Innovation and Inertia:
Assessing the Prospects for Changing Nonprofit Governance Practices

by William P. Ryan, Judith R. Saidel and Marla J. Bobowick
It’s customary to introduce a set of cases ever so briefly, insisting that they really speak for themselves. But the cases we present here don’t speak for themselves. They’re like archeological finds. Without context, they’re more baffling than illuminating. Were they meant as examples of best practice in governance—or worst? Innovations or mutations? Since our goal in presenting these cases is to provoke a constructive conversation about the current practice of nonprofit governance, presenting the cases as artifacts won’t do. So we offer in this piece some context about why we went hunting for these cases, what we didn’t find, what we did find, and questions provoked by the cases that might inform our thinking about—and the practice of—governance.

What We Were Looking For and Why

The cases were developed as part of the Boardsource Governance Futures project— in collaboration with the Hauser Center for Nonprofit Organizations at Harvard University1—to discover, invent or inspire alternative approaches to governance. The aim was not to critique and retire prevalent approaches to board design and practice, but to respond to the growing sentiment that best practice is not—always and everywhere—good enough.

For many practitioners, the familiar board prescriptions and practices—although they may work well for lots of nonprofits—were not producing the type of engaged, thoughtful governance that would add value to their organizations while holding them accountable. Perhaps even more worrying, a good many seemed to be losing interest in improving governance. They seemed resigned to the unsatisfying but familiar realities of business-as-usual, rubber-stamp boards, fractious deliberations, and governance-by-back-channel deal-making.

The project aimed to offer some alternative realities. On one track, we set out to reframe both the problems and potential of nonprofit boards, to invent an alternative reality (See NPQ, “Problem Boards or Board Problem?,” Summer 2003). On a second track, we set out to discover alternative realities. Instead of doing what we often do as students of nonprofit boards (focus on what boards have in common so we can offer them generic advice), we decided to focus on where boards differed from each other.

Hence these case studies. We hope they will offer nonprofit leaders a wider range of options for governance structures, and assist in thoughtful decision-making about how to best organize the work of the board.

What We Didn’t Find

Although we didn’t imagine we would unearth a governance Atlantis with an abundance of unimagined governing forms and practices, we thought it plausible that we would find a good number of interesting variations—in terms of how we defined standard governance. Our early queries at conferences, in casual conversations, and on Web sites and list-serves made us hopeful. Dozens of people had leads—about large-scale collectives, de-minimus boards of three trustees who governed by phone, self-organizing staff-board hybrids, and strong assurance that religious, radical or cultural-minority groups were governing with different forms and practices. In most cases, however, these amounted to short-lived experiments that tinkered around the governance edges, or potentially interesting examples that were impossible to verify. There were simply very few alternatives to document and, of those we explored carefully, even fewer that varied radically from conventional governance.

What does this mean? If the nonprofit sector, as we often tell each other, is a space for innovation and self-expression, if the law makes very few demands on the specifics of our governing arrangements, if our society is a diverse one, and if so many practitioners are frustrated with their boards and governance, then why are there so few attempts to change anything? We offer a few tentative hypotheses about the unwritten rules and unnoted forces that might be inhibiting innovation in our governance forms and practices:

If it ain’t broken, don’t fix it. Surely this is true for many nonprofits that are satisfied with their governance.

If it is broken, don’t fix it. Both boards and executives might find their governing situation dissatisfying, even dysfunctional, but also get something out of it. Disengaged board members, for example, give executive directors plenty of latitude. And tacit approval of board-member disengagement spares board members the burden of hands-on governing. In a way, what’s broken works.

The aim was not to critique and retire prevalent approaches to board design and practice, but to respond to the growing sentiment that best practice is not—always and everywhere—good enough.
One size does fit all. Perhaps boards provide more legitimacy and symbolic value than governing value. And if they’re more like lapel pins that signal this legitimacy than high-tech athletic wear designed to enable performance, it’s not surprising that a variety of organizations wear the same governance system.

Necessity is the mother of invention. Even nonprofits with low-performing boards face relatively little pressure to experiment with more effective governance approaches. Though hardly perfect, the sector has not seen the wide-scale governance failures that have led to the reform proposals for corporate governance. As for positive motivators, there is no definitive evidence that governance begets improved organizational performance (in fact, a number of thriving institutions seem to have relatively weak boards devoted mostly to fundraising).

When in doubt, imitate. As a complex and subtle activity, governing defies simple, definitive pronouncements about what works and what doesn’t. An insight from sociology is useful here: when people are very uncertain about how to go about a task, they will tend to imitate what others are doing. As a result of this process of mimetic isomorphism, organizations or organizational forms can come to resemble each other.²

When in need, imitate. Organizations that are struggling to gain funding, volunteers or other resources often organize themselves to satisfy the expectations of their potential supporters. Sometimes their supporters even insist on certain forms or practice. This process of coercive isomorphism again results in organizations looking alike. And it might explain why organizations founded by ethnic or political minorities—the ones we might expect to rely on alternative traditions or ideologies to guide their governance—end up looking like everyone else. If they don’t, they can’t get mainstream support.

Any of these forces, and doubtless others, could inhibit innovation in governance significantly. This suggests that, in addition to considering how other organizations have changed their governing forms or practices, boards that are reassessing their approach to governance might also consider what forces complicate the prospects for governance innovation.

What We Did Find, and What It Might Mean

Most of the cases are stories of how organizations respond to their dissatisfaction with their governance situations. We can think of a wide continuum of responses. At one end is the expeditious response, where an organization recognizes problems, but chooses not to make any changes. Making changes might confuse funders, get board members too involved, or create a high-maintenance board. So it settles for less. At the other end is the utopian response, where organizations radically change their governing approaches with ambitious reforms. Like utopian schemes for communal child-rearing, they may construct approaches that are technically feasible, but run so profoundly counter to tradition and custom that they have little appeal or staying power.

