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**Nonprofit**  
QUARTERLY

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# BOARD WITH CARE

N e w p o r t

## Perspectives on Nonprofit Governance

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# Welcome

**W**elcome to the *Nonprofit Quarterly's* collection of our readers' favorite articles on governance. *NPQ* is well known for the quality of its work on this topic—mostly because of the thoughtfulness of writers that have graced us with their contributions. In our estimation, governance is one of the more important topics a nonprofit can explore because governance systems seldom are built to fit each organization and situation as well as they could. Instead, as David Renz comments in his excellent typology, we often “borrow” governance structures, by-laws and all from other organizations. This can cause all kinds of problems, including a misaligned capital structure, the stagnation of program offerings, and a lack of realized accountability to people who are being served.

Articles from this collection have been shared broadly among boards and are what we consider to be “classics.” We begin the collection with Bill Ryan’s article “Problem Boards or Board Problem?” that questions whether the prevalence of malfunctioning boards might be something of an indicator that we are asking the wrong questions. Judy Milleson’s “Who Owns Your Nonprofit” is one of our personal favorites, taking on the concept of the self-perpetuating board. The next two articles, by Gus Newport and Aideen McGinley, are wonderful reflections on what part constituent participation should play in governance. Newport’s article “Why are we Replacing the Furniture When Half the Neighborhood is Missing?” has made its way online around the country from one to another practitioner. It is strong and hopeful and specific.

“Youth Leadership Development: A Space, a Voice and Some Power” is a good segue from the last article in that it is written by the first youth member of the board that Newport referenced in his article. It is a first person account of how participation in that board built him and the neighborhood’s resiliency. This is followed by two more practical articles about the overuse of Robert’s Rules and about director’s and officers insurance.

David Renz weighs in on the typology of boards. We had trouble believing that there wasn’t an article already in existence but we knew we all needed at least a first draft to work from!

We conclude with an article printed first in *Nonprofit and Voluntary Sector Quarterly* called “Gateway to 21st Century Governance: Are We Ready?” by myself. It sums up many of the ideas contained in the other articles.

**Ruth McCambridge**  
Editor in Chief

Governance is one of the more important topics a nonprofit can explore because governance systems seldom are built to fit each organization and situation as well as they could.

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# Problem Boards or Board Problem?

by William P. Ryan, Richard P. Chait, and Barbara E. Taylor

**T**HE PAST 20 YEARS HAVE SEEN THE STEADY GROWTH OF TRAINING PROGRAMS, consulting practices, academic research and guidebooks aimed at improving the performance of nonprofit boards. This development reflects both hopes and doubts about the nonprofit board. On the one hand, boards are touted as a decisive force for ensuring the accountability of nonprofit organizations. On the other hand, the board is widely regarded as a problematic institution. And it's not just the occasional nonprofit financial implosion or scandal that's troubling. All institutions, after all, have their failures. Perhaps more worrisome is the widespread sense that underperforming boards are the norm, not the exception.

After contributing to these board-improvement efforts for over two decades, as both researchers and consultants, we have recently looked afresh at the challenge of improving nonprofit boards as part of the Governance Futures project. Conceived by BoardSource (formerly the National Center for Nonprofit Boards), in collaboration with the Hauser Center for Nonprofit Organizations at Harvard University, the project seeks to reconceptualize governance. Although it ultimately intends to generate new and practical design strategies, we have focused first on the problems of the board—on the theory that a better framing of the problem will lead to better responses. Through dialogue with practitioners, a review of the literature on nonprofit governance, and the application of various intellectual frameworks (from organizational behavior to sociology), we have begun to see the cottage industry of board improvement in a new light. Most importantly, we have concluded that we have been working on the wrong problem.

## Problems of Performance

The problem with boards has largely been understood as a problem of performance. Judging from our recent discussions and interviews with board members, executives and consultants, three board-performance problems appear most prevalent. First, dysfunctional group dynamics—rivalries, domination of the many by the few, bad communication,

On the one hand, boards are touted as a decisive force for ensuring the accountability of nonprofit organizations. On the other hand, the board is widely regarded as a problematic institution.

We can approach the problem of purpose in two ways. We can attempt to expose the board as an irrelevant institution constructed around a set of hollow roles and responsibilities. Or, as we prefer, we can ask whether the purposes now ascribed to boards might be necessary, but insufficient, to sustain engaged and effective service by nonprofit board members.

and bad chemistry—impede collective deliberation and decision-making. Second, too many board members are disengaged. They don't know what's going on in the organization, nor do they demonstrate much desire to find out. Third, and most important, board members are often uncertain of their roles and responsibilities. They can't perform well because they don't know what their job is. When we spoke with 28 nonprofit governance consultants about their recent engagements with troubled boards, 19 characterized the client's problem as ignorance or confusion about roles and responsibilities.

Scores of analysts have addressed this problem and, in response, offered one version or another of an official job description for the board. The vast, prescriptive literature can fairly be distilled into five functions:

1. Set the organization's mission and overall strategy, and modify both as needed.
2. Monitor management, and hold it accountable for performance.
3. Select, evaluate, support and, if necessary, replace the executive director or CEO.
4. Develop and conserve the organization's resources—both funds and property.
5. Serve as a bridge and buffer between the organization and its environment, advocating for the organization and building support in its wider community.

The roles-and-responsibilities conception of board performance has obvious appeal. With a problem defined as ignorance, the solution becomes knowledge. And since we already possess—in the form of official job descriptions—the knowledge that boards need, we need only disseminate that knowledge to unenlightened trustees to cure the problem. The expectation is that we can train our way out of board problems.

Behind these problems of performance, however, looms another, more fundamental problem: one of purpose. Some advocates of a roles-and-responsibilities approach inadvertently acknowledge this problem when they reason that, since the board endures as an institution, it must be important. "The widespread existence of boards," writes Cyril Houle, "means that they must possess values which are apparently essential to modern life. It will therefore be useful to assess the reasons why boards are important."<sup>1</sup> The very formulation of this approach—or variations common in the literature—betrays a fundamental problem. If the board is so important, why do we need a whole literature to explain why? This question raises another: What if the central problem plaguing boards is not ignorance about important roles and responsibilities, but lack of a compelling purpose in the first place?

### Problems of Purpose

We can approach the problem of purpose in two ways. We can attempt to expose the board as an irrelevant institution constructed around a set of hollow roles and responsibilities. Or, as we prefer, we can ask whether the purposes now ascribed to boards might be necessary, but insufficient, to sustain engaged and effective service by nonprofit board members. Even this approach, however, requires some reflection on the problem of purpose. We start with three causes of the problem.

**The Substitute's Dilemma: The Most Essential Work Can Be the Least Meaningful.** By law, the board's fundamental purpose is to hold a nonprofit accountable to the

broader community. The law offers little guidance, however, on how boards should do so—beyond referring to broadly conceived “duties of loyalty and care.” The standard statements of roles and responsibilities offered to board members attempt to add flesh to this legal skeleton. But a job predicated on legal accountability is, almost by definition, not a compelling job. To ensure this accountability, boards focus on norms and standards of minimally acceptable behavior. Trustees are tasked to prevent trouble more than promote success.

This approach places board members in a position akin to that of the maligned substitute teacher. As an institution, the substitute teacher works effectively. The device assures school administrators and parents that children who might otherwise run amok will remain under control. But the job of the substitute teacher is singularly unattractive. Adherence to minimum standards—not trying to teach but merely trying to keep order—is as or more challenging than actually teaching. It is also far less rewarding. So it is with board members. What we have essentially asked is that trustees keep order.

Why not concede that boards do unglamorous but essential work and get on with it? The reason lies again in the paradox of substitute teaching. The teacher who educates children actually stands a better chance of keeping order than the teacher required only to keep order. Similarly, the board that is expected to improve organizational performance also stands a better chance of assuring accountability. By focusing primarily on accountability, we have created a job without a compelling purpose. As a result, board members become disengaged. And the more disengaged they are, the less likely trustees are to ensure accountability—the very reason we created boards in the first place. By asking for a little, we get even less.

**The Monarch’s Challenge: Important Work Is Sometimes Institutional, Not Individual.** The problem is not that the board is some pointless appendage that renders board members inconsequential. To the contrary, the board, as an institution, is so important and effective that it can sometimes function almost without regard to the effort of individual board members. In that sense, a board may be more like a heart—too vital to rely on conscious effort to perform. Consider four cases where the board can perform well and thus leave board members little to do.

First, boards provide legitimacy for their organizations. Unlike the business sector, where stakeholders can judge a corporation by financial performance, the prospective funders, clients and employees of the nonprofit sector often rely on signals and proxies—none more compelling than the presence of a distinguished board—to assess an organization’s efficacy. But beyond lending their names to the organization’s letterhead, and occasionally attending a public function or official event associated with the organization, board members need not do anything to create legitimacy. They merely confer it.

Similarly, the board provides managers with what organizational theorists call “sense-making opportunities” simply by meeting, writes Karl Weick.<sup>2</sup> The mere prospect of a board meeting—where little or nothing may actually happen—requires managers to prepare written and oral reports that make sense of organizational events, challenges and data. Management must be able to communicate to the board an integrated and sensible

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account that describes and interprets the organization's situation. Presumably, a more curious or inquisitive board will compel managers to be better sense-makers, but the mere occasion of board meetings goes a long way by itself.

The board, as an entity, also encourages vigilance by managers. Nonprofit executives often say, "The board keeps me on my toes" or "I can feel the board looking over my shoulder." Henry Mintzberg, a strategy theorist, likened the corporate board to a bumble bee<sup>3</sup> that buzzes around the head of the CEO. Ever mindful of the possibility of being stung, the CEO remains vigilant. As that image suggests, even random, annoying activity can be sufficient to keep managers alert. The flurry of activity alone has important effects.

Parsing these individual and institutional roles, we return to the legal role of the board as an accountability agent. We can construe society's mandate to the board as an active one: ensure accountability. But it's also true that the wider society's interests are satisfied to a large extent by the mere existence of the board, which serves as a legally answerable entity in the event of wrongdoing by the organization. The board assumes the ultimate legal responsibility. We hope that responsibility leads the board to "due diligence," but nothing in the law can compel the board to also be high-performing.

As trustees attempt to define the purpose of a body that, in some ways requires little of them, they face something of the predicament of a monarch in a modern, democratically governed state. It's the institution of the monarchy—not the individual monarch—that does much of the work. The monarchy helps to create a national identity, reassuring and unifying the country (especially in times of crisis), marking important events through ceremony and, not least, developing the tourism economy. Some monarchs are more likeable than others, but most purposes of the institutional monarchy can be fulfilled regardless of the individual monarch's capabilities or personality. For a monarch, the solution to this problem of purpose is to respect the official job description, however limited, and then to invent an unofficial job description in order to use the position to advance causes close the monarch's heart. Board members face the same challenge. If they rely on the institution of the board to generate meaningful work, they are likely to be disappointed.

**The Firefighter's Down Time: Important Work Is Episodic.** Sometimes boards resemble neither substitute teachers nor modern monarchs. Sometimes boards are personally engaged in important work where the trustees' performance proves decisive. Under these circumstances, such as hiring a CEO, considering a merger, deciding whether to expand or eliminate programs, or dealing with a financial crisis or personnel scandal, boards are called on to be diligent and purposeful. But in times of calm, when there is no one to hire or fire, no strategic choice to make, and no crisis to manage, then what is the board's purpose?

We tend to take little account of the fact that important board work can be highly episodic. Board members meet at regularly prescribed intervals, even when there is no urgent work to do. If boards are to be strategy-makers, as many governance gurus advise, can management realistically devise an agenda replete with important "bet the company" questions at every meeting? In response to this demand for strategic content, staff may begin to inflate routine issues into questions of strategy. Board members and staff alike



soon begin to equate meeting with governing. And when the important work that boards sometimes do remains undifferentiated from the mundane or even contrived work that comes in the intervals, the important work becomes devalued. Encouraged to go through the motions, board members are frequently driven to ask the ultimate question of purpose: Why am I here?

