

# Is It Time to Rethink Your Board's Structure?

*How satisfied are your board members? It may be time for some changes.*

BY MIKE SCHROEDER

In an in-depth study of boards, researchers reached some powerful conclusions.<sup>1</sup> After 12 years of studying nonprofit boards, having conversations with hundreds of board members, and developing a survey to measure board members' satisfaction, here's what they learned about how board members view their service:

1. **"The work of the board is trivial,** insubstantial, and perceived by board members as unrelated to organizational success or failure.

2. **"Meetings are boring, scripted, and ritualized,** with little opportunity to influence unresolved matters, and board members are given too much information and too little perspective on strategic issues and outcomes.

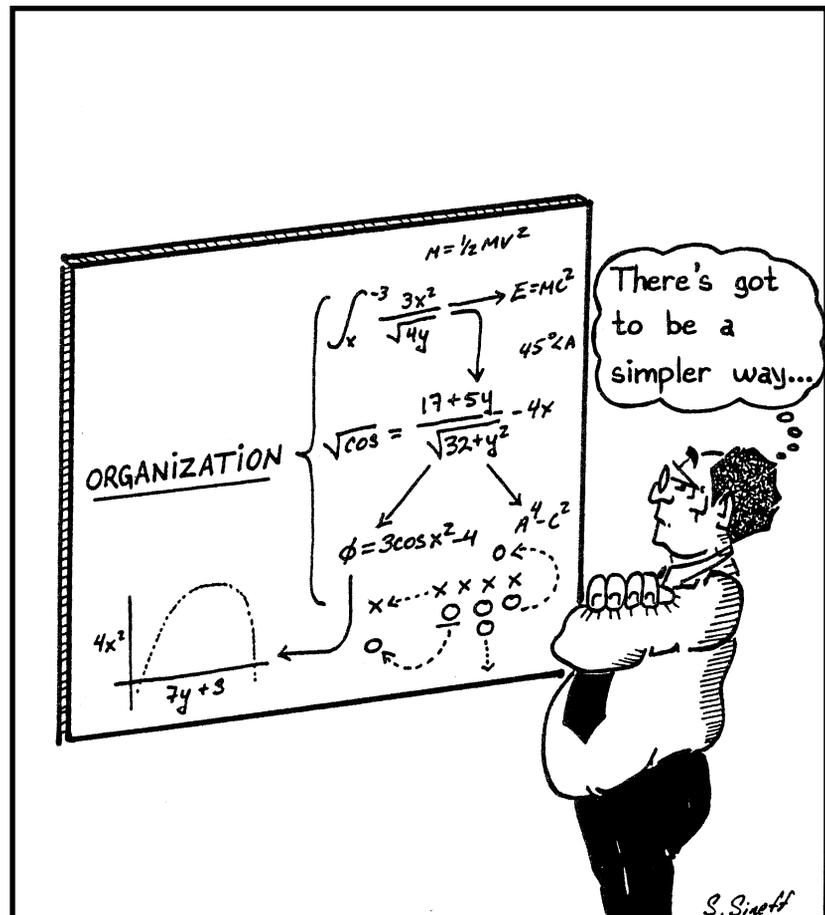
3. **"Boards consistently underperform."**

For anyone involved with nonprofits, these results are a wake-up call to pay attention to board members and perhaps to redefine their work. Board members are committed to the organization and want it to be successful. That desire can be broken down into five elements. Think of these items as contract demands made by your board members. They want:

