

Getting Serious

ABOUT BOARD DEVELOPMENT

WHEN YOU LOOK AT THE ROLE OF YOUR Board as a catalyst for resource development, it is helpful to ask some questions about the underlying culture of your Board: What characteristics contribute to the health of your Board? How do you identify characteristics that foster dysfunction on your Board? The goal is to build a cohesive Board that has enthusiasm for your mission and demonstrates that enthusiasm with creative energy—energy that contributes to their governance and policy-making responsibilities, and to the leadership role they play in fundraising. In this presentation we offer ten suggested steps you can take to focus the energies of your existing Board and to strengthen your ability to recruit good, strong, new leaders to your Board.

Nonprofits that aspire to grow—to meet an emerging service challenge or to provide a better home for the programs and services they already provide—must attract new financial resources through earned income, creative enterprise, and private gifts and grants. Healthy Boards wholeheartedly embrace their resource development responsibilities—they provide the leadership required to make each of the organization's fundraising programs successful. As you position your organization

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to increase charitable giving through enhanced current support fundraising and through a major campaign initiative, you will certainly need a solid case for support, enthusiastic voluntary leadership, a strong pool of prospective donors, sound technology, effective staff support, and a good plan. However, the driving force behind every successful campaign is the quality of the leadership provided by the Board.

We've all heard the expression—Board members of nonprofits are asked to contribute their Work, Wisdom and Wealth. For generations, the emphasis in many nonprofits was on a "roll-up-your-sleeves" work and wisdom style of voluntary leadership. Today, while the work and wisdom of dedicated and thoughtful volunteers are critically important to the success of any healthy nonprofit organization, Wealth—in the form of a Board member's personal philanthropy, as well as their commitment to providing leadership for the organization's fundraising efforts—has become a centrally important role for every Board member.

THIS ISSUE OF THE CATALYST is the first in a series focused on the critical steps a nonprofit must take to lay the foundation in advance of a major fundraising campaign. In this issue, we examine the character and quality of Board leadership a nonprofit will require as the organization embarks on a major facility or program expansion initiative and a related major fundraising campaign. Experience has proven time and again, that the early attention devoted to enhancing the depth and breadth of an organization's voluntary leadership will be catalytic as you seek to develop the resources needed to underwrite a vision for the future. Copyright © 2003 The Whelan Group, Inc.

A Perspective On Board Culture

STRIKING THE BALANCE BETWEEN THE POLICY ROLE of the Board and the management role of the nonprofit CEO is the key to a strong Board and a visionary organization. Creating a healthy Board culture does not happen by accident—the leadership of the Board and CEO of the organization can and should have great influence on the Board’s culture and operating style. Most organizations must work hard to create and sustain a healthy and productive working relationship among Board

members, as well as between the Board and staff. As you look at this issue, you might ask yourself, what is the culture of my Board today? Are the roles and responsibilities appropriately balanced for my organization’s needs? What would we like our Board to look like in five years? And, of course, what are the practical Board Development action steps that we need to take to get us there? While the culture of each organization’s Board is distinct, most Boards fall into one of three general categories:

BOARD-DRIVEN ORGANIZATIONS

THESE NONPROFITS are often characterized by blurred Board-Staff roles—the Board has a tendency to micro-manage problems and, by extension, undermine management’s authority. Consumed by day-to-day issues, these Boards are hampered in their efforts to address longer term strategic issues. These organizations typically have difficulty attracting and retaining strong senior management.

The caveat, of course, is that some organizations are, appropriately, more heavily Board driven. For instance, the work of many small, grassroots organizations may well be Board driven—in

the beginning, the Board “does everything”, playing a more proactive role on a policy and on a management level, until the professional staff is in place. The trick here is to rebalance the roles and responsibilities of the Board and staff as the organization grows.

STAFF-DRIVEN ORGANIZATIONS

THE BOARDS of these organizations are typically responsive in nature. Since they are less involved in shaping policy or direction, they often lack a “sense of ownership” of the organization, its mission and its vision. Traditionally, Board members of these organizations are less motivated to take initiative, to make suggestions, or to provide leadership for a major fundraising effort. These organizations often have difficulty recruiting strong voluntary leaders to their Board.

Again, there are exceptions. For especially large and complex organizations, the staff may play a stronger strategic and policy-formulation role. In many cases the CEO may, in fact, be a member of the Board. For these organizations, a strong Executive Committee can help to assure appropriately balanced Board and staff roles.

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ORGANIZATIONS WITH BALANCED BOARD AND STAFF ROLES

THE BOARDS of these organizations see their role as hiring a strong CEO, approving budgets and policy, setting a strategic direction for the organization, playing a proactive role as stewards of the organization’s resources, and providing leadership for the organization’s efforts to attract financial and other resources. The CEO is viewed by all as the manager who is charged with assembling the right team to implement policy, delivering programs and services of the highest quality, and creating the relationship between Board and staff to facilitate successful fundraising. It is vastly easier to attract solid Board members and a highly qualified staff to an organization with balanced Board and staff roles.