Boards once filled “down time” by taking a direct role in managing the organization. But the rise of professional nonprofit management has discouraged—though not eliminated—that practice. With the widespread acceptance of the official job description for boards, such hands-on work now constitutes “meddling” or “micromanaging”—a breach of the staff-board boundary. The modern consensus is that nonprofit organizations do not need boards to manage operations. But does it follow that nonprofits need boards to govern every time they convene, even when there are no strategic imperatives to decide?

In most fields where important work is episodic, practitioners do not insist otherwise. A firefighting company, for example, spends only a small fraction of its time actually fighting fires. Some time is devoted to training; some is used to maintain equipment; some is spent on fire prevention; and some is simply spent waiting—cooking, eating, watching television and informally strengthening the camaraderie of the group. Instead of making the preposterous claim that a fire company is always fighting fires, fire departments put down time to good use.

What do boards do with their down time? In practice, of course, we know that boards do more than govern in formal board meetings. For example, we asked board members to think about a “no-board scenario” by posing the following question: What would be the single gravest consequence to your organization if the board did not meet or conduct board business in any way for a two-year period? In response, board members said the organization would suffer the loss of fundraising capacity, loss of good advice or expertise and loss of contacts in the community. Though these assets certainly help nonprofits, and may improve organizational performance, they are not governing per se, and they are not always developed or delivered during formal meetings. They are down-time activities that boards pursue when they are not called upon to govern. If boards approached the question of how to use down time explicitly, rather than lament the absence of a perpetually strategic agenda, they might, in fact, become more valuable assets to their organizations.

Specifically, board members might tackle the question of what constitutes effective preparation or readiness to govern. In lieu of formal board training events at long intervals, boards could construe learning about their communities or constituencies as vital, continuous preparation for governing. Instead of merely recruiting members who appear to be well informed, organizations could use their meetings to promote learning by all board members. Board members could construct and pursue a learning agenda through field work, meetings with other boards, or extended interaction with constituents. By learning as a board, the board would have a deeper and shared body of knowledge available when the time comes for important decisions.

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If board members are not simply uninformed about their roles and responsibilities, but are struggling to find meaningful work in an institution beset by problems of purpose, then what kind of board-improvement strategies do we need?

then what kind of board-improvement strategies do we need? If we can't train our way out of problems of purpose, then what?

We can start with three questions. Why have we felt compelled to narrow board work to certain prescribed functions? Have we trimmed board service to the right set of essentials? And does the official job description really advance better governance?

## Problems of Reform

In recent years, the field of nonprofit governance has approached the challenge of board improvement by continually trying to narrow the scope of the proper work for boards to a set of canonical responsibilities. Given the persistent dissatisfaction with board performance, perhaps this approach should be reconsidered. We can start with three questions. Why have we felt compelled to narrow board work to certain prescribed functions? Have we trimmed board service to the right set of essentials? And does the official job description really advance better governance?

The official job description undoubtedly represents an earnest effort to improve governance by focusing boards on the fundamentals. But it also solves another pressing need: how to divide organizational labor between nonprofit board members and an ever more professionalized nonprofit management. After all, the rise of professional management, rather than a sudden decline in trustee knowledge and intelligence, may best explain why board members have become increasingly uncertain about their roles. In a word, they have been displaced. As Harold Wilensky argues in a seminal analysis, the rise of new professions typically involves “hard competition” in which a would-be profession “sloughs off dirty work” on nearby occupations.<sup>4</sup> Doctors gave unpleasant tasks to nurses, who shifted them off to nursing aides, where they will remain until the emergence of a nurse's aide profession. Faculty offloaded admissions and advising on a new cadre of student personnel administrators. Though not as ungracious as sloughing off dirty work, professional nonprofit management has gently kicked the boards upstairs—confining them as much as possible to policy and strategy (even though there is little evidence that boards are as influential as managers in the policy-and-strategy spheres).

Many board members have trouble staying there, and when they cross the boundary into management territory, many executives and consultants are quick to condemn them as either woefully ignorant or downright mischievous. Whatever the reason, when boards so “misbehave,” managers proffer the official job description as guidance, or wave it like a restraining order. But in reality, it's hard to discern the line that divides policy and strategy from administration and operations. How can we be sure an operational matter is not of sufficient significance to warrant the board's attention? It doesn't help to assert that governors should not manage when the difference between management and governance is not crystal clear. It's also hard to govern at arm's length from the organization and without first-hand knowledge of the “business.” How can a board develop strategy without direct contact with the operational realities of the organization—which is precisely where new strategies and ideas often emerge and are invariably validated or discredited? How can a board evaluate the performance of an organization without some direct knowledge of the enterprise?

The official job description does provide some opportunities for more active, hands-on work. Board members are often expected to represent the board to various social, civic or professional networks, and to help the organization understand the larger environment

better by bringing information from those networks into the board room. And boards have been granted, if not mandated, an enormous role in fundraising.

Why do these functions make the short list of essentials? True, the organization needs help in these areas, board members are good at these tasks, and trustees are often willing to perform them. But board members are not uniquely qualified for this work. Indeed, management could and does work on both funding and community support. But, in truth, these functions have one important characteristic: they keep board members busy outside the organization, where they are not apt to interfere with the work of managers and staff. In other words, the official job description doesn't insist that boards only govern, but the list improves the odds that trustees will not get in the way of managers.

If we were satisfied with the performance of boards, the fact that the official job description is not entirely, conceptually coherent wouldn't matter. If a pinch of policy, a heap of fundraising, and a dollop of strategy added up to better governed organizations, then why quibble? But given the frustrations of many board members and a pervasive sense among trustees—and those trying to help them—that their time and talent (and ultimately their treasure) are vastly underutilized, it is time to revisit our assumptions about what boards do and should do.

Rather than narrowing our sense of the board's work, we should try to broaden it. In fact, in developing managers or leaders, we do precisely this. We urge them to look beyond their narrow, official job descriptions to the more subtle, important and personally satisfying aspects of their jobs. We might try the same for boards, asking how we can make board work more meaningful for board members and more consequential for their organizations. For those who want answers now, this may entail entirely too much thrashing about the problem. But a new sense of the problem of purpose may be more useful than still more solutions to the problem of performance. The right solution to the wrong problem rarely works.

### Endnotes

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**About the Author.** **William P. Ryan** is a consultant to nonprofit organizations and a research fellow at the Hauser Center for Nonprofit Organizations at Harvard University. **Richard P. Chait** is a professor at the Graduate School of Education, Harvard University. **Barbara E. Taylor** is a governance consultant and senior consultant with Academic Search Consultation Service.

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# Who “Owns” Your Nonprofit?

by Judith L. Millerson

Nonprofit boards have both a legal responsibility to discharge a public benefit purpose and an ethical obligation to meet the expectations of those on whose behalf the organization exists.

**F**EW WOULD ARGUE AGAINST THE NOTION THAT BOARDS OF DIRECTORS ARE SUPPOSED TO REPRESENT THE INTERESTS OF “OWNERS.” Yet, despite the intuitive importance of specifying ownership, over 70 percent of nonprofit board members interviewed regarding their perspective on ownership and accountability believed that they were accountable only to their board—or to no one at all.

This finding was particularly alarming because it raised fundamental questions about how decisions were made. I would argue that in order to discharge its basic legal and moral responsibilities, the nonprofit board of directors must focus on its mission and develop a clear understanding of how the concepts of ownership and accountability influence its decision-making.

And, in light of recent media attention on administrative misconduct by nonprofits, nonprofit boards will likely become increasingly sensitive to issues of ownership and accountability.

This study of 12 nonprofit boards in New York and Connecticut was conducted over nine months (August 1999 to May 2000) and involved direct observation of some 40 board meetings and interviews of 58 board members. Participating boards governed a symphony orchestra, United Way, Girl Scout Council, and a range of human services providers. The sample included 10 local organizations, one statewide and one international.

## Ownership and Decision-Making

We all know that although a corporate board of directors may have multiple constituencies to whom it is answerable, its primary accountability is to the firm’s ownership, which has been explicitly defined as the corporation’s shareholders. What this means is that it is the board’s responsibility to make sure that owner interests are safeguarded whenever decisions are made.

Contrast this fairly straightforward definition of ownership to what I call the “dual ownership” in the nonprofit sector. Nonprofit boards have both a legal responsibility to discharge a public benefit purpose and an ethical obligation to meet the expectations of those

on whose behalf the organization exists. This means that nonprofit boards are accountable to both a legal ownership and an ethical, or moral ownership. By law nonprofit ownership is vested the community, which has granted it certain exemptions and entrusted it with scarce resources to serve a particular social need. In his Policy Governance Model, John Carver defines a nonprofit organization's ethical ownership more specifically with a concept he calls "moral ownership." Carver describes the moral ownership as "a special class of stakeholders on whose behalf the board is accountable to others." Similarly John Smith, in his book, *Entrusted: The Moral Responsibilities of Trusteeship*, draws attention to the fact that although boards may feel as though multiple stakeholders are pulling in competing directions, it is the role of the board to sort out these conflicts in a way that is faithful to its calling and to those the organization exists to serve.

When the board recognizes its public trust obligations and makes decisions that are mission-focused and responsive to constituent expectations, it makes clear the decision criteria by which it will sort and prioritize multiple, often competing operational expectations. As such, the resulting decisions are justifiable to a broad array of stakeholders. In short, by defining moral ownership, the board unequivocally specifies "who" is important and how the organization will meet its public benefit purpose, thus fulfilling its fiduciary obligation to the legal ownership.

Even though nonprofit boards may feel accountable to multiple stakeholder groups who place competing demands on organizational operations, moral ownership must be fundamentally linked to the basic purpose for which the organization exists. Without a doubt, all stakeholders have some ownership in the organization. However, as John Carver makes clear, a distinction must be made between those with whom the organization enters into exchange agreements and those on whose behalf the organization exists. Let me explain.

Nonprofit organizations and their governing boards often look to the external environment for resources needed to survive. What is important to remember, however, is that there is a voluntary element to resource exchange. Nonprofit organizations are not required to accept donations, grants, or contracts to provide specific services. In most instances, the organization is free to choose whether it will enter into an agreement with a particular resource provider or seek an alternative source of revenue.

Although it is true that these resource providers may have a stake in the organization—and the board may feel some obligation to these stakeholder groups—vendors, donors, and funders are not owners. Owners are those stakeholders with interests and concerns the board is legally and morally obligated to acknowledge. As Carver explains, "The test for ownership is not with whom the board makes a deal, but whom the board has no moral right not to recognize."

## Specifying Ownership and Governing with Accountability

"Accountability, wow, that's a really gray area," explained the board president of a small nonprofit human service organization. "I guess it's clearer in some places than in others—you know, like in churches, country clubs, or schools because you are accountable to the membership. But we don't have a membership; I guess I would have to say that we are accountable to ourselves." The president for another, even smaller social service organization board told me that because her organization had no membership, the board was accountable to "no one."

Even though nonprofit boards may feel accountable to multiple stakeholder groups who place competing demands on organizational operations, moral ownership must be fundamentally linked to the basic purpose for which the organization exists.



Given the fact that nonprofit boards are answerable to multiple stakeholders with differing, sometimes conflicting, expectations and demands, there is often ambiguity around the issues of ownership and accountability.

Even though over two-thirds of the board members I talked to could not articulate a common constituency to whom they were accountable, there were three boards that took a leadership role in specifying the ways in which responsiveness to “client” expectations helped them to be accountable to both the legal and moral ownership (although they did not use these exact terms). These boards were able to establish criteria for and to justify important decisions.

Let me give you an example of what happened when one board that was challenged to decide between a course of action that was reflective of “client” expectations and a decision that made “good financial” sense. Because this board recognized its moral obligation to the constituency served they were able to justify a decision that was not financially sound in the short-term but that was consistent with client-based, long-range programmatic goals and objectives.

I heard the following comment at a meeting of the board of directors for a human service organization, “This is the fourth year in a row that this program has been losing money. It has taken a loss of \$500,000 and I think it is time to throw in the sponge.” The board member who made this statement put forth a motion to dissolve the program. A startled hush fell over the room. The first impassioned response came from the vice president of the board, “Sometimes nonprofit organizations run programs that are of great benefit to the clients even if they cost the organization money . . .”

