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# **The Strategic Board: The Step-by-Step Guide to High-Impact Governance**

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# CHAPTER 9

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## Adding Value

*Eighty percent of success is showing up.*  
—Woody Allen

### 9.1 INTRODUCTION

The corporate solicitation had come to a close, the memento of thanks presented, and the proposal for the coming year had been discussed. The president of the corporation obviously enjoyed his affiliation as a funder and a board member of Child Care Clearinghouse. His busy schedule of travel had not stood in his way as an active board member and he had missed just one of the last five board meetings. “Bob,” he said to the executive director, “I want to do more. I want to be more active on this board, really make a difference, really add value.”

Bob couldn’t believe his luck: a generous corporate leader and board member willing to do more! “We could certainly use leadership on the performance assurance committee to figure out how to invest our growing endowment,” Bob replied, “and someone like you could make a magnificent contribution as a leader of our planned giving initiatives to build our endowment.” The corporate president thought for a moment and answered, “Finances have never been of much interest to me and I don’t much like asking other people for money. Isn’t there something else that I could do?”

That board members want to make a difference and add value to an organization goes without challenge. Most board members sincerely want to help, to make a difference in the organizations that they serve. Nonetheless, boards are not meant to provide entertainment for their members. The board is a means to an end, in the case of the strategic board, it is the achievement of a chosen destiny. If there is a job that the board member can do that adds value, by all means it should be done. Yet making work for the purpose of keeping the board member interested wastes precious resources. Some will

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say it is a different story if that board member is an important contributor where maintaining connectivity is the objective, but there are better, more effective methods to use than inventing board work.

As elementary as it may seem, 80 percent of what it means to be a good board comes from not being a bad board. The lion's share of being positive is not being negative. Doing no harm seems somehow too simple, too basic to be of value, but it is tremendously significant. Instead of asking themselves how they can do better, good boards often ask what they could do to stop being unproductive.

### 9.2 BOARDS

How do boards add the most value to the organization? Aside from accomplishing the duties within their guidelines, boards are at their best on the big-ticket items. The mother of all of these is executive director selection. This is because the executive director is often the bearer of the values and vision. Next would be the work done on the Leadership Plan, especially in regard to the selection of new strategies.

Much has been written about how boards add value. Thomas P. Holland and Myra Backmon identify four ways:

#### *Support the Chief Executive*

*. . . helping the chief executive determine what matters most. . . . Not every matter is equally important and not all issues can be addressed, so relative priorities must be set.*

#### *Serve as a Sounding Board*

*These boards create opportunities for the chief executive to think aloud about questions and concerns well before it is necessary to come to conclusions or make recommendations . . . a board must encourage candid discussion of embryonic ideas, ambiguous issues, and unclear challenges in the road ahead.*

#### *Encourage and Reward Experimentation*

*Effective boards encourage experimentation, trying out new approaches and alternative ways of dealing with issues. . . . Raising critical questions and challenging assumptions stimulate new ideas and creative alternatives for the future of the organization.*

#### *Model Effective Behavior*

*Most important, effective board model the behaviors they desire in others. . . . Boards that call for accountability of staff have far greater credibility if they show by example how that is to be done.<sup>116</sup>*

Ask most executive directors for a specific moment of extraordinary value from their board and it will have a very personal texture to it. The executive director recalls the 30 yellow roses delivered one a day over a month to his terminally ill wife. Another executive director remembers the celebration of her twentieth anniversary complete with commendations from the Governor. Many executive directors will say that the board is at its best when it listens carefully and provides encouragement to the executive director.

### 9.3 BOARD MEMBERS

Unfortunately, in looking for homeruns board members frequently miss the chance to hit the single that wins the game. The board member misses out on the opportunity to have significant impact by waiting for the big things to come along. The value of a promptly paid pledge pays big dividends to the fundraising staff; an unsolicited invitation to lunch for the executive director “just to see how you’re doing” can deliver remarkable results in terms of building self-confidence. If boards are best on the big-ticket things, board members are at their best on a one-to-one basis. Sometimes a few words that may seem small to a veteran corporate leader are career-building to the inexperienced executive director.

