Not So Great Governance? Resolve to Reinvent the Board

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In contrast with family members, friends and staff who are devoted to their favorite teams and specific sports, I have a less loyal and more general interest in sports. And while watching live or televised events, I'm easily distracted by subliminal messages about teamwork and leadership that play out on the court, track or field. And I look for these messages anytime I read an article about a team or recent competition. I was pleased to find several valuable lessons this week as I read "Ferguson's Formula," a *Harvard Business Review* article from October 2013 about the "enormously successful methods" of Sir Alex Ferguson, the long-time manager of Manchester United, the English football (soccer) club.

The components of "Ferguson's Formula," reminded me of game-winning musts for nonprofit boards that are stuck in a leadership rut. Everywhere I travel, I hear the lament of executives and board members who describe the dysfunctional, mission-draining behaviors of their governing bodies. The best news for a dysfunctional board? Every governance problem can be fixed. With courage and determination, a poor performing board can be transformed before the end of the fiscal year. Here are four strategies for turning a risky board into an invaluable asset.

1. **Make Board Development a Conscious Act** – For too long, board recruitment has been a last minute scramble coordinated by small nominating committees. The best boards in today's nonprofit sector treat board development as a well-paced marathon, rather than a frantic sprint. In addition to adequate pacing, a board development committee should be large enough to ensure that diverse points of view are present for conversations about the leadership requirements of the nonprofit and the suitability of prospective candidates. Keep in mind that this committee is a team sport, not a solo effort. These vital conversations should always include candid talk about the skills, perspectives and talents needed by the board today and in the years to come.Upon arriving at Manchester United, Sir Alex Ferguson began sourcing new players in earnest. Instead of looking for proven, mature players with star quality, he focused on recruiting very young players who would not be ready for the professional football "pitch" for many years. A similar approach can be applied in board development. How? Consider inviting prospective board members to serve on committees or in other leadership roles. Never discount the value of bringing younger board members to sit side by side with more experienced leaders. Ferguson's commitment to recruiting younger players was part of his overall strategy to build a club that would continue to grow in strength for many years. Bringing younger, less experienced leaders onto your board is a great way to bring new perspectives and build strength into the governance structure. To build a diverse and effective

board, discard the outdated notion that board prospects should be senior leaders with wealth, wisdom and plenty of time on their hands.

2. **Dare to Rebuild** – I'm always surprised to hear a CEO who works for a poor-performing board express the belief that there is little he can do about it, or that changing the board will take someone's lifetime. Nothing could be further from the truth. The first step is to resolve to rebuild the board your mission deserves. Resolved to build Manchester United into a strong, title-winning football club, Sir Alex Ferguson approached talent management in a way that surprised onlookers. He cut loyal, veteran players in order to make room for new players. He focused on the life cycles of players as well as the team's future needs. These lessons make sense for nonprofit boards as well. Veteran board members who are no longer able to actively support your mission should be thanked for their contributions and allowed to exit gracefully.Why do so many boards hang on to poor performers? One explanation might be the inflated value given to members with many years of service. Ferguson believes that like football players, successful teams have a natural life cycle. In "Ferguson's Formula" the successful club manager explains his view that a roster change is needed every four years. When a nonprofit board is experiencing normal evolution (perhaps nudged by term limits), the roster will change accordingly. But in the absence of term limits or the courage to help veterans step off gracefully, the members of the board development committee need to take action. Instead of exaggerated mourning about the loss of members with institutional memory, the board should see retirements and other departures as a necessary precondition to bringing new perspectives into the board room.
3. **Accept High Standards and Hold Every Member Accountable** – An essential element of Ferguson's winning formula was setting and sticking to high standards of performance, for individual players and the team as a whole. Many nonprofit boards agree to standards, such as mandatory participation in one or more committees, regular attendance at board meetings and retreats and ambitious board position descriptions. But a common story from leaders of dysfunctional boards is that the rules everyone agreed to during the recruitment phase now have little meaning. My advice to a CEO or board chair who wants the board's performance to match the nonprofit's mission and potential? Hold every board member accountable. Simply stated, accountability is doing the things we promised to do. In my article titled, "Enforcing Board Member Responsibilities," I discuss a number of ways to do that. For example, instead of scolding the entire board when one of its member violates her responsibility to keep certain matters confidential, either the board chair or board development committee chair should speak directly to the member and explain why his actions were inappropriate.
4. **Watch, Listen and Learn** – The commitment to guide a board to high performance leads some board chairs and CEOs to dominate, rather than steer, board meetings. Have you ever served on or worked with a board chair who does most of the talking, controls the agenda, and determines in advance of the meeting the outcome of vital matters before the board? Although some members may admire this type of board chair or CEO for her commitment, the downside risk of dominance is that it often causes the remaining board members to feel that their talents and time are being wasted. If you are a dominant chair or CEO, consider what could happen if you stepped back and let bright and mission-focused colleagues on the board explore strategic issues in an environment of mutual trust and respect. Sir Alex Ferguson learned the value of observation when his assistant manager expressed frustration with not being able to do his job—manage training sessions. Once Ferguson let go of his tendency to dominate, he found that observing training sessions—rather than running them—gave him the space and opportunity to see vital details that he wasn't able to observe when he was caught up doing his job and the jobs of others.

It's important to think of any board as short-term, volunteer guardians of a worthwhile mission. And since every board member's tenure is temporary, board development must be an important, ongoing activity. Change is coming! And remember that great governance begins with the courage to hold every member accountable for his or her commitments. But before reinvigorating a board that isn't working, it may be necessary to ask the leader who dominates your deliberations to take a breath, sit back and lead by listening. Rather than suffer through another month or fiscal year of a dysfunctional board, resolve to step up and rebuild the board your mission deserves.

Melanie Lockwood Herman is Executive Director at the Nonprofit Risk Management Center. Melanie's calendar of upcoming speaking engagements is available online. Melanie is available to deliver keynotes and workshops on risk themes of interest to your members, attendees or leadership team.