key community leaders, which may lead to giving opportunities. But, while board

members in the start-up phase were responsible for closing the commitment, they must now let staff members perform the closing. They must realize that the fundraising closing is part of staff's broader role to build and maintain strong community relations.

Greater financial and human resources usually accompany the growth phase, allowing more activities to be shifted to staff. The changes are subtle, but real. Board members must move from directing to advising; they should become more involved with supporting the nonprofit's structure, rather than leading and doing the work of the staff. While the board remains active in guidance and policy formulation, attention turns from

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These changes hold implications for the board's composition. Those who are on a board during the growth phase differ from those needed during the formation stage. Here the shift is from hands-on involvement to those who oversee staff contributions, bringing advice and resources as needed. For founding board members, it may be particularly difficult to give up their hands-on involvement, leading to potential conflicts with leadership and staff.

Once the nonprofit becomes *mature*—with well established, well-reasoned policies, procedures, and stable sources of income—the board's role shifts from that of a managing board to an advising one. Again, these changes are subtle. Policy formulation gives way to policy guidance; board involvement in the nonprofit's operations is often little more than oversight. Now the board's primary role is to monitor operations to ensure they take place within previously developed budgets and guidelines. Failures occur when the board doesn't ensure that the mission remains appropriate for the changing realities. Here again, over-involvement by board members in day-to-day operations is a potential source of failure if it undermines the role of the executive director or staff.

## The Leader's Role in Synchronizing Board Contributions

Nonprofit leaders must help their boards understand the changes the organization undergoes as it evolves. They must make sure that board members are comfortable with the new roles they must adopt as they move from a working board to a managing board and finally to an advisory board in the mature stage.

Doing so is a delicate balancing act. On one hand, contributions of time, money, and enthusiasm by board members are essential to the nonprofit's success. On the other hand, over-involvement by board members can be counterproductive.

Here are six ways leaders can straddle these concerns and help board members understand and accept their roles:

**1. Create awareness and build consensus** by giving board members information about the organization's changing needs. Long-range planning and budgeting are useful venues for identifying new priorities and clarifying the board's changing roles. Informal ceremonies at board meetings are a good way to build consensus. For example, when new staff members are hired, present them to the board as "relief" to ease the burdens of individual board members. Combine this ceremony with some form of recognition for the board members who will be giving up duties to the staff. Use this ceremony to signify a shifting of responsibilities from board to staff.

**2. Use board education and training** to increase awareness of board roles. For instance, board orientation can help "pre-indoctrinate" new members along the activist-advisory continuum. A well-designed orientation will clarify what is expected of board and staff members. Likewise, seeking board approval of job descriptions for the executive director and staff helps board members understand staff and board roles. Job descriptions can be particularly effective when they delineate responsibilities of staff vis-à-vis the board. Board education becomes board training when external facilitators work with the board and executive director to help both re-define their evolving roles.

**3. Redirect the efforts** of intrusive board members toward more helpful activities. Create special projects tailored toward the expertise of specific board members. Fundraising projects require active board members and are especially useful in rechanneling board energy.

**4. Involve the board in developing policy guidelines.** Deliberation over policies and strategies will force board members to clarify their own roles and responsibilities, thus reducing ambiguity. More important than specific policy guidelines are the benefits of engaging the board in discussion and reflection on

these issues. For the board's engagement in policy matters is one activity that occupies every stage of the nonprofit's development.

**5. Use board rotation** to spur board development. Board contributions that are mismatched with the nonprofit's current needs are particularly likely when there is little or no rotation in the board's composition. Be sure that bylaws specify board terms and rotation policies. Systematic replacement of board members will ameliorate mismatches.

**6. Nurture the contributions** of board members. Whatever the organization's stage of development, its board is a key asset. Use the life-cycle framework presented here to support the board and clarify its role. View this framework not as a cure-all but as an additional tool in the leaders' toolkit—a lens through which you and your board can view your roles with greater clarity—in order to get the best from your board. ■

### Resources

- Houle, Cyril, "How Effective Is Your Board? A Rating Scale," *Nonprofit World*, Vol. 8, No. 5.
- Muehrcke, Jill, ed., *Board Leadership & Governance, Leadership Series*.
- Swanson, Andrew, "Learning the Ropes: Orienting New Board Members," *Nonprofit World*, Vol. 7, No. 5.
- Vartorella, William, "Board and Staff Consensus: A Powerful Fundraising Tool," *Nonprofit World*, Vol. 15, No. 1.
- Weisman, Carol, *Board Governance Videotape*.

These resources are available from the Society's Resource Center, [www.snpo.org](http://www.snpo.org).

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