

Nonprofit Boards: Eight Leadership Development Stories

How does your board compare? Which signs of strength or weakness do you share?

BY JOSEPH A. WALSH

A recent study provides insights into what helps and hampers nonprofit boards. Board members in a diverse selection of nonprofits in a large metropolitan area completed questionnaires, answered interview questions, and were observed in board and committee meetings.¹ Together these real-life illustrations provide points of reference to other boards in assessing, reflecting upon, and enhancing their own leadership. Let's look at these eight stories about nonprofits and then analyze the lessons they provide.

CASE 1

Innovations Theatre

Innovations Theatre has been in operation for over two decades. Having moved from a small suburb to a variety of urban locations, Innovations has recently settled in its own state-of-the-art building in the heart of the city. Innovations has its own arts ensemble but imports other groups of actors to participate in its productions. The theatre has enjoyed amazing success with many of its productions going on to Broadway and London and with impressive awards, including Tonys, to its credit.

In recent years, enormous board and staff energy has been invested in anchoring the geographical home of Innovations. With that task complete, there is a readiness to focus on board development and a future vision for the theatre. This particular arts board is populated primarily by a "white-skin and white-collar" membership, many representing corporate sponsors. In fact, parallel to the governance board there is a corporate board which represents most of the major businesses in the metropolitan area.

Observations from the Board:

One long-time board member commented that finesse has been needed as the board collaborated with the artistic staff. One pivotal decision was to require a membership fee (\$20,000) from each person as they join the board, along with annual membership dues. Though corporations often underwrite this fee, the focus of board recruitment has been on "big givers." The net result, as one board member described it, is that Innovations has passed from "a basement board into one of the front line boards in the city. We are now a cultural institution."

A repeated theme from board members was the crucial role that the current board president's leadership has played in the board's development, especially in establishing the theatre's new home. The hidden cost in this leadership appears to be that the "style, inclinations, and proclivities of the president" may not be as encompassing or expansive as other board members would prefer. For example, the perception is that the board's executive committee runs the whole show. Other committees are downplayed or irrelevant. After years of board service, the current president intends to retire within the next year.

In the president's view, the most important board functions involve development, finance, personnel, and marketing. Some new initiatives regarding legal affairs and long-range planning also were touted. Board members are recruited with two overlapping characteristics desired: those who wish to be substantial financial patrons of the arts and those who bring specific professional talents to the board. Bringing a recognizable name and strong civic history to the group is highly valued as well.

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Board meetings are well-organized. They are held at the theatre, putting all board members into first-hand contact with staff. While staff members are available to elucidate points, the president has extensive knowledge of most issues and their details.

Foundation support has helped the board reach its building goals. Now, however, the theatre's multi-million-dollar budget must be met by individual and corporate sponsors. The main challenges for the board are cultivating new leadership and recruiting board members who can add diversity while supporting the mission.

Research Observations: Along with pride in recent accomplishments is worry about living up to past achievements. The board's lack of diversity presents a challenge in regard to broader community support. Finally, the board has grown used to one strong leader who has carried the organization for several years. When he retires, the board will have to address a vacuum in leadership.²

C A S E 2 Zion Services

Zion Services has operated in the same metropolitan region for over 90 years. Its mission is two-fold: (1) to provide selected social services, including camps, day care programs, child care centers, immigration services, recreation, and social support, to those of Jewish heritage, and (2) to be a training ground for Jewish philanthropy. Zion focuses on recruiting board members who are Jewish, young adults (under 35) and, historically, male. In recent years, new emphasis has been dedicated to recruiting young Jewish women as well. While not emphasized in any printed documents, it is obvious from attending board meetings that board members and people served by Zion

are asked to contribute financially to the organization.

Observations from the Board: Three themes emerged from discussions with board members: (1) The chief task of the board is fundraising; (2) the board is committed not only to leading but to developing future board leaders; and (3) Zion wishes to serve as a training ground for leaders in Jewish philanthropy.

Two other themes are evident. First, there is a competition of sorts for leadership roles on the board. Second, there is a form of public pressure on board members to raise funds. Public announcements identify who contributes what amount of money and who promised but didn't deliver.

