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DESERVING OF TRUST:

Helping a Nonprofit Board Move Toward Good Governance

By Dr. Thomas Wolf

Three Vignettes

- I. John is frustrated. He has been chair of his organization's board for a year and he is getting little support from his fellow trustees. It is not that they oppose him; indeed, that would at least show some interest and energy. It is that they seem apathetic – unengaged and too busy to get involved – neither taking responsibility for important policy decisions nor helping with fundraising. It is often difficult to muster a quorum for meetings, even when people are allowed to join by phone.
- II. Mary's problems are entirely different. She too is a board chair and has the challenge of three trustees who are obstacles to the smooth running of her board. One opposes virtually anything the executive director recommends. Another dominates at meetings and won't stop offering opinions, even when the topic has been thoroughly discussed. A third has a clear conflict of interest given that he runs

a construction firm doing work for her organization; he refuses to recuse himself when his contract is discussed. Other board members are drifting away because, they tell her, the situation has become so unpleasant.

- III. John and Mary's friend Sam has still a different problem. He joined a board last year and two months later its chair was forced to step down when a family member was diagnosed with terminal cancer. The board had done no succession planning and it turned out that no current board member was willing to fill the position. When the executive director left soon after, the problem was only compounded. Now the organization's two key positions are vacant and there is a leadership vacuum that no one seems able to address.

Board Dysfunction: Some Danger Signs

These vignettes demonstrate various forms of board and organizational dysfunction. There are plenty of danger signs. The board can be:

- **too big** with most members letting others do the work and burning them out
- **too small** to carry out all the necessary functions of a board
- **too old** with a lack of fresh perspectives

- **too young** with little governance experience
- **lacking diversity**, including ethnic, geographic, gender, age, and skill
- **full of dead wood**, including members who have not attended meetings in years
- **not active in fundraising and giving**
- **always deferring to the Executive Director** and avoiding important policy decisions that are the board's purview
- **micromanaging and interfering with staff**
- **unprepared for meetings**, not having reviewed any material ahead of time
- **dominated by a small group or individual** who discourages participation of others
- **not open to new ideas**
- **unwilling to engage in a productive committee structure**
- **saddled with poorly planned, designed, and executed meetings**
- **weak in its leadership structure**
- **uninformed about nonprofit governance**
- **rife with conflict of interest**

Recognize anything here? Most people will nod their heads. Perhaps you could add items to the list. The point is that **good governance is not something that can be taken for granted. It needs constant monitoring and board members should be looking for ways to improve governance and their own participation as trustees.**

Diagnosing Problems

Good governance starts with accurate self-diagnosis. How is this done? Who does it? Who has the credibility to convince the majority of board members that such actions are necessary?

▲Option 1

BOARD SELF-EVALUATION AND THE WILLINGNESS TO ACT ON THE RESULTS

One answer to the question of who should diagnose the situation is everyone! If all the trustees have a chance to weigh in, there is less chance of suspicion that the process is rigged. Indeed, a good place to start is to ask board members what they see as the greatest strengths and weaknesses of the governance process. Trustees should rate the board along a variety of dimensions – including understanding and committing to the mission, meeting effectiveness, and participation in fundraising. To avoid vague responses, a simple survey instrument can be used with a numerical scale for each question, though board members should also be encouraged to write comments.

It is essential to get full participation of the trustees to make the effort meaningful. Sometimes the process will be administered by an outside consultant who can assure confidentiality and provide a report that not only gives the results in aggregate but compares these responses to those of other organizations. If a consultant is not used, either the board chair or the chair of a governance committee can take responsibility.

Administering the survey is only a first step. The board has to be willing to consider carefully the results of the survey and to make improvements in areas where the majority believes there are problems. Do not let one or two board members derail the process. Remember: majority rules.

▲Option 2

TRUSTEE SELF-EVALUATION AND PEER EVALUATION

Many boards engage in a process of individual trustee self-evaluation. Here it is critical to work from a board job description (if your organization does not have one, that is where you need to begin). Once you have the job description, individuals use a survey instrument to rate themselves along the various roles and responsibilities the job description identifies. This provides an opportunity for an individual trustee to diagnose his or her

performance and identify where it can be improved in the future. He or she might offer a game plan for doing so that is realistic. For example, if the individual says, “I really do not prepare adequately for board meetings and am sometimes in the dark about what is going on,” the game plan might be committing to taking an hour after receiving the materials to review them. One of the merits of this type of process is that it is an opportunity for self-reflection and can lead, in some cases, to individuals realizing that it may be in the best interest of a healthy governance process to consider stepping off the board.

Less frequent is a process of trustee peer evaluation in which board members evaluate one another. Though this can be done with a survey, we generally recommend it be conducted through a confidential interview process either with the board chair or with the help of an outside consultant. When there are consistent complaints about a particular trustee, the chair needs to follow up and have a frank conversation. This may lead to a resignation, improved performance, or finding another role within the organization (perhaps a committee assignment) that is more appropriate.

▲Option 3

GOVERNANCE ASSESSMENT MEASURED AGAINST BEST PRACTICE

As useful as self-evaluation can be both at the board level and the individual trustee level, it cannot take the place of an outside, independent assessment of the board and its governance practices. Such an assessment should be carried out by someone with governance expertise who has no connection to the organization and can be completely objective. The individual will assess strengths and weaknesses and point out what is standard and best practice among peer organizations. An obvious advantage is that this individual does not bring to the process opinions weighted with baggage of past history or internal disagreements and can therefore take a fresh and independent look at the situation as it is currently.

Once again, the value of such an assessment is only assured if the board is willing to act on the results. Often

a governance committee guides the process initially and then makes recommendations to the full board for action steps.

How Often?

- We recommend that the board self-assessment occur every three years. With turnover among the trustees, this provides most of the trustees with an opportunity to weigh in at least a couple of times and monitor progress and change.
- For the trustee self-assessment, we believe if the process is kept simple and is done at the end of a board meeting, it can be done annually.
- A peer assessment may be done on an as-needed basis, although we recommend it occur at least every five years.
- Finally, an outside governance assessment should be carried out roughly every five years. We recommend that it be done the year following a strategic planning process and a board self-assessment so that it has the benefit of the results of both.

For More Information

WolfBrown can help. Call 617.494.9300 or email tom@wolfbrown.com to learn of the services WolfBrown can provide to strengthen your organization's board and governance.

For more about the general topic of effective leadership and governance in nonprofit organizations, read Thomas Wolf's blog (wolfbrown.com/insights).

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