

Extreme Makeover: Nonprofit Board Edition

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I don't know about you, but every Sunday evening I have my tissue box handy for a good uplifting hour of television while watching *Extreme Makeover: Home Edition*. This chart-topping reality show is inspiring as deserving families and communities come together—rebuilding and reimagining their futures.

Times are challenging for both families *and* nonprofits. The new IRS Form 990 calls for increased transparency and accountability from nonprofits, requesting additional information on board composition, governance practices, programs and accomplishments, compensation, and other items. And like the featured stories on ABC's popular show, there are nonprofits that need more than just a modest renovation to satisfy these new IRS requirements. They need a demolition, a rebuild, and a new foundation so that they can weather any storm. And often that foundation building needs to start with the board.

Is your organization a makeover candidate? Ask yourself these questions:

- Do we have the right governance policies and practices in place?
- Is our entire board actively engaged?
- Do they support our organization with their "heads, hearts, and hands"?
- Are we one of their philanthropic priorities?
- Are they focused on mission-based strategies or just day-to-day management?
- Can they tell the organization's story with passion to their friends and colleagues?
- Are they more of a help—or more of a hindrance?

If you see cracks in your foundation when answering these questions, it is time to consider your options.

But first, put down the sledgehammer and call off the bulldozer. You'll need different tools for this kind of remodeling job: a thoughtful plan, a good dose of patience, a strong sense of conviction, and some champions of change.

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Design Stage

Here are some tips as you start designing a board makeover:

- 1. Take Time to Do It Right.** You can't fast track something like this. Take the time to research different board models, to communicate frequently with your board and staff during the process, and to assess carefully what the organization's current and future needs are.
- 2. Listen, Learn, and Show Respect.** Change is hard under any circumstances. And structural board changes happen infrequently at best. Different governance models may be more effective at various stages of an organization's evolution. Listen carefully about what has worked and what hasn't, knowing that you probably can't make everyone happy.
- 3. Transparency Works.** Do not approach this process as a hostile takeover. Be open and honest. A nonprofit has a moral and ethical obligation to serve the community by fulfilling its nonprofit mission—even if accomplishing that goal means taking a realistic look at what needs to change. It is tempting to hear just what you want to versus listening to what you know is true.
- 4. Think Strategically.** Today's board changes will shape tomorrow's organization. Identify the critical board member skills and resources necessary to support your mission and vision—both for today and for tomorrow.
- 5. Lead with Passion.** Both management and board leadership need to be articulate advocates about why change is needed. Conversations about board giving, term limits, governance policies, committee structure, and succession planning are not always easy. But it helps if everyone is on the same page with a passionate commitment to the organization's long-term health.

Construction Stage

Ready to start? Not so fast. You might be tempted to make this a DIY (do it yourself) project. But here is where an outside contractor/consultant can make a real difference. Remember—one house plan does not fit every lot in the neighborhood. The right person will bring a broad array of experiences and knowledge about different board models—what works, what doesn't, and what might be a good fit for your organization, your community, and your board. An outside professional facilitator will also have an objective perspective, enabling him or her to navigate potentially difficult conversations. This is one time where the Home Depot approach may *not* be the best way to cut corners.

Building Timeline

Just like every building project, making over your board will take longer than you think. So be prepared. The secret to a successful transition is planning for different kinds of inputs, dialogues, and engagement. For example, a small task force made up of board emeriti and/or donors can take ownership of assessing the strengths and weaknesses of different governance models. Another task force can focus on

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communications and discussion groups. Ultimately, you need to make sure that your current board members feel that they are "team building" toward a more stable future for your organization. It may take months—it may even take a year. Just be sure to take the time and do it right.

The Nonprofit Reality

Now is the time to look for cracks in the institutional foundation and leaks in the organizational pipeline. The reality is that you might be a candidate for a board makeover. Just remember to take before and after pictures—you'll be amazed at the difference!

Case Study: Citi Performing Arts Center

Can an Extreme Board Makeover be successful? Here's a case study: you be the judge.

In 2005, Boston's Wang Center for the Performing Arts (now [Citi Performing Arts Center](#)) started a year-long strategic planning process. It knew that the successful business model of year-long blockbuster Broadway runs had long disappeared—and so had the profits that supported the center's nonprofit programs and activities. Led by a core group of 15 board members, including committee chairs, the team met monthly with senior management for two to four hours at a time and thoroughly analyzed every aspect of the organization. By spring 2006, the center had adopted a bold and exciting new vision that focused on broad-based popular arts and entertainment and highlighted a new city-wide approach to arts education.

In order for the new vision and strategy to be successful, it was critical to improve alignment between board and staff, which led to the Governance Reform Initiative. Board membership had exceeded 100 people at its peak, and numbered 70 individuals in 2006. Some members had not been seen at a board meeting for years, and annual giving from individual board members was inconsistent.

Enlisting the help of an outside consultant, a small task force of current and emeriti board members met over the course of three months. They reviewed best practice research, debated board giving guidelines, and struggled to identify what the new board should look like and do.

By December 2006, this group had made recommendations to the Executive, Strategic Planning, and Governance Committees. A second task force was appointed to solicit board input and to gather unbiased feedback. The recommendations were rolled out at a series of town-hall meetings that invited open discussion about the proposed changes. Ongoing communications included a campaign of letters, e-mails, one-on-one meetings, and formal presentations that lasted for several months.

By the time of the annual board meeting in June 2007, almost every board member had been actively involved in the Governance Reform dialogue. They were aware of the proposed changes, and more important, they understand why the changes were needed. Therefore, it was not surprising that they voted unanimously to accept the proposed bylaw changes at that meeting.

How has the board changed?

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Almost 40 people willingly opted to go off the board, many staying involved as volunteers and/or donors.

Two new smaller boards have been formed: a board of directors (up to 25 people with formal governing and fiduciary responsibilities) and a board of overseers (up to 25 people who are active on committees and support strategic initiatives).

Board recruitment efforts have become more energized and are strategically focused. A younger, more engaged board has emerged. It is not unusual for board members with global business responsibilities to call in internationally so that they don't miss meetings.

The board has adopted formal policies including conflict of interest, 990 disclosure, whistleblower, and document destruction. Meetings are scheduled six times a year and have 90 percent attendance or better, a formal agenda focused on top-level issues, and meeting materials that are only sent electronically.

Written committee and board member job descriptions are in place; members also have defined term limits. Committees are smaller and many are strategic (meaning that they may operate for only 18 to 24 months and then dissolve based on need), with joint committee meetings held when agendas overlap. And each committee has adopted a quantifiable strategic measure of success that is reported quarterly to the entire board.

The board now has a 100 percent board giving record that reflects committed annual gifts. And results from a recent board survey provided important interim feedback, which inspired a strategic plan check-in retreat and also informed a more transparent CEO performance evaluation process.

Thanks to Citi Performing Arts Center's Governance Reform Initiative, today's board members are both engaged and excited about the organization's vision and mission.

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Sue Dahling Sullivan has been chief strategic officer at [Citi Performing Arts Center](#), located in Boston's historic theatre district and one of New England's leading nonprofit arts organizations, since 2006. Previously, she was a consultant who specialized in applying for-profit business models to achieve change and transformation in the nonprofit sector.