In board meetings, leadership patterns are well established. The board president sets and enforces the agenda. Staff input is acceptable only when invited. As a curious side observation, in the physical arrangement of the room there is no distinction whatsoever between board and staff. An outside observer would have no structural clues as to who are staff members and who are quiet board members. The talkative board members rule the day.

Research Observations: Board members clearly lead the board processes for Zion Services. This is true despite the fact that the executive director has years of service with Zion and is decades older than the oldest board member. Of note, large pictures of all previous board presidents ring the board room. The clear emphasis of board meetings is on fundraising. Since the vast majority of board members are young Jewish males, little diversity is present on the board.

Of final but significant note, the executive director, who provides the glue for Zion's service systems, is

retiring in the near future. The search for a new executive was the most prominent aspect of the board's executive committee deliberations.

C A S E 3 Reginald Foster Dance Troupe

The Foster Dance Troupe performs for the public and teaches dance in the inner city location it calls home. Reginald Foster founded this troupe about two decades ago but died a few years ago. While a board has been in existence throughout this time, it's as if a new sense of responsibility has energized the board now that the founder's charisma isn't available.

Sources of support for the Foster Troupe have varied over the years. One major Community Trust grant has been the anchor of financial support, supplemented by theatre subscriptions, grants from agencies and corporations, and board member contributions.

Observations from the Board: While 25 positions exist on the board, fewer than 20 are filled, and several of these spots are held by new recruits. The recent hiring of a new, energetic executive director has inspired board leaders to intensify their recruitment efforts and raise their vision of the type of board member they most want to recruit. Two comments capture this challenge: "We can't wait to develop leaders; we have to recruit them" and "Our board members so far have been from the 'B' list."

In its board and executive-committee meetings, the financial strictures of Foster are obvious. The Troupe is experiencing such a stretch of lean months that even payroll isn't met fully or on time. Such conditions generate morale concerns and further focus attention on training board members in fundraising and assuring



that board members contribute to the organization. As one member opined: "This board needs to push itself much harder."

Struggle also is evident in debates among board members about priorities. Is it more important, for example, to present artistic performances or to train youngsters in dance?

Structurally, board meetings emphasize committee reports. Many new board members are silent during these reports, and the tone of the meetings conveys a lack of clarity between the expectations of the executive director and of board members.

Research Observations: The Foster Dance Troupe presents a good example of a board that is actually in the early developmental stages, despite the fact that the organization has been operating for two decades. The emotional energy of its founder sustained the Troupe for years. His death precipitated an organizational crisis—both of mission and structure.

The recent selection of a new, competent executive director holds promise. Yet, so far, the distinction of board and staff roles is not clear. Add to this the fact that many board members have previously served as both staff and performing artists and the stage is set for confusion. The key question of the moment may be: Who is in charge...and of what?

CASE 4

Century Child Care

Century Child Care supercedes its own name; it has been in operation for over 150 years. Its mission is to help children reach their full potential and to assist families in meeting their children's needs. The organization attends primarily to families in its immediate low-income area. It charges no fees for its services, which include adoption, foster care, and a family development center.

Century enjoys an impressive tradition of board support. Over the years, many board members have passed the mantle of board membership from one family generation to the next. (One member has been on the board for over 50 years...and she took over the board position previously held by her mother!)

