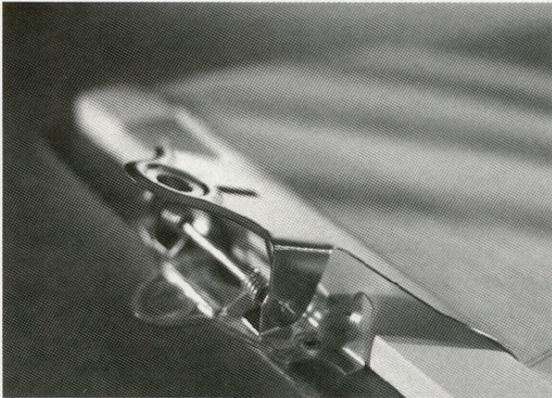


Beyond Dull Meetings and Desserts

Improving Nonprofit Boards

by Juli Miller and Scott Ormerod



Unseen but powerful. Capable of changing the course of things slowly over time or dramatically in no time at all.

Can be extremely positive tailwind or incredibly negative headwind. Can switch directions with no warning. Can come to complete standstill. Can be the critical difference for whether or not an organization achieves its goals no

matter how competent the staff. Boards of directors are like the wind.

The board has decided not to approve that.

The board will jump on that opportunity immediately!

The board is going to delay its decision for a while.

Something must have happened at the board meeting last night.

How did the board let this happen?

Wait until the board hears about this!

As we move through life, some of us eventually find ourselves serving on a nonprofit board of directors or reporting to one. These experiences can be intriguing, exciting, and inspiring. Great things that can happen as a result. The experience can also be unbelievably dull or even discouraging, making one dread the next meeting and question why one even bothers to participate because nothing really happens beyond boring reports and polite conversation and dessert.

Barbara E. Taylor, Richard P. Chait, and Thomas P. Holland have been among the keenest critics of nonprofit boards in recent years. In an article entitled "The New Work of the Nonprofit Board," they put it bluntly:

Effective governance by a nonprofit organization is a rare and unnatural act. Only the most uncommon of nonprofit boards functions as it should. . . . A board's contribution is meant to be strategic, the joint product of talented people brought together to apply their knowledge and experience to the major challenges facing the institution. What happens instead? Nonprofit boards are often little more than a collection of high-powered people engaged in low-level activity. . . . The stakes remain low, the meetings process-drive, the outcomes ambiguous, and the deliberations insular.¹

Ken Turpin, director of the North American Division's Philanthropic Service for Institutions (PSI), would agree. "I don't know of one single Adventist Board that is where it should be," he says.

One could argue that Adventist boards should be the best boards. We have a common worldview and

mission. We should have a high code of ethics and conduct, shared values, and an enormously diverse and talented constituency. Many people know us only by our institutions: the hospitals, schools, businesses, and local churches we operate. In North America, many church members consider their institutions the Church's most significant accomplishments, according to an informal survey conducted by Gordon Bietz, president of Southern Adventist University.

How is our faith represented by how we govern our institutions, by the stories in the newspaper or evening news programs? How often are we setting benchmarks for leadership, integrity, and commitment? After all, as management consultant Peter Drucker observes, nonprofit organizations must be governed in accordance with tangible performance goals and not merely by good intentions or shared values.²

Roles for boards are evolving to adapt to the changing environments. There is a stronger call for real accountability on the part of boards as a whole as well as for individual members. Throughout the United States, nonprofit boards are seriously reassessing what they really need to be doing for their organizations today and how to restructure and reprogram themselves to accomplish those goals. Goals in the past might have been mainly ones of preserving and maintaining an institution, and monitoring organizational behavior, observes consultant Carolyn Hamilton, but current priorities might be fund-raising or accreditation. By-laws, policies, mission statements, and job descriptions are being totally rewritten, not only for the sake of change, but also so that the members of the board can best use their time and expertise to work on matters of highest priority. One consultant in northern California has even replaced Robert's Rules of Order with Roberta's Rules in order to support better board discussions and decisions through better meeting processes.

Rather than fleeing from service on boards, enough people are taking responsibility, rolling up their sleeves, and digging in to transform boards and the way they work throughout the country. The courage and commitment of these members is moving boards from mediocrity to greatness, from being stuck in the past to creating the future. The nonprofit sector in this country is buzzing with renewed vitality and becoming a powerful leader in solving problems.