Another board member added, “There is a need for this program. I remember there being a waiting list. I feel strongly that we need to meet the needs in the community. We are a nonprofit, we are not in this to make money...” And so it went for 45 minutes, one antagonist trying “to stop the bleeding” against the rest of the board arguing that the program should continue because “We are a not-for-profit, we serve a disadvantaged population, and as long as we are financially sound we are okay.” At the end of the discussion, the board voted to continue the program. Even though the decision may not have appeared to make financial sense, it was justifiable because it was responsive to the interests of the community (owner) and consistent with the organization’s mission.

## Recommendations and Concluding Comments

Given the fact that nonprofit boards are answerable to multiple stakeholders with differing, sometimes conflicting, expectations and demands, there is often ambiguity around the issues of ownership and accountability. However, determining moral ownership and governing your organization with integrity and accountability can be done. I believe it requires the board to engage in three key activities.

1. *Make explicit the moral ownership group to whom the board is accountable.* Few board members have difficulty understanding their fiduciary responsibility to the community. However, the board must recognize that in addition to its public trust obligation it must go through the process of distinguishing the interests of its moral ownership from those of other claimants. Moreover, it is essential that everyone on the board and in the organization be in agreement with regard to the organization’s moral ownership. In this way, board decisionmaking is justifiable, mission-focused, and responsive to a common constituency. Although nonprofit organizations may receive significant funding from donors or other

sources, it is important to remember that these stakeholders are not owners. The board must avoid the temptation to allow resource providers to influence mission and purpose. To that end, the moral ownership must be reflective of the basic purposes for which the organization exists. Remember, only when the board goes through the process of determining moral ownership can it truly be accountable to the legal ownership.

2. *Establish a clear mission that articulates a commitment to the moral ownership—the group for whom the organization exists.* A clear mission that board members are committed to, helps keep decision making focused. Mission-clarity also keeps the leadership loyal to a shared purpose and common constituency— helping them to resist resource-based pressure to compromise the interests of the moral ownership. Consequently, the temptation to make short-term, financially attractive decisions that might ultimately distract the organization from their long-range primary goals and objectives is avoided. Moreover, when the mission has a clearly articulated value dimension, board decisions are justifiable and board action is accountable to a broader constituency (the legal ownership).

3. *Establish a connection with the ownership.* Only three of the twelve boards I studied had members who were able to articulate a common constituency to whom they were accountable. Notably, each of these boards maintained elaborate information systems linking the organization’s leadership to those it served. All three participated in comprehensive client surveys designed to elicit feedback on needs and expectations from program participants. These boards also invited organizational representatives and other guests (directcare providers, service recipients, and volunteers) to board meetings to discuss program offerings and current levels of service with members of the board. One board even held a meeting at a service delivery site so that board members could visit the facility and speak directly with beneficiaries.

What distinguishes these activities from “token” attempts to pacify the moral ownership is that these boards not only solicited input from their constituents, they made these comments and concerns a central part of their planning and budgeting processes.

Specifying moral ownership is an essential aspect of nonprofit board governance. Tragically, more than two-thirds of the board members I interviewed were unable to identify their moral ownership. Conversely, when moral ownership was explicit, boards were able to sort between competing expectations and maintain accountability while resolving issues. These board members seemed to understand that when the board acted in ways that were responsive to the expectations of its moral ownership, it produced decisions that were faithful to its legal obligations as well.

**About the Author.** **Judith L. Milleson** is an assistant professor of political science in the College of Arts and Sciences at Ohio University. She is also a principal in Carman & Miller, a consulting group providing services to public and nonprofit organizations.

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Specifying moral ownership is an essential aspect of nonprofit board governance.

# Why Are We Replacing Furniture When Half the Neighborhood Is Missing?

by Gus Newport

I believe the behavior of individual organizations—starting at the governance level—often inhibits comprehensive community development. I come to this opinion after a lifetime in positions of public trust.

IF WE ARE TRULY CONCERNED ABOUT THE EFFECTIVENESS OF COMMUNITY-BASED nonprofits, a central question we must absolutely ask ourselves is whether the governance of individual community organizations enhances or interferes with good governance on a community-wide level. I believe the behavior of individual organizations—starting at the governance level—often inhibits comprehensive community development. I come to this opinion after a lifetime in positions of public trust.

I cut my teeth in the civil rights movement. We were constantly planning while in motion, sorting out issues of goals, strategy, methodology and process. We didn't focus on administrative systems because most of our work was done through a working cooperative and not a nonprofit organization. I am constantly reminded that we didn't get paid for the work of social justice in those days, so we didn't focus on sustenance, hierarchy or differences.

What guided us was a pursuit of principles, values and ethics. Our process, therefore, was inclusive, and looked to involve everyone who was affected, or necessary to achieve the best outcomes—both in planning and decisions. I developed a belief that the only way to correct immoral conditions was through moral and inclusive approaches, and this deeply informed my approach to governance.

## The Organizing Theory: Governance for the Good of the People

When I was mayor of Berkeley, California, I spent time with a group of older thinkers who played major roles in the development of public policy during the 1930s. Congressman John Conyers convened this group over a number of years to think about social policy together. One member shared a report with me called "Our Cities: Their Role in the National Economy." It was prepared for President Franklin D. Roosevelt, and laid the groundwork for the New Deal.

The New Deal was Roosevelt's political response to the depression of the 1930s. At his request, a team of academics and social analysts surveyed each state in the union to



discover programs and public policy that dealt with a multitude of social and economic ills.

One passage from this extraordinary document moved me:

Of all our national resources—natural and man-made—the most important, and the one in terms of which all the others have to be judged, is human life. The safety, welfare and happiness of the men, women and children who compose the American people constitute the only justification of government. They are the ends for which all our resources . . . are merely instruments.

The manner of life of our people, the problems they face, and the hopes and desires they cherish for improvement in their existence and the advance of their civilization should be the supreme concern of government.

The essence of these words moved me on a spiritual, ethical and intellectual level. I realized that in order for government to function properly in the midst of change, it has to function from sound research, underwritten with sound principles and values that everyone engaged with it understands.

## The Role of Engagement in Good Governance

Nonprofits were originally created as places where people could associate with one another to pursue a common endeavor in the public interest. Currently, nonprofit work offers increased access to healthcare, childcare and jobs, and essentials from food (when we are too poor to afford it) to heating fuels, housing and job training. Our efforts in this sector regarding culture and the arts assuage the human spirit in many different ways, encourage intellectual exploration, and augment our peace of mind. For these and many other reasons, I have always believed that the nonprofit sector is the difference between chaos and a tranquil society. We make things grow in the gaps where the private sector doesn't go and where the public sector fails miserably in both knowledge and approach.

But is there a downside to all of this saintliness? Does the net effect of so much nonprofit activity actually promote fragmentation and undermine public accountability?

In short, yes. We often address and to some extent cover up the results of inequitable public policy and bad governance at the municipal, regional, state and national levels. We do so in ways that allow interconnected issues to be dealt with too separately, and work on issues at scales that can't possibly effect real change. And we do so in ways that disrespect the very people to whom we are most responsible.

When do we make the pursuit of policy change to promote healthy communities a primary responsibility of nonprofit governance, and what stands in our way? Laws, by the way, don't restrict nonprofits from working actively to change policies and hold the public and corporate sectors accountable.

Without an active constituency, those of us concerned with building and maintaining healthy, vibrant communities have little chance of affecting these large forces for the better. And without networks of equally active nonprofits commonly focused on larger scale change, we are hamstrung.

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Nonprofit board members should always be in a state of visioning new ways to engage constituents, because circumstances change and we must, in turn, revisit those external factors that affect people's lives.

At their best, nonprofits engage people in taking wise and powerful civic action. Engagement gives us credibility because if we are successful at it, we generally act in a community's best interest. How or why have we devolved to think we can design and maintain meaningful programs without including the people that these programs are meant to benefit?

Can a doctor prescribe prescriptions to patients without examining them, or better should one? Can a lawyer defend a client without interviewing and researching the situation for which he or she is defending a client? Can a judge render a decision without hearing all of the facts?

Why do some of us serving on nonprofit boards feel that we have enough information at our fingertips without engaging those we seek to help? Isn't it a right of our clients to assist in informing what the methods and processes should be in upgrading their quality of life?

We have a special charge. Nonprofits often provide the irritant to move stagnant or ineffective systems—it is not about helping to mollify and maintain control over marginalized communities.

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### **The Role of Rigor in Good Governance**

Responsible governance of any institution for the public good, whether public or private, should involve people in a deep dialogue about what matters to them. It should also have a serious practical side that applies a basic bottom-line analysis that periodically needs to be updated. Situations and conditions change, and strategies devised by governance bodies must change along with them.

Research is important. In public policy, for instance, one has to look at successful approaches and examples, and study the effects to real-life situations. Where have public policies made the desired difference and, when they haven't, what were the underlying assumptions?

Public policy and social programs are too often developed simply to respond to a symptom of the moment. This may make it appear that the governance body and staff have responded. The program might indeed have a rational theory behind it. But if the theory doesn't prove true, the problem will continue, or it will shift or become worse.

The needs of those who create the policy or run the programs may be met—in turn, they look like they have acted on the public's concern. In fact, they are employed to do so. But in reality, they may only have prolonged the problem that the policy was supposed to fix. This practice must be looked at in relation to nonprofits that are growing operations at the same rate the communities around them are deteriorating.

Governance systems have a problem when nonprofits ignore such things as the interconnections between issues, causal factors of social problems, and larger systems concerns, but instead look only within a narrow categorical purview and focus more on the institutional health of the organization than the health of the community. Non-

profit organizations—and that includes their boards—must constantly remind themselves of the purpose for which they were founded. If they do not, they are not simply acting inadequately, but are adding to the public’s sense that some social problems are intractable.

### **A Community’s Faith is Inadvertently Abridged by Nonprofits: A Case Example**

In 1988, when I became the executive director of the Dudley Street Neighborhood Initiative (DSNI) in Boston, the above point was deepened for me, illuminating what the role of a nonprofit board should be, at least under community-building circumstances.

The area served by DSNI was already served by a number of nonprofits, divided up by issue area (housing, youth work, labor and job training, multi-service centers, child-care, etc.), by ethnic group, and even by a combination of personal and organizational histories. Despite the existence of all these groups, the area was a picture of urban devastation, containing many abandoned lots full of waste, playgrounds where children would be at risk, and widespread evidence of public disinvestments in the area and its people. On first sight, all I could think was that this is the third world—in the first world—and this did not happen by chance.

Having been involved in the international political scene for a while, I looked at this simply as one more example of the colonial effect that results from apartheid-like policy approaches.

But what was most troubling in the situation was that the nonprofits, in not advocating for meaningful change through common strategies and rigor, had become party to the ongoing poor condition of the community. Where were the boards of these organizations? Were they asleep at the helm? Did they not take their responsibility seriously enough to evaluate the conditions that their nonprofit organizations were charged with correcting?

A site visit to a neighborhood nonprofit by the Mabel Louise Riley Foundation led to the idea for DSNI. Upon seeing a map of the area, one of the trustees inquired what all the dark spaces were. “Abandoned lots” was the reply.

The trustee’s response: “We come out here to award a grant to replace some worn furniture when half of the neighborhood is missing?” This good-sense approach was to continue throughout Riley’s relationship to the neighborhood.

Riley responded to the situation by providing money to a core of nonprofits serving the Dudley area. The charge under this grant was to conduct town hall-type meetings to examine the issues that most concerned residents, and to create a process to engage the community in organizing, planning, strategizing and implementation. The founders specifically decided that they didn’t want to duplicate any of the service-providing nonprofits, as they didn’t want to compete with other nonprofits for common dollars.

The core neighborhood organizations suggested that nonprofits comprise 60 percent of the new board, and residents comprise 20 percent, leaving five percent each for small business representatives, community development corporations (CDCs), and religious institutions, plus a compliment of local elected officials. The residents disagreed with this formation, suggesting that they should control two-thirds of the seats, and reconfigure the remaining distribution.