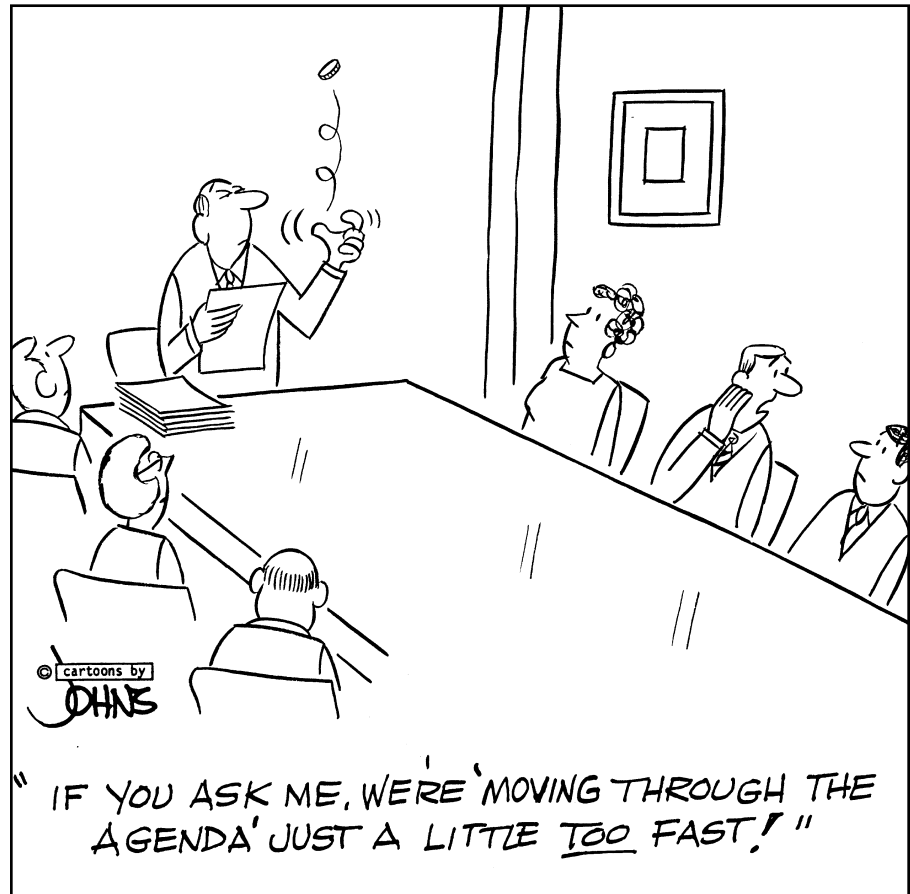
Board membership has evolved from primarily upper-class women to a nice diversity of gender, race, and background. Many members are committed to bringing the resources of the corporate community to the organization.

Century has become recognized as a quality-driven organization. It hires well-trained staff, provides excellent service, and evaluates its product, updating services as needed and eliminating those which are no longer indicated.

Support comes from a variety of foundations, with the largest grant from Community Trust. The board worries that the organization may be too dependent on government support, which provides almost half its financing. Unlike many newer agencies, Century has developed an endowment fund. A board committee has shepherded the growth of this valued resource.

Observations from the Board:

Board members consider their board an informed group for which people are selected for the "right reasons." This phrase has come to designate people who are civically and socially minded. Many board members have gone on to positions of national stature, using their Century board successes on an even more prominent scale.



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While the board is large (about 48 positions), some spots are always left vacant in case “just the right person comes along.” Although education and orientation is offered to board members, Century prides itself in finding members whose leadership skills are already well-hewn. All members are asked to make a financial commitment to Century, to make fundraising a priority, to embrace and broaden corporate support, to keep membership diverse, and to “replicate themselves” in recruiting new board members.

Research Observations: Both board and executive-committee meetings are steered by board members rather than staff. Committee reports are prominent. Board meetings are run tightly, while executive-committee meetings are more free-wheeling. Impressive rapport is present between the board president and executive director, who, while taking his cues from the president, is able to provide important details about the organization’s activities.

The structure of the executive-committee meeting allows opportunity for board education not only on the organization’s activities but also on trends in the social services field from metropolitan, state, and national vantage points. The president captures these data for use in the board’s strategic planning efforts. Evident throughout is a clearly focused organization, steered by seasoned, knowledgeable staff, and supported by a board clear on its role and purpose.

C A S E 5

Holy Rosary High School

Holy Rosary has served a specific geographic community in the city for over 100 years. Its students’ ethnicity and culture have changed as the neighborhood changed. This all-girls school now serves about 400 students from African-American,

Caucasian, and Latino cultures. Long led by an order of religious sisters, the school has been directed by a lay board for the past decade.

