Boards and Leadership Hires: How to Get It Right

How a board handles a leadership transition can have powerful and long-lasting effects. This article discusses how the board's handling of this pivotal moment can result in long-lasting problems—and what your board can do to get it right.

Consider this example. For three years, the board of an organization that promotes volunteerism has struggled with a lack of faith in its executive director. The mild-mannered director lacks personal energy and functions as a coordinator rather than as a manager. His leadership style creates a loss in momentum, although the organization's rates of volunteer participation are high. Made up of young professionals, the board has let its frustration build, prompting this executive to intuit that he has not met expectations and resign. The board decides it needs a real go-getter who will focus on fundraising, and it gets what it wants: a motivated, former junior staff consultant at a for-profit firm serving nonprofits who drives ahead without consulting others. In fact, she often appears annoyed when others voice their opinions. Staff begins to filter out.

Always involved in setting the organization's agenda, the board soon realizes that it has made a mistake. The problem is, its members have spent valuable social capital in promoting the new director as organizational savior. The director leaves within the year and the organization—now significantly weakened and disheartened—is consolidated into another. How do such things happen?

Board Perceptions Inaccurate

By design, boards are often disengaged from the day-to-day work of an organization. This detachment means that boards do not understand an organization's cultural dynamics as its staff members do, and this lack of understanding can prompt a board to develop uninformed beliefs and make poor decisions based on those beliefs. In the above example, the board developed a narrative about its executive director but failed to recognize that the director's role as a coordinator encouraged the organization's numerous volunteers to step up and get involved in core functions. The new executive was given a "charge" by the board to take greater "executive" leadership, and her approach ultimately stripped the organization of what kept it alive during times of struggle.

Anyone who spends a lot of time in nonprofit environments has seen a hundred variations on this theme. The board sincerely believes that it has taken the organization "in hand" even while it eliminates some of its most useful assets. Even if a board listens carefully to an executive director, it may get a distorted view of what an organization needs. For instance, a board may "know" from the organization's executive director that the staff underperforms. But does it also know that keeping your head down and "covering your butt" are the order of the day? Seeing the production problem as the result of recalcitrant staff takes you someplace quite different from seeing the problem as a combination of these problems: a lack of distributed accountability, a fear of stepping out to make suggestions, and the absence of a passionate shared sense of mission. Many boards get stuck on a superficial characterization of the state of an organization that falls short of real understanding.

Disconnection becomes particularly acute when board members make assumptions based on a narcissistic attachment to their own knowledge and experience. Some board members join a board with a "deficit attitude" and assume that nonprofits do not understand how to operate well and that they need a more business-like approach. Boards are attracted to such people for three reasons: (1) boards believe it is best to recruit members from a short menu of professions, such as human

resources, accounting, marketing, and law; (2) boards want members who can build a bridge to the money, and (3) boards tend to reproduce themselves, recruiting like-minded people to replace retiring members. But if these board recruits have little knowledge of an organization's history, context, or constituents and only the vaguest understanding of its programs, their conversations revolve around only what they know.

These misconceptions are not the fault of individual board members, whose orientation often does not require them to "live" in the organization's core work for a day or two. Some consultants and executives, in fact, frown upon "normalizing" board members by having them take part in an organization's day-to-day life, but the likelihood of board-staff misalignment increases when dialogue between board and staff members are discouraged. Lack of board-staff connection often occurs and is justified out of a fear of "inappropriate communication" between the bodies. The underlying thinking smacks of a fear of transparency and of a rigid organizational hierarchy that blocks board members' understanding and can make board members truly dangerous in the hiring process.

Defaulting to Individual Style

Over the course of three years, a large animal rescue league had two "unintentional interim" leaders after the founding director departed. The first was inexperienced and took all her direction from an overly involved board president who in essence ran the organization. Her inexperience caught up with her, however; the board of directors turned on the officious board president, and she was terminated. Another interim was hired who was extremely harsh on staff to the point of being disrespectful. The organization's reputation was in tatters; staff and all-important volunteers were demoralized and left in droves; and the board supported the inappropriate interim, believing that standing behind the executive director was its role.

By threatening a union drive, the remaining staff forced the question and ousted the inappropriate interim. The organization lucked out with its next interim, who eventually became the executive director. He believed in supporting staff to become critical thinkers and reflective practitioners and asked for their opinions about everything. He also believed in stakeholder involvement and constituent voice and continuously surveyed for feedback on the organization's performance relative to its mission. In less than two years, the organization's operations had turned around completely.