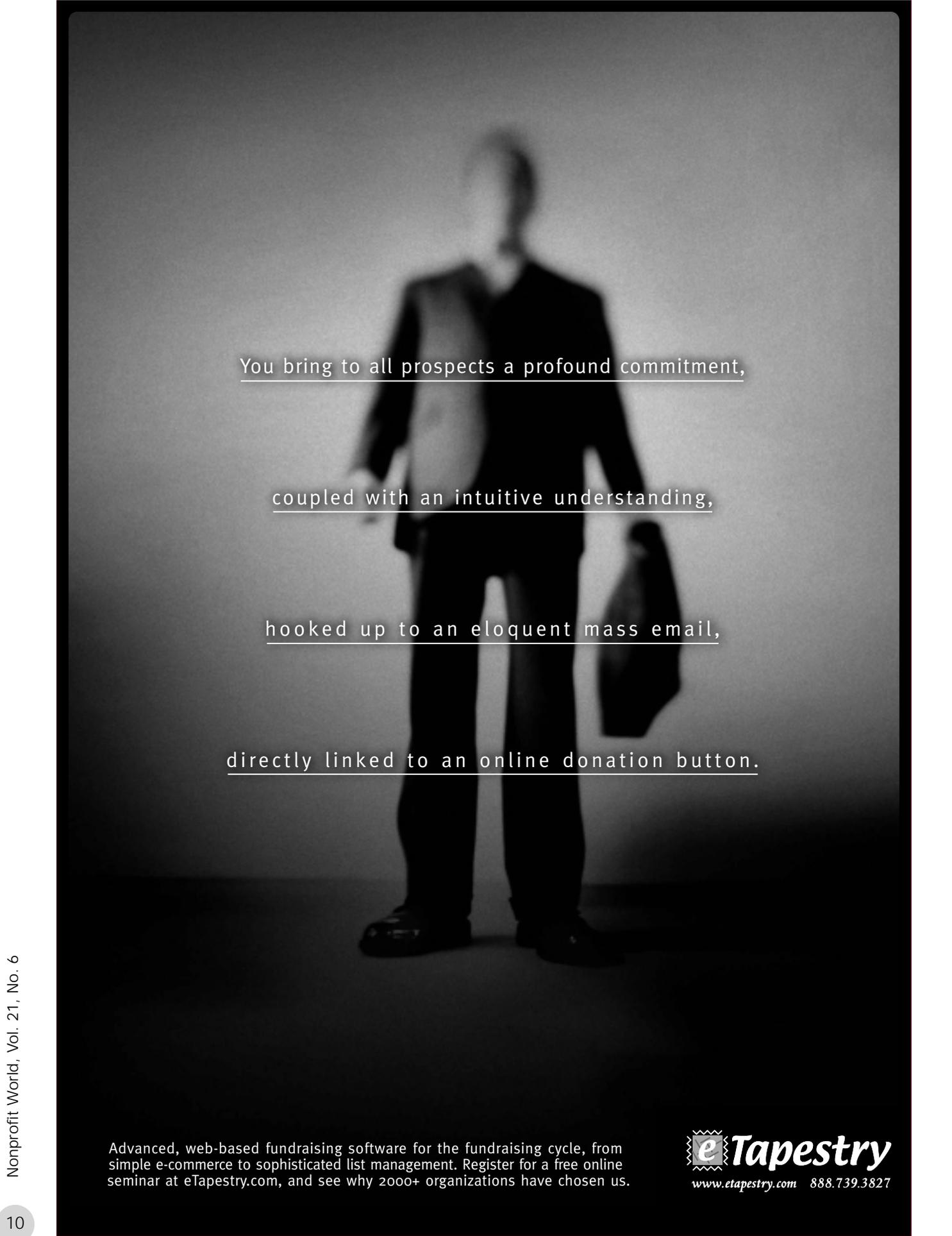
- **a voice** in deciding what's important to the organization's long-term future
- **to hear** from the organization's chief executive about what's important

- **to know** how the organization is performing and to be involved in devising measurement tools used to determine success

- **an atmosphere** accepting of change
- **an opportunity** to be role models for the rest of the organization.



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## *Giving board members what they want may require rethinking the board's very nature and structure.*

Giving them what they want may require rethinking the board's very nature and structure. Here are steps to take:

### Step 1: Pinpoint Core Issues

The first step is for board members to partner with management to pinpoint issues central to the organization's success. The board and CEO must work together to identify strategic issues and develop an agenda focused on those issues. To find out what matters most to the organization, board members must do the following:

- **Ask key questions** of the CEO to gain a sense of the big picture.
- **Guide the collaborative effort** of board and management to identify strategic issues.
- **Get to know** the organization's key stakeholders.
- **Become educated** about the organization's industry. Consult experts.
- **Decide how you will define success.** Create a top-10 list of critical indicators of success. Use these indicators to assess the organization's condition and identify potential problem areas.

### Step 2: Focus the Board's Work

Board meetings, committees, work groups, and task forces must mirror the strategic priorities identified in Step 1. That may seem self-evident, but too often boards are organized according to function, with little regard for the essential work at hand. Board members are left to deal with low-stakes operational issues. To engage board members in work that really matters, substance must dictate structure. The frequency, format, and durations of meetings should be appropriate to the work to be done.

Before each board meeting, the board chair and chief executive should consider the meeting's purpose and goals. They should also devise some way to judge performance. Rather than holding traditional, report-oriented meetings, the board may consider doing the following:

- **Hold in-depth discussions** in which no vote is taken. The focus here can be on big issues. Such sessions may be opportunities for all board members to offer input.
- **Conduct small group sessions** that let board members brainstorm apart from the committee structure.
- **Organize thematic meetings** focusing on a single subject of great importance, such as a change in CEO or a capital campaign.
- **Arrange for longer, less frequent meetings**, allowing time to explore issues that really matter.

### Step 3: Expand the Board's Role

Focusing the board on doing work most important to the organization requires expanding the board's work past its customary role of scrutinizing management. The board's work has four basic characteristics:

- **It is concerned** with do-or-die issues.
- **It is driven** by results that are linked to specific timetables.
- **It has clear measures** of success.
- **It requires** the engagement of the organization's internal and external constituencies.

### Step 4: Review Board Structure

Structure is a key element of board success. Without proper structure, board members may become discouraged and

feel as though the time they spend working is unproductive. Board structure is actually an easy thing to create, maintain, and repair as necessary.

