

Governance on Nonprofit Boards: *Why is it so hard to accomplish?*

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With the many volumes available about nonprofit board governance it is disturbing that there is so little governing going on.

Having an abundance of literature on nonprofit board governance, there is no need to add to the library. Several hyperlinks are listed below that provide free access to a considerable amount of material that explains why and how to govern. Reams of guidelines, principles, and checklists can be downloaded. Because many board members are unaware of their legal responsibilities as trustees, this paper aims to enlighten and motivate more effective boards. *This article focuses on group pressure, political and psychological resistance to governance.*

The Essence of Governance

Boards exist to assure that a nonprofit organization runs properly, has integrity, protects its many constituencies — namely, supporters, employees and volunteers, beneficiaries. and membership groups — and assures competent management with evaluations that hold them accountable for their actions and performance. To accomplish this there are certain activities that need to be the focus of any board. To assist them, there are several lists of board responsibilities from which I derived the following ten precepts:

- Establish mission, vision, and policy statements
- Define programs and services
- Develop and monitor a strategic plan
- Hire and evaluate the executive director
- Hold key personnel accountable for their actions
- Oversee operations without micromanagement
- Prepare and monitor a budget
- Review major programs
- Foster public awareness, corporate image, and popular support
- Troubleshoot problems and handle the unexpected

There are many resources available to assist nonprofit boards in setting up their operation and monitoring its process. Search engines yield many listings under “nonprofit board governance.” The following hyperlinks connect to sources that are rich and free:

- [Free Management Library](#)
- [Minnesota Council on Nonprofits](#)
- [Good Governance Guide](#) from Governance Matters
- [University of Wisconsin Center for Community and Economic Development](#)
- [The Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations](#) from panel convened by Independent Sector
- [The Principles Workbook: Steering Your Board Toward Good Governance and Ethical Practice](#) from Independent Sector and BoardSource
- [Governance for Nonprofits: From Little Leagues to Big Universities](#) from The Society of Corporate Secretaries and Governance Professionals
- [“Checklist of Principles for Good Governance and Ethical Practice”](#) from Independent Sector

Service on Nonprofit Boards

Many people who accept an invitation to serve on a nonprofit board do not consider the governing aspect of the job. Their focus is on:

- Fund-raising programs
- Promotion of activities
- Cheerleading the operation
- Philanthropic motives
- Prestige and self-gratification
- Spokesperson for organization

All of these activities are important but are not the be all and end all of a trustee’s responsibilities.

Focusing attention on the above suits the paid staff because they often look upon board members as:

- Annoying legal requirement
- Free labor at events
- Substantial financial donor
- Celebrity name to attract interest
- Rubber stamp for staff proposals
- Contacts with funding sources

An engineer for a public radio station once succinctly put their purpose as “to give money and keep their mouth shut.” Management is not usually so direct in public but achieves much the same by what and how they control the process and communicate with the board’s chair and members.

Boards are often considered a nuisance, rather than a cast of experts, a hindrance rather than a help. Paid staff may think boards are to be avoided or worked around. This, unfortunately, often extends to the executive director who directly interacts with the board.

Pursuing Governance

This essay was written several years after its companion piece: “[Guidelines for Service on Nonprofit Boards](#).” To avoid repetition of salient points, it is assumed the sister article was read first. Fiduciary responsibility underlies good governance.

To govern is to exert power that herein is expected to be administered by honest board members. Dishonest people operate by a different set of behavioral guidelines. Those who have ulterior motives for being on a board and act in a self-serving way do not want a focus on governance. Disorganization allows them to avoid being accountable and tied to legitimate process.

These self-servers may work very hard and prevent other members from oversight activities. They aspire to and often achieve the chair’s position, which gives their actions the appearance of legitimacy. They are enabled by many who do not aspire to be the presiding officer. For many, service and not ambition is the major motive for membership on nonprofit boards.

Nonprofit board members are usually good people who desire to be benevolent and do not want to *rock the boat*. It suits them fine to attend a friendly meeting, hear about the good deeds being accomplished or tried, not be bothered by analysis of detailed financial statements, discuss ways to raise funds for the organization’s good works, hear how little Johnnie or Jill’s life was turned around by the group’s intervention, consider who else would be an asset on the board, and a host of other issues that *run out the clock*, seem important, and probably are interesting.

People avoid unpleasant activities and the pursuit of governance can produce anxiety. Questionable operations are deferred to management and oversight to the board’s chair. Also, board members are kept in the dark by discouraging them from contact with the organization’s employees. Ostensibly, this is to prevent meddling but it also inhibits awareness of issues.

