

A NEED TO RETHINK THE PARADIGM: WHAT RESEARCH TELLS US ABOUT YOUR  
BOARD AND THE WAY IT GOVERNS  
Part I

Years ago boards governed by the seat of their pants, basing their actions on what – for better or for worse – they had seen modeled either by their predecessors or other organizations. There really wasn't an option. It's only been in the last 15-20 years that the field has generated sufficient research to provide some objective guidelines as to what might be truly effective practices.

Today we are blessed with a plethora of studies, many of which are available in mainline journals – no wading through academic journals – or on the Internet. This makes them relatively accessible. Despite this, I see a lot of boards still governing by the seat of their pants.

So, I decided to make more accessible yet a few of the studies that I believe have major implications for the ways boards should at least consider functioning today. Initially, this will be in two parts. Maybe I'll get ambitious and highlight additional studies in the future. Better yet, I'll inspire others to write up the studies that they find provide guidance to their organizations.

In Part I, the research I've selected slay a sacred cow or two. Just remember: Sacred cows can make great steaks!

The Ongoing Search for Boards of Affluence and Influence

Personally, I felt validated to see the publication of "Do Big Names Really Draw Big Bucks?" (*The Nonprofit Quarterly*, Summer 2006) in which Bob Herman and Dave Renz reported that they failed to find the assumed correlation between boards of affluence and influence and increased revenues flowing into an organization's coffers. What they did find is that even CEOs and Development Directors were typically unsuccessful at convincing these highly sought-after individuals to give or ask for more. Counter-intuitively, those organizations with less "prestigious" board members were actually *more* successful at bringing revenue into the organization.

The authors hypothesized that these results might have been a function of their sample, which consisted of mostly human service organizations, which typically are less successful at even recruiting high prestige boards. However, I work with organizations that fall into every mission category and Herman and Renz' results track with my own observations. I have worked with boards that have scored the biggest names in town and I've heard those individuals lament their ability to be successful until they can supplement the board with "people of affluence and influence." I could only shake my head in these instances and think to myself, who that might be if not the very people around the table at the time. Conversely, I've worked with boards made up of people who had little money or community prestige who were able to accomplish remarkable things due to their commitment, creativity, fearlessness and ability to think strategically.

*Implication:* Forget affluence and influence. Focus on finding people with the characteristics, skills and experience *your* organization needs at this point in time. The “great steaks” in this situation? The reality identified by Herman and Renz dramatically increases the population from which you can draw your board.

### The Myth of Diversity

In a series of articles, Margaret Neale, a professor of organizations and dispute resolution at Stanford University, recently distilled 50 years worth of research on the subject of diversity to find herself slaying – or at least wounding – another sacred cow. Despite funders’ and our own push for boards that are “representative of the community” – code for having an ethnic and racial balance – she concluded that when diversity is obvious to the eye – i.e., it is based on factors such as race, gender or age – creativity and group problem-solving, which are both essential to effective board service, are negatively affected. However, when diversity in terms of different work styles, personalities, educational levels or expertise is encouraged, performance in these same two function areas is increased.

One plus Neale did find to being able to “see the differences” in those around the table is that people tend to *expect* that there will be different reactions to issues, which is something they don’t always expect from people who “look like them.” This allows the group to maximize its productivity by “properly managing” the differences – e.g., pointing them out and validating the different views, enhancing cultural competence and so on.

*Implications:* While you definitely *do* want diversity on your board, you must interpret diversity more broadly than many do today. You need to recruit people for their different perspectives and encourage your board members to think creatively, challenge current thinking and test any options on the table. Neale actually suggests something I have recommended for years – that your organization appoint a skeptic. This is someone who will ask the tough questions and push back at every meeting, forcing the group to think beyond the “same old, same old.” (Note: I suggest assigning a different person that role at each meeting so that the effectiveness of the technique doesn’t get lost when people weary of that single argumentative voice.)

If you are going to intentionally recruit for racial, ethnic, socio-economic and age diversity, you have to make a special effort to prepare your board to deal with it. Today’s emphasis in the nonprofit sector on cultural competence is clearly warranted because it will help you manage cultural diversity for a better outcome. There is, for instance, an affinity group on cultural diversity through the Alliance for Nonprofit Management, which not only has discussion lists, but holds meetings on the subject. William Brown’s 2002 work, “Inclusive Governance Practices in Nonprofit Organizations and Implications for Practice,” also suggests you would do well to establish a task force on diversity because that tends to lead to greater inclusion, which leads to greater involvement by everyone.

### Our Own Caste System

In their article, "Toward an Understanding of Founder's Syndrome: An Assessment of Power and Privilege among Founders of Nonprofit Organizations" (*Nonprofit Management and Leadership*, 2002), Stephen R. Block and Steven Rosenberg recognized the existence of class structures within nonprofit boards, attributable to each board member's status in the community or what he/she brings to the table. This can even be the number of years of service to the organization, where those who have served longer are treated with more deference. These classes determine each board member's level of power and privilege. Typically, founders are treated as in a class of their own, and granted the highest levels of power and privilege.

*Implications:* You must ensure that there are frequent opportunities for both formal and informal teambuilding to begin breaking down the classes. A critical aspect of this is giving everyone meaningful tasks that further your organization's mission and vision, so that everyone else sees their contribution as equally valuable – even if manifested differently. Another is building a culture where each person's voice is encouraged to be heard and given equal weight.

If your organization has a founder who is still actively involved, it will take a conscious effort for people to stop deferring to him or her and for the founder to step back and let others have an equal say, but it is essential if your organization is to flourish. There is a saying that, "In business, if two people agree, one of them is unnecessary." No one should be afraid of or feel uncomfortable about speaking his/her mind as an equal of every other person on the board because you can never know from where the next best idea will emerge.

Are your synapses flying? I hope so. I hope that you are thinking of other implications of these studies and ideas for implementing any changes you feel appropriate. I promise more food for thought in Part II of this article.

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