The work you do to create a healthy Board culture will serve to reinforce the quality of the relationship among Board members; it will also build a greater sense of “common purpose” as they seek to fulfill their resource development responsibilities. With this in mind, you should take a look at the characteristics that contribute to both healthy and unhealthy Boards.

And Now A Few Board Devel

As your organization seeks the resources needed to underwrite the vision for the future, here are some suggestions on very practical things that you can do to build a stronger and more vibrant Board.

1 **Develop a Board Profile** As you look ahead as an organization, one of the key questions you should be asking yourself is: What is our vision for the organization and what skill sets, capabilities, and access will we need on our Board if we are to realize our vision? Additionally, you should be asking what is an appropriate size for our Board; what geographic distribution do we want; and, how closely does our Board reflect the racial and ethnic diversity and the gender of our service population and community.

It is important to recognize that the Board Profile will change over time. If your organization is embarking on the development of a new building; you will want skill sets that contribute to the success of this project—people with experience in design, construction and cost control, perhaps. At other times different skills and experience will be necessary. For instance, you'll need more sophisticated asset management skills as your endowment grows.

2 **Develop a Written Job Description** Recruiting people to fill Board assignments is very much like executive recruiting. You need a clear definition of the job in writing so that your leadership is in agreement with respect to the requirements of Board membership. Of equal importance, with a written job description, the prospective Board member will have a clear sense of what is expected of a Board member before he or she agrees to accept the responsibilities of Board membership.

3 **Install a Serious, Goal Oriented Nominating Process** Visualize what you would like your Board to look like in three-or-five years and then map out a process to get you there. The Nominating Committee's work is a year round activity—this is a proactive group looking for people that will be committed to your organization and that fulfill the requirements of your Board profile. Be tough, be disciplined. Each person you ask to join your Board should be recruited with a clear set of expectations for the specific role they will be asked to play as a member of your Board.

WITH the right people in a room you can make even the most ambitious vision happen.

4 **Install a Formal Board Orientation Process** Getting your entire Board—whether it's 15, 26 or 43 people—on the same page is no easy task. A good, well considered, and serious Board Orientation Process can be an important step in the process of getting your Board focused on your mission, the challenge ahead, and on the role the Board, individually and collectively, must play in advancing that mission. The development of a Board Orientation Kit and the protocol for an Annual Board Orientation Session will assure that all incoming Board members are trained and oriented to the same standard.

5 **Define and Communicate the "Give/Get" Responsibilities** The most successful Boards define, in very clear terms, the annual "Give/Get" responsibility of each Board member—and communicate this responsibility before they offer Board membership. They have a declared minimum contribution that they expect from each Board member and they work with each Board member to define their individual fundraising goals.

Defining these roles clearly is especially critical as the organizations moves toward a major fundraising campaign. A great many campaigns look to the Board to contribute 25%-40% of the campaign goal. The Board is expected to take responsibility for raising another healthy fraction of the goal. With clearly defined expectations you will have assembled a group that is prepared for and committed to the task.

It is worth noting that while every Board member has a give/get responsibility, not every Board member has the same capacity to give and get. You will purposefully attract a few people to your Board who can make important contributions to the vitality of your programming or who have great con-

Development Strategies

tacts in the community that you serve but who are unlikely to lead your fundraising efforts. Their resource development role, however, is no less important. They should be asked to provide financial support at a level that is generous for them. In addition, their help in, for instance, negotiating an institutional partnership or attracting a key person to staff can be invaluable. The key is to find the special talent that each Board member brings to the table.

6

Develop Formal Performance Criteria and a Performance Review Process

Having standards for what is expected from each member of your Board without a parallel way to review the performance of each Board member on an annual basis is akin to having no standards at all. A clear and unambiguous way to evaluate Board performance as well as a mechanism for communicating that evaluation will elevate, in a substantial way, the overall performance of your Board.

7

Establish and Enforce Clear Membership Terms

The most abused best practice in Board development relates to Board terms. For most organizations, one of the more controversial and politically charged issues is the creation and enforcement of Board terms. For far too many organizations there are either no Board terms or the Board terms are not enforced. Without enforced Board terms, deadwood will certainly accumulate, performance expectations carry less weight, and inactivity creeps in.

Board terms relate not only to Board membership but to Board Officers and Committee Chairs as well. Good Board members will not, as a rule, join Boards where the avenues to leadership—Officership and Committee Chair roles—are not open. So create the avenues that suggest to new Board members that outstanding performance sets them on the path to Board Leadership.

At the same time, attention should be devoted to fostering a solid and enduring relationship with good Board members whose terms have expired. Service on Board Committees or a special taskforce are but two of the many ways you can keep good people connected and engaged. These people are often

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among your greatest advocates so your investment in stewarding these relationships is important. Be Creative!

