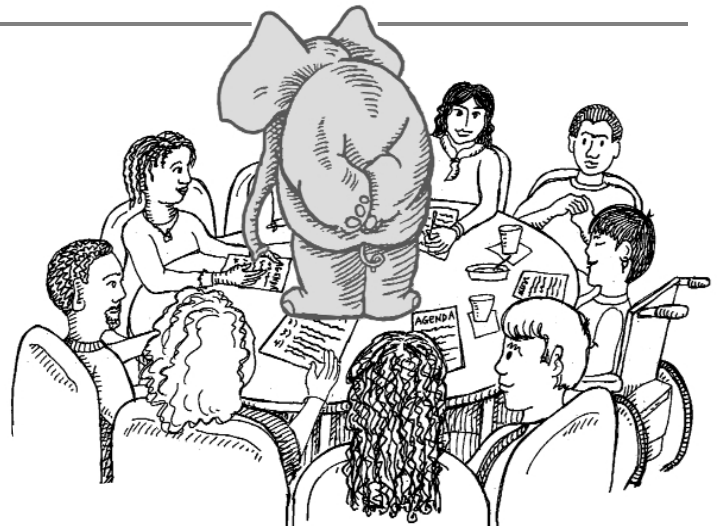


# THE ELEPHANT IN THE BOARD ROOM: ROUND ONE



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Most people have heard the phrase “the elephant in the living room” to refer to a giant problem that no one is talking about. We who work in the nonprofit sector have a number of elephants, but the biggest one in the herd is the board, followed closely by the many efforts to fix the board. We act as though a little restructuring here and a little training there will fix up a board so that it’s productive and functioning smoothly again. But we also know deep down that this is not the case. It is time to name this elephant and to bring into the open a real process for finding out how boards could actually work.

Here at the *Grassroots Fundraising Journal* and a sister organization, the Building Movement Project, we have been on a search for a model or models of board functioning that would actually work for the non-traditional organizations that comprise our constituency. With funding from the Brainerd Foundation, we conducted an intensive literature review and an in-depth examination of some organizations that have tried alternatives to the various traditional board models. We have led a few workshops, held a number of phone interviews, and had dozens of informal conversations with board members, development directors, executive directors, consultants, funders, volunteers, and academics about the topic of board functioning.

Our focus is on organizations with budgets of less than \$2,000,000, with boards that are self-selected or elected, and with missions that focus on issues of social change, social justice, advocacy, or the environment. These broad categories often include organizations devoted to arts and culture, community organizing, social service, and public interest law, as well as think tanks, and so on. We are most interested in organizations that care about diversity on the board and staff and that seriously want to be institutions, not just the vision or hobby of one or two people.

The organizations we work with must raise money every year. They generally do not have endowments, and they are not so famous as to be able to expect their annual

operating budgets to appear without significant effort. Their board members are, with a few exceptions, not wealthy, and fundraising is a struggle. Any new suggestions must include board involvement in fundraising in a significant way without changing a commitment to economic diversity.

With this paper, we want to share what we have learned so far and suggest some new ways of thinking about boards. Even more important, we want to initiate a dialogue in order to examine this elephant: What does it look like? How did it get this way? How can we begin to solve the problem the elephant represents? We hope you will share your own thoughts on this topic and your experience in trying new things: What has worked, what hasn’t? Do you think what we are suggesting might or might not work, or how could it be improved?

Consider what follows “round one” of this discussion.

## THE PROBLEM, THE PREMISES, THE QUESTION

We start by identifying the problem as we see it, followed by two premises that must underlie any attempts to “fix” board functioning. Then we articulate the main question that needs to be answered.

**The Problem:** By law, nonprofits must be governed by a board of directors. However, most boards do not function well.

**Background:** When nonprofit law was created in the 1950s, the model of a board comprised of volunteers who had abundant time to carry out the work made sense: there were only 30,000 nonprofits, which translated into about 510,000 board slots (assuming an average board size of 17 members). At that time, what we think of as the standard model of board functioning also made sense: volunteers gave their time to supervise paid professionals; assumed legal, moral and fiscal responsibility for the organization; engaged in fundraising, created policy, and evaluated programs. Board members ideally did all this while maintaining harmonious relationships with staff.

