

Governance

# A Better Board Will Make You Better

High-performing nonprofits benefit from having a board of directors that functions as more than a rubber stamp.

By [Kim Jonker & William F. Meehan III](#) | Mar. 5, 2014

Most nonprofit boards are ineffective. We suspect that few people in the nonprofit sector would argue with that proposition. Although some of them might sit on a board that they believe performs at a high level, they're unlikely to deny the larger point: Like government inefficiency, technological change, and failed diets, the ineffectiveness of nonprofit boards is something that we just accept as being practically inevitable. But exceptional nonprofit boards do exist. And any board can improve its performance if its members are willing to confront the people, process, and behavioral challenges that drag competent people into an abyss of ineffectiveness.

When a nonprofit has a mediocre or inattentive board, it becomes all too easy for the entire organization to head down the wrong strategic path—to make bad choices about program areas, or to venture into geographic locations that don't make strategic sense. Weak board governance, in short, can significantly diminish the impact that a nonprofit has on its beneficiaries and ultimately cause it to founder and even die.

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In conducting due diligence for the [Henry R. Kravis Prize in Leadership](http://www.cmc.edu/kravisprize/), we take special care to examine board governance. We look at the composition of each organization's board, and ask questions about how the board operates. With the majority of

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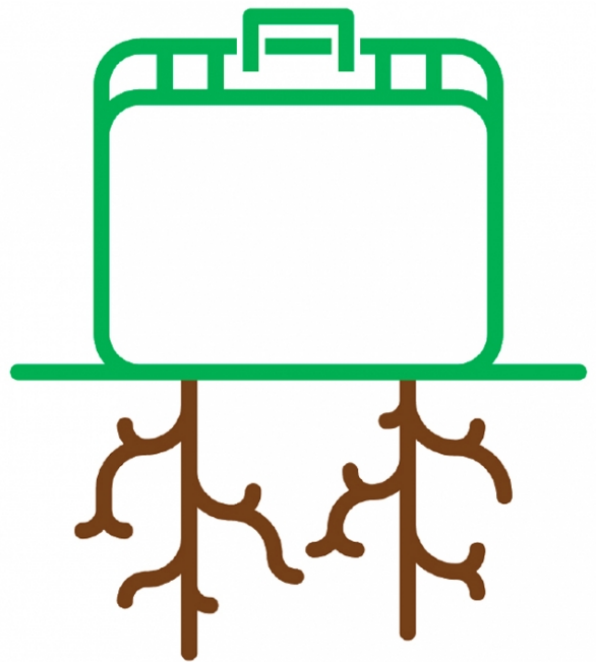
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organizations that we examine, we get unsatisfactory answers to those questions. To take an egregious example: Through the Kravis Prize website, we learned about an international poverty alleviation organization that had developed an interesting logic model. Yet for nearly a decade, the board of this organization consisted only of a handful of the founders' US-based childhood friends, none of whom had any substantive experience or relevant professional expertise in international poverty alleviation. How, we asked, could that group of people amount to anything other than a rubber-stamping "yes" board?



(Illustration by Mikel Jaso)

Organizations with boards that are consistently effective, we have discovered over the years, attain that level of performance because their leaders heed three enduring principles.

### Sign In **Emphasize Engagement**

Subscribe To be truly effective, members of a nonprofit board must engage directly and deeply in the substantive work of their organization. That's the only way that they can provide valuable and timely input.

First and foremost, board members must engage with the mission of their organization. Take **Helen Keller International** (<https://www.claremontmckenna.edu/kravisprize/prize-recipients/helen-keller-international/>) (HKI), recipient of the 2014 Kravis Prize. Its mission is to prevent and treat blindness and malnutrition, and it has become a rare example of highly effective governance in part because its board members have such a solid grasp of that core purpose. "HKI has in its organizational DNA a deep sense of mission and focus," Kathy Spahn, CEO, explains. "The board takes the initiative to periodically review our mission as part of strategic planning. HKI is somewhat unusual in that we *require* our board members to visit our programs in Africa and Asia at least once every three years. They come back not only inspired and passionate about our mission, but also with a deep understanding of what is involved in executing on that mission. For example, they learn that dispensing a Vitamin A capsule is not as simple as it sounds!"

