



**“Best Practices” in  
Board Governance:  
Implementing Changes That  
Make a Difference**

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# **“BEST PRACTICES” IN BOARD GOVERNANCE: IMPLEMENTING CHANGES THAT MAKE A DIFFERENCE**

## **EXECUTIVE SUMMARY**

### ***Introduction***

This report represents the third phase of an ongoing research study of nonprofit boards in the greater Kent County area. In 2000, a survey on board practices and procedures was sent to executive directors and board members of organizations representing three broad service categories, Health and Human Services, Public and Societal Benefit (for example, civic groups and neighborhood associations) and Arts, Culture and the Environment. Subsequently, interviews were conducted with a select group of the survey respondents.

Through the surveys and interviews, six governance challenges were identified: board recruitment and composition, clarification of board roles and responsibilities, clarity of vision and mission, environmental change, funding concerns and management of both the board and the organization. In March 2001, a conference on governance was held at the downtown campus of Grand Valley State University to address these challenges. The final segment of the conference featured remarks by Dr. Stephen Block, a nationally known expert on nonprofit management, regarding “best board practices.”

Follow-up telephone calls immediately after the conference identified a number of organizations that anticipated making a change in governance as a result of what had been gleaned from the conference or felt that changes they had recently made in their practices had been reinforced. A little over a year later, the executive directors of these agencies were contacted to see how the change had unfolded. The CEO and a board leader of eleven of the nonprofits agreed to take part in a new study. Through a series of in-depth interviews, they described the process by which a specific change in one or more governance practices had been introduced. This report summarizes their experiences and, for the most part, presents a positive picture of increased board involvement and commitment.

### ***Key Findings***

Increasingly, the issues of accountability and effectiveness within the nonprofit sector are attracting widespread attention. In terms of governance, the changes identified by the interviewees represent new, and from their viewpoint, better ways to address the work of the board:

- Procedural changes refer to those practices relating to a particular way of accomplishing something or acting. Included in this category are the **consent agenda**, a technique for organizing routine business that enables the time spent in board meetings to be used more effectively; **financial reporting**, which entails having all board members become familiar enough with the financial position of the organization to be able to make the report on finances at board

meetings; and **intentional board recruitment**, involving approaches to finding and securing new trustees that stem from conscious thinking about the kinds of skills needed to make the board really effective.

- ❑ Structural changes encompass practices relating to or affecting a definite pattern of organization. Included in this category are a consensus approach to the process of **executive succession**, a very deliberate approach to selecting a new executive director in which the entire board took part, and three variations on strategic planning: the use of **ad hoc committees** to take the lead in examining critical issues identified during the strategic planning process, the designation of **board advocates** to serve as liaisons to the staff in moving forward on different aspects of the strategic plan, and the establishment of specific **board goals and a work plan** to help increase the board's long-term investment in the organization.
- ❑ Interpersonal changes are practices relating to or involving relations between persons. In respect to an ongoing concern about **clarifying the board's role**, deliberate efforts have been made to increase understanding of the appropriate division of responsibility between the board and the executive. For some organizations, this has meant adopting the Policy Governance model promoted by John Carver (1990), generally in a modified form. For others, it has been a matter of refining their traditional way of carrying out the board's work. Several CEOs expressed a renewed commitment to **nurturing the board**, stimulated in particular by Dr. Block's presentation at the March 2001 conference, in which he spoke about having realistic expectations for a volunteer board and being cognizant of individual needs.
- ❑ Obstacles to implementing "best practices" encountered by the study participants included the discomfort for certain board members over the move from a management focus to a policy emphasis, resulting in some cases in their resignation, and the difficulty in maintaining a positive outlook when the pace of change is slow due to differing degrees of interest among organizational leaders in the idea of moving in a new direction.

### ***Conclusions and Implications***

- ❑ Two related themes emerged from the interviews: 1) the ongoing concern about clarifying board roles and responsibilities and 2) the need to find better ways to develop and measure board effectiveness.
- ❑ However, identifying what effectiveness means and how best to achieve it remains a challenge. The social constructionist perspective suggests that reality is determined by the beliefs and actions of key stakeholders in a given setting. Thus, the acid test for a "best practice" in governance may simply be whether it helps the board in some way to achieve its goals.

- ❑ Although the appeal of the Carver model in the West Michigan area cannot be denied, there is recognition of the difficulty in implementing the model in full. In fact, striving to establish the model seems in itself to have value. Also, the ability to achieve change in governance practices was almost equally divided among organizations that were in favor of the Carver approach and those content with a more traditional board.
- ❑ Some observers believe that it may require a “cataclysmic event” to generate the necessary momentum for change even when the leadership is in favor of the step. In this study, though, most of the reported changes have evolved from earlier decisions about governance or represent a refinement of a practice already fairly well established within that setting.
- ❑ The adage that “patience is a virtue” is especially applicable to the process of achieving organizational change, especially when working with volunteers.

