



# The Nonprofit Whisperer

Applying for a paid position in an organization without first resigning from its board is an unequivocal no-no; if you do not define your allowable expenditures, you could find yourself in a spot of trouble; and if you find yourself scapegoated after leaving an organization, take the high ground and use it as an opportunity to reflect on any leadership blind spots that may have helped to create the hostile post-departure environment.

**D**EAR NONPROFIT WHISPERER, I have a question regarding conflict of interest for the board of directors of a charter school in New Hampshire. It recently came to my knowledge that a member of the board of directors has applied for the open bookkeeper position at the school. Would taking the position require the board member to resign from the board, or could the board member ethically continue to serve?

Confused

Dear Confused,

This is an easy one. The board member should resign before applying for any paid position with the organization, but especially one that accounts for money. The conflict comes from the fact that the board member is there, with others in the governance role, to provide general oversight to the organization on multiple levels (mission, high-level strategy, policies, fiduciary). The IRS, in providing charitable status, asks that nonprofits have a voluntary board of directors, mostly to represent the broader community's interest and ensure accountability to mission, community, and constituents on the part of paid staff. You can't serve two masters.

Dear Nonprofit Whisperer, I am on the board of a 501(c)(3) organization whose mission is to "research, teach, perform, and promote" certain types of historical or traditional dance. As one of its projects, the organization has a performing troupe. The organization usually gets paid for troupe performances—in fact, this is the organization's main source of income.

Although the organization's annual income is only around \$12,000, over the years it has built up a reserve of some \$30,000. Currently, the board is considering using a good portion of this reserve to send the troupe to one of several relevant dance weeks that take place each summer. Troupe leaders—who teach, research, choreograph, direct, etc.—would benefit from mingling with other directors, teachers, and researchers. The troupe dancers would receive training by attending workshops led by well-known teachers of historical dance, and the troupe would perform during the week, as would other groups, sharing choreographies, styles, and the like. The organization would pay all or most of the member's expenses. Some of the dance events under consideration take place in Europe, so transportation could be a sizable expense in addition to

the tuition fees, room, and board.

Attending the dance week seems to support the mission of the organization. However, many individuals attend such weeks for pleasure. There are social dances and tours of historical sites; boat rides; and other excursions in connection with the events. Would sending the troupe to such an event be within the bounds of permitted expenditures for a nonprofit, or would it violate prohibitions against supporting individuals or providing excessive compensation to board members? (All the board members are also troupe members, but there are troupe members who are not on the board.) And is it permissible to pay some types of expenses but not others?

Conscientious

Dear Conscientious,

Sending the troupe to dance weeks—a normal activity for many dance troupes—for exchange and learning, as you note, is not necessarily an issue. How the organization defines allowable expenditures, however, is critical to ensuring that it remains on mission. The organization should create protocols for such trips as to what are allowed expenditures that relate to the organization's mission. Social evenings or side excursions should

be on the participants' dime. The more your organization can create bright lines regarding what are considered allowable expenditures, the better.

A glaring red flag is that, as you mention, all the board members are also troupe members. This complicates your questions and begins to enter an area of poor optics for the organization. It is not illegal for board members to be reimbursed for meetings or travel on behalf of the organization, but it sounds as though the troupe is acting in mixed roles of oversight (board) and delivery of services (volunteer staff on learning trips). If job descriptions for the board do not exist, the organization should work on those—delineating the role of governance as opposed to activities of the organization that fulfill its mission, whether done by volunteers or paid staff; the board should develop a conflict of interest policy (there are boilerplates online); and, finally, the organization should consider adding non-troupe members to the board, and eventually having these be a majority. The optics of board members acting in their self-interest will decrease with this diversification of board membership.

*Dear Nonprofit Whisperer,*  
I am seeking your thoughts regarding an organization's responsibility to its former CEO. The circumstance I describe below is rather awkward, and I'm not exactly sure if or what the organization or the former CEO should, or could, do about the matter.

A nonprofit CEO with ten years of tenure with Organization A accepted a new position with Organization B. The CEO had outstanding performance reviews during those ten years, and was regarded as a solid leader and representative of the organization. Upon the CEO's informing the board of the job offer, Organization A expressed delight,

*feeling that the opportunity was not only a positive career move for the CEO but also that their CEO's having been selected by the prestigious Organization B was a feather in Organization A's cap. The outgoing CEO was honored at a going-away event and given an award. Organization A identified an interim CEO and began the search for a new one. Everyone parted on good terms.*