Every other year, the HKI board works with staff to conduct an organizational effectiveness assessment and to set goals for the future. A primary area of focus in this assessment is "mission effectiveness," as HKI leaders call it. "At the board level, HKI sets measurable standards and mission-

critical targets,” Spahn explains. “We are self-reflective and open to criticizing ourselves, and that frees us up to speak about HKI’s challenges and how to address them.”

To ensure that board members remain engaged during meetings, HKI leaders build their meeting agenda around high-level strategy discussions “We had an important discussion in a recent board meeting about whether we should enter Kenya—the pros, the cons, the trade-offs—and the board members gave HKI their best strategic guidance,” Spahn says. A crucial part of that approach, she notes, involves keeping the minutiae of committee work off the agenda: “Committee reporting is done beforehand within the committees and also provided in written form, so that in board meetings we can discuss and engage.”

If board members don’t engage directly and deeply in the substantive work of an organization, then board meetings will degenerate into a staff-driven, pre-baked exercise. (Allow us to unveil a nasty secret of the nonprofit world: Staff members often like it that way.) Most board members, of course, are bright people who have a wealth of experience. But they often lack expertise in the day-to-day work of the organization on whose board they sit. So how can they engage with that work? Start by taking a page from the HKI playbook, and make field visits to see program activity firsthand. Next, be willing to ask stupid questions at board meetings. And keep asking stupid questions until you figure out what the “smart” questions are. Then make staff members answer your questions. There’s nothing wrong with causing a good discussion to break out in the middle of a board meeting!

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Leaders at [mothers2mothers](https://www.claremontmckenna.edu/kravisprize/prize-recipient/mothers2mothers/) (https://www.claremontmckenna.edu/kravisprize/prize-recipient/mothers2mothers/), a Kravis Prize organization, take that lesson to heart. Its board members “talk and argue to such an extent that meetings can be exhausting!” says Andrew Stern, founding chair of the mothers2mothers board. “They come to our two-day-long meetings to guide the organization’s strategy and to make critical decisions. They are not attending in order to listen to updates, nod, and then go home.”

To build a board of fully engaged members, an organization must also address the perennial (and perennially contentious) issue of terms and term limits. In general, we believe in limiting terms—but not in term limits. Each year, board members should evaluate their own, and each other’s, commitment to their organization. And they should be ready to hold candid conversations with non-contributing or disruptive members. To be sure, it’s difficult and uncomfortable to ask a fellow board member to step aside. Yet a governance committee is supposed to do just that. The alternative of imposing formal term limits will have the unfortunate effect of forcing out board members who continue to contribute at a high level. In fact, many of the best nonprofits have two or three board members who maintain their passion for an organization for a couple decades or more. For organizations that aren’t able to manage board tenure on a case-by-case basis, we suggest a

compromise: Invite each member to serve two three-year terms, followed by a year off and then (for those who are worthy of returning to the board) by another two three-year terms.

## Tend to the Top

One of the most important responsibilities of a nonprofit board involves hiring and evaluating an organization's CEO or executive director. But too many nonprofits lack even a basic process for evaluating their top leader: It's just too awkward, apparently, to talk about performance. Nonetheless, every nonprofit board needs to develop a thorough and objective process for assessing the performance of the person who leads their organization.

Kravis Prize recipient **Johann Koss** (<https://www.claremontmckenna.edu/kravisprize/prize-recipients/johann-olav-koss/>), founder and CEO of Right to Play, undergoes an especially rigorous ongoing evaluation process. It unfolds on a quarterly schedule, and the Right to Play board leads the effort. In the first quarter of each year, the board conducts a performance appraisal. In the second quarter, Koss works with the board to develop and refine a talent management plan that covers contingencies (an "if I get hit by a bus," emergency, for instance) as well as provisions for long-term succession. In the third quarter, Koss receives a 360-degree review in which he gets feedback from a group of stakeholders that includes not only board members, but also his 10 direct reports. In fourth quarter, Koss and the board work collaboratively to create goals for the following year. "Some CEOs or executive directors might view such an intensive and time-consuming process as burdensome, but because the resulting content is substantive and honest, it is extremely helpful to me and ultimately to our whole organization," Koss says, "Our process gives me tremendous clarity about how to leverage my strengths and how to address my weaknesses. Consequently, I can lead more effectively."