Donald McAdams, former president of Southwestern Adventist College and professor of history at Andrews University, is currently serving his third four-year term as an elected member of the Houston Inde-

pendent School District Board of Education. In his new book *Fighting to Save Our Urban Schools . . . and Winning!* he observes: "Since we cannot change society we must change boards. Strong principals, involved communities, and business partners can improve individual schools. . . . But throughout urban America, if school systems improve, it will be because boards (and the superintendents they hire) make them improve. No one else can."³

In this article, we glance quickly at national issues and trends and place them in the context of Adventist boards. Are there benefits to be gained from paying attention to these changes? Are we already leading the way in some areas? Are our institutions so different that we have nothing to learn from the experiences of others?

CURRENT ISSUES

Among many issues that boards currently face are three in particular: (1) composition, size, and work of the board; (2) the board's code of ethics and legal liability; and (3) crisis management plans.

Composition, Size, and Work

The structure of a board speaks loudly about its commitment to a clear mission, organizational culture, and understanding of players needed for key strategic decisions. Are thirty-five board members and ten standing committees really a good idea? Would ten board members, three committees, and ad hoc task forces work better? How can a board accomplish tasks with the greatest efficiency and the best use of resources? What set of skills (knowledge, experience, professions, skills, and contacts) does the board need? What groups should be represented on the board? Are board members passionate about the institution and mission, and free of conflicts of interest?

Boards are getting smaller. They currently range in size from twelve to twenty, with a median of seventeen. New boards are organized as teams with strong ties between board members and organizational leaders. In addition, recent trends call for a strong distinction between governance and operational issues, strategic initiatives and day-to-day decision making. Ideally, board meetings focus on long-range vision and strategies, critical relationships and resources, and the future—not on last month's numbers. Standing committees are reduced, and much of the board's work is

assigned to task teams that have short life spans.

Adrian Zytoskee, retired senior vice president for integrated delivery systems of Adventist Health Systems/West, recalls that his organization once had forty-five board members, many ex officio because of their conference or union positions. Over time, however, it reduced this number to thirteen and benefited from better board leadership. "These members were very focused on the governance of this organization and met five or six times a year for an entire day or two in order to have enough time to thoroughly review or discuss priority issues," says Zytoskee.

Adventist boards might well inquire into the ratio between members of the board who work for the Church and those who do not. In addition, they might ask whether the chair should be a lay person rather than an ex officio denominational employee and whether the same person should chair two or more boards in actual or potential competition.

It is difficult to change the entire structure of boards but sometimes just changing the number and role of ex-officio members or the number and type of standing committees vs. task forces can improve the board's decision-making processes.

Ann Gibson, dean of the School of Business at Andrews University, has thirty years of denominational experience working with boards and committees:

I don't think that bringing lay members in to replace church officials is an automatic answer. Sometimes the lay members selected know nothing about the institution. . . .

[T]his is a great sadness because they attempt solutions out of ignorance. As a result, even if later . . . they come up with good ideas, they are ignored because of some totally impossible ideas which they espoused earlier. . . . The board has a very real responsibility to govern the institution—and sometimes that isn't recognized by either the lay or church-related members.

Succession planning can influence composition and direction dramatically. What will the board do when the current board leadership steps down? Who is available to lead? Have other members been mentored to assume responsibilities on the board? Are current members constantly looking for new colleagues? Are they giving others opportunities to

become acquainted with the existing board?

Codes of Ethics, Performance Standards, and Legal Liability

Recently, boards have been examining their charters with an eye on ethics and morals. Members are often asked to sign a code of ethics, agree to a code of conduct, complete conflict-of-interest statements, and give annual assurances that they have not engaged in criminal activities. For their part, boards are issuing statements that establish protocols for interaction and operation, and are providing members with team expectations. The National Center for Nonprofit Boards <www.ncnb.org> has samples of such statements and policies.

Related to these sensitivities is the development of environments that encourage members to ask questions. Answers often communicate openness. The intention is to encourage full investigation and broad discussion of issues so that members of the board end up supporting the final decision, even in the presence of disagreement.