Mission decisions have steered the course for Holy Rosary in recent years. Chief among these was the decision to remain an inner-city, all-girls high school. Other commitments include: providing a challenging curriculum for college-bound students; encouraging Christian values; promoting an atmosphere of caring and individualized attention; and providing a safe haven from the influence of gangs and drugs.

Observations from the Board:

Board members include former students, interested lay persons, and members of the religious order which historically ran the school. The new principal, while a religious sister, is not of that same order.

Two themes dominate board discussions: (1) how to maintain the Catholic viewpoint of the school; and (2) how to achieve enough financial stability to remain in operation. Many board members are inclined to avoid the “big question” of school viability, believing that their skills and energy will be sufficient to help the school survive.

The board president frankly describes Holy Rosary as a “very poor nonprofit organization.” For example, the school can’t afford to hire even one secretary to assist teachers and staff—let alone to help the board. In the face of day-to-day survival doubts, the distinction between managers managing and the board making policy “gets muddied very easily.” What substitutes for this role distinction is a close, supportive, complementary relationship between the principal and the board president. Considerable effort is made not to cross role boundaries—and to be understanding when such boundary-crossing inadvertently occurs.

Board consultants and retreats have “helped the board get out of the kitchen.” A new committee structure has been established to use board members’ considerable talents.

During a board meeting to collect research data, the board president had to be absent due to a family death. Typifying the easy confusion of roles, the principal rather than another board member conducted the meeting. A prominent theme of the meeting was finances—especially the collection of tuition. Board members voiced apprehension about being able to enlist foundation support if internal fundraising failed.

One missing piece in board deliberations was the reference to approved policies which could guide decisions and actions. Instead, there were only loosely structured practices, which gave little sense of consistency to the board’s labors. Ironically, another business item was the planning for recruitment of new board members and a discussion of the philosophy which would undergird such recruitment.

Research Observations: The board of Holy Rosary has worked diligently to collect facts which would put the school in a positive market position. They have invested so much energy in this fact-finding mission that they seem to slide by the fact that the school is in a day-to-day survival mode. Being willing to take on “the big question” and explore what would be lost if the school closes would be helpful to all concerned. Embedded in this discussion is the question of whether to change the school’s academic emphasis to accommodate today’s more vocationally-oriented students. This discussion is made more delicate since members of the founding religious order are board members. Use of board committees and the outside consultation offered by a local univer-



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sity hold some potential for helping the board face the realities which are nearly grabbing them by the collar.

C A S E 6 Citizens for Conservation

Citizens for Conservation has operated as a nonprofit organization since 1974. It supplements the work of the Park District board. A small group of staff members and 49 board members create the structure for this civic group. Among its activities are annual events during which a band of volunteers plant, weed, water, and clean city parks. Attention also is given to promoting athletic and cultural events in the parks. Support comes through foundation grants supplemented by membership and corporate contributions.

Observations from the Board: Among the nonprofits studied, Citizens has the most loosely knit board structure—a bit surprising considering its fairly long history. Perhaps the presence of a strong director creates the paradox of a board which seems happy that its mission is being pursued by staff initiative.

Nonetheless, much board reflection focuses on motivations for being on Citizens' board. There is considerable talk but little action regarding personal invitations to potential new board members. Even the assignment of current board members to working committees is slow to happen.

Leadership roles on the board seem to emerge from the simple gestures of attending meetings and speaking up. These actions lead to

being assigned to specific tasks, and leadership follows. What is missing is board structure. There aren't even any written objectives. As one board member observed: "Too much of our work is carried out by oral tradition."

Another problem is the struggle to balance race and socioeconomic status among board members. Since members are expected to pay dues, there is concern that important participants may be systematically excluded because they find this a hardship.

An additional issue is a tendency to create an action agenda based on a few board members' strong opinions rather than developing consensus through a more systematic and inclusive board process. In its discussions, the board seems ready to grapple with the whole question of its role and its own development.

Research Observations: A competent director who isn't committed to a strong board may undercut this board's development. Oral tradition isn't a sufficient structure for a nonprofit board and presents an amorphous purpose when recruiting new members.