Most of our cases are clustered in the middle of the continuum. They have altered governance in ways that are nonconventional but fairly modest. They usually change a single dimension, not the entire governing system. In fact, most are more notable for their alternative stance on governing than for their alternative techniques. Whatever the merits of their various alternative practices, their inquisitive approach to governance may be worth emulating. Three features of this alternative stance are striking:

They accept ambiguity. They do not consider the roles and responsibilities of the board to be a fixed set of givens. Indeed, for them, part of the board’s job is to decide what the board’s job is.

They put governing first. Boards have long been valued for a number of contributions beyond governing, such as funding and fundraising, pro-bono technical assistance, political advocacy or community outreach. In several of the cases, nonprofits buck this trend. They move these ancillary and support functions to the margins to make more room for what they consider to be core governing functions.

They’re ideological, in the classic sense. They design their governing approaches to reflect, express and reinforce their values and beliefs. In a day when many nonprofits are pressed, sometimes uncomfortably, to adopt standardized, managerial approaches to their organizations, perhaps we should appreciate the
design of governance systems as a matter of value expression and accountability.

One wonders what the result would be if more boards, especially those struggling to improve their performance, adopted this stance. Perhaps in this mid-range zone of governance innovation, organizations can rearrange the vocabulary of familiar governance systems, not only to practice governance differently, but to say something unique—about their missions, values and aspirations.

What We’re Wondering

Beyond stimulating reflections about this stance, the cases raise a series of larger questions about the prospects for changing governance systems. For starters, we wonder:

• Where does governance innovation come from? How else—beyond an impending crisis—does an organization become motivated to experiment with new governance possibilities?
  • Is accountability compromised? Several of the alternatives seem to raise red flags about accountability—as in boards that give executives a bigger role. Are they worth the risk?
  • Are the alternatives enduring practices or developmental phases? Each of the alternative practices arose in response to a particular challenge, if not crisis. Will they endure? If they don’t, is the organization likely to develop new alternative approaches, or will it revert to standard practice?
  • How can we create the same things for governance that management and organizational development have recently enjoyed in the nonprofit sector, namely curiosity and experimentation with new approaches? Can we give more thoughtful attention to the effect that change-averse board cultures might have on discouraging curiosity and experimentation?
  • What have we missed?

In the end, these cases—and others that will emerge from the project—raise more questions than they answer about nonprofit boards. And for a field where prescriptive best practices, practitioner concerns about board effectiveness, and public scrutiny on governance are all on the increase, revisiting the risks and benefits of innovation and inertia in the boardroom is surely a good thing.

Endnotes

1. BoardSource Governance Futures is a research project undertaken by BoardSource, in collaboration with the Hauser Center for Nonprofit Organizations at Harvard University. It is funded by the David and Lucile Packard Foundation, Atlantic Philanthropies, the Surdna Foundation, and the W.K. Kellogg Foundation. For additional information visit (www.boardsource.org).


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In fact, most are more notable for their alternative stance on governing than for their alternative techniques.
The multi-dimensional crises facing Albany Medical Center increased the willingness of weary board members to tolerate the risks of implementing entirely new leadership and governance approaches.

In brief: Concerned more about the right board practice for the pressing challenges it was facing, Albany Medical Center merged its CEO and chairman roles—and may be ready, as times change again, to divide them once more.

“... we were up against a wall,” observed one long-time board member of Albany Medical Center, a huge enterprise with an annual budget of $550 million in Albany, New York. In 1995, the medical center was in the midst of severe, continuing fiscal duress. In the words of one trustee, “The crisis began to overshadow everything we did.” In March 1994, the first day of the current board chair James Barba’s tenure, he walked out of the boardroom and was told by the chief financial officer, “I don’t know if we’re going to make payroll this Friday.”

Albany Medical Center was also suffering from a double-barreled crisis in leadership turnover, with the last two CEOs respectively serving three and a half years and four months, and the board chair turning over three times in five years.

Lack of competency and instability in leadership is often accompanied by dysfunction in organizations, as Albany Medical Center soon learned. Powerful staff members began lobbying individual board members to promote their individual agendas. According to one board member, “To press their appetites, needs, desires and wants upon various members of the board, there got to be lobbying of board members for involvement in micro-levels, totally inappropriately and without any context of the institution as a whole. Everyone pursued a little area of interest.”

Instituting a New Formal Leadership Structure

The multi-dimensional crises facing Albany Medical Center increased the willingness of weary board members to tolerate the risks of implementing entirely new leadership and governance approaches. In response to this turbulence, a semi-official, five-member leadership group of people who also serve as members of the executive committee, and several previous board chairs, had spent many more hours than usual in discussions about governance possibilities. When an idea crystallized to depart from longstanding, conventional nonprofit practice and invite attorney James J. Barba, the current board chair, to serve simultaneously as CEO, the group initiated one-on-one telephone conversations with other members of the board. The callers informed board members about the Executive Committee recommendation to combine the roles of chairman and CEO and listened to their concerns.

Phone calls from the ad hoc leadership group were interpreted by other board members in the spirit in which they were placed, as an opportunity for a two-way conversation. According to one of the board members who received a call,
The frankness of ... these informal governance gatherings also avoids the guesswork between board members and chief executive.

“I had no sense that the executive committee was trying to put something over on us or sell me a solution. Before the final vote was taken, there was an agreement that this was an experiment that would be evaluated in two years.”

Barba had served on various Albany Medical Center boards for 15 years, had deep knowledge of healthcare finances, and was sensitive to the medical center’s culture. As one board member noted, “Jim had made himself into a chair who understood the inner workings, how money flowed, as opposed to a cheerleader. He had already imposed some draconian measures at the center. So we had already seen the kind of decisive action that he was capable of taking. That’s an important element of the trust we already had. He knew the place and we knew him.”

In the Times Union, the dominant regional daily newspaper, another trustee stated, “I don’t think anybody looks forward to that kind of turnover, but with Jim coming in, we’re very fortunate. He has seen the medical center through thick and thin.”

The idea to combine the roles of chairman and CEO had several advocates, including board member Joe Marone, then dean of the School of Management at Rensselaer Polytechnic Institute. Barba decided that he would accept the CEO appointment only if he could continue as board chair. Fully aware that the integrated role, a norm in the corporate world, was a departure in the nonprofit arena, Barba explained that he valued the board chair role in itself.