Finally, boards increasingly recognize the need to pay close attention to the legal implications and potential liability. Special complications often arise among Adventist boards, in particular, because of ownership by conferences at the local, union, division, and General Conference levels. Signing codes of ethics can obligate board members to represent the interests of the organization above all others. At present, some boards even devote one full session each year to discuss personal and organizational liability with outside consultants.

Crisis Management

Recent events at various church-related institutions remind us of the need for well-considered crisis plans. "An issue which concerns me with church-related boards is the tendency to wish to only listen to reports (which, coming from administration, are generally good) and to rush into overdrive when the issues get sticky," observes Andrews University's Gibson. Gibson continues:

Even known sticky issues are often rushed to a vote. . . [I] have puzzled as to why this is. One reason, I suspect, is that given the

relatedness—I mean church relatedness—we want to trust each other and . . . don't want to air the dirty linen too much. So we rush through issues which ought to be more carefully considered only to find that these same issues rear their ugly heads later—and are more difficult to resolve . . . then they might have been when they were small.

Gibson strongly advocates adequate orientation and education for board members in the interest of timely and positive responses. "I have concerns when criticism expressed to a board about an issue—even when appropriate and legitimate—is seen as a personal attack," she explains. "Other board members will rise to 'support' the administration only to learn later that the administration was, in fact, in error and should have been admonished earlier."

Key elements for boards to consider for successful crisis management include:

1. clear delineation of individuals or departments responsible for press relations
2. outline of succession plans if a board or key administrative leader cannot perform duties
3. protocols to handle such emergency issues as teleconference meetings, proxy votes, and quorums, and authority to call emergency meetings
4. channels of communication for administrators, employees, constituents, clients/customers, and other concerned individuals
5. annual review of insurance policies for directors and officers
6. yearly board briefings on institutional grievance policies, or establishment of such policies if not already in existence
7. consideration of mechanisms to promote spiritual guidance for the board and for compassion, healing, and renewal for individuals and teams affected by crises

DOING BUSINESS AS A BOARD

Given such issues, what other tools are boards using to meet challenges that they face? In short, there appears to be a revolution in how they do business. Three areas stand out in particular: (1) technology, learning, and commitment; (2) board meeting strategies; and (3) ongoing self-assessment.

Technology, Learning, and Commitment

Not only does technology connect board members to each other as never before, it also connects them to constituents. Organizational leaders need to communicate frequently with board members. For example, one nonprofit executive director in the San Francisco Bay Area regularly e-mails board members about significant gifts. Board members are encouraged to thank donors with personalized notes. Such rapid response begets other donations from the same contributors. The organization regularly receives calls, notes, and e-mails from donors that thank board members for notes of appreciation. So important is this trend that some boards have even gone so far as to require members to have e-mail addresses.

Another technological development of significance is the Worldwide Web. The Web has a number of sites, many available for free, that allow team members to share calendars, points of interest, and e-mail, and to take advantage of instant messaging. (For additional information, see <www.intranets.com>, <www.egroups.com>, and <www.ecircles.com>, to name only a few examples.) Boards in the future will meet more frequently on the Web or via videoconferencing, armed with much relevant information that members have received prior to the session via e-mail or a Web site. Decisions or discussions don't have to wait for three or four months, when the board will meet again. New people may be available to serve on boards because participation won't be contingent on their ability to attend regular meetings in person.

Technology aside, board teams also need concerted human efforts to learn about their organization and understand the scope of its vision and mission. On many new boards, members are carefully oriented about expectations in regard to their own work, as well as the board's work style, protocols, organization culture, and goals. Some boards even have one-year orientation programs for new members and assign mentors who sit by rookies during sessions to answer questions or meet with them before meetings.

Ideally, questions are encouraged and answered openly. Boards are seeking ways to improve the base of knowledge they have to make good decisions. They encourage many and any questions. They provide adequate time for complete discussions with trained facilitators. They bring in guest speakers, watch

videos, suggest outside reading. There are site visits or field trips. The boards hold retreats. Consultants are brought in to help the board team learn how to work as a truly effective team.

As for commitments, more and more board members are being asked to state their level of involvement and sign statements that clarify their responsibilities. For example, they might be asked to attend all meetings, participate in committees or task teams, share expertise, provide community contacts, identify resources, raise money, speak on behalf of the organization, and make a personal financial contribution.