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The fact that residents had such different perceptions tells us something about the disconnect between these organizations and the people they served—and tells us something about local boards' lack of stewardship.

The residents figured that the community had been going through a state of decline despite the existence of nonprofits. As residents, they didn't believe that these organizations should control the discussion of how their community should be rebuilt. Many of the community's organizations understood the residents' concerns and cooperated.

The fact that residents had such different perceptions tells us something about the disconnect between these organizations and the people they served—and tells us something about local boards' lack of stewardship.

The working structure that DSNI adopted after the visioning, purpose and mission established an atmosphere of inclusiveness and trust among all categories and classes of players.

### **Inclusive Rigor at DSNI**

As DSNI got started, staff and residents went door-to-door, gathering information on what residents liked and didn't like in their neighborhood. They were gathering data that would later prioritize steps to take, while creating depth and specificity in the demographics. Students (mainly from the Massachusetts Institute of Technology in the early days) converted the data into useful tools. These early activities helped develop working agendas with which to engage community and attract academics, private sector people with various skills and talents, and government. Such entities have the resources and capacity to complement nonprofits and residents when the situations are both challenging and structured.

These partners eventually helped realize residents' dreams by working with them to define such details as units of housing, height limitations, open space, appropriate businesses, multipurpose centers and safety traffic standards—all to be included in a village-like atmosphere and plan that reflected the overall culture of the community.

Armed with numbers and data, DSNI hired a firm to translate the neighborhood vision into a plan that could be developed. Because of the context and the contents of this plan, DSNI was able to apply to the city for special study status, allowing the plan to establish zoning for the area. With zoning approval, DSNI was able to work under a seldom-used statute that gave nonprofits the power of eminent domain, based on defined conditions.

Armed with this designation and a thorough plan actively backed by residents, DSNI was able to attract broad pro-bono assistance. Three prestigious law firms assisted DSNI in the cost evaluation of vacant lots that DSNI hoped to acquire. Another firm assisted in the land-trust strategy and process.

In addition, a law firm filed the intent to take suit which gave DSNI the power of eminent domain. DSNI also received assistance and directions on how to apply, and get through a morass of environmental impact reports, including toxic analysis—very important to a neighborhood that had been used as a dumping site. The DSNI annual audit reflected the fact that the pro-bono work provided annually by private firms amounted to at least \$1.5 million.

Because of presentations which I and others were able to make to professional groups such as the Harvard Club, of which Newell Flather (then executive director of the Mabel Louise Riley Foundation) was a member, DSNI received vital pro-bono assistance from

one of the big eight accounting firms, which not only gave us a great discount on our annual audit, but developed a system to allow us to monitor any construction cost overruns. Through the Harvard Club, IBM also assisted DSNI with hardware, software and systems development.

In addition, as a result of this rigor, community and city government developed a policy to develop affordable homeownership, to stabilize the lives of the people participating in the process, and not to subject them to gentrification. The trust factor between neighborhood residents and principled professionals is another effect of this type of rigor. The community learns research, systems, new strategies, and thinking outside the box. These achievements are needed for true sustainability in community-building. To date, vacant lots have been transformed into over 440 new homes, a town common, gardens, urban agriculture, parks and playgrounds, and 500 housing units have been rehabbed. Business is growing, and rebuilding continues today.

How do we inspire such processes to wake up the sleeping giants that many community organizations have become? Our inner-city communities and other marginalized areas which nonprofits serve lose heart and hope when nonprofits function relatively aimlessly without rigor or the engagement of their constituents. This constitutes a massive failure among nonprofit governance bodies.

### **A Challenge to Nonprofit Boards**

There is plenty of room to rethink the role that nonprofit board members fulfill in the community. We need to take stock and recognize that many of us in our present mode are industrializing the sector. Is that what our communities need? I don't think so. I believe the third sector should be a place of vibrancy, constantly inventing new and better ways to approach our work.

We need to create larger and more complex agendas with interlocking parts, learning from one another no matter where we are located. Our common experience base and process skills are great gifts which render us with more resources than we are aware of. As Aideen McGinley urges in her piece on page 23, we need to apply our collective social capital across organizational, issue-specific and geographic borders.

And now that I've referenced Aideen McGinley, let's examine the strength and approaches of international organizations. Through examination, planning and discussion, we might possibly come up with organizational hybrids to strengthen our sector. Maybe we can create loosely knit collectives through which we can blend interactive methods. With each successful venture, we should celebrate, publish, and ask others to share their stories with the network.

If ever there was a time for us to step into the national breach, it is now. Let us gather groups around the country that include recipients of services, service providers, interested professionals, policy-makers, academics, government representatives and foundation personnel, and go for the gusto. I am beginning to get goose bumps just envisioning such a process. We might begin by commissioning a number of concept papers to inform the discussion and the process. We might write the next version of "We Are The People." I make this a call to all nonprofit board members: let's pursue those greater heights of

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purpose. I look forward to the challenge, and to working with as many of you who are prepared for this venture.

If ever there was a time for us to step into the national breach, it is now. Let us gather groups around the country that include recipients of services, service providers, interested professionals, policy-makers, academics, government representatives and foundation personnel, and go for the gusto.

**About the Author.** Gus Newport is currently general manager of KPFA, the Berkeley-based station of the Pacifica Radio Network, following 30 years of social activism. A master community-builder who consults with development projects and foundations all over the country, his numerous roles in public life include serving as the director of the Dudley Street Neighborhood Initiative, the mayor of Berkeley, California (two terms), a member of the advisory committee of the U.S. Conference of Mayors, and vice president of the World Peace Council.

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# Making Hope and History Rhyme: A Model for the Nonprofit Role in Active Democracy

by Aideen McGinley

**N**ONGOVERNMENTAL ORGANIZATIONS (THE EQUIVALENT OF NONPROFITS IN the United States) have made a remarkable contribution to the development and building of Northern Ireland's government—in active partnership with its population. Northern Ireland is admittedly small next to the U.S. But I believe our experience may contain lessons and ideas for your American nonprofit sector in how you become more central to the design of the future of your country and its governance.

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I have been a civil servant in Northern Ireland during its most turbulent years. I started almost 30 years ago as a community services officer in local government and am now permanent secretary for Culture, Arts and Leisure in the new, shared government that resulted from the Good Friday Agreement of 1999. Although that agreement is currently suspended, we trust it will be restored in the not-too-distant future.

This, in itself, illustrates the fragile nature of real politics in Northern Ireland. Prior to the agreement, which established peace (albeit an uneasy, continuously evolving one), there had been 30 years of internal strife and violence known as the “troubles.” During this time, conflict between the minority Catholic population, which was at that time economically and socially marginalized, and the majority Protestant population took many different forms which would be very similar to those which preceded the American civil rights movement.

These troubles were possibly both the result of and eventually the reason for a lack of self-rule as the United Kingdom began to devolve government to the local level—in particular, to Northern Ireland, Wales and Scotland.

The combination of a divided population and lack of self-rule created a serious democratic deficit in Northern Ireland. Here I describe how we have moved from that position, with the faith and energy of our NGO sector as our backbone—and the key to identifying and negotiating the interactions necessary to create newly discovered common ground.

## Call to Nonprofit Action

Responsible governance at every level requires us to be the voice of those we represent. This is not a charge that should be taken lightly. It requires us to take the time to enable people to tell and make meaning of their own stories, so others can act with them and on their behalf. The single most difficult issue we face globally is keeping people motivated. There is such disengagement and disillusionment about political systems, and when people are disillusioned, they will disengage.

Nonprofits can play an enormous part in putting the passion back in politics through engaging people and assisting in the negotiation of power. This requires the sector to take that role seriously and should be a primary reason for the sector's existence, not just to defend the status quo, but also to challenge it. Some people fear and steer clear of politics. It is possible, however, for nonprofit leaders to assert the non-partisan aspects of their work and develop prevention strategies, while recognizing that the personal is fundamentally political and therefore unavoidable.

We need to enable people to engage at whatever level of society or sphere they operate. This will enable them to challenge and enhance the democratic process, and create the framework necessary to advance social, economic and political justice, and to strengthen democracy.

Together, we need to lift our sights and create the image of a transformed society. We need to identify the perpetual horizon.

## Basic Assumptions about Governance and Engagement

A wealth of individual and collective responsibility is untapped in every community. When engaged, this responsibility provides phenomenal levels of local energy and creativity, which, under the right conditions, can transform not only that place, but also help to transform the context. The context and the place are interconnected. Society itself, with its rich tapestry of diverse stakeholders, deserves to be treated as the whole and intricate system it is, as do the people who inhabit the system.

I have been repeatedly awed by the degree to which ordinary people become powerful catalysts for positive change if they're engaged and empowered.

But engaging people must always be done with respect for complexity. We must recognize and respect the interdependent nature of communities and events. We too often treat events as isolated incidents, not understanding how intervention in one part of a community can wreak havoc in another place or at another time. Too often we blame individuals for problems, even when these individuals have little or no ability to control the events around them.

## Partnership in Northern Ireland

Northern Ireland is a devolved region of the United Kingdom where the NGO movement started in 1870 with the abolition of slavery in the U.K. One of the cornerstones of life in Northern Ireland has been the rich and vibrant nonprofit sector, with over 5,000 organizations, employing 30,000 people. This sector has provided the solid bedrock that has seen us through some of the madness we have faced, grounding us in reality through an action-oriented, bottom-up approach to local development.



The history of partnership in Northern Ireland dates back more than 40 years to the 1960s, when we were very introverted in our outlook, possibly through oppression, which led us to look safely inwards at single issues or geography. In the '70s, collective and cooperative action, including the civil rights movement, emerged. Yet by the '80s, the Thatcher years, the climate of enterprise and individual supremacy contrasted sharply against an emerging, collectively focused nongovernmental sector.

In the '90s, the NGO sector matured into an era of partnership. Sound, vibrant community activity had a sense of purpose and confidence that enabled communities to see the possibilities in working with others and to tackle significant local issues over which they had little individual control, yet which determined how they lived. Wisely, the sector has increasingly concentrated on the job of broadly building social capital to make peace and create economic prosperity. People understood they must be more politically aware and active, and thus more engaged with government, thereby fundamentally influencing the ways in which policies were and are developed at the very highest levels.

In 1993, the Community Development Review Group, of which I was a member, presented a series of pioneering reports to government on support for the NGO sector. These highlighted the value of working in partnership and the power of community involvement in ensuring effective policy-making.

Subsequently, in 1998, the government published a compact—or memorandum of understanding with the sector—called “Building Real Partnerships.” It recognized “Our vibrant, extensive community voluntary sector makes a significant and crucial contribution to many aspects of social, economic, environmental and cultural life in Northern Ireland, and we are committed to building stronger partnerships to work together as social partners to maximize benefits for society.”

You may have seen many such documents, which eventually act as handy doorstops or simply gather dust on shelves. This is not the case in Northern Ireland. Government took it seriously, officially and formally recognizing the nature, scope, diversity and value of the sector.

In particular, government respected and supported the voluntary sector's independent nature and right to campaign and to challenge, and to value its participation in developing public policy. In return, the voluntary sector recognized government's discrete and strategic role in the development of public policy and the delivery of services within the legislative and financial framework of public accountability. Members of the voluntary sector saw their role as independent advocates who can campaign for change in response to need, and recognize how working in partnership can enhance their ability to meet their objectives.

The NGO sector has played a key role in creating space at the local level for political dialogue in communities and local council chambers. They helped stage the “Yes” campaign, which encouraged over 70 percent of a disparate and divided electorate to vote in favor of a shared government, which was established in 1999 and led to the election of a new 108-person local assembly, an executive committee, and the establishment of 11 government departments. The creation of the assembly's first-ever Programme for Government as a strategic framework within which the work at both the local and central

government level could merge, was a big step forward. In addition, a civic forum gave NGOs direct access to political institutions.