## **“BEST PRACTICES” IN BOARD GOVERNANCE: IMPLEMENTING CHANGES THAT MAKE A DIFFERENCE**

Governance is a broader concept than management; it consists of decisions and actions linked to defining an organization’s mission, to establishing its policies, and to determining the control mechanisms it will use to allocate power, establish decision-making processes, and set up procedures for performing specific tasks. (Wood, 1996, p. 3)

### **Introduction**

Concepts such as power, influence and authority are often difficult to define, but most people would say that they recognize a display of power, for instance, when they see it. Generally speaking, the same thing is true of effectiveness.

Over the past two decades, the issues of accountability and effectiveness within the nonprofit sector have attracted more and more attention from a variety of stakeholders. However, while many observers agree that an effective board of directors contributes to organizational effectiveness, “the specific behaviors and/or characteristics of boards that make for greater board effectiveness are not well understood” (Herman & Renz, 1999, p. 115). That is to say, despite a fairly large number of books and articles prescribing the standards that a board should follow to achieve effectiveness in carrying out its responsibilities, there is little consensus among stakeholders about how to define and measure board effectiveness.

Given this lack of clarity about the essential nature of effectiveness, the idea of issuing a report on “best practices” in board governance may seem like quite a subjective undertaking. In fact, what may appear to one organization as a breakthrough could seem quite ordinary to another agency. Yet, the reverse is also true, and therein lies the justification for this report. Learning what has worked, and why, in a similar setting is often the most valuable way to transmit knowledge.

This report represents the third phase of an ongoing research study of nonprofit boards in the greater Kent County area. In 2000, a survey on board practices and procedures was sent to executive directors and board members of organizations representing three broad service categories, Health and Human Services, Public and Societal Benefit (for example, civic groups and neighborhood associations) and Arts, Culture and the Environment. Five hundred fifty-eight usable questionnaires were received; subsequently, fifty-eight interviews were conducted with survey respondents, chosen from over 180 individuals who volunteered to discuss governance issues in greater depth.

Through the surveys and interviews, six challenges in governance were identified: board recruitment and composition, clarification of board roles and responsibilities, clarity of vision and mission, environmental change, funding concerns and management of both the board and the organization. In March 2001, a conference on governance was held at the downtown campus of Grand Valley

State University to address these challenges. The audience of executives and trustees heard from experts in the field of nonprofit management and also had an opportunity to exchange ideas and network in breakout sessions.

Follow-up telephone calls immediately after the conference identified seventeen organizations that anticipated making a change in governance as a result of what had been gleaned from the conference or felt that changes they had recently made in their practices had been reinforced. A little over a year later, the executive directors of these agencies were contacted to see how the change process had unfolded. The chief professional officer and a board leader of eleven of the nonprofits agreed to be interviewed for a new study. This report summarizes their experiences and, for the most part, presents a positive picture of increased board involvement and commitment.

## **Methodology**

As noted, the eleven nonprofit organizations featured here constitute a purposive sample. In the initial conversation with the researcher, each executive director was able to articulate a specific change in one or more governance practices that had occurred over the past year or so. Moreover, each change that was described represented a different approach to the common concerns that had been raised in previous research regarding governance, such as the need to clarify board roles and responsibilities.

Data were gathered through separate in-depth interviews with the executive director and a board leader of each organization, with each interview lasting approximately 45 to 50 minutes. All eleven executives had attended the governance conference in March 2001. However, even though the original intent had been to interview the trustee who had accompanied the executive to the conference, due to turnover or a change in board officers, six of the board members participating in this study had not attended the board conference, which necessitated a slight modification of the interview schedule for those subjects.

The interview protocol for the executives began with background questions on the organization. Table 1 provides a summary of these characteristics. The second set of questions for the CEOs dealt with general information about the board, such as size. The interviews with board members first inquired about their personal involvement with the organization, such as the date they joined the board. Basic board characteristics are summarized in Table 2. Thereafter, the questions posed to both the executives and the board members were similar. Those who had attended the conference were asked to identify 1) the primary issues or concerns about governance that had prompted them to attend the conference, 2) the aspect(s) of the conference that had been most helpful in responding to these concerns, 3) the change(s) they had implemented or that had been reinforced due to what had been learned at the conference, 4) the manner in which the change(s) had been introduced, 5) any obstacles encountered in this process and steps taken to overcome the obstacles and 6) expectations for the future to strengthen the board.

For those who had not attended the conference, the questions focused on more general issues regarding governance and strategies being used to address these concerns.

Ten of those interviewed had also completed the brief follow-up conducted by telephone shortly after the conference; their comments on the most valuable part of the conference and plans for applying what they had learned at the event were used as a kind of “reality check” for their interview responses. Finally, to provide a context for the study, the taped discussions from the breakout sessions at the governance conference, which had been organized around the six challenge areas highlighted in the earlier governance study, were reviewed to gain a sense of the concerns in each area.