“I didn’t agree to serve on the board here for 15 years, and ultimately become board chair, to leave that position quickly and become hired help. My relationship with my directors, with my colleagues on the board, was a relationship of equals, of peers, and I did not want that upset. I did not want suddenly to become the employee and have to look at them in a completely different way. It just is something—it was an ill-fitting suit of clothes and I wasn’t going to don it.”

At the decisive Spring 1995 board meeting where the new model was formally adopted, there were no dissenters and little discussion. The board approved this structure as an interim arrangement to be evaluated in two years. Barba was appointed acting president and CEO, and retained his role as board chairman. After the review two years later, the by-laws were officially amended to reflect the integrated role.

Establishing a Forum for Informal Governance

Determined to make the newly integrated leadership roles a success, Barba instituted special meetings with board members: “From day one, literally March of 1995, I knew that I had to bifurcate myself in the board’s eyes, that there had to be a forum in which they saw me only as the chief executive officer and could question and hold me accountable. And yet there was a forum, namely the boardroom and board meeting, at which they could see me only as the chair of the board. So I needed a forum to fulfill the former requirement. What I hit upon in the very first month was this series of monthly luncheons and breakfasts, three or four a month.”

After receiving advance notice of the scheduled dates for the following month, about six to eight different members of the 22-member board participate in each of the hour-and-a-half informal meetings at a private club in downtown Albany. Because of self-selection, a different mix of board members occurs at each meeting and the dynamics of the conversations are always changing.

According to one board member, the meetings allow for more informal and frank discussion of the general state of affairs at the center. Conversations are open, and often include behind-the-scenes information. “We get some pretty frank assessments,” the board member said. “Nobody holds back.” In raising questions about whether poor financial results in the previous month are a revenue or expenditure problem, for instance, trustees might ask Barba to pinpoint exactly where he sees the problem.

The off-campus informality of these meetings is explicitly valued by both the CEO and most individual board members, precisely because it avoids the kind of constrained discussion that often characterizes boardroom communication. In the words of the chief executive, “My sense is that on most not-for-profit boards, rank-and-file members don’t get to express things—concerns, ideas, ask questions—because the boardroom is a highly stylized theater and there is a convention about what one says. And if one breaks the convention, that director or trustee can find himself or herself outside the fold, an irritant to others on the board.”

Talking about board meetings in a different conversational context, a trustee made a similar observation: “I’m disappointed over the level of
discussion and questioning, [as to] whether the CEO/chair is challenged. When you are taking on the culture, the CEO, the role is an exhausting one. When you stop supporting the CEO, people look at you like you’re disloyal.”

The frankness that several trustees described as characteristic of these informal governance gatherings also avoids the guesswork between board members and chief executive that often preoccupies both parties and distracts them from more important work.

Still, one trustee suggested that the upscale site of the meetings, combined with the power of an individual occupying both CEO and board chair roles, may mean that dissension is muted and serious concerns may be politely voiced but not vigorously pursued. Assessing the impact of governance innovation, CEO Barba and various trustees noted a number of consequences that resulted from merging leadership roles. A trustee noted that Barba’s assumption of both roles gave him the power to reverse some of the faculty lobbying of individual board members that had characterized staff-board relations in the past. “He had the standing to transcend the power of the barons,” the trustee said.

Another trustee observed that not only was the problem of leadership turnover resolved, but “More attention was paid by management to issues at a strategic rather than an operating level.” Combining CEO and board roles enables a leader to accumulate the knowledge required to focus on strategic questions and to sensitize other organizational managers to the need for strategic thinking as well.

Lessons Learned and Future Issues

When asked about the lessons that other nonprofits could draw from this case, one trustee responded, “I think this is a model that ought to be considered in crisis circumstances. I think it has worked in that respect. I think the ingredients to make this model successful are the right individual to fill both roles and a crisis that is clearly understood by all the players. I think if you are just talking about bad times and vagaries, this will not work. And I think there should be a method to evaluate the model from time to time, which includes the involvement of the person holding both roles.”
Several trustees emphasized the importance of identifying the uniquely qualified person who can fulfill both roles. “I mean you need someone with stature on both management and trustee sides of the table,” one said. “I think you need uncommon political skills.”

The nontraditional blended leadership role at Albany Medical Center has been reviewed several times over the last few years and its efficacy reaffirmed. Anticipating his retirement from the center, CEO Barba appointed an ad hoc board task force on governance. For task-force members, the chair invited five or six former trustees, including one former board chair and a cross-section of other members, of whom one or two were newcomers. The provocative questions designed to structure the governance review process required task force members to address fundamental strategic issues. (See sidebar “Questions for Governance Task Force” below.)

The investment that Barba has made in governance innovation is a major reason for appointing a task force charged with governance review. “I remain today, to this minute, extremely sensitive to the uniqueness and originality of the model,” he said. At the same time, at least one trustee is simultaneously aware of the different context in which the medical center is now functioning: “The model was born out of circumstances that I think combined to make them unique and the [task force] is reviewing it in an environment that I think is also unique, which is the fallout from the corporate governance scandal….The challenge is going to be to not let the environment drive you to a bad decision.”

It remains to be seen whether the nontraditional, formal governance structure of integrated leadership roles and the practice of informal, off-campus governance conversations will continue. As noted by the trustee who commented on the unique crisis circumstances that set the stage for this experiment, ensuring trustee leadership independence from the CEO is now a major theme in the debate about needed U.S. corporate governance reforms. The task force completed a report that is currently in the hands of the board’s executive committee. As one member observed, “Neither the board nor Jim himself has taken this model for granted. It was periodically under discussion and even now is back on the table again.”

### Questions for Governance Task Force

- Do the conditions that led us to adopt our current governance model still exist?
- Is our current governance model likely to survive a change in management or significant turnover in board membership?
- Are there any advantages to considering a change in the current model and, if so, how compelling are those advantages?
- Does a review of governance processes of similar organizations produce any best practices that should be considered by AMC?
- If a change in governance model should occur, how does it happen, over what time period, and what staging is needed to assure stability and continuity?