A growing understanding of the principles of equity, diversity and interdependence comprised a parallel development prompted and promoted by the NGO sector. The Equal Opportunities and Good Relations Legislation of 1998 brought in the legal obligation to consult with NGOs about the equity of governmental policy and strategy in nine categories covering age, race, sexual orientation, religion, political opinion, disability, marital status and people with and without dependents. Through the Equality Impact Assessment Process, the government must test all new policies to ensure that there is no differential impact upon any of these nine community categories.

However, we must also be aware of the dilemma posed by too much of a good thing. One small group in Belfast has answered over 600 consultation documents in the past three years! Consult-itus has broken out.

Northern Ireland is considered an exemplar of good partnership working, acting to some extent as a guinea pig for the European Union—especially through the E.U. Peace Programme. This program organized itself around its potential to develop, from the bottom up, locally led initiatives to tackle multi-dimensional problems with the aim of establishing peace at the most local of levels. Good practice and advocacy by NGOs influenced the policy-making consciousness of the whole government in some very interesting ways, including the establishment of 26 partnership boards—one in every local government district in Northern Ireland—starting in 1998.

In 2003, “Partners for Change”—a sister document to the previously outlined compact—reiterated government’s support for the voluntary sector, and further recognized the value and endorsed the need for a working partnership as a shared value. The definition: “. . . relationships between public, private and voluntary and community sectors, to broaden experience and understanding and promote the development of holistic approaches.”

The compact clarifies respective roles, establishes the shared values and principles that underpin partnership, and identifies commitments to ensure that the relationships will develop proactively. It details actions for all 11 government departments under the cross-cutting themes of Capacity Building, Working Together and Resourcing the Sector. Significantly, it states the shared vision of government and the voluntary and community sector is “to work together as social partners to build up a participative, peaceful, equitable and inclusive community in Northern Ireland.”

So, what have we learned from the practice? In the first instance, we must remember not to swamp what is fundamentally a sound approach, but keep things simple and focused, recognize the importance of relationships of trust and shared responsibility, and most importantly of all, create a multiple dialogue that aims to empower the most vulnerable, and is key to sustainable democracy and citizens involvement. This also brings with it the responsibility to promote good relations, which we are still in the process of defining in terms of interdependence and how we trust and value each other, how we treat each other, and how we individually lead. After all this, one may rightly ask why do we still not have peace in Northern Ireland?

We do have peace, a troubled peace admittedly, but one where there is dialogue and one that recognizes that this is a long-term process. The nonprofit sector is once again playing the key role in engaging the public by signing people up to a campaign called “One Small Step,” which aims to challenge perceptions and change attitudes to the building and valuing of peace.

The NGO sector is an army that is fighting apathy and powerlessness, recognizes the long road to be traveled, values devolution, and recognizes the power of Northern Ireland’s first Programme for Government, which is very clear about its willingness to build social capital and promote a working partnership. The NGO sector has made the investment to bring the various strands together, to ensure the filling of the democratic deficit, and keep people engaged. That’s why there continues to be hope.

## My Own Experience of Inclusive Governance

As you can see, I worked in a very interesting and challenging place at a seminal time, building my own experience with that of my community, which created subtle but powerful influences on the bigger picture through small, mutual steps.

One story I will share with you is drawn on my local government experience in Fermanagh, a beautiful rural area in the west of the United Kingdom, well known for its prolific community and voluntary sector, and its initiatives in rural development.

In 1998, to create the first integrated area development plan in Northern Ireland (of which there are now 26), we used FutureSearch, a planning methodology that lets a system achieve its capability for action in a relatively short time. Together, people explore their past, present and desired futures to discover common ground, and make concrete action plans on shared motivational goals, employing a new appreciation of the whole system.

Finding common goals did mean leaving titles, differences, superiority and denial at the door. In our community of 55,000, this included the head of education with the teachers, the head of health services with the patients, and so on. It involved 150 meetings and nine working groups to ensure the delivery of our 13 programs, 43 themes and 377 actions, and the achievement of our vision of “A happy, healthy people at peace and proud of their place.”

People welcomed the fact that the strategy was a true exercise in collective thinking, and a move away from reactionary problem-solving. Its success was evident in the quality of the thinking, the clarity of action, the effectiveness of communication, and cooperation not just at the local level, but also centrally with government bodies and organizations.

One aspect that amazed me was the spirit with which people took part and why. The first conference was held on a very snowy January night, on an island in Lough Erne. One participant on the boat asked, “Are we mad?” Another quietly answered, “We are honored.” I have found time and again that people are ready and eager to take ownership when they’re afforded the opportunity to do so.

In this case, and to my surprise, many of the participants had never worked together before, even though Fermanagh is a small place. The FutureSearch process enabled them to accept polarities, bridge barriers of culture, age, class, gender, ethnicity, power, status

and hierarchy by working together as peers on tasks of mutual concern. It interrupts the tendency to repeat old patterns—railroading, fighting, running away, complaining, blaming or waiting for others to fix things. It gives people the chance to express their highest ideals, filling the blank page of the future together in a fun and creative way.

People came out of their comfort zones to look at who they were and how it shaped their actions. No one had the whole truth, and the extent to which we face this fact will partially determine the quality of life in our community.

One example of how honored, committed and empowered people felt is the story of one participant who had gone home overnight between sessions and showed up late the next day, saying she had a bit of an accident on the way. When we traveled back home that night, we saw her car in a deep ditch by the side of the road, literally back end up.

I learned that communities would not be transformed by the actions of individual organizations or sections of the community that act in isolation. Instead, we must change the interactions among people, public organizations, institutions, the private sector and voluntary organizations to work together on a basis of respect and trust. Collaboration is essential to cope with the ever-increasing complexities of life itself.

The resulting Fermanagh People and Place 2010 plan is a source of great pride to the community, which is continuing to deliver its actions, despite a change of leadership, because it was our plan. Furthermore, it is being used as an example by other communities and districts in their forward planning, which is the greatest testament of all.

When I moved from local to central government, it was with hope. My experience with FutureSearch at the local level inspired me to use it at the central government level, to apply some of the lessons I had learned, and to get a grasp on a field that had considered itself previously unnoticed and undervalued, namely arts and culture. I had to encourage my new civil-service colleagues to have trust that this technique would work. They viewed me warily, nervous about moving away from departmental territory and aghast at the selection of some of the stakeholders for the first conference, where both disciples and archrivals were put together in one room for two and a half days! I assured them that the core principle of a whole systems approach, of giving a voice to all opinions, was essential to engagement, ownership and effective policy-making.

We have had considerable success and have moved significantly over the past three and a half years with a series of eight FutureSearches, covering geographic information systems, archives, arts, soccer and Ulster Scots, and libraries—very different issues that drew blood (relatively speaking) in some instances, but created new and effective ways of working in a partnership mode.

This is now the modus operandi for effective consultation, and not just in the Department of Culture, Arts and Leisure. It's also being used increasingly in both central and local government, including the Office of the First and Deputy First Minister, which has used it to look at the issue of a children's strategy, and the Department of Education, for development of educational policy. The experience of each of the strategies is the emergence of a series of working groups that report to the ministers and whose reports thereby shape public policy and even statutory legislation.

We now have—for the first time ever—a strategic framework for the development of

culture, a way forward for the future of the library service, and an interdepartmental strategy with four government departments working on a strategy for unlocking creativity, from early years through lifelong learning. It has proven to me that methodologies do make a difference.

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The fundamental principle is about effective engagement with the community as the whole system that it is, consulting people in a way that builds ownership for the eventual policies that emerge.

Partnerships in Northern Ireland are alive and well, covering a range of issues that include local area development, education, economics, health, arts, policing, community safety and peace and reconciliation. Patience, trust, respect and shared visions are the essential ingredients of local democracy, developing great deeds by small steps together. The prize is more effective initiatives, innovative approaches, better coordination, less duplication of resources, less dependency, not waiting for someone else to act, much faster implementation, the improved ability and capacity to cope with change, the enabling of choice, and the taking of new paths.

The drawing together of the strands requires devolution, and the prize we strive for is in our Programme for Government vision of a “peaceful, cohesive, inclusive, prosperous, stable and fair society firmly founded on the achievement of reconciliation, tolerance and mutual trust, and the protection and vindication of human rights for all.”

It has been a long haul, and a continuous process, with many steps back as well as forward. But from my experience, it works and it’s worth it. You can re-motivate through engagement, you can speak out and be heard. You can make a difference. NGOs have a vital role to play in making the connections, building capacity, translating messages, painting pictures, and telling stories that realize the shared dream of combined governance and democracy—trying, in the words of Nobel Prize-winning Northern Irish poet Seamus Heaney, “To make hope and history rhyme.”

**About the Author.** **Aideen McGinley** is permanent secretary of the Department of Culture, Arts and Leisure in Northern Ireland, responsible for cultural and linguistic diversity, arts, sports, museums, libraries, ordinance survey, public records, and inland waterways and fisheries. She worked in local government for 25 years and was formerly chief executive of the Fermanagh District Council. She was also a member of a number of NGOs at the local and U.K. level.

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# All A-Board

by Karl Mathiasen

A fully engaged,  
working board must  
faithfully struggle  
to form a body  
within which there  
are shared values,  
understanding,  
tolerance and  
mutual respect.

***Editors' Note:** This piece is excerpted from an article written in 1986 by Karl Mathiasen of the Management Assistance Group in D.C. Mathiasen achieved something of an icon status with the article, and a number of other roughly copied pieces that at first just passed flatteringly from hand to hand among practitioners and were later made into pamphlets. His observations are drawn largely from his experience as a consultant to nonprofits, and are often excruciating in their accuracy.*

**T**HE WORD ADVOCACY CAN MEAN MANY DIFFERENT THINGS IN THE NONPROFIT world and can be at the heart of activities, strategies, mission, core values, and overall organizational effectiveness. Fundamentally, advocacy is about speaking out and making a case for something important. The target of the advocate's voice is most often a person, group or institution that holds some power over what the advocate wants.

It is an underlying assumption of this article that most of us want a working board and, if this is what we want, the personal qualities of board members are enormously important. Why?

A fully engaged, working board must faithfully struggle to form a body within which there are shared values, understanding, tolerance and mutual respect. It does not have the time to deal with those who come to the board without real commitment or are unwilling to learn about and follow the dynamics of that board.

Thus, as difficult as the task of identifying desirable personal qualities might seem at first glance, it remains an important and worthwhile task. My observations about some desirable and undesirable qualities for board members follow.



## Desirable Qualities

**Commitment.** The most important quality a nominating committee should seek in a board member is commitment to the organization's cause or purpose, or at least openness to that commitment—a demonstration of a potential for commitment, and evidence that the candidate shares the values of the organization.

What do these candidates do with their time, and what other causes or purposes do they support? Do they have a history of committing time and energy to an agency, are they faithful, and do they follow through? If an agency is dealing with social-change issues, other social-change organizations may offer prospective candidates.

People's interests vary enormously, and different things turn them on. It is a common error to expect that a good board member in one organization will make an equally good board member in another organization—perhaps in moving from an arts organization to an action-oriented public interest group. Gather some other evidence of the candidate's interests.

**Common Sense and Good Judgment.** Common sense is unfortunately a rather rare commodity. But it can be found, and is sorely needed when board tempers flare, when the presentation of new ideas is upsetting, when strong positions are taken, or pressure for decisions mounts. People with common sense somehow know that nothing is as good as it seems; they sense that amid adamantly held and apparently opposite points of view, there is common, sensible ground, and they are instinctively aware that the need for haste and immediate action is always exaggerated.

Judgment relates to common sense, obviously, but it has more to do with how one proceeds as a board member. People with judgment understand how and when to raise issues. They know when to support the staff or the staff leader, and how and when to confront leadership without raising staff defenses more than is necessary or useful.

An important piece of information that nominating committees can seek is whether that person has been able to raise difficult issues in other situations, in a way that has been firm but helpful. That sort of person is what a board needs, rather than someone who enjoys the heady role of the adversary, one who is determined to win at any cost, or even one who is willing to be a “yes” man or woman.

**Respect for Group Process.** Another desirable quality is found in those people who really like working in group situations—those who actively enjoy helping a group come to a good conclusion.

