

BOARD BEHAVIOR

Here We Go Again: *The Cyclical Nature of Board Behavior*

by Julia Classen

"I've been here a long time and I've seen all this behavior before. I'm just so tired of it!"

WAS TALKING WITH AN EXECUTIVE THE OTHER DAY about the problems she was having with her board, when she declared, "I've been here a long time and I've seen all this behavior before. I'm just so tired of it!" At that moment, I remembered an article by Miriam Wood, titled, "Is Governing Board Behavior Cyclical?"¹

While digging out the article to reread it, I thought about all the changes that have occurred since the article was first published, in 1992. Since then, the nonprofit sector has seen exponential growth, increased professionalism, and an explosion in academic research, with a concomitant number of undergraduate and graduate degrees awarded in the field. Nonprofit governance research and practice have grown to the point that there is now a biannual conference that brings together scholars and practitioners to explore and advance the body of knowledge in the field. I found myself wondering whether the board behavior framework advanced by Wood was still as applicable today as it was in 1992. To address this question, I have drawn upon information from *NPQ*'s 2011 reader survey, and my own experience serving on nonprofits for more than thirty years as well as working for nonprofit boards as a consultant.

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Responding to Crises, Not Episodic Tensions

In her article, Wood describes a framework for nonprofit board behavior that begins with a non-recurring founding period followed by a set of three distinct operating phases: *supermanaging*, *corporate*, and *ratifying*. When an organization reaches this last phase, it experiences a transformative change precipitated by an internal or external crisis, and the process begins all over again . . . and again . . . and again. These crises are fundamental to an organization. They are not small episodic tensions but rather events that jar the organization and compel the board to act differently. As an *NPQ* reader describes it, "The agency has experienced significant challenges which have forced the board to engage as they never have before."

Each time a board enters a new cycle it is different from the previous one, because the organization and external environment will have changed. The board's response to each new cycle will often be different, too, because the crises that move them are always evolving.

The Founding Period

The founding period has two sub-phases: collective and sustaining. In the collective phase, the board generally embodies the mission and believes the organization to be worthy of significant involvement. During this phase, board members serve because it fulfills a personal as well as a professional need. In the early days, weeks, or even years, there may not be a paid executive, but a leader does



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eventually emerge. At some point, after funding has been secured, an executive is hired.

At this juncture, additional funding begins to flow in, and this often marks the shift to the sustaining phase. In this phase, the original board members begin to leave when they see that the organization has created a model that is relatively stable and has adequate resources, and new members take their place.

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The Supermanaging Phase

As former member of the founding board of a community-based organization that provides direct services and advocacy for an underserved population, I watched as we followed the above series of events precisely. The organization had become well regarded—known for its ability to achieve large victories with a small and innovative group of staff members. Many of us on that founding board left when we felt that the organization was stable, with paid staff members, key signature programs, a solid funding stream, and a clear path forward. The next generation of community members who joined the board was as committed as the founding members but relied on the executive to raise funds, further develop the program, provide the analysis of community needs, and set the organizational direction. Then a crisis occurred.

The crisis was financial. The organization had come to rely heavily on a single stream of income for more than 50 percent of its budget; then, in the space of three years, that income stream declined by 75 percent. The board had not questioned the lopsided nature of the budget nor provided direction to the executive about how to manage the income. Board members relied on the executive to raise the funds and monitor the expenses. They simply approved the reports and budgets as necessary, and focused on development of the programs.

Enter the supermanaging phase. A characteristic response to crisis during an organization's founding period is to recruit board members with specific professional expertise or skills. Wood calls them MAPs (middle-aged professionals). Typically, MAPs are bureaucratic and rational in their

approach—or, as Wood describes it—“corporate.” MAPs are planners who like to know how the organization will achieve its goals. Like board members in the collective phase, they are committed to the organization's mission and they also understand that serving on the board may benefit both their altruism and their professional development. Thus, they are more practical in their approach to board work and what they hope to gain from it.

A supermanaging board recruits members for their skill sets and networks, and is more inclined to ask questions of the executive rather than simply ratify his or her actions. Committees that may or may not have already been in place are engaged and active. The board supplements information from the executive with informal sources that may include stakeholders, funders, committee members, etc.

As reported by Ruth McCambridge in this issue, *NPQ* readers were asked in a survey what changes they were noticing—if any—in their organization's board. One reader described “a great sense of urgency, which in turn engendered a greater sense of urgency, which in turn engendered more participation.” Another reader gave the following description:

[Board members] are increasingly involved due to the significance of the issues. This is both good, because they have a variety of strategic ideas on important issues, and challenging, because it sometimes leads them into non-governance territory . . . More problems in the state's ability to pay, combined with rule changes and drops or losses in funding that are unprecedented in our forty-year history, have sparked the changes.