Moreover, this same group of people was expected to recruit new board members who moved into the work seamlessly, and all this happened year in and year out. While this structure might have worked then, today its success as a model seems about as likely as being struck twice by lightning.

Fifty years and counting after the law was created, things are vastly different: there are 1.5 million nonprofits; they need about 25.5 million people to fill their board seats. Economic times have changed: whereas previously many people, mostly women, had time to volunteer on boards, today more women are working full time and both men and women are often working more than one job. Volunteer time for board participation has diminished even as the need for it has increased.

A major corollary of this shift in people-power is that those who do join boards often don't learn all they need to fulfill their fiduciary responsibilities. They learn on the job, they learn badly or only part of what they are expected to do — and both board and staff end up frustrated.

**Premise #1:** To be effective and able to roll with the winds of change; to remain fully mission-driven, with a diversity of staff, volunteers and funding yielding enough money and time to do the work; to really be about the business of making their communities better places to live — to accomplish all this, nonprofit organizations need strong boards.

**Premise #2:** Staff and board members must have a strong commitment to the mission of the organization. This commitment implies a clear understanding of the work of the organization and an ability to articulate that understanding to friends, colleagues, donors, funders and the general public.

**The Question:** What kind of model or models of board functioning will work — that is, enable these two premises to be fulfilled — for the kinds of organizations we are most concerned with?

## OLD SOLUTIONS

A small industry of consultants (including those associated with the *Grassroots Fundraising Journal*) has arisen to try to help organizations answer this question. There are literally thousands of articles, dozens of web sites, and hundreds of books and videos with prescriptive solutions to the problems boards face.

Responding to the first premise, many consultants, practitioners, and academics have come up with a variety of structures to try to improve how boards operate. Each of these structures has useful features. Nonetheless, new problems keep cropping up. We are no sooner done with advising one organization than a dozen more are on the horizon needing help. So, while we have been working around the

elephant, we may have merely created new paths for her to lumber along until she reaches yet another dead end.

## NEW DIAGNOSIS: FOCUS ON PROCESS, NOT STRUCTURE

There is in fact no *structural* solution to this problem. Many boards work for some period of time — the chair is good, the ED works well with the board, the committees click. Every structure works for a while, and then doesn't seem to work any longer. Some new structure is needed to kick-start the board into better functioning.

What we need is to analyze, document and develop the *process* by which an organization would choose one structure over another at any given time, and the process by which they would move on to a new structure when the old one no longer works. In this new approach, all structures would be temporary and permeable, more like tents than buildings.

The solution to the problems of boards is, in other words, a *process* solution. Instead of subscribing to the paradigm, “We restructured and now we don't need to do that,” we would instead use the notion, “We have figured out how to continually create ourselves so that we are operating from our individual and collective strengths, which are constantly evolving.”

The process we are looking for has these characteristics:

- Simple to use
- Easy to understand
- Replicable
- Inexpensive to implement
- Will produce fairly immediate payoff to maintain motivation
- Able to cross class, race and age lines
- Applicable to a range of issues (environment, social service, organizing, arts, etc.)
- Useful for national as well as local groups
- Able to make a measurable difference in six months
- Flexible

## WHAT WE LEARNED FROM THE LITERATURE REVIEW

The literature about boards comes in two broad types: prescriptive and academic. The prescriptive literature is what Grassroots Fundraising, CompassPoint, Board-Source, and many writers and consultants have created. Although our experience has shown us that this literature is helpful, and although we continue to produce it, we know it only goes so far.

