



Dr. Conflict

by Mark Light, MBA, PhD

You may think that a personnel committee is a necessity for a well-functioning board, but Dr. Conflict assures you otherwise. The board governs but does not manage the organization; personnel matters are not its job. Get a grip, disband the committee, do your salary-survey homework, and help the board to do a better job.

DEAR DR. CONFLICT, When it comes to salary discussions, board members on our personnel committee receive a salary survey, but then some members proceed to conduct their own salary survey, and reference non-relevant economic issues or use their personal employer's practices. Staff get to hear "ABC agency isn't getting raises"—except they are getting COLA increases, and longevity pay. Or, "I haven't gotten a raise; we have a pay freeze," when what they really mean is that their representatives negotiated a salary and benefit package and have maintained the pension plan, so they will be collecting a salary for X years after retirement.

Our staff salaries are here and now—but board members say, "No one is getting bonuses; look at Wall Street or local Big Company." That obviously isn't true, but why do they use it as a reference at all? If "everyone" were now getting big bonuses, our staff wouldn't be eligible anyway, because we are a nonprofit. The most frustrating is when, after a staff member buys a new or "new

to them" car, goes on a well-deserved vacation, or makes some other large purchase, a board member comments, "Looks like someone is getting paid too much."

How do we get board members to use only documentable/appropriate/current information and stop personalizing the process?

What's in Your Wallet?

Dear Wallet, Dr. Conflict first thought this was much ado about nothing. So what if some of your board members complain and kvetch about compensation? What do you care? It's an annoyance for sure, but does it really rise to the level of action? Get board members to stop personalizing the process? Oh, please! Get a grip, disband the personnel committee, and help the board do a better job.

Dr. Conflict's advice is rooted in his disdain for irrelevant and time-wasting board committees. You may think that a personnel committee is a necessity for a well-functioning board, but Dr. Conflict assures you otherwise. The board governs but does not manage the

organization—personnel matters are not its job.

Consider the evidence. In BoardSource's *Nonprofit Governance Index 2010*, the personnel committee doesn't make the list of the seven most common committees. The first three are governance/nominating (83 percent), finance, including finance and audit (83 percent), and executive committee (78 percent); fundraising/development is a distant fourth (55 percent), followed by the also-rans of audit (27 percent), program (27 percent), and marketing/communications/PR (26 percent).¹ The personnel committee didn't make the list in 2007 or the list ten years earlier.²

The bottom line is that the "board delegates general responsibility to the chief executive for the nonprofit's employment practices."³ There are exceptions to the rule, including small agencies that have no full-time staff. And there may be times when you want to empower an ad hoc committee to deal with a particular subject, like the review of a new personnel handbook, or a serious situation dealing with the executive director.⁴

In sum, one reason that your committee members are misbehaving is

that they shouldn't be involved in staff compensation issues at all. Assuming that you are the executive director, this is your responsibility. Considering the unpredictable state of funding and need, among other things, Dr. Conflict can only imagine that your board should have better things to do with its time.

This brings us to Dr. Conflict's four rules about committees. First, less is more. Second, never have a board committee that helps the staff do their jobs—staff know how to pick up the phone and call board members for assistance. Third, if a staff member wants a committee of board members, he or she is welcome to do so provided he or she chairs it—allow no upward delegation. Finally, only have board committees that help the board do its jobs.

What are the board jobs? In Dr. Conflict's published opinion, any effective agency must do five jobs to be successful; four of these belong to the board, and one belongs to the executive director.⁵

The first job of the board is to "decide why," which covers the mission and values. The second board job is to "decide where to go tomorrow," which addresses the strategic direction of the agency, including its lines of business, success measures, and vision statement and strategies. And don't forget that this includes listening to stakeholders and remaining transparent, an ever more critical task these days. Naturally, the executive director should be partner in all these deliberations—the board is functionally sightless without you.

The third board job is to "delegate who does what," which deals with duties and guidelines of conduct for the board (full board, officers, and committees), the board members, and the executive director. Notice that the executive director's staff is not included on the list. This is because all staff and volunteers fall within your purview.

The fourth board job is to "determine when it happened." This is only possible with a clear chain of accountability established by effective delegation—never allow staff to be servants of two masters.

The executive director has the fifth job: to "deliver what gets done today." This is the big kahuna of the operations that flow from the agency's mission, values, and strategy.

So if the executive director is responsible for personnel matters, who should review your compensation? And what about ensuring that the overall approach is meeting the needs of the agency within legal, competitive, and moral boundaries?

Relative to compensation, this is part of the board's job to "delegate who does what." Dr. Conflict suggests that the board delegate this to the executive committee.⁶ Though he is leery of executive committees empowered to act on all matters major and minor, he endorses this committee when the board carefully charts it, primarily for executive director performance and compensation. This is natural, given that the executive committee usually comprises the most seasoned board members, and includes its officers.

This certainly does not mean that executive director performance and compensation should be a secret to the rest of the board. The executive committee should discuss and explain its recommendation to the board in executive session, and then the full board should vote on it. Period.

In general, your use of a salary survey suggests a thoughtful approach. Just to be safe, heed Linda Lampkin's advice: "Good compensation practices mean having established policies and procedures, doing the homework of finding and assessing comparables, making decisions based upon them, and then recording the actions taken."⁷

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Now, about your comment about board members “personalizing the process.” First, this could be from simple boredom. You might try, as some put it, “throwing a little red meat on the board table.” The board most likely needs to be thinking at a higher level about things like the agency’s purpose and strategy. Work with your board chair to make it happen!

The other possibility is that they actually do not understand the process. Take a cue from Lyndon Johnson, who said, “You can put an awful lot of whisky in a man if you let him sip it.”⁸ Remember that educating the board member is part of what an effective executive director must do, no matter how frustrating and time-consuming it can sometimes be. Drink up, but take it slow and use a designated driver!

NOTES

1. Marla J. Bobowick, *BoardSource Nonprofit Governance Index 2010*

(Washington, DC: BoardSource, 2010), 24, www.org/dl.asp?document_id=884.

2. *BoardSource Nonprofit Governance Index 2007* (Washington, DC: BoardSource, 2007), 15, www.boardsource.org/dl.asp?document_id=553; Richard Moyers and Kathleen Enright, *A Snapshot of America’s Nonprofit Boards* (Washington, DC: National Center of Nonprofit Boards, 1997), 13.

3. BoardSource, *The handbook of nonprofit governance* (San Francisco: Jossey-Bass, 2010), 292.

4. “Do Boards Need Personnel Committees?” Knowledge Center Q&As, www.boardsource.org/Knowledge.asp?ID=3.91.

5. Mark Light, *Results Now for Nonprofits: Purpose, Strategy, Operations, and Governance* (Hoboken, NJ: John Wiley & Sons, Inc., 2011), 159–160, 170.

6. Mark Light, *Executive Committee, The Committee Series* (Washington, DC: BoardSource, 2004), 8.

7. Linda Lampkin, “You’re Paying What?

How to Set Executive Compensation,” *The Nonprofit Quarterly* 13, no. 4 (winter 2006), www.nonprofitquarterly.org/governancevoice/580-youre-paying-what-how-to-set-executive-compensation.html.
8. Joseph A. Califano, Jr., *The Triumph and Tragedy of Lyndon Johnson: The White House Years* (New York: Simon & Schuster, 1991), 142.

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