**Table 1  
Organizational Demographics (N = 53)**

<b>Agency</b>	<b>Founding Date</b>	<b>Service Area</b>	<b>Primary Service Focus</b>	<b># Clients (past yr.)</b>	<b>Budget Size</b>
#1	1917	Multi-county	Disaster relief	60,000	\$2M
#2	1919	West Michigan	Youth development	2,000	\$600K
#3	1926	Multi-county	Outpatient counseling; Child welfare	37,400	\$6M
#4	1968	Greater Grand Rapids Area	Camping; Youth development	800	\$450K
#5	1968	Multi-county	Social provisions; Social justice	10,000	\$5M
#6	1971	Multi-county	Childcare	5,000	\$2.1M
#7	1971	Southeast Grand Rapids	Social provisions; Self-sufficiency	17,500	\$330K
#8	1973	Kent County	Employment, Life skills	1,200	\$500K
#9	1987	Kent County	Residential services (developmental disabilities)	20	\$700K
#10	1991	Multi-county	Child advocacy services	1,500	\$215K
#11	1990's	Global	Autism	600	Unknown

\*The service designation *social provisions* refers to the giving of tangible goods, such as food, clothing, and housing, to persons in need.

**Table 2  
Board Demographics**

<b>Agency Size</b>	<b>Present Breakdown</b>	<b>(%) M/F of Meetings</b>	<b>Frequency Committees</b>	<b>Standing</b>
#1	24	55/45	monthly*	Executive, Finance, Human Resources, Resource Development, Service Delivery
#2	14	50/50	bimonthly	Executive, Finance
#3	19	60/40	bimonthly	Executive, Development, Governance, Program
#4	13	55/45	bimonthly	Executive, Finance
#5	17	90/10	bimonthly	Executive, Finance, Marketing & Development, Program
#6	13	10/90	monthly	None
#7	23	50/50	monthly	Executive, Finance
#8	18	10/90	monthly	Executive, Development, Finance, Marketing, Scholarship
#9	7	90/10	quarterly	None
#10	20	60/40	bimonthly	Executive, Finance, Fund Development, Governance
#11	10	50/50	quarterly	None

\*Boards that meet monthly do not necessarily meet twelve times a year. Some do not meet in December; others do not meet in July and August; still others do not meet in months when there is a major organizational event such as a fundraiser.

## **Findings**

Decision-making is both art and science. Considerable documentation is available regarding types of bad decisions, which include group-think, where the desire to maintain group cohesion stifles consideration of other points of view; randomness, an approach that may draw on the skills of many individuals but is often chaotic and unidirectional; the do-it, fix-it method, characterized by an overeagerness that can lead to premature action; and the tried-and-true, or the tendency to stick with what is familiar at the expense of something new and better, although possibly risky (Tropman, 1998). In contrast, the ideas presented in this report reflect a willingness on the part of these organizational leaders to “think outside the box.”

### ***Governance Concerns***

The discussions during the breakout sessions at the March 2001 conference provided a sense of the participants’ main concerns in regard to board governance. To fully understand the kinds of changes in board practices that were introduced, or refined, following the conference, it is helpful to summarize the key issues that were raised in the different sessions:

### ***Board and Organizational Management***

- 1) Staff retention and recognition
- 2) Succession planning for the executive position
- 3) The need to establish clear guidelines and expectations for board members.

### ***Board Recruitment and Composition***

- 1) Challenges in identifying, securing and retaining individuals to meet board needs
- 2) The underinvolved board member (e.g., spotty attendance at board meetings, not fulfilling obligations, turnover)
- 3) Diversity on the board
- 4) Validation of the different strengths within the board

### ***Clarification of Board Roles and Responsibilities***

- 1) Orientation for new board members and ongoing education for all
- 2) Productive board meetings
- 3) The balance between policy responsibilities and passion for the cause
- 4) Long-term commitment

### ***Environmental Change***

- 1) The need to adapt to new expectations
- 2) Impact of managed care on nonprofit programs and services
- 3) Outcomes-based measurements of effectiveness
- 4) Competition vs. collaboration
- 5) Evaluation of board performance

### ***Funding Issues***

- 1) Diversification of funding sources
- 2) Relationship building
- 3) Role of the board in fund raising
- 4) Collaborative efforts in fund development

Although some of these issues may seem more applicable to the organization as a whole, in each case, a connection was made to the board in its capacity as the policy-making, fiduciary body and guardian of the organizational mission.

### ***The Nature of Change***

There are many different kinds and degrees of organizational change. Some changes are relatively modest and superficial while others are profound and of long duration. Some changes occur gradually after considerable reflection and weighing of various options, but others seem to be dictated by forces beyond our control, where time is a critical factor and action must be taken without the benefit of long deliberation. In the present environment in which nonprofit organizations must operate, all too often:

We are faced with problems that require fundamental changes in the way we think and act. Finding solutions to these problems requires both creativity and compromise. Creativity because we haven't been here before and need to find new solutions, new ways of coping. Compromise because solutions will, in most cases, force us to make hard choices between competing priorities and desired ends. We do not live in a world of unlimited resources or one in which there is a ready consensus on what constitutes the common good. (Broholm & Johnson, 1993, p. 12)