They might also be asked to fill a specific niche. In earlier times, for example, an attorney might have been asked to serve as a member of the executive committee and as a volunteer legal advisor. Recently, one such member was ready to leave her board because of its wide-ranging demands, but readily agreed to continue serving after the executive director asked her to serve in a limited capacity. In this case, the position was redefined and expectations delineated.

Strategies for Board Meetings

Today, board teams typically deal with strategic planning, develop new resources, implement new programs, envision investment strategy, discuss mergers with other organizations, and search for new CEOs. Whatever the topic, boards need to stay focused with progressive, results-oriented discussions that implement plans and assign responsibilities.

Wise use of the consent calendar permits boards to focus on what they are supposed to do. At least one week prior to the board meeting, members are informed about all items in the consent calendar. They are told about such routine issues as minutes, agendas, reports, calendar items, and old business. Members can submit corrections to the administrative office via e-mail or fax prior to the meeting. After it begins, however, they can devote no more than ten minutes to the consent calendar and must then vote on it as the first item of action.

Other measures can also be used to help focus the energies of the board. Recently, one organization asked its strategic planning task team to lead a discussion about its mission statement. The old statement included only one paragraph, but had four sentences and was 120 words long—much too long. To address this problem, members were asked to submit key statements that translated the statement into a briefer, more concise statement. At the next meeting, the

board revised the mission statement into nine very powerful, moving words.

Current trends suggest that wise management of the board's energies begins early. At the first board meeting of the year, members should identify ten or fifteen top items that they want to address over the next twelve months. Subsequent meetings of the year tackle one or two topics at a time, assign selected topics to committees or task teams, and bring in useful guests and information so that good decisions can be made.

Self-Assessment

Face it, we all benefit from feedback. Why should a board team be any different? Assessing board performance is not a new trend, but it is one area that has frequently been neglected. The best reason for the board to assess itself is to take a member-by-member reality check and permit each member to speak and be heard. Not only does assessment reveal the board's strengths, it also exposes problems that need to be addressed.

One excellent evaluation tool is *Self-Assessment for Nonprofit Governing Boards*, published by the National Center for Nonprofit Boards <www.ncnb.org>. This particular tool asks each member of the board to assess his or her performance as part of a team and as an individual. The instrument covers ten board responsibilities: mission/purpose, strategic planning, programs and services, adequacy of resources, fiscal oversight, risk management, chief executive relationships, staff/board relationships, organization public image, new member recruitment/orientation, and board organization.

The tool also asks team members to identify issues that the board should address in the future and solicits insights about how they think board performance can improve. In addition, it asks individual board team members to assess their own performance and to answer specific questions about satisfaction. At its next meeting, the board summarizes and analyzes the instrument to help set a course for the future.

Some boards have adopted the habit of holding a brief executive session after meetings in order to assess how they behaved as a board and to identify areas for improvement or attention next time. Did we manage the process well? Did we come to good decisions? Did we really deal with the staff's concerns? Were so-and-so's questions about whatever handled well? Did we remember to thank the staff for

this or that? Does everyone understand how we are going to handle the media communications about this or that? Did anyone seem uninvolved today?

THE IMPORTANCE OF GOOD BOARDS

Service on a board often means making difficult choices. Sometimes the risks are staggering. Priorities can clash and beliefs might come into conflict. Decisions might entail huge leaps of faith or convictions that inspire courage and hope. Yet, through boards, magnificent, enduring things can be done to carry out our mission on earth.

Like so many other things in life, boards get better or worse one decision at a time. If you serve on a spectacular board, be grateful, celebrate, and share what you have learned. On the other hand, if you serve on a less-than-great board, don't feel overwhelmed. Take one critical vote, one astonishing recommendation, one revealing question at a time.

Also, remember that help is available. Recently, PSI sponsored a major board development seminar in partnership with the National Center for Non-profit Boards specifically out of concern for Adventist institutions and their boards, and is currently working with interested institutions on further training.

Successful board operation is exceedingly hard work. Cyril Houle has observed that only those on a board can understand its complexities, the delicate balances that must be maintained, the careful work that must be done with the executive team and staff.⁴ But a strong committed and creative breeze is blowing throughout the land. Boards are doing some extraordinary work in many places and under many circumstances. The landscape is changing.

Notes and References

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4. Cyril Houle. *Governing Boards: Their Nature and Nurture* (San Francisco: Fossey-Bass, 1997).

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