*After several months on the new job with Organization B, the former CEO learned through colleagues that some things were not going well for Organization A. The interim CEO had floundered and the new CEO was struggling. The former CEO was being blamed for current issues (dysfunction among staff, committee dysfunction, and misunderstandings). Hard feelings and distrust had taken root among some members. While saddened to hear this, the former CEO accepted that this type of thing happens and that it is not uncommon for former staff to get scapegoated during such transitions. The former CEO opted not to take action.*

*A few weeks later, someone (who was yet to be identified) created a Facebook page to "expose" Organization A's issues. Part of the narrative included several e-mails expressing a board member's dislike of the former CEO and why s/he blamed the former CEO for current issues. The former CEO was contacted by a member of Organization A and directed to the Facebook page ("I felt you should be aware of what is being said about you"), and subsequently discovered through colleagues that the board was quite upset about their internal strife being aired, and had contacted Facebook to ask that the page be taken down. After being up for over three months and garnering thousands of views, the page was finally removed. The board has not contacted the former CEO regarding any of this matter—and, to*



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date, the former CEO has not contacted anyone about the matter, either.

My questions are: (1) What is the board of Organization A's responsibility to the former CEO (for example, does it owe the former CEO some explanation or apology)? (2) Given that the social media posts could cast a shadow on the former CEO's reputation and thus jeopardize current or future employment, what recourse does the former CEO have to defend or protect his/her reputation? (3) Are there other concerns or implications vis-à-vis this entire scenario that the former CEO should consider?

*Sorry I Had to See This*

Dear Sorry I Had to See This,

First, the former CEO's instinct was, unfortunately, spot-on. No matter how remarkable a leader might be (and sometimes because of it), the departing leader may be blamed for disruption that occurs during a transition. William Bridges, author of *The Way of Transition: Embracing Life's Most Difficult Moments*, says, "We resist transition not because we can't accept the change, but because we can't accept letting go of that piece of ourselves that we have to give up when and because the situation has changed."<sup>1</sup> The organization is still in reaction to the loss of a strong leader; some people simply do not do change well, and can act out during these times.

For the former CEO's part, there may be some things to reflect on. A strong, vibrant leader may embody a set of values that not everyone on the board or staff shares. A highly regarded leader might not be questioned about strategy or other key issues during his or her tenure. If the leader is blind to even a small values mismatch or the need to open up feedback on strategy or programs, and has held sway through the power of his or her excellence, then under-the-table issues will surely get aired in the wake of

the leader's departure. If, during such a leader's time, strong norms and practice principles regarding "how we behave" and "how we communicate" were not inculcated throughout the organization at board and staff levels (and, for some groups, at the volunteer and constituent levels), then people can begin behaving badly in the wake of that strong leader's departure.

We are all always contributing both positively and negatively to the dynamics of any living system (a family, an organization, a nation). The former CEO acted correctly by not getting involved in the aftermath that ensued post-departure, but this may be a time for him/her to reflect and check in on any leadership blind spots that might now be illuminated through hindsight. Understanding his/her contribution (however minor) to the situation might develop this already good leader even further (we are all always learning, right?). The former CEO should probably continue to take the high ground (libel is hard to prove and will only continue the devolution of a person's legacy) and simply go on being a high performer in his/her new position—the proof being in the pudding.

Organization A has a lot of work to do. The board of directors needs to create a communications policy immediately. Most mature organizations have the CEO (and/or the board president) act as the spokesperson, and all written communications are vetted through a transparent process. In this situation, organization-wide speaking points should be developed and all board and staff should adhere to those speaking points, with consequences for those who do not. Finally, there needs to be an immediate social media policy for staff and board members alike. In this new social media environment, many things have changed regarding how nonprofits communicate with stakeholders,

but some things have not changed very much at all—and one of the things that has not changed is the expectation that staff and boards act responsibly when speaking about their organization on the public stage.

This situation is an issue for the boards of both these organizations, and they should decide together on a course of action that protects all involved. That course of action should include cautions to staff about respecting the boundaries of the organizations, even—and perhaps especially—in this new social media environment. In other words, this can be used as a learning moment about the protocols of discussing former staff in a negative light in public—an exercise that should be engaged in only under the most egregious of circumstances. In a crisis—which this does not seem to be—it is best to decide upon speaking points and designate representatives.

A key responsibility of board members is to act as positive ambassadors to the community on behalf of the nonprofit. When there are questions or concerns, these should be brought to committees or the board meeting and fully worked out there. A mature board member who disagrees with what is happening can act as loyal opposition: raising critical questions or concerns, voting no as needed, and resigning if necessary. Playing out this drama on the public stage of social media is simply the poorest type of behavior and, as mentioned above, should be nipped in the bud immediately.

#### NOTE

1. William Bridges, *The Way of Transition: Embracing Life's Most Difficult Moments* (Boston: Da Capo Press, 2000).

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