Yet, it is important to note that the anticipation of and reaction to change is also dictated by the perceptions of those directly involved in the process as well as those affected by the outcome. For this study, the interviewees were told that the changes they identified in their governance practices need not be broadly transformational but should represent new and, from their viewpoint, better ways to address the work of the board. The results have been organized into three categories: Procedural, Structural and Interpersonal; the operating definitions for these terms are derived from dictionary definitions used in previous research conducted by the author (Golensky, 1994):

- 1) Procedural – of or relating to a particular way of accomplishing something or acting
- 2) Structural – of, relating to, or affecting a definite pattern of organization
- 3) Interpersonal – being, relating to, or involving relations between persons

### ***Procedural Changes***

The conference participants' concerns about governance listed above are an interesting mix of the philosophical and the practical. In truth, a seemingly simple statement often masks deeper issues that are vexing for CEOs and board members alike. For example, in the funding area, many organizations struggle with the question of the board's involvement in fund development, that is, whether their role is essentially to establish policies and provide oversight or instead to be actively engaged in identifying and seeking support. Thus, while the practices described in this section may appear on the surface to be highly instrumental, that is, aimed at how to improve a specific procedure, the motivations for change speak to the very nature of board governance.

***Consent agenda.*** In the follow-up interview after the March 2001 conference, one of the CEOs noted that her primary issues pertained to board investment, burnout and expectations. In the past year, she and the board leadership have taken some positive steps to address these concerns. One important decision was to adopt a consent agenda for board meetings. This entails grouping the minutes of the previous month's meeting with the current financial statements, committee meeting reports and any other routine matters as a single agenda item. A board member may always ask for discussion on any aspect of the material, but absent such requests, the whole package is approved in a single vote. This usually consumes about five minutes,

leaving approximately an hour to consider policy-related items requiring more deliberation and perhaps some kind of action or to allow for a staff presentation on an agency program or service.

The change was prompted by declining attendance at board meetings. The current board president, although not a conference attendee, recalled that shortly after the event, there was a discussion in an executive committee meeting about the inconsistent attendance at board meetings, which reminded her of her own experience as a new board member: “I think when I first came on the board the meetings were pretty loosely run. . . . They went on and on. It was usually one or two people who monopolized the whole meeting. The meetings were allowed to get off track.” She saw a parallel between the situation then and prior to the recent restructuring of the board meetings, sensing that “people were not feeling like their talents or what they had to offer was being tapped into.” Furthermore, as the CEO observed, given the fact that the board meetings are held at 4:30 p.m., with people’s childcare and family responsibilities, the time set aside for the meeting must be well spent or board members will not remain engaged. Attendance at meetings has noticeably improved since the change in the agenda was made.

**Financial Reporting.** In the list of duties prescribed for boards of nonprofit organizations is the responsibility for providing sound financial management of the organization. Normally, this entails reviewing the financial statements prepared by the staff, helping to develop the budget (through a board financial committee), approving the annual budget, implementing sound fiscal controls and requiring an annual audit by an independent accountant (Axelrod, 1994). However, the average nonprofit financial statement, with its many different sources of revenue, is quite complex. Although the board treasurer who presents the report may be familiar with this kind of accounting, other board members often find the information difficult to decipher, which may result in their accepting what is presented without fully understanding it, thus in effect negating their fiduciary role.

One organization’s response to this situation has been to prepare all members of the board to handle the financial reporting duties. After deciding to adopt the Policy Governance model—frequently referred to as the Carver model—the board was faced with the reality of having no financial committee. The board treasurer at the time felt it was inconsistent to have adopted a model that is based on consensus decision-making and still expect one person to carry the full load in this area. A training session was held during a board meeting to demystify the terminology used in the financial report. Now at each month’s meeting, a volunteer is requested from the board members to present the financial statements for the following meeting. The staff director of finance prepares a sheet explaining any unusual expense or revenue item and also attends the board meeting to be available for technical assistance. With obvious pride, the board chair stated, “So it has really evolved into where we are all responsible, and we all know where those dollars are.” Since everyone is sharing the responsibility for the financial reporting, it has also made it easier for

**“The time set aside for the meeting must be well spent or board members will not remain engaged.”**

— CEO

someone to admit to not understanding a particular point. Again from the board chair: “It’s hard for us as adults to say in front of peers ‘I don’t know what in the world you are talking about.’ Now I am more open to doing that and I feel...if as chair, I can say that, I can make everybody comfortable to [do it].”

***Intentional Board Recruitment.*** In the report written by this researcher on her earlier work on governance, many of the survey respondents indicated they had been recruited to serve on the board by a current board member who was also a personal friend. In fact, this was the most frequent method of recruitment for the nonprofit boards participating in the study (Golensky, 2000). Unfortunately, this process tends to create a board composed of people with similar backgrounds and perspectives who may simply reinforce the status quo, regardless of whether it is or is not in the best interests of the organization.