Prescriptive literature instructs boards on how to be effective, usually recommending that they use certain structures, get a lot of training, do proper recruitment, run

their meetings in interesting ways, and so on. Academic literature, on the other hand, proposes large theoretical changes or analyzes the problem. Most academic literature suggests solutions tentatively; the writers are clear that their suggestions have not been tried. Academics and practitioners rarely seem to talk with each other, and it seems from the literature that practitioners rarely translate the suggestions developed from academic research into prescriptive actions. Most rare was literature of either kind that spoke specifically to our types of organizations.

Even so, much of what we read was thought-provoking and helpful. You can download an annotated bibliography at [www.buildingmovement.org/artman/publish/resources.shtml](http://www.buildingmovement.org/artman/publish/resources.shtml).

Two books were of particular help in creating the suggestions contained in this essay: *Governance as Leadership: Reframing the Work of Nonprofit Boards*, by Richard P. Chait, William P. Ryan, and Barbara Taylor (BoardSource, 2005), and *The Structure of Women's Nonprofit Organizations*, by Rebecca L. Bordt (Indiana University Press, 1997). Also useful was an unpublished paper by Pat Bradshaw and others called "Nonprofit Governance Models: Problems and Prospects" (summarized at [bsbpa.umkc.edu/mwcnl/research/renz/boards\\_and\\_governance.htm](http://bsbpa.umkc.edu/mwcnl/research/renz/boards_and_governance.htm)).

In *Governance as Leadership*, the authors suggest that boards think and govern more as leaders than as managers; that in addition to fiduciary and strategic governance, and beyond offering advice, expertise, and fundraising, boards also engage in what the authors call "generative leadership." Rebecca Bordt looks at women's organizations in New York City founded between 1968 and 1988 to document how ideas about organizational structure have changed. She finds that "Women today are creating hybrid forms of organization that combine, in innovative ways, the best characteristics of both" bureaucracies and collectives. Pat Bradshaw and her colleagues note that there is no "one best way" of nonprofit governance. They examine existing models and encourage innovation and creativity in creating new models that are hybrids of existing and emerging models.

## KEY LEARNINGS

Two key points emerge from both the literature review and our interviews with organizations that have tried various alternative models. The first is that there is no one fixed solution to the problem; as noted above in our new diagnosis, organizations are not only going to have to find what works for them, they must also — and this is the critical feature — anticipate how they will need to change models as their circumstances change.

The second key point is that even though there is no

one way, there are five things that all workable processes and models have in common:

- As mentioned earlier, ***a commitment to and clear understanding of mission.***

- ***A process for surfacing and dealing with disagreement in a principled way.*** By principled, we mean people feel free to express their opinions and are open to hearing the opinions of others. Too often, the executive director, board chair, or even individual board members equate disagreement with disrespect and questions with criticism or lack of confidence in organizational leadership. Boards whose membership crosses cultural lines may have someone who is comfortable interrupting or talking loudly right next to someone who finds those behaviors intimidating or rude. Different cultures ascribe different meanings to the same words; "I'll try to do that" can mean anything along the spectrum from "I will do everything I can to get that done" to "No way am I even going to start on that." Boards that include people whose first language is not English (or the dominant language of the board), can have misunderstandings from the way things are translated.

- ***Leaders, especially at the executive director and board chair level, who want to create a working team.*** The best leaders are those who genuinely like working with people and are willing to spend time on this process. Our interviews and workshops revealed control issues in which there is a refusal to share or delegate power or a desire to be the main person associated with the organization. We were told by two different board chairs, "I don't like meetings." An executive director said, "I founded this organization; it is mine, and I should have the most say about what happens." While people like this may be gifted, they are not suitable candidates for the jobs they have.

- ***A culture of both accountability and forgiveness.*** When someone says they will do something and they don't, it should not be ignored, but neither should it be used as the last word about this person. Too often, we find that an executive director equates failure by a board member to keep one commitment as an inability to keep any commitment. Similarly, staff and consultants will mistake board members' doubt and uncertainty about their ability to raise money as a refusal to be part of the process of fundraising. Over time, a culture develops in which failure to follow through on the part of the board and "I'll do it myself" on the part of the director become the norm.