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Separating Governance from Fundraising

The Story of Center Against Spouse Abuse

by Kathleen Fletcher and Judith R. Saidel

In brief: Afraid that the traditional downtown board would be good for fundraising but bad for its mission, Center Against Spouse Abuse tries both: Donors join a funding board, leaving the board of directors free to govern.

The executive director knew that for organizations with a social advocacy mission, growth can cause funding problems.

The executive director of Center Against Spouse Abuse (CASA) felt threatened. The St. Petersburg, Florida, group’s split of governance and fundraising functions into a dual governance structure, designed to maximize fundraising contacts and preserve political autonomy, could give birth to a separate organization.

She had joined CASA 12 years earlier because it is a feminist organization that espouses social change and advocacy to remedy fundamental social inequities. The organization’s founders and successors see violence against women as a result of socially acceptable oppression (sexual harassment, pornography, lack of affordable child care, unequal pay) rather than individual pathology. CASA’s activities, such as advocating clemency for victims of abuse who kill their abuser, are sometimes controversial.

The board of directors that hired this executive director was made up of feminist activists, but they faced a problem. The growth of the organization since its founding in 1977 had increased the need for money from the business community. That was what worried the executive director. She had been fired from two previous domestic violence centers because she had refused to moderate her advocacy for social change. In each case, as the organization had become better known in the community, influential people with access to other people of means wanted to become involved on the board of directors. When they got on the board, however, they were uncomfortable with the nature of the organization and began to limit the staff’s advocacy role. As the executive director commented, “The conservative perspective seems to be endemic to people who are better at fundraising.”

With a budget of $2.5 million and a staff of 55 full-time-equivalent employees, CASA is now a significant organization in the St. Petersburg nonprofit community. Yet despite this growth and increased visibility, the staff and board have maintained their advocacy role. They confront the chief of police, judges, public defenders and elected officials, and speak out against public agencies from which they receive funding for their programs.

The executive director knew that for organizations with a social advocacy mission, growth can cause funding problems. She knew that CASA needed to raise money from the broader community, but if the agency were to take the traditional route of attracting board members with more wealth and connections, it might lose board members who understand and support their fundamental mission.
The Problem: Fundraising and the Current Board

Diverse people who had an interest in the cause but were not prominent people in the community made up the board of directors. Though they recognized their duty to raise funds, they thought only about small-scale events. As the executive director said, “I knew we needed to raise more money, and I was pretty aware that the people who were currently on our board … were probably not the ones to be able to do that.”

The initial attempts at fundraising also took the board away from its other responsibilities. As one board member said, “When we began to start doing the fundraising, for a couple of years, all we did at board meetings was talk about events, the fundraising things we were doing, and then we got really behind on governance issues.”

CASA also saw its lack of connections with men in the business community as a problem. There were a few business people on the board, but they were mostly women who had been touched by domestic violence in some way. As one of the businessmen and CASA supporters said, “Domestic violence tends to be an issue that gets viewed as a woman’s issue. I hate to make stereotypes, but many men in business and leadership positions have a hard time relating to it and connecting to it. And CASA saw that as a real weakness….so [CASA wanted] to help them understand how prevalent this is and to get them engaged in a broader way in the community.”

The Solution: A Second Board

The answer to CASA’s dilemma of how to retain the character of their mission while gaining the support of the conservative business community was to form a second board, which they called the trustees. A board of directors member who was active when the trustees were formed described the reasoning behind it this way: “[The executive director] was being very astute as to where her power base comes from and wanting to make sure that the movers and shakers who had the money weren’t necessarily going to come into the governance section and tell her that she can’t do clemency work or work with the gay community or this or that … So the concept of the trustees was to create something that would have big names on it … and to limit from that point of view of “Look, it’s quarterly meetings, and you gotta go to the breakfast, and you gotta have your friends and their check-books show up at the breakfast—that’s all we’re asking you to do.”

The trustee group was formed around an annual December fundraising event called the Peace Breakfast. People recruited for the trustees were asked only to come to quarterly meetings, help plan and stage the breakfast, and bring their friends and colleagues to the event. The Peace Breakfast is held from 7:30 to 8:30 on a weekday morning and consists of a speaker (often a survivor of domestic violence) and a solicitation for contributions. From a small beginning in 1997, it has grown to raise more than $175,000 for CASA’s general fund, becoming a must-attend event for St. Petersburg business people and politicians. As one staff member said, “They understand that they raise the money and they don’t designate how it’s spent.”

The first leader of the trustees, the manager of a local hospital, recruited five people to put on the first breakfast. As the event grew, membership grew. As he said, “Once we decided on what event we were going to do, and did the event for a couple of years, and started getting some real success with that one event, suddenly we went from looking around the room at five people to looking around the room at 15 to 18 people every meeting. Success always begets success, and people want to be involved in something that’s successful.”

A few years into the process, CASA hired an influential woman with broad connections to recruit for the trustees, so that the trustee group reached 50 members.

The trustees do not have a formal legal role in the organization, but do have their own chair and vice chair. A member of the board of directors is designated to be the liaison with the trustees and attends the trustees’ quarterly meetings. Meetings include an update from the executive director, and trustees also receive newsletters and other communications about CASA between meetings. They are, according to one trustee, “Very attentive and interested in how things are going, but the trustees don’t get to the level of really wanting to review financials … they’ve never expressed a desire to want to know exactly where our money is being spent.”

Trustees are required to make a financial donation, to tour CASA upon joining, and to bring two
people to tour CASA during the year, thus broadening the educational impact of the group on the business community.

The Board Governs and Guards the Mission

CASA’s 17-member board of directors performs the governance functions for the organization, and fully supports the program goals and social-change emphasis. They meet six times a year as a full board; committees meet in the month between full board meetings. The board creates policy, provides financial oversight, and evaluates the executive director, but is not involved in agency programs except for strategic planning. Instead, the board empowered the executive director to create and implement programs, and report program information to them. All directors are financial contributors, though most cannot give large amounts.