Tensions may emerge between the board members and the executive as the power dynamics shift. The board may be perceived as no longer under the executive's thumb. Board members who had been acting as volunteers may now be seen as unprofessional, compromising the role of the board because of their dual service to the board and the organization. The board members begin to define their primary roles to be stewardship and oversight, and thus expect greater accountability and transparency from the executive. At this point, the board has begun to move into the *corporate phase*.

The Corporate Phase

During the financial crisis at the organization I described earlier, some board members left and MAPs were recruited to take their place. This new board, along with the executive, made a series of difficult decisions that stabilized the diminished organization. The board committees, which previously had been meeting sporadically, began to meet regularly and worked closely with staff members. The board initiated a strategic planning process, created a formal process to review the executive, and began to have strong attendance at meetings.

Another important change was the shift in allegiance from the executive to the organization, as board members became more focused on the organization's success. They became more willing to question the executive's actions, intervene when necessary, and overrule the executive's decisions. The board was now acting as the organization's manager.

Over time, the board members began to manage less, work more on board development, and create systems of oversight to ensure the financial crisis would not be repeated. The organization is still in this phase. It has gone through transition from a long-serving executive director to an interim executive director to a full-time executive director—and, recently, yet another new executive director—as well as significant board membership turnover due to exhaustion. Now that the organization has become stabilized with its strong third director and core group of MAPs, the board hopes to move forward. Once again, some sort of external or internal shift occurred to bring the board to the cusp of its new phase.

To some, the corporate phase is nonprofit governance nirvana. The committees meet regularly, the board is focused on mission and oversight, and decisions are made based on insightful and clear information provided by the executive director and leadership staff. The board makes policy decisions and staff members implement them, providing the board with complete and accurate reports on their progress in achieving the policy decisions and goals outlined in the strategic plan. The board may also receive additional internal and/or external information pertaining to organizational effectiveness, response to organizational

needs, etc., from consultants, researchers, and organization partners.

An *NPQ* reader described her corporate board as having achieved just such an ideal state:

The board spends very little time managing and more time thinking about the long-term good of the organization. It's been great. We went through layoffs and there's been no second-guessing—only support for management and those who stayed. They understood how hard it was and backed up all of our decisions. The board is also more interested in fundraising, and [board members are] looking at themselves more critically, wondering if [they] have the right people on the board. They are less tolerant of people who don't attend meetings . . . We have had some conflict on the board but it's all been positive—very issue based and not at all personal. I think we've made better decisions . . . as [we] saw our finances deteriorate and then people and programs cut, [we] realized that if [we] don't follow through, the results can be pretty drastic.

During the corporate phase, board-recruitment efforts focus on developing a board with more community, financial, and social clout. The operations of the board and organization become more professional and routine, and power flows smoothly from the board to the executive. However, sustaining this nirvana can be challenging. It is always a challenge to keep the board well informed and engaged. It is a balancing act to both engage the passion of the board members for the mission of the organization and tap into their skills and expertise without over-informing them, thus implying that they should manage rather than lead. On the other hand, under-informing a board can make members feel irrelevant or unnecessary. In my consulting practice, I have seen executives handle this balancing act by consciously weighing each communication with their board, and asking themselves the following questions:

1. What does the board need to know?
2. What does the board want to know?
3. What is my purpose in communicating this information to the board?
4. How can I get the board's best thinking to assist the organization?

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5. What board decision, action, or outcome do I wish to achieve?

But nothing lasts forever. Over time, a board's oversight and strategic decision-making functions may diminish, and meeting attendance may become sporadic. Recruitment of new board members often focuses more on how much time a prospective member has to contribute to the organization than on the prospective member's capacity to advance the organization's mission. Board discussions may become less robust and organizational leadership may be firmly placed with the executive and leadership staff members as the board moves into the *ratifying phase*.

The Ratifying Phase

During this phase, boards tend to meet less frequently and/or for shorter periods. Expediency is important, as the board comprises increasingly prestigious and busy individuals. Information is circulated almost exclusively by professional staff members, agendas for board and committee meetings are created by the staff, and the board or committee chairs follow those agendas. The executive has great autonomy and manages the board so that it performs its duties in a cursory manner.

Unlike the previous phases, the board in a ratifying phase may not be as cohesive a group, and members may not know each other very well. They are less likely to be spending much time thinking about the organization beyond the thirty minutes preceding each meeting. In sum, the board is functional but largely disengaged from the organization.

Starting Anew

This is where the cycle starts over again. A crisis occurs and a new cycle begins, starting with the supermanaging phase and continuing with other crises that move the board from phase to phase, helping the board to make the larger shifts that are necessary to its continued relevance to the organization.