The issue was squarely put by one of the board presidents: “One of the things I have seen, and this probably happens a lot in most communities, is the same people are tapped into...But I keep thinking about all the talented, committed, hard-working people who are probably out there who would make wonderful board members, and they either do not get tapped or we do not know about them.” To counteract this tendency, some nonprofits are beginning to identify a different approach to finding and securing new board members, one that requires conscious thinking about the kinds of skills needed to make the board really effective. For instance, in describing the recruitment process used by his organization, a CEO noted that it reflects one of their core values, achieving diversity not just in clients but also in staff and trustees: “We are pretty intentional about identifying what kind of people we need on our board, and then...identifying people that fit.” The result is a diversified board, with approximately half being people of color, and success as well in bringing on individuals in their 20’s. Another CEO also spoke to the need to have the board be representative of the client group; since this organization focuses on youth development, they have recruited high school students for the board as full voting members.

### ***Structural Changes***

As indicated previously, clarifying board roles and responsibilities was one of the primary issues identified through the earlier research on governance. For many nonprofits, that concern continues to be prominent and is often articulated as well in the desire expressed by CEOs to have board members take more ownership of the direction of the organization. Of the several models of governance that are presently in use, it is Carver’s Policy Governance model that has been put forward as especially strong in improving board performance and effectiveness (Carver, 1990). However, in scholarly research to date on this model, the difficulties in implementing the model, especially in its full scope, have been noted (Brudney & Nobbie, 2002).

To create a climate in which trustees would be more motivated to carry out their responsibilities, two of the organizations represented in this study have chosen to adopt a somewhat modified version of the Carver model while three others have borrowed aspects of it. These decisions have already led to certain structural

changes. At the same time, other organizations with a more traditional approach to governance seem to have achieved similar results.

**Executive Succession.** Depending on the circumstances that create the need to identify a new CEO for a nonprofit, boards have commonly fallen into the trap of looking for someone either as similar to the departing executive or as significantly different from that individual as possible. Both of these extremes can have negative consequences. In addition, the major responsibility for the succession process is often delegated to an ad hoc committee; it is only at the end, when the leading candidates have been selected, that the entire board may become involved.

Among the research participants, the organization that has most completely adopted the Carver model was faced with addressing this critical responsibility when its longtime CEO announced her plans to retire in two year's time. Having the advantage of a generous timeframe allowed the board to take a very deliberate approach, but the key decision to operate as a committee of the whole was definitely influenced by their regular use of the Policy Governance model. According to the board chair, "[In this organization,] you do not ever think about doing things on your own. . . . It was just too big of a decision and it would have changed the whole process [to use an ad hoc committee], and it just would not have worked." The board therefore determined that following each monthly board meeting, they would go into an executive session specifically to focus on certain aspects of the succession process, and a calendar identifying the various tasks was developed. Remarkably, on the day of the candidate interviews, every board member was present and took an active part in the proceedings. The board chair feels this experience has brought even more cohesion to the group.

**Results of Strategic Planning.** Strategic planning per se is not a new management practice; it has been in wide use in the for-profit sector since the 1970's, and has now been embraced by the nonprofit world as well (Eadie, 1998). However, some of the study participants have put a twist on the process to create a different governance pattern.

**Ad hoc committees.** For example, from its strategic plan, one organization has identified six core areas to be explored, and for each one, has formed an ad hoc committee, chaired by a member of the board, to take the lead in examining the relevant issues. Job descriptions are being developed to help guide the board in this work.

**Board advocates.** At another organization, to clarify the board's role in monitoring progress on the strategic plan, the executive committee has agreed to designate a board member as an advocate for each section of the plan. According to the CEO, "Th[e] advocate would have the responsibility for liaison with the staff member responsible for that section of the policy, and would then bring back to the board not just a report on progress but would raise with the board on a regular basis key concerns, obstacles, things that might need to be revisited or altered in the plan. And we think that's a promising approach."

**Board goals and work plan.** A third organization has created a work plan for the board as part of its strategic planning process. As the CEO noted, “We have done strategic planning fairly regularly over the years. . . , but this is the first time in my tenure that the board really took an ownership, in the sense to say that ‘As we plan for the organization and the day-to-day operations, we are going to set some goals for ourselves as a board.’ And then not only goals, but a work plan that gave the board at least a road map to measure its own success.” The goals selected by the board are to expand and strengthen the financial resources of the organization, serve as agency ambassadors to the community and be advocates for the organizational mission, especially around a new program initiative. As an example of the objectives under the last goal, a speaker’s bureau has been created; board members are now being trained to go into different settings to explain the value of the initiative to the community. In talking with the board president, it is clear that this decision to set goals and develop a work plan for the trustees signals a desire to increase the board’s investment in the organization over the long term: “[We need] to keep that process alive and keep tweaking it and keep reviewing it [so that the plan] gets more enriched.”

### ***Interpersonal Changes***

In some earlier research on governance conducted by this author, which looked more directly at the nature of the board-executive relationship, two factors emerged as critical to establishing an effective association between the two halves of the leadership core: 1) the board’s perception that the executive’s personal attributes and professional abilities are strong enough to cope with any threats to the organization and 2) a shared approach to leadership, both in philosophy and style (Golensky, 1994). Put another way, to ensure a positive relationship between the board and the CEO, the quality of their interactions appears to be as significant as the more tangible aspects of organizational management.