The board of directors sees the trustees as the group that puts on the Peace Breakfast. The chair of the trustees is invited to board meetings and sometimes attends; board members are invited to trustee meetings and a few attend. A businessman who has been a member of the board of directors and now serves as a trustee said, “The two boards function independently—I don’t know that there’s any reason, any cause, or any way that they would be in conflict. Each has their mission, their mission statement, and we’re busy doing what we need to do. We don’t have time to get involved in [governance tasks]. I don’t think there’s anybody on the trustees that’s really, really nosy about what the board of directors does, and vice versa.”

Board members understand that, even with the trustees’ efforts, fundraising is part of the board’s role as well. They are involved in the annual campaign, and they sponsor a golf tournament and a gala. However, the Peace Breakfast has taken much of the fundraising pressure off the board. In addition, the involvement of the trustees adds prestige to the organization in the community, and the board members feel good about community leaders being involved with CASA.

The Impact of the Trustees: Support Without Interference

The trustees group has had a positive impact on CASA’s fundraising and has extended CASA’s message into the business community. There

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have been other positive effects as well. Individual members have become pro-bono resources to the executive director, such as a lawyer who has advised the group in a lawsuit, a marketing executive who helped CASA's marketing campaign, and a restaurant owner who has provided meeting space and food.

The trustees provide support without interfering in policy-making or questioning the goals of the organization. The minimal involvement of the trustees is exactly what the organization wanted when the group was started. As the executive director said, “And those who just want to come to lunch four times a year, come up with a few ideas for the event itself, and bring their tables, we’ve got their money. We’ve got their support. We’ve got their name. We’ve got their access to some of their friends that they bring to us. It’s a simple formula that has turned out for us to work quite well, and it has not changed who we are.”

But Can It Continue?
The success of the trustees is raising questions about the future of fundraising at CASA. A number of trustees have increased their involvement in CASA by joining board committees, and last year’s board gala was co-chaired by three members of the trustees. The hospital administrator who was the first chair of the trustees is concerned about keeping the attention of trustees with just one event. As he said, “You’ve always got to keep changing, keep developing or evolving because people get bored, people lose interest unless you continue to evolve in some kind of way … It’s a hot event for two or three years—actually somewhere I read some fundraising book that said fundraising events have a life of about seven years and then they die. So that’s the thing to think about, how can we evolve this so that it keeps people’s interest?”

This trustee wants the group to become a separate foundation with responsibility for all the fundraising done by CASA. In 2001, he proposed that to the board of directors, but the groundwork had not been properly laid and the board had a negative reaction. For the moment, the question has been tabled, but it will likely be raised again.

The executive director is concerned that this would lead the board to abdicate its fundraising responsibility, and that CASA’s board, made up
of people who are not community leaders, needs to maintains the organization’s ties with its grassroots origins.

The board is concerned that if the trustee group were to do all the fundraising, they would want to control how the money is spent. A development staff member said there may be some of that sentiment among the trustees already. She recalls a comment something like “We’re not the wives’ auxiliary. We raise it, they spend it.” If the trustees designated where the funds they raised were spent, the executive director’s fear about losing CASA’s advocacy role could come true after all.

**About the Authors**

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Over the last 20 years, relentless statutory and regulatory changes have buffeted the health care industry in Canada. As in the United States, Canadian hospitals face corporate restructuring and mergers, as well as shifts in consumer expectations and revolutionary advances in medical technology. “I think the whole industry would see itself as being under siege,” said one hospital executive.

Against this backdrop, a conservative administration took office in 1996 in the province of Ontario. The Minister of Health, who exercises broad administrative power over hospitals (including the power to close them down), appointed a new Health Services Restructuring Commission and charged it with restructuring the hospital system in Ontario to achieve new efficiencies and cost savings.

An Externally Imposed Merger

Women’s College Hospital, a relatively small metropolitan hospital in downtown Toronto, was unable to stave off a merger imposed by the Health Services Restructuring Commission in 1998. The Ontario legislature passed Bill 51 that merged three organizations: Women’s College Hospital, the much larger and more traditional Sunnybrook Hospital, and the Orthopedic and Arthritic Institute. The new combined entity—Sunnybrook and Women’s Health Sciences...
Going well beyond the kind of environmental scanning usually conducted in strategic planning, the Blue Sky Committee was established to look as far into the future as possible to identify emergent issues in women's health.

Introduction of Nontraditional Governance Structures

The WCH board chair appointed an ad hoc Governance Task Force in Fall 2000 to define new governance opportunities for the WCH trustees. At a board retreat to search for a new governance role, the Governance Task Force Chair found that board members “looked backwards at where we had demonstrated strength and leadership historically and it was in the field of leadership in women’s health.”

The new governance structures subsequently adopted by the WCH board are intended to perpetuate leadership in women’s health internally within the combined center, and externally in regional, national and international communities.

The “Blue Sky Committee” and Ad Hoc Contingent Task Forces

The new Research and Strategic Thinking Committee (informally called the “Blue Sky Committee”) best captures the nontraditional approach to governance espoused by the task force and later adopted by the WCH board.

According to the Governance Task Force chair, “The nontraditional part of our thinking is the focus on advocacy and our recognition that we need to put resources—both human and financial—into issue identification, issue tracking, issue development and policy development, and then go out and do some advocacy.” Going well beyond the kind of environmental scanning usually conducted in strategic planning, the Blue Sky Committee was established to look as far into the future as possible to identify emergent issues in women’s health. When appropriate, the committee would also recommend establishing an ad hoc task force with board members and expert individuals who might be outside the WCH community.

“They would find out what is really happening, who are the leaders in the field, speak to them and then come back and report to the board with a recommendation,” the chair said. Task Forces are used to develop potential WCH policies and positions for adoption by the board and disband after completing their work.