Let's face it, we all have friends who are fine, bright people and yet have very little tolerance for any sort of group process. Often they ridicule group decision-making, feeling that it reaches the lowest common denominator, rather than the best decision. Again, one way of considering whether people have this quality is to see what they do in their lives. Do they often involve themselves in group situations? Are they members of other working organizations and have they been members—successful members—of other boards? What do others think of them in terms of their capacity to work in group situations?

A fourth quality is **centeredness**. People who are centered and self-aware have come to

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Centered people often have the courage to raise the hard questions, the dumb questions, and to risk.

some reasonable acceptance of who they are. They are not joining a board solely to prove something, or simply as a way of gaining recognition.

This is not to say that people should not join a board out of self-interest. Quite to the contrary, while a good board member must be committed to the organization's interests, the best board members often have personal goals that they hope will be furthered in part through their board service.

At a minimum, most people who serve on a board believe that their own standing in the community will be improved. What is difficult for a board to bear, however, is a person who is so self-important—or perhaps so insecure—that every question requires an answer, every remark requires a riposte, and all situations require the wisdom that only that board member can impart.

Nominating committees will need to ask questions about how that board member is perceived by others. Does that person seek to be heard and acknowledged, or is he or she able to listen to others, speaking only when a genuine contribution can be made?

Centered people often have the courage to raise the hard questions, the dumb questions, and to risk. They will say things that others with less courage or self-acceptance might not be willing to say. These people often reassure weaker board members by their limited use of power, and frequently provide much of the cement that binds a board together.

**Openness.** People who have this quality are open to new ideas. They manifest in all that they do—in their career paths and their community endeavors—that they are not stuck, that they quest for what might work, and what might help. They are not unreasonably angry at the changes in our society, hoping only to go back to the “good old days.” They do not hold on for dear life to what is, or what they dream must have been, but demonstrate a keen interest in going forward in the face of upheaval and uncertainty. They are also wise enough to know that the future offers choices—often difficult choices—and do not insist that one particular approach is the only path an organization can take.

I'm vividly reminded of a woman who has devoted 40 years of effort to the issue of peace. After describing her work, she said, “We've lost every significant battle for 40 years. The masses of armaments accumulate and the danger of nuclear holocaust increases.” Still, she is ready to go again, and seeks new ideas and possibilities that can serve as tools for peace.

People like this, people who are excited by the possibilities of life, are assets to a board. They can be life-giving—not only to the board, but to the whole organization.

**Sense of Humor.** This last quality may seem idiosyncratic or frivolous, but it is no less central than the other qualities discussed above. Having a sense of humor does not imply that a person must be humorous, but it does suggest that if board members do not have modest vestiges of humor, board work can become irritating, arduous, boring and unrewarding.

Boards of directors do odd and perplexing things. In response, one can become annoyed or one can adopt a more philosophical stance, and a sense of humor helps. A tol-



erance for the strange and wonderful things people do in groups is enormously important, particularly for caring and committed board members. It is, after all, better to laugh than to cry.

A second value provided by those who have a sense of humor is the capacity to relax and not take themselves too seriously. Board members rarely win or carry their points, and will more than likely have to compromise or adjust to the emerging consensus. People who see the humor in a situation, and those who can perceive the possible absurdities in their own positions, are generally more satisfied—and satisfying—board members. They often make the most of their points or positions as well.

Of course, one may say, you will never be able to find people for your board like those described. Is your organization not good enough to attract such people? Or have you simply not taken the task seriously enough, and not devoted enough energy to the job?

### Some Less Desirable Qualities

Years of experience in the boardroom, coupled with a persistent, puzzling sense of concern, have led me to try to identify several kinds of people who prove to be unhelpful in the boardroom or, worse, both frustrating to board members and disruptive of the board's work.

**Johnny One-Note.** This is an old rubric derived from an Ethel Merman song, about a person who is only able to sing one note. Unfortunately, Johnny One-Note is seen only too often in nonprofit boardrooms, raising one particular concern meeting after meeting, sometimes relevantly, but most often irrelevantly. The issue or concern has become the focus of that person's life, and so dominates his or her existence that it must be drawn into every discussion at the slightest provocation—or even without provocation. The issue itself may indeed be legitimate and important (special education, healthcare for the elderly, affirmative action, environmental preservation, etc.), but it has become an obsession.

Board members don't know how to respond, or how to incorporate that person's views, and often end up feeling both irritated and guilty. It takes a skilled chair to acknowledge this individual, and then to restart the discussion that has been interrupted. Boards need people who will venture beyond single compelling concerns and join with fellow board members in determining what is best for the whole organization.

**The Over-Boarded.** Every community has a distinguished panel of well-known board-sitters and every board aspires to bring these people to its organization. Yet for all of their allure, they are usually so committed to other activities that they will do little for a working board.

Somehow we are so dazzled by these people that we all miss those who are competent, potentially open to commitment, and anxious to serve their community. They are next year's movers and shakers, and are worth seeking out. Most often, they make better board members for the kinds of organizations we serve than those who are community stars.

People who see the humor in a situation, and those who can perceive the possible absurdities in their own positions, are generally more satisfied—and satisfying—board members. They often make the most of their points or positions as well.

Boards do need to ponder carefully what course they choose to take, and that is hard work. But it is presumptuous—not to say annoying—for one person to assume that role for the board. It demeans the capacity and the credibility of other board members and retards the work of the whole board. Such people are easy to spot in conversations, and often actually offer themselves to board nominating committees as devil’s advocates. Beware!

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**The Devil’s Advocate.** “It is my job to raise issues that will not otherwise be considered by this board as it rushes to achieve consensus,” says the devil’s advocate. Self-appointed, and a bit sanctimonious, this person enjoys pulling the board back, insisting that each issue be carefully dissected for hidden pitfalls and “what ifs.”

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**Authority Figures.** Boards are often disabled by having one among them who is regarded with such respect or awe that other board members are reluctant to speak their minds. Intentionally or unintentionally, these people exude such authority that board meetings can become little more than monologues. Policies are not thoroughly and usefully thought out, but are pretty much preordained.

A board either needs to aim to have a number of authority figures—preferably of differing points of view—or decide that it can do well enough without any. Those who are accustomed to leading find it hard not to run things, and thus tend to dominate meetings.

**Off-the-Wall Artist.** There must be a much more genteel term that describes this person but, after several months’ thought, none has come to mind. Perhaps little needs to be said about the people who somehow seem to misunderstand the role of a board member. They are happiest when the discussions at board meetings stimulate them to propose a tangential—or even farther out—idea about what the organization might do. They tend to be stimulated rather frequently, and their ideas usually don’t fit in well, or at all, with where the organization is going. Undaunted, they bask in their own sense of creativity and frequently lead the board astray.

A companion characteristic of these off-the-wall artists is a tendency to do nothing or virtually nothing between board meetings. The feeling of having been so immensely creative at the last board meeting often appears to have exhausted their capacities until the next meeting.

### Final Thoughts

These two lists are undoubtedly incomplete, and experienced board members could surely add to them. But the central point is this: since most of us recognize the desirability and undesirability of the people described above as board members, it’s well worth the effort to avoid those who are truly unsuited and uncomfortable with board work, and to seek out those who understand, respect, and enjoy working with others.

**Endnote.** This article is excerpted from *Board-membership*. Reprinted with permission. Copyright 1986, Management Assistance Group. The entire article is located at their Web site: [www.managementassistance.org](http://www.managementassistance.org).

**About the Author.** Karl Mathiasen is one of the nation's leading experts on board/staff dynamics and board development, and co-founded the Management Assistance Group (MAG) more than 25 years ago. Based in Washington, D.C., MAG is a nonprofit that helps social justice organizations to plan strategically and to address organizational challenges in areas such as management, board and staff development, fundraising, and adjustments to change and growth. Mathiasen has served on more than 35 nonprofit boards of directors.

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Boards are often disabled by having one among them who is regarded with such respect or awe that other board members are reluctant to speak their minds.

# Who Is Robert, and Why'd He Make the Rules?

by Jon Pratt

Robert's primary accomplishment was to standardize meeting rules, taking bits and pieces from the English Parliament and the U.S. Congress.

**D**EMOCRATIC DECISION-MAKING IS INEVITABLY MESSY, SO IT REQUIRES US to develop systems to help manage our dialogues. Naturally, some people are more allergic to messes than others—Henry Martyn Robert for example. Robert liked order, which shouldn't be surprising since he was an engineer, Civil War soldier, and ultimately a brigadier general in the U.S. Army.

So when Robert was asked to preside over a church meeting and discovered chaos, he took steps to manage it. Recognizing that the United States had no uniform approach to parliamentary procedure at that time, Robert put together a short book on the subject in 1893, and millions of people have been called “out of order” ever since.

Robert's primary accomplishment was to standardize meeting rules, taking bits and pieces from the English Parliament and the U.S. Congress. Robert's Rules of Order now lives on in its tenth edition, with five million copies sold.

While much of parliamentary procedure is common-sense democracy and useful to keep meetings on track, some motions and procedures are better known as obstacles than mechanisms of human progress. Within this special category of annoying and offensive uses of parliamentary procedure (which drives some people to regret democracy near the end of meetings), probably none is more frequently misused, misunderstood and mangled by chairs than “calling the question.”

The procedure of moving the previous question is specifically intended to bring a matter, which is the subject of a motion already made, to an immediate vote by closing off debate. Within Robert's Rules, this measure is not itself debatable, but it requires a two-thirds vote. This makes sense, because shutting down a discussion should be a serious concern, even though it is sometimes necessary.

Frequently, people say “I call the question” when they mean “Let's vote.” Sometimes, submissive board chairs needlessly ask, “Would someone like to call for the question?” When used appropriately, calling the question should be a rare occurrence, and meeting

chairs should allow discussion to occur naturally until it has run its course. It is the chair's responsibility to put each question to the group when the debate appears to have closed, perhaps by asking, "Are you ready for the question?"

Too often, however, the step of achieving a two-thirds agreement on the calling of the question is skipped. A powerful person—often a chair—imposes a foreshortened discussion on the group. Unfortunately, much deeper problems that have to do with unexplored differences and disagreements about dialogue and process are often embedded in the scenario. Failing to deal with these deeper disagreements can cause disengagement of board members, the development of factions, and the repeated resurfacing of issues that have already been discussed.

"Calling the question" can be a valuable protection against windbags or small groups filibustering to bog down the clear intent of the vast majority, but in the hands of impatient Type-A personalities, it can turn meetings into breezy but uninformative races to adjourn, or prevent the airing of minority points of view. Yes, we want to get on with business, but we are also here to deliberate and be informed before voting. It may seem very business-like to slam through motions and approvals without discussion, but, like leaving the concert or ball game before the end to beat the traffic, it misses the point, and is ultimately irresponsible and shortsighted.

A wise chair recognizes that impatience with the length or breadth of discussions can indicate larger problems of varying deliberation expectations among board members. Facilitation, and knowing when to cut things off, must often be artful. Even when a character like Karl Mathiasen's "Johnny One-Note" (from the article "All A-Board!" on page 30) annoys us with repetition of his issue, it may be quicker to encourage his interest than to try repeatedly to shut him up. (One method to alter the dynamic of Johnny as the sole champion of the particular issue that he beats to death is to assign other champions, asking him to leave it in their trust to pursue.)

In short, chairing a board takes a sensibility that mixes nurture and dispassion (in fact, being one lone member of a board takes much of the same). So when dialogue starts to misfire, instead of trying to tamp it down or bludgeon it with one of Robert's Rules, boards need to explore the reasons why and be open about what they think is a healthy depth of deliberation.

**About the Author.** Jon Pratt is a contributing editor with the *Nonprofit Quarterly* and executive director of the Minnesota Council of Nonprofits.

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Chairing a board takes a sensibility that mixes nurture and dispassion (in fact, being one lone member of a board takes much of the same).

# Exploring the Puzzle of Board Design: What's Your Type?

by David O. Renz

Thoughtful board design involves the consideration of many factors and, fundamentally, offers important choices regarding power, control, engagement, accountability, and autonomy.