- ***Training and education.*** People cannot be expected to know their job if it is not explained to them, often several times and in several ways. This element of successful board functioning is already well developed and much exists in the prescriptive literature.

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## NEW WAYS TO LOOK AT PROBLEMS

Now let's look at three common organizational issues and how they might be solved using both the new diagnosis and the principles just enumerated.

### PROBLEM 1: No One Wants to Chair the Board

To solve this common problem, we try to figure out its component parts and address each part, rather than following the usual route, which is to browbeat someone into reluctantly taking on the role. The first step is to ask each board member what exactly they don't want to be or do when they say they don't want to be the chair and to push each person for a deeper explanation until we have a very specific list. For example, if someone says, "I don't have the time," we ask, "Time for what? What are you going to be asked to do as the chair that you are not asked to do now?" The list we develop will have some or all of the following reasons for not wanting to be board chair: don't like to run meetings, don't know how to read a balance sheet, schedule is too chaotic to show up for every meeting, not good at dealing with disagreement, don't understand exactly what the chair does. Using this list, one or more of the following things could happen:

- *One person could realize that she thought the role of the chair had far more responsibility than it does, and that she can make a commitment to be the chair.* If everyone agrees she would be a good chair, the problem is solved without changing the structure of the board at all.

- *People could divide up tasks, which is a common structure now.* One person designs the agenda and runs the meetings; another is in charge of all other tasks.

- *The entire board could realize that they need some training.* Maybe no one knows how to read a balance sheet, or maybe everyone would like a training in conflict resolution.

- *The group could decide that the position of chair will rotate, with each person holding the job for some short period of time,* such as two months, or four meetings, or through a hiring or a capital campaign.

There are other reasons that people might not want to be the chair, such as board members are intimidated by the executive director; several people on the board actively dislike each other; the organization is going through a scandal or a difficult transition. They are too complicated to deal with here but would make interesting case studies.

### PROBLEM 2: Executive Director Feels that the Board Micromanages

Overinvolvement at too detailed a level is one of the most common complaints executive directors have about active boards. Sometimes this tension can be resolved by a

detailed clarifying of roles and responsibilities. In younger grassroots organizations, board members pitch in and do what needs to get done — often without a lot of thought as to whether it is their job. As the organization grows, board members may keep doing that, without realizing that their work begins to interfere with that of the staff.

Sometimes, however, there is a fundamental disagreement about roles. Perhaps the ED does not want the board to be engaged, except in fundraising. Chait and others point out that such an ED attempts to keep the board at such a great distance from day-to-day operations that they actually have little idea about what is going on. In such a situation the board's governing role can fade and the staff-board relationship easily become adversarial.

To solve this problem will require a more in-depth examination. Too often organizations in this situation look only at the role of the board. A new approach would also look at the role of the executive director: What would it take for the ED to welcome the work of the board? What work would be both useful and in keeping with the board's mandate? What does the ED actually need and what does the board need from the ED to work as team members all playing on the same side? What new roles might the board look to develop, such as Chait's "generative leadership"?

Micromanaging lends itself to an easy solution: stop it. But moving right to a solution will obscure the real issues, so in this problem, the goal would be to stay in a questioning, not-doing mode for a while to make sure that all the right questions had finally surfaced.

### PROBLEM 3: Meetings Are Boring

The traditional meeting format is soporific. A series of reports, some requiring discussion and some decisions, follow one after the other. Motions are made and passed. A board member's only hope is that one of their colleagues has an entertaining presenting style or that the meeting is so well run that it doesn't last long.

Using a new model, the people designing the agenda might use different training and teaching techniques at each meeting or for each topic. For each item we would ask, "What do we want from this item?" More understanding? More engagement? Better follow-through? Volunteering for tasks? Final or interim decisions?

Moreover, we might ask, how can this agenda item come to life so that the board can put its best thinking on it? Perhaps one item would be done as a skit, some as role plays, some in the whole group, some in smaller groups. Board members might be asked to draw or to take a few minutes to write something, then pass it to the next person. Rather than being over quickly, the sign of a good meeting could be that people leave reluctantly, the way they would a great lecture or a stimulating dinner party.