The Research and Strategic Thinking Committee is a means for board members to get information independently, instead of relying solely on the hospital’s own technical staff. One individual said, “The research agenda is being driven by the clinicians and the researchers. So maybe the board doesn’t have all the knowledge it needs to evaluate the initiatives and it doesn’t have an idea of what else is going on in the field.”
Role of Key Policy Entrepreneurs

Through the long period of the board’s search for a substantive governance role, several individuals inside and outside the Women’s College Hospital community served as champions of reform to lead efforts for change. External consultants played pivotal roles in the governance innovation process, including a young attorney involved in the restructuring of the hospital who subsequently worked with the board on bylaws revisions. In the words of the CEO, “She was very well aware of the intent of the new structure from the point of view of moving from a traditional governance model for a hospital to something different.”

In addition, the lawyer was described as an individual with “a bent that says, ‘You don’t have to be constrained necessarily by the traditional rules. It’s more important to look at some of the opportunities.’ She was a good conscience in terms of saying, ‘No, your role has changed. No, your role has changed.’”

A university professor/consultant also made major contributions to process. “The consultant was a very strong educator for the main participants in the process—namely the task group and our board,” reported the board president. “She helped open up our ideas of what was possible.”

The university consultant introduced a number of governance models and the strengths and weaknesses of each. According to the board chair, “We (the Governance Task Force) got this great vocabulary. And then she came to the board and gave a presentation as well. We were able to involve in the exercise the board members who had been the architects of the present governing system, which wasn’t operating all that well in our new circumstances, and they had a chance to talk to her and ask her questions. And I think she helped the people who had a vested interest in their work let go of it. And in the end we were able to get a very good buy-in from the people who had been the architects of the system we were changing.”

The CEO also described the consultant’s introduction of different ways of thinking about board roles and responsibilities. Characterizing the consultant as coming “from an enabling side of the equation,” the executive assessed the consultant’s impact this way: “I think that [her explanation of different models] gave permission to the group, as opposed to seeing governance structures as something that were constrained by practices.”

Impact of Governance Innovations

New bylaws were adopted in June 2000, but continuing turbulence and uncertainty about the future of Women’s College Hospital delayed their implementation. Women’s College Hospital continues to exist in a volatile external healthcare environment and an internal climate of contention for standing in the merged entity.

At the same time, the common threats of a persistently large deficit and the SARS outbreak, with significant consequences for both hospitals, have moderated earlier, more adversarial inter-organizational relations. In the words of one observer, “It’s about the whole organizations. Staff, management and board must pull together to really address significant common issues. And in doing that, there is some cohesion that is established, as opposed to the fragmentation that previously existed.”

Members of the Women’s College Hospital board have been tenacious in winning outside research grants and making the case for “the opportunities if Sunnybrook and Women’s took a leadership role in women’s health for the province and beyond.” Still, the consequences of these developments for the sustainability of WCH’s innovative governance approaches is not at all clear. Whether the Women’s College Hospital’s nonconventional governance structures, adopted in a period of a highly fluid inter-organizational power struggle, will survive into the next phase of its history is unknown.

About the Authors

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Commitment Before Governing
Only Volunteers Need Apply for Board Slots at Rosie’s Place

by Judith R. Saidel and Kathleen Fletcher

In brief: Turning the typical board recruiting tactic “We need you on our board, but promise it won’t take much time” on its head, Rosie’s Place only considers board members who have recently and consistently volunteered in daily programs and services.

How does a nonprofit, started almost 30 years ago by volunteers intensely committed to its mission and vision, grow into a $3.3 million operation and still maintain its fundamentally volunteer character? How do the deeply held, founding values of a community-based organization survive as guideposts for organizational action through the fits and starts of a nonprofit’s history and development?

Rosie’s Place, an emergency housing, advocacy and social service-providing center for women in Boston, Massachusetts, suggests a practical response to these questions. Since its inception, contrary to the usual ways of recruiting new board members, Rosie’s Place has required that an individual come in and volunteer at the center six times during the previous six months before becoming eligible for nomination to the board of directors.

Founded by Kip Tiernan in 1974, Rosie’s Place was an all-volunteer drop-in and emergency housing center for women until the early 1980s. After hiring a paid coordinator, the center struggled to develop an appropriate governance model. According to its current executive director, Sue Marsh, “The coordinator and every member was a member of the board. All organizational issues were dealt with at board meetings and that became unwieldy and very frustrating. Lots of time was spent on processing.”

By 1990, the current, more traditional governance structure (with a 19-member board separate from staff) was in place, but the requirement for substantial volunteering experience prior to eligibility for board service “maintained some of its roots,” Marsh observed. Nonetheless, the transition to a division between board and staff was very difficult. “It was especially hard on staff who had been used to being in the thick of things and had to cede some power and trust to the board.”

Rosie’s Place now offers transitional and permanent housing, advocacy services and economic development opportunities to an estimated 6,000 women per year in the city of Boston.

Blurring the Social Boundaries
The stated mission of Rosie’s Place is “to provide a safe and nurturing environment to help poor and homeless women maintain their dignity, seek opportunity, and find security in their lives.” All those associated with the center are emphatic in insisting that women who come to Rosie’s Place for meals and services are guests. In the words of a volunteer active for almost
Cheryl Cummings, the current board president, explained in more detail, “Using the term ‘guests’ changes the whole tone of the place because the women at Rosie’s Place are not consumers, they are not clients, they’re not patients—they are guests. And we know that guests are those that you are letting into your home or your space and that you are opening your space to their coming and they’re welcome to be there … I would say the fundamental principle or philosophy that drives the whole thing is that every woman has and deserves respect.”

The spatial arrangement in the food service area at Rosie’s Place reinforces the vision of the founders, that there should be a close human connection between the volunteers running the organization and the guests. In other words, the social space between those in need and those offering assistance is bridged to the fullest possible extent.

The idea of transcending the usual social boundaries that can act as barriers between people extends to all members of the Rosie’s Place community, including the organization’s leadership. According to the director of volunteers, boundaries between participants at Rosie’s Place are intentionally blurred, “That is how we really view ourselves as a community, and everybody is a member of the community—staff, guests, board members, volunteers. That is a major part of our philosophy—that we really try very hard to blur those boundaries.”