**Clarification of board role.** By far, the main concern about governance for the CEOs who responded to the survey distributed in 2000 was the need to clarify board roles and responsibilities. For several of the participants in the most recent study, this concern has led to conscious efforts to help the board assume “a more visionary role,” in the words of one board chair. In more practical terms, virtually all of the interviews revealed that for both the “quasi-Carverites” and the organizations with more traditional boards, there is a clearer understanding about the appropriate division of responsibility between the board and the CEO. For example, one board officer indicated that in his organization, the executive committee serves as a sounding board for the executive director on operational matters but is careful not to step over the line and undermine the CEO’s authority. In the interview with the CEO of this organization, he shared a situation in which he was uncertain about the need to obtain board approval for actions he was contemplating. When he did put the matter before the board, he was surprised by their reluctance to take a formal vote, lest a precedent be set that might tie management’s hands in the future, an indication to him of the board’s recognition of their policy role. Similarly, the board chair of another agency gave credit to their adoption of the Carver model in enabling the board members to know where to draw the line between being appropriately involved in operations and becoming intrusive.

Although the transition from an operational or managing board to a policy board can be a slow process, some of the interviewees have found that even if only partially adopted, just the idea of the Carver model has been useful in assisting board members in gaining a better appreciation for their role. A CEO was candid about her desire for more structure but also shared accountability, which she believes will be accomplished by adopting the Policy Governance approach. Often, it seems it is the executive who plants the first seeds, but as most would agree, the process does not really move forward until the board itself takes ownership of the change. For one CEO, a recent experience was a good indicator of the progress his board has made to disengage from micro-management. When finances became a concern, the board set a goal for reducing the budget and then asked the executive and his staff to come up with a plan for making the actual cuts. Sometimes, a special initiative can serve as the springboard. For one organization, the board's participation in a recent capital campaign has been the catalyst for engaging everyone in governance, according to the CEO.

***Nurturing the board.*** Many of the attendees at the March 2001 conference cited the remarks of the luncheon speaker, Dr. Stephen Block, especially his points regarding expectations for a volunteer board, as having stimulated them to think about governance in a more realistic way. Frequently, this translated into reconsidering the responsibilities that had been assigned to the board in the past. For instance, during the follow-up conversation after the conference, one person stated: “We have taken a new approach with our board, appreciating their unique interests and abilities more, and not expecting everyone to do the same thing. . . . [We are] paying contract workers to do things that are beyond the scope of [the] board.” During the interview, she sounded the same theme by speaking about the importance of doing “a better job of looking at what people’s interests are and what their time commitments are and sort of going from there.”

**Even if only partially adopted, just the idea of the Carver model has been useful in assisting board members in gaining a better appreciation for their role.**

Another CEO indicated that one of the impetuses for attending the conference was a feeling that he had not been paying enough attention to board development and had perhaps been taking his board for granted. What he heard there did motivate him to expend more energy in his work with the board, which seems to have had positive results. The main governance challenge now facing this organization is a turnover in leadership; by chance, five individuals who have occupied important positions are rotating off the board at the same time. Fortunately, the governance committee has a new chair, and he has done a good job in recruiting others who are enthusiastic about serving with him. The CEO noted that the “committee is functioning in a way that we did not before, which is very positive, and while we have not gone yet to . . . a year-round schedule, we are getting closer to that. . . . [Overall], there has been a little more attention to board development by board members.” He went on to say that nurturing new leadership among the current board members has become a high priority.

For a third executive, whose organization has nominally embraced the Carver model but is still wrestling with its implementation, there is recognition that their

process to date has been mostly staff driven, with the focus on him. Consequently, he has made a recent personnel change that will now allow him to devote more of his time to fostering board relationships, particularly with the chair. His goal is to help the chair understand his special role and develop the relationship so that it becomes much more of a team approach. At the same time, he intends to meet with the other trustees, perhaps on a quarterly basis, with a more informal agenda: “[I’ll be asking about] some of the nuts and bolts, and just really working on the relationship piece. And while I’m working on the relationship piece, I’m working on some of the board issues as well, trying to kill two birds with one stone.”

In a similar fashion, a CEO in a faith-based organization spoke explicitly about his efforts to nurture the board, especially to connect with their personal issues, an idea that he acknowledged came directly from Dr. Block’s remarks at the March 2001 conference. Having a large board has made it possible for him to take this path since there are always enough people on whom he can call when board input is required. Therefore, he is able to dispel any feelings of guilt that a board member might have over not being able to attend a meeting, for instance, due to a family or business obligation. When asked if he felt any conflict between his roles as administrator and nurturer, he responded, “I [actually] find it enables me to have a stronger administrative presence because then I can be more open and honest to talk with people about [operational] things. They can then enter into my struggle...and they return nurture back to me...So, there is that two-way street of nurture going on.”