A major struggle for this board is seen in the wish, but no plan, to reflect the population of the city in which it operates. It is a sort of shadow board behind the Park District board.

These observations suggest a board in search of a role. Serious reflection is needed to determine whether this group is best used for clean-up and conservation or to advocate for more weighty park-connect projects and programs.

C A S E 7 Nazareth Enterprises

Nazareth Enterprises is a quintessential grassroots organization. Founded in 1979, its main purpose is to serve the social and economic

needs of the disadvantaged neighborhoods west of the city's center. Nazareth is strongly supported by United Way and federal grants and is affiliated with a national evangelical church group. Of its multi-million-dollar budget, more than half comes from federal purchases and grants.

The founding executive director continues in this capacity. While the area served is uniformly African-American, the director is Caucasian. The board is a totally indigenous group. Many board members have been or are recipients of Nazareth's services. Some have left their board positions to take up staff positions. As a result, it is often unclear in board meetings who is in what role at a given moment.

The concepts on which Nazareth Enterprises has been built are self-help, partnership, and holistic development within the community. Services include housing, senior care, health and family concerns, community and economic development, community financial support, and education.

A typical Nazareth program would be to purchase a building in need of rehabilitation, to rehab it using workers and contractors from the neighborhood, and then to form the site into an income-producing set of services. These might be small businesses or service programs staffed by community members. In this way the economic circle is closed within the community, enabling neighborhood people to be employed in self-enhancing and income-producing projects.

Observations from the Board: Among the problems this board is facing is finding competent board members. As the president sees it, "the best candidates are often already spoken for." In her experience, though new to the president role, many board members come with their own agenda and are "one-topic" members.



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Another confounding variable is the blur between the role of board president (now called chair) and executive director (now called president). Relationships and roles intersect wildly in Nazareth. For example, the board chair’s mother is a staff member of Nazareth who reports to the director (president).

Both an advisory and a governing board are operational. More attention has been given to making sure that these boards are composed of local people than to assuring that their structure and operations are effective.

In style, board meetings are structured but have an overly ambitious agenda. They begin with a community dinner so that social amenities must be attended to as well. Some board members are overly verbal and others totally silent. Though well-intended, the board struggles with concerns about its role and boundaries. As an example, in one meeting no fewer than eight new task groups were formed based on spontaneous suggestions from members. At the same time, board members feel pressured to participate in all of Nazareth’s projects. To many, the standard for good membership is a full-time commitment to Nazareth.

While board committees are nominally in place, board members aren’t knowledgeable enough to make reports. Instead, staff members assume this role. One board member reflected that “new board leadership needs to be given the chance to learn.” Clearly, a new and better fit between staff and board structure is needed.

Research Observations: This board is typical of organizations in

which board development hasn’t caught up with organizational objectives. There are almost no boundaries to what the organization might do and, accordingly, what might be expected of board members.

For many, the founding executive director is a heroic figure, now having national recognition. As a result, many board members are reluctant to question or challenge the director. Also, the fluid change of roles (client, staff, and board member may all have been roles for one person) confounds the situation. The attitude seems to be: “Let it unfold.” The result is that those who are put off by chaos stay away.

C A S E 8 Center Neighborhood Settlement

Center Neighborhood Settlement takes its middle name seriously. For more than 120 years, this multi-service social agency has operated in the neighborhood just west of the city’s center. Developed by the Presbyterian Church, it remains affiliated with this heritage, though church connections have become less prominent in recent years.

Center Settlement prides itself on adapting to the neighborhood’s changing needs and constituents. Originally the neighborhood was settled by immigrants from diverse European backgrounds. Currently, the area is inhabited by Latin Americans and is undergoing regentrification by upper-middle-class professionals.

In the words of its board manual, “Center remains steadfast in the goal to empower people to take

better control over their circumstances with dignity and make better lives for themselves and their families.” Programs addressing hunger, poverty, and illiteracy dominate Center’s services. Most of its budget comes from Title XX monies and United Way.