8

Conduct Periodic Board Retreats

With the rush of events in everyone's busy life, few opportunities present themselves to sit back, to reflect on the lessons learned from recent experience, and to refresh the organization's outlook for the future. Well organized Board retreats are an excellent way to recharge the Board's enthusiasm and to refocus their energies for the year ahead. Many organizations use retreats as a way to update their five year strategic plan...refining the course as they progress through the plan.

9

Create the Leadership and Map Out a Succession Plan

With the right people in a room you can make even the most ambitious vision happen. To this end the most successful Boards focus on leadership. You need to ask yourself: Who is going to be the next person to chair your Board; and, Why this is the right person at the right time. You need a succession plan . . . who is the next in line to be Board Chair and what experience and exposure do we need to give that person so they are ready when the time arrives. Similarly, leadership is centrally important in setting the direction and tone of the Board Committees. The energy spent preparing natural leaders to chair Board Committees is time well spent.

10

Conduct a Board Development Process

Organizations that are serious about Board Development will take the important steps to refresh and re-energize their Board. This process audits the overall health of your Board; it assures that the nine recommendations, outlined above, are effectively in place; it helps you define and communicate an appropriate role, responsibility and growth plan for each Board member; it would help the organization to install an effective way to identify quality Board members; and, finally, it would foster a more dynamic Board recruitment and nominating process.

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A FEW THOUGHTS ON THE CHARACTERISTICS OF

A Healthy Board...

THE CHARACTERISTICS OF A HEALTHY Board give us a better sense of the type of person you want to recruit to your Board. Board members on healthy Boards work collaboratively:

Collectively, they

- Hire a good leader as CEO and let him or her lead, and they,
- Think strategically; they are focused on the big picture; they do their homework; they are directional...they have a plan

On healthy Boards, each member

- Is a knowledgeable advocate for the organization
- Is personally invested—makes a significant annual gift and, when the time comes, steps forward with a serious and early commitment to the capital campaign
- Takes on a proactive fundraising role with a personal fundraising goal
- Is always looking out to attract good people to the organization
- Contributes advice and skills in thoughtful ways
- Takes the fiduciary and stewardship roles seriously
- Brings creativity to the table
- Suggests fresh ideas—good, workable ideas that can be marshaled into action

...AND, SOME CHARACTERISTICS OF

An Unhealthy Board

RECOGNIZING CHARACTERISTICS THAT CONTRIBUTE TO A DYSFUNCTIONAL BOARD IS THE first step on the road to correcting the problem. It is worth noting that these dysfunctions could manifest themselves in the prevailing culture of the Board or they could find voice in a small group of Board members or in an individual Board member. Keep your eyes open for the symptoms:

Confrontational Problem Solving It is healthy to have a good, freewheeling debate once in awhile—it keeps everyone engaged and thinking—however, routine (or not so routine) problem solving should not require a mini-war each and every time—it’s exhausting and most often counterproductive.

Micro-Management A Board member who gives directives to staff, communicates with staff “around” the CEO, and generally oversteps the purview of the CEO certainly undermines a healthy relationship between the Board and the CEO. Board members must understand that they are the policy-makers...they set the course and the CEO is responsible for implementing that policy.

“It’s All About the Event” Overloading a Board with people who are focused on “the Gala” can create a Board that looks, feels and acts more like a Special Events Committee than it does a Board with inherently organization-wide responsibilities. The Board should drive the event; the event should not drive the Board.

The Pillar-to-Post Strategy All too many organizations operate on a crisis-to-crisis management model. With all the Board’s energy consumed with the crisis du jour, no time is left to address the most important roles of the Board—setting a strategic direction for the organization and assuring its long range financial health.

“I’m Tired and Worn Out” Some Boards hold seats for people who have been generous with their time, talent and treasure in years past, but who are substantially inactive today. This practice not only uses up a valuable Board seat that could be filled by an active, energetic and contributing member, it sends a counter-productive message to the rest of the Board—“you can be inactive and it’s ok!” It is not ok...find other ways to recognize and engage past leaders.

“It’s Not My Job” “My contribution is my voluntary time and advice.” We have all heard it. People who are not willing to provide leadership with fundraising do not belong on your Board. Everyone needs to play a proactive role—consistent with their personal means and the breadth of their contacts—in developing new resources for the organization. Nobody likes surprises—Board expectations and responsibilities should be communicated, in very clear terms, and agreed to by each prospective Board Member before they are elected to the Board.

For Additional Information

THE WHELAN GROUP encourages organizations to look at the big picture, to think ahead, and to define a clear vision for their future. Our “institution building” approach centers on expanding and strengthening each client’s financial resources through innovative, well-managed fundraising campaigns. We enjoy a well-established reputation for helping organizations to map out a thoughtful growth plan, and for our creative approach to financing the development or renovation of buildings in which non-profits house their programs.



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