### ***Obstacles to Implementing “Best Practices”***

Perlmutter and Gummer (1994) suggest that the successful management of change requires leadership from individuals who understand the importance of initiative, innovation and risk taking. However, even with capable leadership, change seldom occurs easily; most of us are creatures of habit and would prefer to stay with what is familiar, sometimes at the expense of effectiveness and efficiency. Therefore, it is not surprising that the interviews revealed some indications of resistance or discomfort regarding the changes in governance practices.

For the organizations that have elected to follow the Carver model, a fairly common occurrence is the loss of board members who are uncomfortable with the change from a more traditional governance approach. In one case, according to the board chair, there has been both a negative and a positive side to this fallout; those who left happened to have considerable financial background and strong community ties, but those who remained are very committed to the new model and have provided a solid base on which to build. In another organization, the board is still making the transition from the traditional mode to the Carver way. While some trustees appear to be content with the direction in which things are going, others are less sure. With regard to the latter, the CEO noted, “I do not see [them] letting go or being interested in letting go of all of the management functions. I still think there is some desire to hang on or a fear of letting go—maybe that is more accurate.” Yet, the CEO believes the board is taking steps in the right direction and is hopeful that over time, everyone will come to appreciate the benefits of the change. For a third

organization, the CEO acknowledged that the struggle over the decision to embrace the Carver model has led to asking for the resignation of certain individuals who were especially resistant to the new developments. Although this was clearly a painful decision, he perceives that it was also a necessary one to ensure that the organization is able to achieve its desired goals.

Frustration over the slow pace of change was perhaps the emotion cited most frequently during the interviews. As might be expected, this was evidenced by the executives more than the board members; even though some trustees are very forward-looking, the general tendency has been for the CEO to introduce the idea of change and help the board members see its merits. For example, one organization is struggling with poor attendance at board meetings, a situation that is complicated by the fact that it considers itself to have a global service area and has therefore put someone on the board who resides in Australia. Thus far, this individual has been unable to attend the US-based board meetings. Interestingly, the person interviewed is both a board member and contracted staff, which while not that unusual for a start-up operation such as this one, did afford her a unique perspective. She seems to have a very good understanding of what must happen to enable the organization to function effectively. A key issue, however, is whether her board colleagues will do the necessary work of revising the bylaws and creating a better infrastructure in order to meet the organization's needs. As she noted, "In terms of figuring out who we are and where we are going, I feel like we have been discussing this for a long time and have not gotten anywhere." At the same time, she is aware that she may be out ahead of the others in wanting to make some major changes, and since her commitment to the organizational mission is very strong, she seems to be prepared to exercise patience until her colleagues are more ready to take concrete action.

In just one instance, the interviews with the staff member and the trustee seemed to indicate that in the period since the governance conference, there has been little forward movement with regard to strengthening the governance process. In fact, it appears that the communication between the professionals on staff and the board has become somewhat strained. As a small example, the two interviewees gave conflicting answers to the routine question of naming the standing board committees. As a result of certain experiences occurring during the past year, the executive now seems more pessimistic about increasing the level of board involvement than was the case right after the conference, as reflected in the follow-up telephone interview. He has come to believe that many of the current board members are unable to make the necessary time commitment to the organization and would be disposed to shrink the size of the board dramatically, to keep just those who have demonstrated by their actions that they are willing to actually do something that advances the mission of the organization. On the other hand, although the board member did not disagree that much more work will be necessary to educate the trustees about their role and that there is a need to reconsider the composition of the board in order to become more effective, he attributed the present situation mainly to "board fatigue" due to the larger issues that had to be addressed in recent times. He feels the board has a lot of respect for the staff and that the major challenge for the organization is to create a good system for accountability and measurement of outcomes.

## Discussion and Conclusions

The intent of this study was to continue researching board practices in local nonprofits by identifying changes in governance that had been initiated in the past fifteen months by organizations that participated in the March 2001 conference on governance held at Grand Valley State University. The resulting “best practices” have been organized into three categories: procedural changes, structural changes and interpersonal changes. Table 3 provides a summary of the research findings. In this section, the findings will be analyzed, and the implications for board governance will be discussed.

Two related themes emerged from the interviews conducted for this study: 1) the ongoing concern about clarifying board roles and responsibilities and 2) the need to find better ways to develop and measure board effectiveness. In a sense, both themes can be seen as aspects of the broader societal interest in accountability. The first step in holding people accountable, whether on the job or in the boardroom, is to set forth as clearly as possible the specific tasks of the position and expectations for carrying out the work. Next, one must provide the necessary tools, training and support so that the work can be accomplished. Finally, there must be mutual agreement about how performance will be judged and an understanding among all parties about the ramifications of the assessment.

