

The Dysfunctional Board

Structure can be a very real problem

The board meetings are almost always unbearably boring. Most of the time is taken up by seemingly endless reports on things that have already happened. It's not at all clear what is expected of board members. There is no obvious theme or rationale for the items that show up on each meeting's agenda and discussions, when they occur at all, are frequently superficial.

Does this sound familiar? If it does, it may be because this is the way many nonprofit boards of directors operate. In fact, it would be a fair bet to say that these descriptions fit most nonprofit boards of directors. Why? The unfortunate answer is that the nonprofit board of directors is structurally dysfunctional.

Structurally dysfunctional here means that the kind of problems described above are determined by the framework in which the nonprofit is required to operate and are not the fault of individual board members or managers. While executive directors and some funders often quietly recognize nonprofit boards' flaws, few understand why those flaws exist, and even fewer know what to do about it.

The theory behind the nonprofit board of directors as a governance mechanism is undoubtedly grafted from the for-profit sector. In the for-profit world the board of directors is expected to represent the stockholders. Directors are supposed to preserve and grow stockholder value by overseeing management and by participating in the strategic direction of the company.

Nonprofits cannot have stockholders, but the board of directors is nonetheless expected to represent the public at large in the same way that a for-profit board of directors is supposed to represent stockholders' interests.

The model breaks down around the question of investment. For-profit board members are paid for their work, and they almost always have some additional investment in the company. Frequently they own a significant block of shares, or at least represent an institutional interest that owns them. Neither form of payment can occur in the nonprofit sector.

The result is that members of a nonprofit board of directors literally cannot have an economic stake in the agency. Worse, whereas for-profit companies have stockholder value as the single measure of success there is no simple way of measuring a nonprofit's success. Without a commonly agreed-upon purpose, board discussions tend to be superficial and disputes can devolve into personality clashes that can't be solved by appealing to common interests.

A clarification here. This is a dispa-

sionate analysis of one of the most cherished institutions in the non-governmental sector. It is delivered with maximum respect for the board member's task. The fact that structural dysfunction limits these groups' effectiveness does not detract from the valiance of their efforts. Indeed, much of what they accomplish occurs because of their efforts to overcome the inherent deficits they face.

If nonprofit boards face a structural challenge, anything they accomplish must come from finding unique ways of tapping into the resources that board members represent. It's boards as whole units that are dysfunctional, not individuals. Here are some of the ways that actual nonprofit boards



have found to get things done.

Yes, there is a prescription for inefficiency. It's what happens with a structurally dysfunctional entity. Increasing input and lowering output is inherently frustrating. But the first step is another way of saying that you must adopt more realistic expectations of the board of directors. Part of the disappointment with boards of directors currently is that a great deal of psychic energy is wasted by blame games, by if-we-only-hads, and by old-fashioned gamesmanship to cover up or deflect attention from a board's ineffectiveness. In this way of looking at things, it's got to be either the board's fault or the executive director's fault that more isn't getting done.

Lowering expectations based on a structural analysis ("it's because of the structure, not because of the individuals in the structure") helps take some of the pressure off. By acknowledging the built-in limitations of the model,

executive directors and their boards can have more realistic conversations and build mutual understanding based on reality. We see many relatively effective boards of directors and their professional staff doing this quietly, without ever acknowledging that that's what they're doing.

Doubling your effort means more than just working harder. It means a rounded effort to engage the board in thinking and planning together. It presumes full honesty in the relationship between board and staff, particularly the executive director. And it means the kind of feeding and nurturing that we talk about below.

Picking board members

Theoretically, the board of directors is supposed to lead the organization. While that leadership is supposed to derive from the board as a whole, it is really easier to do indi-

Here's a test. The next time an issue comes before the board to be decided, ask yourself if the matter can be postponed until the next board meeting without creating any problem. If the answer is no, there are two possible explanations. Either the subject was too operations-oriented and therefore doesn't belong on the board's level, or it's an appropriate subject that wasn't brought up early enough.

Many nonprofits start out with few management resources and use the board as a source of free knowledge and even a lot of free hourly labor. While this is perfectly appropriate, there usually comes a time when the agency has enough management time and talent to do that part on its own. When this happens it's the board's responsibility to step back and assume more of a leadership role.

Unfortunately, many boards don't do this. Other board members carry this mental model in their heads. The result is a group that is over-involved in management minutiae and under-involved in strategy and leadership.

The antidote is a relentless focus on the future. Direct attention only to things that have yet to happen. Insist that the board meeting agendas deal largely with future plans and strategies, not reports of activities that have already been completed. Examine current decisions in the context of future implications. Take up no item that has a life expectancy of less than six months.

A steady diet of knowledge

One of the aspects of nonprofit boards' structural dysfunction is that board members are only incidentally in the same knowledge streams as their paid managers. This is another difference from many for-profit boards where owner/directors are often in the same or closely related fields.

To counteract this structural tendency requires a determined educational effort. Paying for journal subscriptions, conferences, special board training sessions and the like are a good investment. Include easy-to-read, clearly formatted internal reports in this category. Written material like this won't give directors all the information they need, but it's a great start.

The nonprofit board of directors is a nice idea that, unassisted, ought to work better than it does. Still, it can supply a reservoir of talent to the streetsmart manager that would be hard to duplicate any other way. The trick is to use it properly.

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