But the executive director neglected one critical area: recruitment of board members who would align with the healthy culture he had built. Because he was a capable leader, he managed the board by producing excellence, good reports, good results, a good reputation for the organization, a rebuilt funding capacity, and even program innovation. But because of his lack of time, interest, or disbelief in the influence of the board of directors, he did not change board membership much. He did not ask board members to do what they had been required to do in the past: to volunteer for at least six months in the animal shelter learning the ins and outs of the business, getting to know staff and volunteers, and deeply understanding the culture of animal rescue work.

After seven years, the director decided to leave. He presented the board with materials on executive transitions, but board members decided to conduct the hiring process themselves. The next director they hired had an excellent fundraising résumé in a different field (social services) and had some experience as an executive director of a local affiliate of a national organization that had required a good deal of responsibility on the ground. But despite these experiences, the director came in and led hierarchically. Staff and volunteers who were used to a culture in which they were respected and their opinions were heard and most often acted upon, bristled under the directiveness of the new executive. Within a year, the director had undone the vibrant culture built by her predecessor over the prior seven years —and with the blessing of the board of directors, which was always slightly suspect of the former director's facilitative, flattery-based style of leadership but never questioned it given the unprecedented success of the organization under his leadership.

In a matter of months, a healthy organization became unhealthy. The former executive could have helped the organization he worked so hard to rebuild with one small point of leverage: by developing a board of directors aligned with the culture of the organization he had built. If he had done so, the board would have understood that it would take a particular kind of leader to build on the success of the previous executive. And it might have prevented a new executive from managing based on her own dictates and without consideration for the organization's past, the field in which the organization was situated; or for staff, volunteer, and community needs. Four years later, this organization has lost more than 50 percent of its staff, and its reputation is once again suffering with funders and community partners.

In these situations, line staff members are often excluded from the process of selecting a new executive director. The expectation is that a new boss will "manage" staff, and boards fear self-interest will taint such participation.[1] But boards ignore an important perspective when they do so, since line staff tends to embody the culture of the organization. Rather than taking the time to hire a candidate who is a good match for the culture of an organization (someone capable of asking, "Does the organization need to be nudged in a new direction or does it need its best characteristics reinforced?"), boards often hire a manager and allow him to manage in whatever way he wants—as if management style were value-neutral.

Management Trumps Leadership

For years, boards have put greater emphasis on hiring new leaders for management skills rather than leadership skills as capacity building has increasingly placed a premium on the ability to manage finances and personnel and fundraise over competencies such as whole-systems thinking and the ability to build shared vision and facilitate the ongoing engagement of multiple stakeholders toward implementing it. Management skills are important, of course, but they aren't the drivers of true "nonprofit excellence."

Still, hiring primarily for management skills is understandable. Many nonprofits have trouble finding a visionary leader and a supermanager in the same person. And when organizations move from the first, or "family," stage to the second, or "improving management systems," stage, a board often defaults to management attributes simply because it has experienced the fallout of inadequate financial or human resource systems. Again, this focus is not necessarily wrong in the moment, but it may stall the organization for years to come by assuming that the preponderence of needs now (concerning policies and procedures, for instance) will remain the same over the next five or 10 years. Boards tend to hire based on their problems with a departing executive director. As a result, they often rush into the hiring process to "fix" those issues rather than take the time to reflect on where the organization is now, where it is going, and how to find the best leadership fit for the future.

When boards do not recognize problems as being related to a stage of development—and in particular, when an organization is making the transition from the first to the second stage—it can make common mistakes with predictable outcomes. For instance, if a board overcorrects and hires a rigid and controlling director, the organization's staff, members, or constituents may revolt, spit out the newcomer, and return to the first stage.

Or if a board hires an operations person without strong leadership capacity, the organization may wander forward slowly without recognizing it has lost its potential for influence and excellence. Too many boards are satisfied with well-managed nonprofits and fail to question whether an organization has optimized its mission or validated its strategies through close engagement and work with constituents—even if the effort means the organization must reinvent itself to do so.

Risk-Averse Managers as Board Proxy

Boards may hire risk-averse executives in reaction to a visionary but unstructured leader. Boards who see themselves as protecting an institution's integrity often place a premium on financial and organizational stability over, say, fighting the good fight with the powers that be about an unpopular issue. Risk-averse hiring may also result in community institutions that feel more bound by their grants and contracts than by those they serve. In the end, this approach limits an organization's appetite for organizing, advocacy, and innovation and diminishes its focus on community impact in favor of institutional security.