As noted at the beginning of the report, even with a heightened interest in board effectiveness, it remains difficult to achieve consensus on a definition of the term, let alone on how to achieve this goal. Nevertheless, as the evidence here shows,

**Table 3**  
**Summary of Governance Changes**

Category	“Best Practices”
1. Procedural Changes	a. Consent Agenda b. Financial Reporting c. Intentional Board Recruitment
2. Structural Changes	a. Executive Succession b. Results of Strategic Planning 1) Ad Hoc Committees 2) Board Advocates 3) Board Goals/Work Plan
3. Interpersonal Changes	a. Clarification of Board Rules b. Nurturing the Board

Definitions of Categories

1. <i>Procedural</i>	Of or relating to a particular way of accomplishing something or acting
2. <i>Structural</i>	Of, relating to, or affecting a definite pattern of organization
3. <i>Interpersonal</i>	Being, relating to, or involving relations between persons

nonprofit organizational leaders are continuing to seek out ways to meet their particular needs. Often, it is a matter of taking incremental steps rather than a total refashioning of the relationships among the board members or between the board and executive. In general, the interviews corroborate Block's point that "best practice is really whatever set of ideas and behaviors...one believes is more effective than another set of ideas and behaviors" (2001). From a theoretical perspective, this reflects the social constructionist viewpoint that reality is determined by the beliefs and actions of key stakeholders in a given setting. In other words, the judgment of those deemed in the best position to know establishes the existence of effectiveness, or the lack thereof, just as a baseball pitch is simply a pitch until the umpire calls it a ball or a strike (Herman & Renz, 1999).

Those who prefer to operate on the basis of absolutes may find the social constructionist conception of little comfort, for it also suggests that the process of forming a judgment is fluid and continually open to reinterpretation. On the other hand, others may see this perspective as liberating, even empowering. In terms of identifying a "best practice" in board governance, the acid test may simply be whether it helps the board in some way to achieve its goals. Let's take the question of board size. Some observers favor a small board. Carver (1990), for one, states that any number over seven ought to be justified and lists various problems of a larger board, such as increasing the difficulty in making decisions and decreasing the level of responsibility assumed by individual members. While some of the interviewees have obviously taken this advice to heart, the experience of others seems to be contradictory. For example, one organization that has fully embraced the Carver model has thirteen people on the board and has clearly demonstrated its ability to be highly productive, most recently in carrying out an executive search. In another organization, the CEO was unequivocal about the positive side of having a big board; he believes this has allowed him to be more responsive and sensitive to the needs of individual trustees since there are always enough people to address the tasks at hand. Thus, it would appear that size is not the critical variable but rather, just a single element in the overall consideration of effective governance. Accordingly, if an organization decides to reduce the size of its board, there should be a better reason than the belief that this will be the panacea for all its problems.

Yet, the appeal of the Carver model in the West Michigan area cannot be denied. Approximately half of the organizations in this study have adopted this approach or intend to, although virtually none follow its dictates completely. Earlier, it was stated that some scholars have expressed caution about the viability of the model, based on the belief that many organizations borrow just the parts of it that suit their needs, a skepticism about the claim that the model is suitable for all types of settings and a concern about the difficulties in implementation (Brudney & Robbie, 2002). These observations have been borne out in this study. CEOs and board members alike acknowledged the enormous commitment in time and energy required to adopt the full model; in some cases, there was a sense that the process of striving to establish the model in and of itself could achieve the desired goal of greater cohesiveness and involvement. At the same time, several organizations that have been using a more traditional model did not seem to feel any need for a change; their main interest was in making the current structure better.

Finally, we should consider how change in board practices comes about. Tropman and Tropman (1999) suggest that even when organizational leaders are ready to move in a new direction, there may not be sufficient momentum within the entire group to proceed; sometimes it requires a “cataclysmic event” like the sudden departure of the executive to generate the necessary interest. That was not the norm here. Only one of the CEOs interviewed for this study mentioned a special initiative, a capital campaign, as having been a significant factor in the change process. For most of the rest of the organizations, the identified change has either been an outgrowth of an earlier decision, such as the adoption of a different governance model, or a refinement of a practice already fairly well established within that setting, such as periodic retreats for strategic planning. An example of the former would be the intensive executive succession process implemented by an organization that chose the Carver model several years ago, and of the latter, the addition of specific goals and objectives for the board to the most recent strategic plan, which in the past had focused on staff responsibilities.

With regard to the three categories of change used to organize the “best practices” featured in this report, to a degree, such a distribution is an artificial construct, for a procedural change can also result in a new organizational pattern, and interpersonal relationships are at the very foundation of governance. Indeed, most CEOs accept that nurturing the board is part of their job, but what was new, as revealed in the interviews, is the growing appreciation by nonprofit executives of the salience of this particular responsibility. Nevertheless, with all of the efforts to be cognizant of and responsive to the board’s needs, perhaps the most insightful comment came from one executive: “[In the end,] the board has to recognize its own needs.”

For the majority of the interviewees, even if the desired change has not been fully realized as yet, some forward movement toward the goal has occurred. These steps in a positive direction appear to be enough to keep the board-executive relationship in balance. In one or two cases, however, there was evidence of little or no progress, and for the individuals attempting to promote change in those settings, it was the cause of a certain amount of frustration. Unfortunately, while this is a very human reaction, in the long run, giving in to negative emotions is counterproductive and is likely to be a further deterrent to increasing board involvement and commitment. As in many situations, the adage that “patience is a virtue” truly needs to be a guiding principle in achieving organizational change, especially when working with volunteers.

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