The board's basic structure should be clearly outlined in the organization's bylaws. The bylaws should be changed whenever a majority of the board feels there is a more productive way to manage the board's work. Whatever the decision regarding structure, it is important to have buy-in from the organization's leadership. Only then will they make it work.

Here is a top-10 list of suggestions regarding board structure:

- 1. Avoid keeping an ineffective structure** simply because it's always been that way. Evaluate your structure every few years, and change it if a majority of the board favors a change. Tradition has its place, but not when it impedes productivity and board members' satisfaction.
- 2. Keep efficiency in mind** when considering board size. There are models of large organizations that govern effectively with small boards, no executive committee, and few standing committees. Do your homework.
- 3. Evaluate everyone**, including the chair, as part of the board evaluation or nominating process. Find the best group-process leader on the board to serve as chair.
- 4. Limit the authority** of the executive committee to actions that are necessary between board meetings. Given the power to do so, an executive committee may gravitate to doing the work of the board, and other board members may lose interest.
- 5. Don't let the volunteer chair** act as the chief executive in an organization that has paid staff.
- 6. Be sure all board business** flows through the chief executive.



Designate the chief executive as the only agent of the board.

7. **Limit the number** of standing committees. Consider the work that is essential to the organization, and form committees, ad hoc groups, and advisory bodies around that work. Don't focus on program when forming committees.

8. **Find ways to get input** from consumers of your services. Task forces can achieve such special functions. Empower task forces to consider all alternatives before making recommendations to the board.

9. **Consider forming** an advisory group.<sup>2</sup> Such a group can lend credibility, visibility, and expertise to the organization. Members should have set terms with no term limits.

10. **Limit board membership** to volunteers. The potential for conflict of interest is great when staff members become board members. Staff members should serve as liaisons to the board.

### Step 5: Consider Committees

Although some boards have no committees, most find it productive to have a few. Here are questions to ask when considering whether to set up committees:

- **Are these committees necessary**, or can the full board deal with the work itself?

- **Instead of standing committees, could we create task forces** to focus on specific issues and clear deadlines—and disband those task forces after the work is complete?

- **Should bylaws be changed** to reflect decisions regarding committees?

- **Can policy statements—standard operating procedures—address the details** of committee structure? Do these policy statements serve as effective management guidelines for committees?

- **Are the number and focus of committees** directly tied to the essential work of the organization?

- **Do the bylaws include limits** on the authority of the executive committee? This body should not, for example, be able to amend the bylaws, hire or fire the CEO, or elect officers.

- **Does your committee structure mirror your organization's strategic priorities**, with a premium on flexibility and ad hoc arrangements?

Committees are a structural tool to help the board do its work. Used meaningfully, committee assignments can add to a board member's enjoyment of service. But committees shouldn't become mini-boards with their own authority.

### Step 6: Decide If It's Time to Change

Don't change for the sake of change. Consider whether change will help your organization more effectively achieve its mission. If your current structure works, don't abandon it overnight. Try one small change, and keep it if it works.<sup>3</sup>

There are times during a board's life cycle when it's natural to discuss changing board structure—when there's a change of leadership, a new CEO, or a crisis, for example. Embrace such events as opportunities to add more value to the board's work. The results may be twofold: measurable success for your organization and more satisfaction for board members.

There's no right or wrong way to structure a board; it's a matter of function or dysfunction. The most important elements are to be aware of what you're doing and to monitor your efforts and their outcomes. Change can be made in

increments. Continual self-evaluation is essential.

The ultimate goal of any activity of this kind is to create a structure better able to serve consumers of your services. Measure the value of any change by this yardstick. Keep your customers foremost in mind. ■

#### Footnotes

<sup>1</sup>Chait, Richard P., Thomas P. Holland, & Barbara E. Taylor, "The New Work of the Nonprofit Board," *Harvard Business Review*, September-October 1966.

<sup>2</sup>For details on forming such a group, see Swanson in "Resources."

<sup>3</sup>If you decide it's time for a change, see Eadie, McKay, and Rosenberg in "Resources."

#### Resources

Eadie, Douglas, "Master Change, Or Change Will Master You," *Nonprofit World*, Vol. 14, No. 4.

McKay, Shona, "Building Morale: The Key to Successful Change," *Nonprofit World*, Vol. 13, Vol. 3.

Muehrcke, Jill, ed., *Board Leadership & Governance, Leadership Series*.

Rosenberg, DeAnne, "Eliminating Resistance to Change: The Magic Formula," *Nonprofit World*, Vol. 10, No. 5.

Swanson, Andrew, "Advisory Councils: An Underutilized Resource," *Nonprofit World*, Vol. 7, No. 2.

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

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### Eight Signs that Your Board Structure Isn't Working

1. Dead board members still get meeting notices.
2. Board members don't come to meetings.
3. Agendas aren't prepared or followed.
4. Board members refer **all tough issues** to the executive committee.
5. There is **no follow-up** on action items.
6. Board members are **unwilling** to recruit new members.
7. Committees **don't** meet.
8. The mission isn't being accomplished.