**T**HIS ARTICLE BEGAN AS SOMETHING OF A CHALLENGE. COULD WE DEVELOP A basic typology of nonprofit boards that would offer nonprofit leaders a useful framework—a framework that would help them develop boards that are functional and truly add value to the execution of their missions and visions? The question of board types is really about design, and in reality, most of us are living with a board design that is not of our own choosing. In too many organizations, one might even question whether anyone actually designed the board. But if you had the option to choose a design, what type of board would you choose?

Thoughtful board design involves the consideration of many factors and, fundamentally, offers important choices regarding power, control, engagement, accountability, and autonomy. Designs that enable an agency to achieve its goals are grounded in a solid understanding of its mission, vision, core values, the nature of its work, and the characteristics of its operating environment. Building from this understanding of the context and results we seek, we can begin to clarify which types of boards may be better aligned with the needs of our agencies.

Nonprofit boards have shared roots in the legal structures of corporate and tax law, but beyond that, a good share have been created by mimicking each other—taking their bylaws and practices from other organizations with which their founders had experience:

What should we have in our bylaws?

Let me give you a copy of the bylaws from this other board on which I serve—it seems to work pretty well!

But are these similarities just window dressing that obscures a more important set of dimensions from which board design should flow?

A few authors have suggested frameworks for typing nonprofit boards, usually by explaining boards as types that may be rated along a single continuum. It is our experience that the use of a single characteristic to explain variations and commonalities across all types of boards is overly simplistic and mechanistic. Therefore, we suggest an approach

S T R A T E G I C  F O C U S	STRATEGY & POLICY	ASSEMBLY (E.G., REPRESENTATIVE ASSEMBLY, TOWN HALL FORUM)	POLICY BOARD (E.G., POLICY GOVERNANCE BOARD, CORPORATE BOARD)
	MANAGEMENT	TRADITIONAL BOARD	
	OPERATIONS & ACTIVITIES	GRASSROOTS COLLECTIVE BOARD (E.G., COMMUNITY COOPERATIVE BOARD)	OPERATIONS BOARD (E.G., "WORKING" BOARD, STAFF COUNCIL)
		BROADLY INCLUSIVE	REPRESENTATIVE
	E N G A G E M E N T  A N D  I N C L U S I O N		

**TABLE 1:** BOARD TYPES RATED FOR STRATEGIC FOCUS AND STAKEHOLDER ENGAGEMENT

that builds on a mix of the constructs from both organizational research and nonprofit board literature but, perhaps not surprisingly, ends up focusing on two primary aspects of governance that many would consider most critical to the nonprofit sector.

### The Two Primary Dimensions

When we distill the organization research concepts that are most germane to the world of nonprofit boards, the result is a core typology that emphasizes two dimensions: strategic focus and stakeholder engagement. This is because, when designing a nonprofit board, there are two central questions to address:

What is the work this board needs to accomplish to meet the needs of this organization?

How do we best connect this organization to the community and its most important constituencies?

Not everyone gives these questions explicit consideration (many boards are developed in a very ad hoc, intuitive manner) yet the answers to these questions fundamentally define the type of board the organization needs. Further, once implemented, the choice of type shapes the nature of the board's performance with regard to these two fundamental matters—whether the choice is productive or not! Developing these questions from the perspective of organization design, therefore, results in two primary dimensions of board type:

**Strategic Focus:** The degree to which the board's work emphasizes leadership, strategy, and policy, versus the implementation of operations and activities. Boards have no choice regarding whether they will work on long-term and strategic decisions for the organization; this is a core responsibility. However, to the extent that there is no staff or other volunteers, the board may invest a significant share of its time in the actual implementation of the organization's operations. The options along the Strategic Focus continuum are as follows:

What is the work this board needs to accomplish to meet the needs of this organization? How do we best connect this organization to the community and its most important constituencies?



# Primary and Secondary Dimensions of Board Type

## Primary Dimensions:

### SCALE A: STRATEGIC FOCUS:

THE MAJORITY OF THE BOARD'S WORK ACTIVITY IS FOCUSED ON:

STRATEGY & POLICY	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	OPERATIONS & ACTIVITIES
	<i>S</i>								<i>A</i>	

### SCALE B: STAKEHOLDER INFLUENCE & ENGAGEMENT:

STAKEHOLDER/CONSTITUENT ENGAGEMENT (NATURE OF INVOLVEMENT AND INFLUENCE) IN AGENCY DECISION PROCESSES IS:

BROADLY / INCLUSIVE	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	EXCLUSIVE/ELITE
	<i>I</i>								<i>E</i>	

## Secondary Dimensions:

### SCALE C: MISSION ACCOUNTABILITY:

THE ACCOUNTABILITY AND FOCUS FOR THE ORGANIZATION'S WORK DERIVES PRIMARILY FROM:

PROFESSIONAL/PRACTICE CONTENT FOCUS	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	COMMUNITY-MARKET FOCUS
	<i>P</i>								<i>M</i>	

### SCALE D: BOARD AUTONOMY:

THE DEGREE OF INTERNAL VERSUS EXTERNAL CONTROL OVER THE APPOINTMENT AND RETENTION OF BOARD MEMBERS IS:

SELF-PERPETUATING SELF-REGULATING	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	EXTERNALLY APPOINTED & REGULATED
	<i>SR</i>								<i>X</i>	

### SCALE E: DECISION CENTRALITY:

GOVERNANCE AND LEADERSHIP DECISION PROCESSES ARE DOMINATED BY:

CEO/STAFF DOMINANT	(4)	(3)	(2)	(1)	(0)	(1)	(2)	(3)	(4)	BOARD DOMINANT
	<i>C</i>								<i>B</i>	

TYPICAL BOARD LABELS OR TYPES	PRIMARY DIMENSIONS OF BOARD TYPE		SECONDARY DIMENSIONS OF BOARD TYPE		
	STAKEHOLDER ENGAGEMENT	STRATEGIC FOCUS	BOARD AUTONOMY	MISSION ACCOUNTABILITY	DECISION CENTRALITY
POLICY GOVERNANCE BOARD	<i>E</i>	<i>S</i>	<i>SR</i>	ANY	<i>B</i>
MANAGEMENT BOARD	<i>E</i>	-0-	<i>SR</i>	<i>P</i>	-0-
CORPORATE BOARD	<i>E</i>	<i>S</i>	<i>SR</i>	<i>P</i>	<i>C</i>
TRADITIONAL/CLASSICAL BOARD	-0-	VARIES	<i>SR</i>	-0-	-0-
OPERATIONS OR "WORKING" BOARD	-0-	<i>A</i>	<i>SR</i>	ANY	<i>C</i>
FUNDRAISING BOARD	-0-	<i>A</i>	<i>SR</i>	<i>P</i>	<i>C</i>
REPRESENTATIVE ASSEMBLY	-0-	ANY	-0-	<i>M</i>	<i>B</i>
COMMUNITY COLLECTIVE BOARD	<i>I</i>	<i>S</i>	<i>X</i>	<i>M</i>	<i>B</i>
TOWN HALL ASSEMBLY	<i>I</i>	<i>A</i>	<i>X</i>	<i>M</i>	<i>B</i>

TABLE 2: PROTOTYPICAL CHARACTERISTICS OF COMMON BOARD TYPES

**Strategy and Policy:** All board work is focused on the strategic, long-term direction of the organization, including external scanning, goal and strategy development, policy development, and overall evaluation and accountability.

**Strategy, Policy, and Management:** Most board work is focused on strategy and policy, but also includes some high-level management functions.

**Management:** The majority of the board's work is comprised of managing the oper-



ations of the agency, including planning, organizing, directing, supervising, and evaluating agency operations.

**Management and Operations:** The board spends most of its time managing the operations of the agency, but also serves as the actual workforce for certain administrative or programmatic operations.

**Operations and Activities:** The majority of the board's work is comprised of actually doing the frontline operational work of the organization, because board members also are the organization's staff or volunteers.

**Stakeholder Influence and Engagement:** The central question of this continuum focuses on the nature and scope of the involvement of key stakeholders in the decision-making processes of the organization. Usually, the stakeholder group comprises some mix of clients and other beneficiaries, key funders and donors, community leaders, and others. Is stakeholder engagement (involvement and true influence) in decision processes broadly inclusive of all stakeholders, or is it relatively exclusive? The range of variations may be described as follows:

**Broadly Inclusive:** All key stakeholders serve as members of the governing body and are directly involved in all decisions of the agency.

**Inclusive/Representative:** Board members are widely representative of all key stakeholders of the agency and make regular decisions; key stakeholders are directly involved in the major decisions of the agency.

**Representative:** Stakeholders are involved in the decisions of the agency through their official representatives, who serve on the board and are accountable to stakeholders.

**Less Inclusive:** Most decisions are made by a relatively select group with occasional involvement of select stakeholders (directly or via representatives) in the process of making selected decisions of the organization.

**Exclusive/Elite:** All decisions are made by an exclusive and select elite with no significant involvement or engagement of any stakeholders in the decision processes of the organization.

Table 1 (on page 39) illustrates the range of options and the "location" of five general board types within this framework. These placements are only illustrative of general tendencies, however. While the table illustrates a likelihood that a given board type will be located in one part of the table or another, there certainly will be boards that claim to be of one type, yet exhibit practices not consistent with this schema. This is symptomatic of the reality that there is a rather low level of consistency linked to the various type labels. It also reflects that, while these two dimensions are primary, secondary dimensions also help explain some significant variation among boards that appear otherwise to be of similar type.

The traditional type of board occupies much of the middle, because it tends to be a midpoint compromise for each of these primary dimensions, and its many variations blur across different characteristics. This is why so-called traditional boards look different from each other, even though they are the same type. Their existence in the middle may also reflect a lack of clear choice-making and design.

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It is important to recognize that there is no single type that will be best for all organizations. It is equally important to recognize that each of these types has distinct benefits and shortcomings—and weighing the tradeoffs is the essence of the design issue for every organization. For example, the more a given board becomes involved in operations (e.g., the so-called “working” or operations board), the less time it has for the strategic thinking and community engagement functions that are so central to effective governance. And if they wait for a good time to handle strategic governance matters, it won’t happen—we know from experience that urgent matters interfere with the important; the immediate tends to overpower the long term. Further, many of us are living with designs adopted to serve an earlier stage of the organization’s development; we just never got around to refining our board design and the agency developed and grew up around us!

### Secondary Dimensions

We have found three additional dimensions that are especially useful in helping complete the picture that the Strategic Focus and Stakeholder Engagement dimensions begin to paint. These dimensions are as follows:

**Board Autonomy:** the degree to which the board is independent versus controlled by external entities. No board or organization is entirely autonomous, but a unique characteristic of many nonprofit boards is that they are independent and self-perpetuating (i.e., select their own members). These boards have much autonomy and are largely self-regulating. The alternative extreme is the board that has no power over who will be members. This is the case, for example, in membership associations, where organization members directly elect all members of the board.

**Mission Accountability:** this dimension explains the degree to which the organization’s accountability for quality or performance is driven by the professional content of its work versus the extent to which the organization’s accountability is driven by the needs and interests of its community or primary market. A hospital, for example, certainly cares about the community it serves, yet its key accountability standards come from the core content of the organization’s work. Its accountability is grounded in the health professions and assessed by profession-based accreditors. The typical membership association, on the other hand, draws its benchmarks for accountability primarily from the expectations and demands of its members; there are no external quality assurance systems or criteria that play a significant role in defining acceptable performance for the organization.

**Decision Centrality:** this is the question of where primary decision authority lies. Are governance and leadership decisions made together by executive and board, or dominated by either the staff or the board? In some organizations, staff drives the strategic agenda and makes key decisions; in others, the board dominates the agenda and key decisions and the role of the staff is to implement. The midpoint of this continuum is the balance advocated in much of the prescriptive literature on boards, promoting the value of achieving a balanced partnership between the board and the chief staff position. A unique version of this is the founder-dominated board, where the founder (regardless of role) dominates all significant decisions of the agency.