The purposeful blurring of boundaries between board and staff flies in the face of conventional wisdom about how nonprofit organizations should function. A significant concern might be that the board of experienced on-site volunteers would become inappropriately involved in the day-to-day operations of the organization. Rosie’s Place acts to mitigate this possibility by structuring board meetings to clearly separate work appropriate for board and staff. The last agenda item is a report by the executive director, who highlights points made in her distributed report. Operational details are essentially structured out of the governance arena, as there is no board operations committee and the agenda is designed to direct attention to broader issues. The annual orientation for new Rosie’s Place board members in early September reinforces the separation between board and volunteer roles.

**Living the Mission**

The rationale behind the requirement for volunteering before governing is rooted in the history of Rosie’s Place. According to board president Cummings, founder Kip Tiernan envisioned Rosie’s Place as a center where all women, whether participating as guests or as potential board members, would strengthen their competencies and reach new levels of accomplishment. “The idea was that Rosie’s Place, in addition to being a healing place for the guests, would also be an incubator for women in general. The idea of having an organization that was for women and that was run by women was, I think, one of the guiding reasons for having that requirement,” Cummings said. “I do remember Kip saying at one point that women weren’t exactly sought out as board members, so this was a way of getting women, through that process, up to the level where they could serve as board members.”

Executive director Marsh offered additional insight into the reasoning behind the requirement: “By being around here, volunteers understand we are a community with a particular set of values and philosophy. This is part of why being a volunteer is important. We want you to know the women.”

Reflecting on the consequences of this unusual prerequisite for board service, the director of volunteer services offered an added point about the demonstrated level of commitment of potential board nominees: “I think you get people who have already bought into the organization and believe in the mission enough to give their time … Right off the bat you get people who have a level of commitment that I think is unusual on a lot of boards.” Evidence of a potential board member’s level of commitment in advance of the nomination process is a valued feature of this “volunteering before governing” requirement that was mentioned by several other board members.

**Challenges of the “Volunteering Before Governing” Requirement**

On the other hand, this non-conventional recruitment process poses major challenges. “The downside of the model,” said the executive direc-
tor, “is that it is completely dependent on the volunteer services director for the potential pool of board members.”

Marty Wengert, the person who holds this position, concurs, “Your pool of people who are eligible to serve on the board is much smaller.” Potential board candidates come from the organization’s 1,000 volunteers—300 to 400 who come on a regular basis and 600 who are parts of groups who volunteer together.

The need to maintain the quality of service in a large, volunteer-dependent organization can also encourage staff to rely heavily on those who initiate an inquiry to the center. “We get a lot of calls from people wanting to volunteer,” Marsh observes. “But we also need to purposefully reach out to other communities, including communities of color.” Marsh, Wengert and others have been determined to attract people of color, bilingual individuals, and people from different social classes to serve as board members.

One way to accomplish this goal was to remove the prohibition against guests volunteering, thereby creating the possibility for guests to become eligible to run for board slots. The strategy worked: three guests currently serve as board members. Commenting on this intentional effort, the board president said, “In the years that I have been involved, we’ve seen the board become more evenly distributed. More women of color. And this year we have our first guy. So I think that experience has made me very suspicious of other organizations who say, ‘Oh yes, we are really interested in diversity, but we just can’t find people.’”

One interviewee’s comment about the guests who are now board members may shed additional light on why Rosie’s Place has successfully integrated guests into the governance process: “Women who are on the board have used the services here … It makes them the experts over people who may bring more resources. So I don’t think there are issues of respect and all that. I think that people bring different ideas and opinions to the table, but I think that some women who have used the services here in the past actually bring a little bit more to the table than others, because they have actually seen it from the other side.”

Another major challenge is the imperative to raise substantial funds each year to operate Rosie’s Place. This goal is accomplished without relying on board-member leadership in fundraising efforts, although each member of the board is asked to make an annual contribution at whatever level of giving is right for that person.

The Rosie’s Place approach to fundraising challenges the prevailing notion that a major function of nonprofit boards must be fundraising. Over the years, the organization has built an alternative fundraising program that includes a broad base of loyal donors who contribute about $150, a smaller group of $1,000 donors, and a blockbuster annual event. Attended by about 1,300 people, the fundraising and friend-raising luncheon has become a must-attend event, primarily for women leaders in the Greater Boston business community.

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Let’s Talk

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A new selection process was introduced: the whole congregation is now asked to nominate leaders, and give an explanation of their nominee’s strengths for each position.

The Cleveland Congregation of St. Joseph Diversifies Leadership

by Judith R. Saidel and Kathleen Fletcher

In brief: Nominated for their many individual assets, board leadership teams often have everything but the ability to govern with a collective vision, a gap that the Cleveland Congregation of St. Joseph is trying to close with a new and intensive nominating process.

The Cleveland Congregation of St. Joseph is part of a Catholic religious order with 136 nuns and about 50 lay or non-vested associates who make shorter-term commitments. Since the mid-1870s, it has established deep roots in Ohio and the metropolitan Cleveland area. The congregation realizes its mission of reconciliation to “live and work that all people may be united with God and with one another” by working with women and children in the areas of housing, counseling, education, wellness and spiritual services.

The Cleveland Congregation operates St. Joseph Academy—a high school for 600 young women—and a wellness center in newly renovated space on the campus of the congregation in the West Park neighborhood of Cleveland.

Like other religious orders, the Cleveland Congregation of St. Joseph is governed by decisions made in periodic meetings. Every five years, participants in a Chapter of Affairs make decisions based on proposals or studies completed in the prior five-year period. A Chapter of Elections follows and designates the congregation’s leaders for the next five-year period. Chapter meetings insure that the congregation will regularly review its operations and systems.

Context for Change

In 1976, the congregation instituted a new leadership concept, moving from a Mother Superior/Council model to a three-member Leadership Team model. The Leadership Team performs the functions of a board of directors and an executive management team, meeting about once a week to oversee program operations.

Although the change in leadership models was significant, the tradition of a hierarchical governance structure continued, in that team members were elected as president, vice president and second vice president. A second shift occurred in 1984 when the chapter specified that the three leaders should serve as equals. A new selection process was introduced: the whole congregation is now asked to nominate leaders, and give an explanation of their nominee’s strengths.