Purpose of This Essay

This article is empirically based and recalls much of my experience serving on both good and bad nonprofit boards. Ethical people need to be made aware of the purpose and responsibilities of board membership. Many are not aware that a monthly social gathering and listening to embellished status reports is not the purpose of the board meeting. There is much confusion about the differences between booster clubs, cheerleading or fund-raising groups, and a governance operation.

My intent is to increase awareness of some ways that true board activities are deflected and deter members from accomplishing their intended propose. Paying attention and awareness of what to look for is a first step toward unearthing potential concerns. This can lead to unpopular questioning and recommendations that are resisted by others on the board. Nonetheless, *each person is individually responsible* for board misfeasance. Unfortunately, pursuing integrity does not make one popular.

Proper behavior, however, depends upon each person’s conscience. There is little chance of being legally culpable. A lawyer told me that no one would volunteer if malfeasance was prosecuted. (Governance literature tends to emphasize the legal liability and exposure of board members.) Therefore, my hope is awareness will initiate moral and ethical characteristics of good people — as a spur to some remedial action. *Success of our philanthropic system depends upon principled people.*

Do Not Kill The Messenger

The information provided so far is based upon legal, business, and academic precepts. Few well-meaning candidates consider these moral and ethical duties when accepting a board position. They believe in the organization's purpose and want to provide a service that helps people and makes them feel good. Trustees do not want to experience anxiety and argue over governance issues. Therefore, anyone attempting to raise the subject on most nonprofit boards will swim against the group's tide.

Unfortunately, groups think with a common mind and do not welcome countervailing comments. Members do not take kindly to colleagues who point out problems, misfeasance, inconsistencies, and question financial analyses of *salvational* money-raising ideas. The oft-noted bad decisions made by groups, without dissent, has caused scholars to explore and try to understand the phenomena.

Two analysts wrote classic papers on group decisions and introduced terms into the English language. They are [groupthink](#) and the [Abilene Paradox](#), developed by Irving L. Janis and Jerry B. Harvey, respectively. The hyperlinks provide connections to pdf copies of the quite readable original articles. These classics have fostered many commentaries over the years.

Another insight into behavior in groups was mentioned in an article that I wrote on the "[Fear of Success](#)" (see page 7). It gives a psychoanalytic explanation from the study of groups by three of psychology's giants: Sigmund Freud, Eric Fromm, and Irving Yalom. Essentially, group leaders metaphorically take on the role of parents and there is a reluctance to challenge their presumed "parental" authority.

Whatever the reason for group cohesion, Janis describes the attitude of the majority toward those who question the prevailing wisdom: "Victims of groupthink apply direct pressure to any individual who momentarily expresses doubts about any of the group's shared illusions or who questions the validity of the arguments supporting a policy alternative favored by the majority" (page 87). On nonprofit boards, the pressure to conform is especially great because they are "*charitable.*"

My intent is not to make all board members verbally contrarian. It is some people's nature to be taciturn. Nevertheless, the quiet ones need to be aware of the group pressure to conform. Honest board members are encouraged to reasonably listen to the devil's advocate and insightful inquirer. *Do not join your cohorts in shooting the messenger.*

Courses of Action

Various courses of action are chosen by aware people who find themselves on a dysfunctional board. One of the more common is resignation; after a few meetings, family or business responsibilities require trustees to "unfortunately" resign. This may be the best personal decision for a board where a talented artistic director put together a nonprofit organization to support her operation and performances. I had the experience, when a group wanted to move on with new leadership, of learning she had written her enduring job security into the bylaws.

Resignation as an alternative may be a fuzzier moral issue when one feels responsible for representing the various constituencies supporting the operation. My [companion article on fiduciary responsibility](#) elaborates four dependent groups: supporters, employees, beneficiaries, and members. I have tended to invest the time and energy to try and educate the board, a chore that requires patience, persistence, and a high frustration tolerance. It helps to remember Sigmund Freud's observation from *Group Psychology and the Analysis of the Ego* (©1921):

Inclined as itself is to all extremes, a group can only be excited by an excessive stimulus. Anyone who wishes to produce an effect upon it needs no logical adjustment in his arguments; he must paint in the most forcible colors, he must exaggerate, and he **must repeat the same thing again and again.** (p. 78)

This task is not made easier when the executive director or chair has a *anti-governance* agenda.

The Executive Director

The top executive may be called the general manager, president, principal, superintendent, CEO, or something else. Whatever the name, there is usually an identifiable focal person between the board and the paid staff, and maybe a phalanx of volunteers. Deference is usually provided to the person in charge of the daily running of any organization. It is right to give this person great leeway to make decisions and a board has no need to interfere with the smooth and *honest* operation of their charge.