There are other characteristics that influence the nature of the board, but we find they

do not fundamentally differentiate one type from another. Often these are the outgrowth of a choice about board type. For example, board size (i.e., number of members) makes a difference in board dynamics, but the choice about size usually flows from the choice of a specific model (e.g., a “corporate board” will tend to be quite small and a “fundraising board” often will be quite large).

## Thinking about Your Board Type

Board type is not independently important to an organization; its significance is in the context of what the organization needs from its board. Different types have different values, and the framework we outline is designed to help board leaders understand the degree and way in which their board’s type is or is not aligned with the needs and values of their agency. We have included with this article a brief assessment tool for categorizing board type. As it is organized, an assessment should focus first on the two primary dimensions of board type (strategic focus and stakeholder engagement), and then be elaborated by assessment of the ways the secondary dimensions complement or interfere with the type.

Table 2 (on page 40) applies this framework to compare the characteristics of several of the commonly discussed board types, and illustrates the similarities and differences among them. Of course, not all real boards with a particular label will appear similar to these ratings, given that these were developed by considering common characteristics of generic proto types.

This tool can be useful for an individual leader to use as they reflect on the implications of their board type for the work of their organization, but it will be more useful as a basis for dialogue among a group of agency leaders as they consider how their board works and the degree to which that type is suited to the organization and the community it serves. In other words, it offers a basis for boardroom discussion about how fully and in what ways the board’s design provides the strategic leadership and stakeholder engagement that are central to effective nonprofit governance and leadership.

The framework proposed in this article is preliminary in nature, developed from our extensive research and consulting experience and informed by the literature of organization studies research. The next step in its development is to conduct empirical research to validate the framework and test its utility for board design and development. We welcome reflection and feedback from board and agency leaders, consultants, and researchers regarding the validity of the framework and its utility in explaining variation in board type.

**About the Author.** David O. Renz, Ph.D., is the director of the Midwest Center for Nonprofit Leadership in the Henry W. Bloch School of Business & Public Administration at the University of Missouri-Kansas City, and currently serves as president of the Nonprofit Academic Centers Council.

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# A Gateway to 21st Century Governance: Are We Ready?

by Ruth McCambridge

In one way or another, governance is always an act of resistance by which a community asserts its ability to orient its own destiny and ... resist an evolution that isn't chosen."

—Principles of Governance  
for the 21st Century  
by Charles Leopold Mayer  
Foundation

ONCE, WHEN I WAS SITTING WITH A BOARD OF A SMALL, COMMUNITY-based organization, I asked my favorite governance question: to whom were they accountable? After some uncomfortable shifting, one member said, "To the community we work in." So I then asked, "What are the accountability mechanisms that ensure what you're doing—and how you're doing it—is what the community wants?" After another uneasy moment passed, I added, "For instance, would you consider some community representation on the board?" The man who first answered me flared up, "If I had known that's where you were going with this, I wouldn't have answered that way! We've tried that—it didn't work."

In retrospect, we were both underestimating the need for clarity in the relationship between a nonprofit's governance system and its community. Some articles in this issue of the *Nonprofit Quarterly* propose that the accountability and co-involvement built into this relationship should be the central frame of reference, and the hub around which innovation in nonprofit governance should revolve. Not having such a hub to guide us can lead to much spinning of the wheels.

The nonprofit management information I have found most frustrating over the years is the research on boards of directors. With notable exceptions, much of it seemed somewhat irrelevant and circularly self-referential. Boards themselves—even with well-intentioned volunteers—often reflected this stagnation in practice, regularly acting as less than the sum of their parts.

In short, I have come to believe that nonprofits have been focused on getting a prescribed form right instead of experimenting to accurately fit their form to function. As you might imagine, and have probably experienced, this can lead to some fairly lackluster results.

So we take this opportunity to risk having a strong point of view, posing three questions to help expand our understanding of nonprofit governance. First, should nonprofit governance be about the best interests of the community or the institutional interests of

the organization? There is often an embedded assumption in the boards I have worked with that the institution is in the best interests of their community—despite the fact that there is no energetic ratification of that from the community. Second, how do we think about what community we are responsible to? In *NPQ*'s Fall 2002 issue, Judy Miller poses this as an ownership question, with behavioral markers you can use to look at your own board. Third, why is it so hard to get creative in our approaches to governance?

All organizations are set in a larger social context, so we cannot end our reflection at the individual nonprofit level. We and others are raising these questions during a period when our attention is focused on governance from Wall Street to Baghdad. Some believe that public governance is overly affected by corporate interests, and we are now seeing case after case of scandals exposing ethical problems in the governance of corporations that only recently were seen as exemplary. This puts the interests of ordinary and particularly marginalized people at risk. In a democracy, the nonprofit sector is there to ensure that people have a voice in our future—at the community, national and global level. If we accept this as our primary role, it has implications for what should be present as constants in our governance structures.

### Engagement: Working to Purpose

“Nonprofit boards owe their allegiance first to the community and only second to the organization,” says Kelvin Taketa of the Hawaii Community Foundation. That allegiance must be assured by active engagement of the people the organization touches, bringing them into the loop on the setting of priorities and program design.

Evolution without a sense of our own purpose is likely to leave us directionless and powerless. One thing that makes this sector unique is the passion of the people it involves. It is a place where individuals associate and aspire to create a better world. Sometimes we do our work in bits and pieces, from scratch, and sometimes we do our work through large institutions, but our intention is usually to change something for the public good.

If we do not hold engagement and mobilization as central to nonprofit identity, it may cause us to forget what makes us powerful in society, robbing us of our effectiveness. We defer to models that don't quite fit what we are meant to do in the world. In fact, we appear to defer to a shadow version of a corporate business governance model. While corporate governance has much to teach us (about what not to do as well as what can be done), it misses the point of our work. It does not guard or nurture our greatest asset and comparative advantage: the energy of motivated and engaged volunteers and community members.

For Mark Lindberg of the Otto Bremer Foundation in Minnesota, the involvement of those for whom the organization exists is an issue of human rights. “From a human-rights perspective,” he says, “programs that don't involve and engage people in their design and implementation aren't really set up to enable people to claim their own futures.”

Indeed, for others around the world, participatory governance and active democracy are not only seen as linked practices but as essential to the full achievement of human rights. They speak to the right of self-determination and equity in societies where some or all voices have been excluded from policy-making.

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In a recent report to the U.N. Commission on Human Rights, the Catholic advocacy association Pax Romana and the UNESCO Center of Catalonia noted, “The essence of self-determination has always been related to the promotion of democracy and good governance. No effective promotion of democracy is possible without effective participation . . . This entails the right of people individually and collectively to decide on their form of government/governance, and to participate effectively in decision-making at all levels. In essence it means that individuals and groups should be in control of their own destinies. Their institutions should be devised accordingly.”

Are nonprofit institutions acting in ways that respect—and are open to the intellect and creativity of—the people they are established to benefit? If not, what are we inadvertently putting at risk? Have we made ourselves party to a larger problem of democratic deficit in this country by too often squatting ineffectually in the place needed for revival?

Some contributors to this issue believe that nonprofits, by not actively engaging their communities, have put their day-to-day legitimacy at risk, along with a good deal of their capacity to influence larger systems. This is unwise at the very least—a squandering of legacy and protective support that good stewardship should guard against.

### Rigor and Integration

A fascinating document entitled *Principles of Governance in the 21st Century*, produced by the Charles Leopold Mayer Foundation, asserts that it is the “duty of people in governance positions to act pertinently,” respecting the complexity and interconnectedness of issues and systems around them. This requires research, and the ability to think and work on a number of different scales at the same time.

The world is simultaneously getting smaller and more complex, as is demonstrated by the coalescence of Aideen McGinley’s and Gus Newport’s approaches—an ocean apart. Boards must see themselves as intimately connected to the aspirations and interests of their community, and do so with the ability to inform and develop those interests to meet current conditions.

Gus Newport demonstrates (in “Why Are We Replacing Furniture When Half the Neighborhood Is Missing?” on page 16) how this concept was carried out in an inner-city community. Residents of the Dudley Street community in Boston were engaged in a research/action loop organized by the central question “What is of importance to us?” The dialogue it produced stood outside of the narrower categorical interests of nonprofit organizations in the neighborhood, but eventually incorporated them in larger strategies developed to improve the neighborhood.

The fragmentation that is endemic to the world of nonprofits is often off-putting to the people whom organizations need to engage for their energy and ideas, but this can be overcome—as in the case described in McGinley’s article “Making Hope and History Rhyme,” on page 23.

“The context and the place are interconnected,” she says. “Society itself, with its rich tapestry of diverse stakeholders, deserves to be treated as the whole and intricate system it is, as do the people who inhabit the system.”

As the *Principles of Governance* document states, it is time to “design modes of gov-



ernance that are capable of dealing with relations between different fields of activity, between social agents..." Boards must see themselves as responsible for ensuring that the interconnections between social forces and communities are explored and understood and the strategies taken on by the organization are related to this understanding. It is also time for board members to be active in developing and joining coalitions that bridge divisions between issues and communities. This principle was explored in the Summer 2002 edition of the *Quarterly*, in an article by John Powell, who promoted a re-examination of various systems to address the integrated needs of a neighborhood.

John Carver actually speaks to this in one of his better but more underutilized principles of good governance. He urges boards to be attentive to "horizontal integration," looking for the opportunities to merge our work with that of others who function in the same field of practice—or locality. This would appear to be absolutely central to any serious stewardship intention when our charge is to function for the public good. But such co-setting of agendas is something that seldom makes its way into a central place in the psyches of our boards. How often have you seen neighborhood organizations hold joint board meetings that consider the best interests of the whole neighborhood?

### Rethinking Our Governance Model

For a few years now, researchers and practitioners in governance have been conceding that there is no one right way to structure a nonprofit board. We agree with this, but assert that there is a central set of principles that should guide our designs, and these are embedded in the civic purpose of this sector, and relate to participation of—and accountability to—community, as well as rigor and integration.

As Bill Ryan, Judith Saidel and Marla Bobowick observe in their article that frames the case studies developed as part of the BoardSource Governance Futures project, inertia may be carrying the day when it comes to experimenting with the basic nonprofit governance model. This may not be a surprise if we have become seriously estranged from our central purposes and the principles of practice that should flow from that.

Pat Bradshaw of the Schulich School of Business at York University in Toronto provides additional insight as to why experimentation might be difficult: "Models of governance are, in my opinion, ways of holding the power structures of the organization in place and, once you change them, you start to call into question all of your power relationships. This may be a very good thing, but it creates some degree of temporary imbalance between board and staff, between organization and community, between organizations and foundations, and between organizations and board members themselves. Change disrupts the stability of patterns that have become entrenched. The instability often results in groups defending their interests."

### A "Blue Sky" Governance Committee

My personal favorite among the case studies from the BoardSource Governance Futures project, which we print first here in the pages of *NPQ*, is the response of a women's hospital that was subsumed in a forced merger with a larger healthcare institution. Their stock in trade was their ability to stay current with the progress of research and practice in women's health worldwide, so they integrated this function within their governance

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How about a blue sky committee that will help us focus on what is truly important and what is possible as a next stage of evolution for nonprofit boards and nonprofit governance?

structure. They developed what they call the “Blue Sky Committee,” which uses the extraordinary talents of passionate board members to stay engaged with a worldwide community of researchers and practitioners. This allows the group to seek out all the possibilities on the large horizon that might translate to programs locally. It also keeps the group in an excited creation mode.

We may need the same thing in the area of governance. How about a blue sky committee that will help us focus on what is truly important and what is possible as a next stage of evolution for nonprofit boards and nonprofit governance?

We have posed a core concern here about stewardship in the area of our accountability to and engagement of constituents. We linked this to associated concerns about what we see as a lack of rigor and integrated practice on interconnected issues. These are core issues of governance in a sector that is organized around public benefit and association, and in a sector that needs to use every precious resource very wisely.

We invite you to talk back to the editors and authors about the concepts that they float. Tell us your ideas and experiences, and reveal your wildest hopes and dreams about how we might govern ourselves with greater energy, effectiveness and overall influence as time goes on. The blue sky is the limit!

**About the Author.** Ruth McCambridge is the editor-in-chief of the *Nonprofit Quarterly*.

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