Most executives would answer the question of how board members add the most value in very specific terms: “Raise more money.” Being ready and willing to assist the organization with the ongoing activities to raise the necessary funds for operations is a critical need. Many executive directors vividly recall that those board members who asked tough questions are some of the best at adding value. A single board member who actively participates in decision making at the full board level can make an immense difference in an organization. Take Child Care Clearinghouse for example.

Julie had always expressed concern to the executive director that she talked too much at board meetings. She had come on the board during a substantial period of growth and she regularly asked what the organization was doing to be a good community citizen. Her vision was that the organization could do more to lend a hand to less-fortunate nonprofits. Time and again Bob, the executive director, reassured Julie that her voice was important and that he wished he had ten other board members that provided the stimulation in a board meeting that she did. Over the years as a board member, Julie continued her tough questioning and slowly other board members began to echo her. Could the organization do more to be a community leader?

In building each new Governance Plan, Bob and the board did not directly identify any opportunities to be a better community citizen. But

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because Julie had kept the issue in front of the board in a positive way, Bob was more open to the possibilities and the matter finally became a strategy to explore. The rest is history: The first opportunity for helping came to Bob when the board president of another, smaller agency with a similar mission asked for help. Ten months later, a new joint program between the two agencies was launched with an annual price tag of \$1 million. This ushered in a new period of dynamic activity for the Clearinghouse that was a direct result of one board member asking tough questions over a period of years.

A single board member can make a difference. Bob recalls having a 20-minute conversation with the president of a large corporation who was a board member wherein he was advised to keep his altitude at 40,000 feet when beginning the discussions for the joint program. "The details are less important now than the vision," the president remarked. This one moment of guidance delivered incredible value to the organization. While the board member would not see this as making a major difference, Bob would most respectfully disagree.

If mentoring the executive director or providing encouragement at full board level delivers such great value, why isn't it a duty of board members? In some boards it is, but in general boards try to stay away from mandating this as a duty because of the potential for abuse on the part of the board members. If the executive director asks for advice from a board member, there is no issue with giving it. Unsolicited advice, however, can pass for instruction and thus dilute accountability.

Being responsive to the executive director who asks for advice is common courtesy and should not breach the chain of command. Because the line is so thin between advice and instruction, however, many boards are loath to prescribe that a board member actively give unsolicited advice. It is often difficult to fulfill the duty of asking tough questions if the board member is also enjoined to be a cheerleader of the executive director. Many times the two are mutually exclusive.

### **9.4 EXECUTIVE DIRECTOR**

Executive directors are significant participants in the process of adding value.

Many executive directors, call them presidents, chief professional officers, or CEOs, live in the world of the traditional model of governance where the board decides what and the staff decide how. This is not how the world works. The executive director has a profound role to play in making the board effective. As Herman and Heimovics observe:

*The chief executive is the center of leadership for the organization . . . in most established, staffed nonprofit organizations, chief executives come to be expected by board members, other staff, and themselves to be finally responsible for the successes and failures of the organization. . . . The assertion that organizational effectiveness is enhanced by chief executives taking responsibility, if necessary, for board development and performance is neither unsupported deduction nor wishful thinking. Empirical evidence supports this argument . . . effective executives provided substantially more leadership for their boards than those in the comparison group; that is, they took responsibility for providing board-centered leadership. More specifically, we found that effective executives work with their boards to facilitate interaction both within the board and between themselves and the board. They attend to board members' feelings and needs, envision changes in organizational functioning, promote and reinforce board accomplishments, and provide useful decision-making information to the board.<sup>117</sup>*

The truly curious thing is that many executive directors frustrated with their boards fail to recognize their own abilities to make governance better. Like Dorothy in *The Wizard of Oz*, these executive directors have been wearing the ruby slippers all along. Armed with the Strategic Board model of governance, any executive director in partnership with the board can create an environment that fosters great governance. To the executive director that asks "What good is the board?" comes the answer that he or she alone is largely responsible for the answer.