An effective board does not want to micromanage but must have full and candid information to carry out its fiduciary responsibilities. Therefore, it is unconscionable for advisors to staff making reports to limit information or favorably bias what is reported. Celebrities, politicians, and businesspeople have gone to jail for what has been reported as “not their crime but the coverup.” Too frequently, there is a brazen attempt by employees to mislead boards. While legal action is unlikely, job security should be lessened for mendacity (a 50¢ word for lying). *Omission is a lie!*

Reports are written or oral communication that is formalized but not necessarily informative. Many executive directors discourage informal conversations between board members and staff. This limits one of the great sources of information that can be called “watercooler communication.” A competent consultant who is hired to unearth problems, and not just protect the hiring executive, knows that the proverbial watercooler or [scuttled butt](#) provides rich leads about dysfunction. It must be noted that there is a difference between meddling, micromanaging, and spreading dissension in the ranks, versus listening to become an informed board member able to ask intelligent questions.

Exercise Responsibility

In addition to knowledge, a board must exercise its control authority. It needs to develop a mission and expectations of the executive director. Then, it must follow up and appraise performance. On one board that I served for several years, the general manager was never formally evaluated. He managed to give himself raises to an already substantial salary. When the board finally adopted a three-year plan (too long) to raise the pay of subordinate staff, he included himself on the spread sheet.

My attempts to question issues served to drain off psychic energy from him to me. When I was excused from attendance the year of my doctoral internship, he was terminated. For many years, the organization was operating with a six digit deficit as government funds decreased. The unsustainable culture developed at a time when sufficient governmental funds were provided to feed a reserve account. When various income sources dried up, the steadily decreasing budget cuts lagged by a year what was necessary to operate with a balanced cash flow. *Established excesses resist change!*

Informed Consent

Limiting information is justified by an elitist staff believing that they have special knowledge whose judgement should not be questioned by common people. This is reenforced by hierarchical organizations where personnel share beliefs with similar workers from other localities. The multiple sites are administered by a central authority adopting policies that usurp local jurisdiction.

This was once the approach used in the medical, psychological, and even business fields; namely: *father knows best!* Physicians were once considered experts on what was best for us and their judgment was to be unquestioned. Society has progressed to the point where patients are entitled to *informed consent*. Boards are entitled to the same respect and should not tolerate being manipulated.

The same consideration and deference that is expected from doctors needs to be received from executive directors and other employees. Even though physicians know more than the average patient about specific things, this does not entitle them to undermine the authority of their client who employed them. I underlined employees and employed to emphasize staff work for a board that is responsible for the survival and success of the nonprofit organization. But, realize failure to exercise this legal and moral authority is the fault of the board of directors and not the offending staff.

The Chairperson

The chairperson is key to the operation of the nonprofit organization and its board of directors. He or she strongly influences the direction taken by management, staff, and board members. Unfortunately, few persons have the leadership and management abilities to perform the required functions well. Integrity, skills, and personality are needed to appropriately fill the role.

Some campaign for the job and others respond to board pleading. In either case there is a significant danger that an inadequate person will get the position. Research into leadership gives us some insight into how rare good leaders are and the chances of selecting someone bad or so-so.

Twenty-five—Fifty—Twenty-five Rule of Thumb

A 1994 article in the *American Psychologist*, "[What We Know About Leadership: Effectiveness and Personality](#)," is one of the best articles on the subject, in my opinion. Fortunately, a pdf copy is available on the Internet. The salient points from this and other sources are summarized in my short essay titled the "[Leadership Enigma: Assuring Competence in Diverse Roles](#),"

The paper surveyed many studies of leader incompetence and found they ranged from 25% to 75%. It seems we can clearly differentiate good from bad but there is a 50% uncertainty between the two extremes. Combining this with a comment Oprah once made about marriages that there were 25% happy, 25% unhappy, and 50% didn't know, there seems to be a **25–50–25 Rule of Thumb**, in the sense of the well-known [80–20 Rule](#). Like all rules of thumb, the concept is what is important and not the actual numbers (e.g., 20–65–15). Not every organization can get the best, but needs to avoid the worst. A approachable goal is to avoid the bottom "third" that can cause harm.

Ruler, Leader, Manager, or Facilitator

Robert's Rules of Order portrays a presiding officer who maintains order, is neutral, and ensures proposals and amendments thereto are formally brought before the body with motions and seconds. He or she provides equitable treatment of every member and only votes to break a tie. In practice, a chair without a personal agenda and vocal input on important issues is a rare person indeed.

The role of leader varies with the group. Some want to be ruled and directed, others need to led into a transformation, stable groups may just need to be maintained by managers, and in some clubs there is true democracy and parliamentary procedure. In *all* cases the chair is responsible to operate with *informed consent*. Secrets are not justifiable in any organization comprised of fiduciaries.