## The New Models

A number of new models of organizational behavior are being described as both practitioners and theorists grapple with the problem of boards. Dee Hock, the former CEO of VISA, coined the term *chaord* to describe an organization that runs on a synthesis of the best elements of chaos and order, while being dominated by neither. The concept of chaord has spawned a small industry itself: enter the word into a search engine and read some of what comes up. For our purposes, the notion of chaord — of “adapting organizations to their environment from the inside out,” as one web page puts it — came close to describing the process we were looking for: flexible, creative, able to change quickly, fun, with ownership shared by the whole group, tasks divided over the group, and members of the group able to do each other’s tasks, lots of communication, and powered by a deep commitment to values. (A familiar metaphor that captures some of the same elements is “team.”)

Pat Bradshaw and colleagues looked at a number of organizational models, including chaord, and developed a hybrid they called an “emergent cellular” model. While, as she admits, the model “is so new and is currently not well developed either theoretically or in practice,” it is nonetheless an interesting one to consider. Here is how Bradshaw describes it:

The emergent cellular model is characterized by distributed networks and continuous and organic innovation.... Cellular organizations are made up of cells (self-managing teams, autonomous business units, operational partners, etc.) that can operate alone but that can also interact with other cells to produce a more potent and competent organizational mechanism. It is this combination of independence and interdependence that allows the cellular organizational form to generate and share the know-how that produces continuous innovation.

Bradshaw noted one organization that had committed itself to this emergent cellular model of governance — the then newly created Canadian Health Network (CHN). CHN’s job is to provide reliable, easy-to-access, Internet-based health information to Canadians. CHN was itself a network of at least 500 health organizations throughout Canada, so trying this new model with them allowed a number of ideas to be tested. CHN renamed the model “organic mobilization” and described it this way:

Organic mobilization is based on the metaphor of healthy non-cancerous cells in the human body. Healthy cells grow, replicate and ultimately die. In contrast, cancerous cells cannot die and are characterized by unbridled growth. Similarly, healthy cells can commune with other cells around them and they have tumor-suppressing genes.

Our proposal is to use these concepts of chaord, team, emergent cellular model, and organic mobilization to create discussion about new board models. We hope that some organizations will be willing to try these concepts on and report as they develop some real experience with them.

As you can see, the process model is not applied in the same way for each problem. For some problems, we look for very practical, but out-of-the-box solutions. For other problems, we seek to surface all the questions and know that a solution proposed too early will simply cut off important analysis. For still other problems, we look for all kinds of ways to engage people, knowing that adults have myriad learning styles and that if we are going to take advantage of all the people in the room, we have to have something for each of them. (We intend to gather and publish more case studies as we go along.)

### CONCLUSION OF ROUND ONE

Boards are the mainstay of nonprofit organizations, but as currently configured and structured, they are not doing the job they must do. One way to approach how boards might function more effectively is through a radical rethinking away from the notion of searching for the one fixed structure that will work and toward a more fluid understanding of the variety of ways in which boards can carry out their work. New understandings about what makes boards work and new models propose that boards remain flexible, engaging a variety of people in a variety of structures that change as needs change. Fluidity is the main characteristic of these new models. “How can we best do what we need to do now?” becomes the operational question.

### YOUR TURN: ROUND TWO

We very much want your feedback, your experience and your questions. Perhaps you have a thorny organizational issue, and you would like to see what a process solution might look like. Perhaps we have not been clear enough in some of our points: Please feel free to ask specific questions. Perhaps you think there is a whole other way of thinking about governance: Please propose it.

The goal of this project is to generate discussion and to continually revise our thoughts every two or three months to reflect new thinking, or to compile opposing thoughts in a “Point, Counterpoint” fashion. In other words, just as with the board functioning, it is our goal to discover. Please join us in this organic process. The outcome is bound to strengthen us all. **GfJ**

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