A facilitated discernment process ensued in which individuals could withdraw their names from the pool of leadership candidates. An experienced congregation member explains the discernment process this way: “It does not mean ‘What do I want?’ but it’s asking the hard questions of what is best for the common good. It involves listing a set of pros and cons, laying out all of the possibilities.”

In the mid-1990s, the discernment process ended with a single slate of candidates to be presented to the congregation. But some community members felt this left them little choice. The congregation confronted another manifestation of the leadership recruitment problem in 1994, when only five people were willing to leave their names in the leadership candidate pool.

In response, a specially designated government task force of the church, as well as the Chapter Planning Committee, began to meet about a year and a half before the 1998 Chapter of Affairs. The Chapter Planning Committee initiated a series of scheduled conversations about leadership among
A New Approach to Leadership Recruitment and Selection

In accordance with the new selection process, both associates and core members nominated individuals in writing for the new Leadership Team. Nominators completed a form, Raising Names for Congregational Leadership, that included the following introductory sentences: “This nomination gives me an opportunity to name some characteristics and skills which I have seen in you and believe would be of benefit to us as a community at this time.”

Each person with at least seven nominations was invited to be part of the discernment process. Twenty-four individuals were nominated; 17 kept their names in the pool and came together for the first discernment weekend in November 1998. The weekend focused primarily on what the congregation was looking for in leaders.

One participant observed, “It was more about the congregation, and the expectations of the congregation about leadership, because that had been in big discussion since there was a governance task force and we had talked about what we were looking for in membership and what we were looking for in leadership. And so we used that information to talk about what we saw as the direction for the future.”

Two outside resource persons facilitated the weekend meetings, along with the whole selection process. The facilitators were important contributors to the change process. After the first weekend, nominees were asked to briefly outline the feedback each had received from the nominations, their own perceived leadership strengths, and the qualities or characteristics for which they would rely on other team members. These papers were shared among the nominees before the second discernment weekend.

By the second weekend, 14 people remained in the leadership pool. In the words of one participant, “the point of the second discernment was to actually deal with each other in those areas of energy, compatibility of styles, and strengths and talents.” In explaining the willingness of the participants to undertake this sensitive process, one person asked, “If our mission is reconciliation, oughtn’t that be the thing we do among ourselves first?” The outcome of the weekend was a list of 11 possible teams with different groupings of three individuals, each team presenting a unique combination of strengths. At this point in the selection process, eight individuals continued to be willing to serve on a leadership team.

Reflecting on that outcome, one of the eight persons observed “The congregation said they really needed more choices … Their basic charge was that they wanted multiple groups of people that you can choose from.” At the Chapter of Elections, the rest of the congregation narrowed the choice to two teams through a series of facilitated conversations and then voted. A few individuals would have preferred to vote for three individuals who were not presented to the congregation as a team, but adhered to the previously agreed-upon selection process.

While the Cleveland Congregation of St. Joseph invested a great deal of time in the selec-
tion process, one of the new Leadership Team members observed that willingness to invest this much energy in a succession process springs from a deep commitment that is not necessarily unique to religious orders.

Despite the regularity of reform in leadership succession procedures, congregation members identified several remaining issues: the length of terms, the need to stagger terms, and the need for more leadership training to shorten the learning curve for new team members. With the exception of the first two Leadership Teams three decades ago, no individual has served on more than one team.

According to one participant, it is premature to assess the effects of the most recent changes in the leadership selection process. Still, when reflecting about the impact of leadership-selection reforms over time, one participant said, “I think people ended up in leadership positions who, if it had been a strict voting, probably would not have landed in leadership positions. Sometimes the prophets, if you will, or the people that are heralding change, aren’t always the most popular people … But as I think of the teams as they’ve served us, each one brought its own gift.”

About the Authors

Judith R. Saidel is executive director of the Center for Women in Government & Civil Society, and associate professor of public administration and policy at the Rockefeller College of Public Affairs and Policy, University at Albany, State University of New York. Kathleen Fletcher is a consultant to nonprofit organizations and a part-time faculty member at the University of San Francisco and the Haas School of Business at the University of California, Berkeley.

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One participant said, “If it had been a strict voting, [some people] probably would not have landed in leadership positions.”
Embrace Participation

by Joel J. Orosz

The story of American history is about the broadening of participation. After the American Revolution, the founding fathers did not create a participatory democracy when they framed the Constitution. Instead, they created a series of checks against what they viewed as unreliable and dangerous popular will. Political scientists call this the deferential-participant model, where a few participate in the political system and everyone else defers to their superior judgment. We have been evolving away from that model ever since, both politically and socially—and that has real implications for governance.

The effective boards that I see are the ones that have understood this evolution, and have embraced participation. The less effective ones are stuck in the old model in which the board makes the decisions, as in “You folks out there, you may have a stake in our decision, but don’t bother to share your thoughts, because we are large and in charge.”

I found the Women’s College Hospital Blue Sky Committee and the Cleveland Congregation very admirable in this way. They made self-conscious efforts to broaden the process and bring voices inside the tent that have typically been outside the tent.

Some people devoted to traditional boards would say that wide participation can lead to chaos, for it is difficult to bring a diverse group of stakeholders to a consensus. But when you go through the chaos on the front end, you come out on the back end with stakeholder buy-in, and people who believe the process is valid and should be respected.

In addition, those who have participated in a decision will tend to defend your organization and its work against the critics. Enormous problems with both passive and active resistance result from ramming things through without ever consulting people who have a stake in the organization.

Stakeholders who are left out of decision-making processes often react with passive aggression. They lack passion and a sense of ownership, and will simply stand by as the organization flames out. Traditional, change-resistant boards have made nonprofit governance a spectator sport.

I don’t see how a board can say, “We’re responsible for this organization. We know best,” then go out to a broad spectrum of the public and say, “Give us money to support our vital mission.” Unless you can enroll the broader public into that mission (perhaps not as members, but as stakeholders), we are heading for a wall in a big hurry. Ironically, by being too controlling and excluding participation, boards will end up harming the organizations they love and serve.

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