Being clear and explicit about the respective roles of board members and top leaders is another common attribute of effective nonprofit boards. When Spahn was interviewing for the CEO position at HKI, for example, she worked to clarify those roles *before* she accepted the job. "This clarity has been very helpful in our working relationship," she says. "The board is highly involved, but they don't cross the line into micro-managing. The board chair and I have an excellent partnership; there is no power struggle because we are in charge of different things. I am in charge of managing the organization, and he is in charge of leading the board in its governance of HKI and in setting policy."

So who, more generally, is actually "in charge"—the board (led by the board chair) or the executive director? In our experience, a certain amount of ambiguity around that question can make an organization stronger: Although clarity about roles is important, it's often beneficial if *both* parties believe that they shoulder ultimate responsibility for the organization's impact and effectiveness.

## Cultivate the Right Composition

What's the right mix of people for a nonprofit board? Perhaps the best answer to that question lies in the venerable idea of “the 3 W's”: work, wisdom, and wealth. The goal, in other words, should be to attract board members who bring one or two or even three of those assets to their organization.

Many nonprofit directors focus on contributing their *work*—their time, their energy, their advice. And, other things being equal, that work will be most valuable when it helps to create a diversity of viewpoints. The composition of a board, therefore, should be as balanced as possible. “Our board has a diverse composition of professional backgrounds, with representatives from the private sector and from various segments of the global public health landscape: policy, on-the-ground implementation, academic medicine,” says Stern, of mothers2mothers. “The board also has notable diversity in terms of appetite for risk. Roughly half of our members are conservative; the others have a ‘go-getter’ perspective. Our diversity creates rich and ultimately very helpful discussions and balances our decision-making.”

Effective boards also typically have a few members who contribute their *wisdom*—a special talent or expertise that helps an organization to achieve its mission. Kravis Prize recipient [Soraya Salti](https://www.claremontmckenna.edu/kravisprize/prize-recipient/soraya-salti/) (<https://www.claremontmckenna.edu/kravisprize/prize-recipient/soraya-salti/>), CEO of INJAZ al-Arab, notes that her organization relies on a regional board that consists mostly of CEOs and other business executives from the Middle East. “One of the goals of INJAZ is to harness the mentorship of Arab business leaders to help inspire a culture of entrepreneurialism among Arab youth who otherwise might face unemployment,” she says. Because the INJAZ model depends on leveraging corporate volunteers who provide education and training, having a board filled with business leaders is pivotally important. “INJAZ board members act as ambassadors in their own organizations,” Salti explains.

As [we noted elsewhere](http://www.ssireview.org/articles/entry/fundraising_is_fundamental_if_not_always_fun) ([http://www.ssireview.org/articles/entry/fundraising\\_is\\_fundamental\\_if\\_not\\_always\\_fun](http://www.ssireview.org/articles/entry/fundraising_is_fundamental_if_not_always_fun)), a key responsibility of any nonprofit board is to provide *wealth* to an organization. At least some board members should be in a position to give generously and to solicit generous donations from others as well. At INJAZ, each member of the regional board is expected to commit \$50,000 annually to the organization, and donations from that group typically make up roughly 15 percent of total revenues. To ensure a high level of commitment to fundraising, leaders at Right to Play involve board members heavily in discussions of the organization's budget. “Our budget discussion is central because our board members need to take ownership,” Koss says. “We start the budget discussion for the following year in May-June, and then 7 hours of our 10-hour November board meeting is devoted to the budget—how to raise funds, and what the consequences are if we don't.” At HKI, meanwhile, the expectation is that board members will not only support the organization with an annual gift, but

also include the nonprofit in their will. “Fueled by their site visits,” members of the HKI board have become “passionate fundraisers,” Spahn notes. “They can speak firsthand about what they’ve seen and our impact on lives.”

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