Some organizations are hierarchical and chairs of subordinate parts are selected by a top-down approach. Succession is determined by how well a person impresses the establishment and not by rank-and-file input. Going along with this in-group structure is the chair having secrets, the bane of honest operation. An group that limits important information to a chair has no need to exist.

Some chairs are often unsure of how to do the job. If he or she repeatedly asks guidance from the executive director on how to conduct a meeting they do not belong in the position.

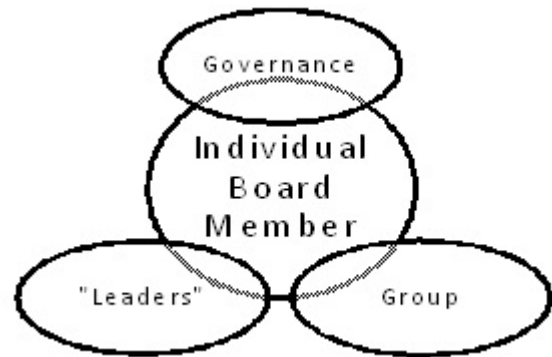
Tenure

Bad chairpersons ideally need to be replaced and the good ones retained. In the first case, term limits are desirable because it is difficult to unseat an incompetent. Incompetents tend to not resign unless the situation gets dire. They blame others for their failures. On the other hand, if the chair is outstanding, a term limit could remove them for someone incompetent or mediocre. Succession is a hard issue. We can, at least, objectively acknowledge the reality of the leader's performance.

I am reminded of the mother who said: "My baby's s--- smells awful but I learned to live with it and do my parenting job." Pollyannaish parents may tell you (and delude themselves) their own child's poop does not stink. The point is, it is better to acknowledge that there is a foul odor and deal with it as best one can. Self-delusion is not advisable for board members, because it is a denial of reality and retards corrective action. Relief benefits from a clear, rational, and undeluded mind when the opportunity arises. Eventually, there may be a beneficial change, particularly if a crisis arises.

Summary

Obviously, governance is not easily achieved, based upon the volumes written on the subject. This article began with ten general precepts and hyperlinks to reams of information about governance. Google can provide millions more links. Then, it was discussed how groups inhibited corrective action by forcing board members to not oppose consensus, even when it is detrimental to the operation. Finally covered was the contribution to the dysfunction by the executive director and chairperson. In the diagram they are designated “Leaders.” The quote marks are needed because there are many in charge who do not *lead* because of either incompetence or self-interest.



Emotional Sphere

The Venn diagram, above-right, illustrates the three major *external* influences considered in this essay that impinge upon the nonprofit board member. These forces can be both *good and bad*. It becomes the responsibility of the individual to weigh whether outside pressure *helps or harms* the organization for which he or she shares responsibility for legal, moral, honest, and competent operation of the “business.” *Business* is used because the word emphasizes that trustees have a responsibility to assure that services continue to be provided in varying economic and political environments. Too often the emotional sphere created around charitable groups diverts well-meaning persons from their normally rational and balanced thoughts and behavior.

Dynamic psychology teaches that behavior happens for a reason, which may be conscious or unconscious. As many of the people who serve on nonprofit boards of directors are competent and thoughtful in their occupations, there needs to be something different about this situation. I submit that the philanthropic nature of the service creates an emotional sphere in which a person’s normal level of *differentiation* is reduced, because one does not want to appear uncaring or uncooperative.

Murray Bowen’s Family Systems Theory

[Murray Bowen](#) introduced a theory that explains many group interactions but we are particularly interested in *differentiation*. Besides the link to my overview of Bowen’s theory, there are many explanations that can be found on the Internet. It helps to read several author’s descriptions to get an intuitive understanding of the concept. Differentiation does not lend itself to “cookbook cures” that are sold by many consultants. It requires a self-reflection not effective in popular workshops.

Differentiation is the result of the struggle to become an autonomous person that begins within the family of origin. An adult achieves some level between zero (0), where outside influences determine thoughts and feelings, and a hundred (100), where a person knows who he or she is and are not absorbed into the emotional needs of others. This does not mean they are contrarian and argumentative but know when and where to assert themselves, because *belonging is not subservience!*

Awareness

Awareness can go a long way toward making boards more rational if people operate at a higher functional level they have exercised in other areas. Many a grown-up realizes they regress before their mother. A family gathering does not have to be upset by challenging roles when it is unnecessary. At other times independence needs to be asserted. *Maturity is to know the difference!*

Likewise, a nonprofit board member needs to be aware of what is happening at the emotional level that is detrimental to the organization. On some issues he or she must endeavor to at least rise to operate at their base level of differentiation — because *individuals are the instrument of fitness!*

I will be setting up a social network site to publish short vignettes that describe where the board operated irrationally for extended periods of time. It will welcome input from others.