Additionally, funding environments change, the nonprofit sector changes, and organizations often change, thus requiring the board to change as well. Each of these phases has a time and a place, but for various reasons none of them is permanent—either

because members get too disengaged or burned out, or because they do not evolve with the organization.

When a board shifts from the ratifying phase to start the cycle over again, things look a little different. In fact, the changes that precipitate the movement from one phase to another may seem more intentional in response to internal or external contingencies. Regardless, the movement will still be precipitated by a new need that calls for a substantially different response from the board.

Another nonprofit organization I know of serves as a good example of the second cycle of Wood's framework. This small, infrastructure-building organization focuses on developing the nonprofit sector and serving a community need, and has been in existence for decades. The board had recently hired a well-regarded executive with excellent professional credentials. As the executive and board chair began looking at their board, the mission of the organization, and the level of organizational activity, they saw that something was amiss.

For decades, the organization had worked extensively one-on-one with nonprofits. As the sector grew, the number of nonprofits it worked with remained static. The organization was quickly becoming obsolete. Yet the board was in no position to strategically lead the organization to grow or shift as the environment changed. While the board comprised professionals who were well regarded because of their work, service, and knowledge, they met only bimonthly and had sporadic attendance. Interestingly, the board met at locations other than the nonprofit office, emblematic of the distance between the board and the operations of the organization. This board was in the ratifying phase.

The organization began to have annual budget deficits, and fundraising became increasingly difficult. As the board chair and executive saw the organization's relevance and resources diminish, they began to question their program model. Some board members engaged, and some left. The board began a strategic planning process that called for evaluation of the model and the possible creation of a new one. The board began utilizing its committees, asking for additional information from the new executive as well as from outside resources, conducting stakeholder interviews, and talking with staff members about their current model. The board began looking

at the way staff members executed their current services and programs, and realized that the future of the organization was in jeopardy if it did not act. It had entered the supermanaging phase.

The board worked with the executive to develop a new programmatic model, convened stakeholder meetings to gather input and respond to questions and concerns, worked closely with staff members in leading the transition, and spoke with funders about their commitment and leadership with regard to the effort. The executive worked side by side with the board. As the new model was implemented, specific board members were asked to review it, and gave significant input to its development.

Finally, as the organization turned the corner, the board took a step back and moved toward the corporate phase. The board still has significant engagement in some of the program decision making, but it no longer participates in its implementation. The board returned to setting direction rather than setting and implementing change efforts.

This organization's executive did the following to move the organization into the next phase:

1. Welcomed the re-engagement of the board;
2. Partnered with the board chair to lead the change effort; and
3. Understood that the supermanaging phase was an indicator as well as an opportunity for strategic organizational change.

One of the major insights to be found in Wood's description of the cyclical nature of boards is that board behavior is not static but dynamic. It is driven by crises, some of which are beyond the control of the organization. Our current recession is a good example. Other crises may be triggered by such external or internal events as the loss of a major funder or a leadership transition. But crises can also stem from the board itself—whether from lack of oversight or undisciplined behavior.

An organization I worked with as a consultant had a board that was described as “out of control” by the interim executive. The organization had a budget in excess of \$20 million. The board was externally mandated to have a mix of community members who were service recipients, MAPs, and elected officials.

In the year preceding my consulting with the board, they had fired their executive, stopped having an armed guard at board meetings, and

directed officials to appoint representatives to the board rather than serving themselves.

The board members frequently battled openly among themselves. They felt emboldened to review and direct individually and collectively the most minute operations of the organization. The staff, having seen an executive get fired for questioning this behavior, was reluctant to confront them. The board had gone rogue. As the board continued down this path, funders both large and small began to withdraw, or threatened to do so.

Through training, pressure from outside funders, and the comprehension that in order to hire a new, high-caliber executive they would have to change, the board got back on track. The organization continues to provide vital community services now that it has the leadership of a dynamic executive and board.

This is why I believe that understanding Wood's framework describing the cyclical nature of board behavior is important. In the example above, the staff members and funders needed to believe that the board could and would change. They needed to trust that it could move to another phase that would enhance the organization rather than diminish it. They needed to believe that *this too shall pass*.

So the question of whether Miriam Wood's framework is still relevant nineteen years later is settled: Yes, indeed it is. It is essential that organizations understand that the behavior of boards is dynamic. As organizations continue to change and grow, so too will their boards—over and over again. Internal and external crises and contingencies provide opportunities for further board growth and development. Knowledge of the cyclical nature of boards may or may not help the board move more quickly through the various phases, but it can help to mitigate some of the detrimental behaviors of the board, as well as provide ways to build on its assets and strengths.

ENDNOTE

1. Miriam M. Wood, “Is Governing Board Behavior Cyclical?,” *Nonprofit Management and Leadership*, vol. 3, no. 2, 1992.

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