Observations from the Board: Board members believe they were selected for specific reasons, such as bringing business skills or representing the community. Competence and leadership capacity are cross-cutting characteristics. Some board members express the wish for more orientation—not so much to board functioning but to the organization’s goals and processes. The board focuses on having an effective committee structure, having both long-term and new board members, raising funds, and doing “selected things well rather than trying to do all things.”

Research Observations: Considerable orientation is provided to board members through their committee assignments and from the impressive *Board of Directors Manual* prepared by staff and board. Board leadership and authority are evident in the board meetings. The role of staff in board meetings is to respond to factual questions and to supply information as requested.

Executive-committee meetings are constructive. They focus on board processes, such as how to use committees, whether to hire consultants to deal with personnel issues, and how to build on the organization’s church affiliation without being controlled by it.

One other impressive use of the executive committee is to provide board leadership with feedback on a United Way review of the organization’s programs. Board leaders then present this information to their confreres.



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Four Secrets to Board Success

Scrutiny of these eight boards reveals common themes. As this study makes clear, there are four keys to board effectiveness:

1. There Must Be a Strong Board President. Whether referred to as president or chair, the leader of the board is pivotal to its functioning. The best board leaders:

- take charge
- collaborate with staff leadership
- have a vision of the possible
- don't try to carry all tasks on their own shoulders.

Those who confuse their role with that of staff or client, or who are co-opted by a charismatic executive director, relinquish the independence of thought and style which are crucial to effective board leadership. Those who carry the organization on their shoulders create a leadership vacuum when they leave.

2. Board Members Must Be Clear about Their Role. Board members are most effective when they take time to reflect on their role and commit to the organization's mission. In organizations such as Century Child Care, Innovations Theatre, Center Settlement, and Zion Center, the fundraising and director-evaluating roles of the board are paramount. In the remaining organizations studied, it was often hard to distinguish the role of a community member from that of a board member. The leadership of the board suffered as a result.

3. The Executive Director Must Act as a Partner. Effective

executives walk a tightrope between being strong leaders and allowing space for strong board leadership to be a parallel reality. For the strongest boards in this study, the organization's history helped team the strengths of board and executive. For ailing boards, a strong executive is often a correlate to a weak board. A lack of board vision—uncorrected by the executive—is common in settings such as Holy Rosary High School, with a new and strong principal, and Nazareth Innovations, with the founding executive still in place.³

4. The Board Must Confront the "Big Questions." What is common to the boards that struggle the most is a reluctance to grapple with the "big questions." One of the most crucial of these questions is: Should this enterprise continue to exist, and what would be lost if it does not?

Another big question, never broached by any of the boards during the study, is this: Is the organization sapped or energized by the board of directors? Although an active board has come to be a sort of cultural imperative, the overall utility of boards themselves might be worthy of periodic review. ■

Footnotes

¹All boards gave permission to share their stories. Names of the organizations, however, are fictionalized for this report. All are 501(c)(3) nonprofit organizations; four provide social services, while four provide other services. This research was qualitative and hypothesis generating rather than approached with hypotheses pre-formed.

²How leadership is measured affects the way people perceive their roles as leaders. G. McGonagill ("Board/Staff Partnership: The Key to Effectiveness of State and Local Boards," *Phi Delta Kappan*, Sept., 1997) suggests that a key part of nonprofit board lead-

ership is a functional relationship with staff. John Gardner (*The Tasks of Leadership*, Independent Sector, Washington D.C.) cites nine characteristics of leadership: (1) envisioning goals; (2) affirming values; (3) motivating; (4) managing; (5) achieving workable unity; (6) explaining; (7) serving as a symbol; (8) representing the group; and (9) reviewing. While such divisions add clarity to leaders' roles, leadership in nonprofit activities is often measured by effectiveness in the task of fundraising—the seeming key ingredient to the organization's survival, as K. Gronbjerg notes (*Managing Nonprofit Funding Relations*, Yale University, New Haven, CT, August, 1990).

³See "The Founding Parent Syndrome" by John Carver, *Nonprofit World*, Vol. 10, No. 5 (www.snpo.org).

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*Starred resources are available from the Society's Resource Center, 800-424-7367, www.snpo.org.

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