Ideally, board, staff, and other stakeholders weigh risk taking and risk management and tip the scales in favor of constituents' best interests. This sometimes requires a willingness to choose the less secure path, but that choice becomes nearly impossible if a board hires a director who is more interested in compliance or the organization's image with corporate funders than in doing what is right on behalf of constituents.

Leaders in Board's Own Image

If a board ignores its organization's constituents and its staff's requirements of a leader, the hiring of a new executive can create a disconnect that rocks organizational culture. The mutual reinforcement of board members and executive directors concerning management style, choice of programmatic strategies, race, gender, and class creates a closed loop of people with the same attitudes, mental models, reference points, and blind spots. If they do not have a strong discipline of inquiry, a desire to challenge the status quo, and an ingrained curiosity about how best to serve constituents, this closed-loop system can't align with the community it serves and organizational culture fractures. Soon, it becomes a requirement to "gatekeep" ideas and approaches that diverge from the norm and to support the board's and the director's perspective—even if this perspective runs counter to the truth. Creative disruption is neither understood nor welcome.

Nonprofit Governance as Adaptive, Not Prescriptive

For several decades, nonprofit boards have adopted a prescriptive approach to governance. But given the variety and dynamism of nonprofit organizations, some of these prescriptions do not make sense. A primary consideration for recruiting board members should be their passion for organizational mission. Organizations should convince attorneys, accountants, and other experts to volunteer their time as needed. They should also create a fundraising committee that is not board-centric. Those who govern should focus on stewardship of the mission on behalf of the constituents in whose name the nonprofit holds its tax-exempt status. This kind of stewardship requires ongoing learning—about the organization, its culture, the field in which it works, the field's history and evolution, and the systems affecting constituents and the organization. It means adapting communication vehicles for this kind of ongoing learning and, most important, not relying only on the executive director to interpret the organization's current situation. This requires attracting board members who are system thinkers rather than bean counters and who can hold current reality and future vision in their minds while also aligning with the best elements of the organizational culture. This requires a different kind of recruitment, orientation, and ongoing management of governance and a deconstruction of the sacred-cow notion that board members should talk only with the executive director.

How Boards Can Get It Right

While the belief system of a board is developed upstream of an organizational transition, it flows down into the organization as a product of the hiring process. If boards want to do an excellent job at

this powerful moment, they should take certain steps before a leader departs as well as once a leader decides to leave an organization.

Boards should take these actions before a leader declares readiness to leave:

- Board members should be recruited primarily for their commitment to the mission over skills, connections, or other characteristics.
- On occasion, have board members "intern" by taking part in the organization's core work so that they can familiarize themselves with the way the organization really functions.
- Create board/staff/stakeholder committees so that the board is integrated into organizational culture.
- Research nonprofit life cycles so that the board understands some of the reasons for an organization's behavior.
- Ensure that the organization has depth or bench strength to prevent overdependence on a single leader.
- Solicit information formally and informally and listen to constituents, clients, community members, staff, and funders; ask them to tell the truth. If an executive director is in continuous friction with any or all of these parties, he does not understand leadership, and the board should act to move this person out for the health of the organization.

Boards should take these actions once a leader declares readiness to leave:

- Do an early exit interview to get perspective on an outgoing leader's belief systems; style; and experience with board, staff, and other stakeholders.
- Assess the organization—its position in the field, its financial state, its relationships with stakeholders, its culture—any chronic problems and strengths and lay out a list of desired characteristics for a new director. It is almost always better for an external party to do this evaluation, but take the time to challenge your own assumptions about what the organization needs. Leadership transition consultants may be the best external candidates for this role.
- Create a position profile for the new executive based on internal and external assessments and a consideration of the organization's needs relative to its life cycle over the next five to seven years.
- Involve the staff and, where appropriate, other stakeholders in hiring the new director.
- Create a set of interview questions that identify the leadership qualities that promote a healthy organizational culture and ensure that regardless of the skill or experience of a new hire that these qualities remain "the essentials" for executive leadership.

Leadership That Promotes a Healthy Nonprofit Culture

While no leader is perfect, an effective leader maintains the essential qualities of a healthy organizational culture: that is, being purpose driven, transparent, and accountable; having a commitment to ongoing learning with and on behalf of constitutents; and having sound management. These leaders can do the following and facilitate others to do so as well:

- Build partnerships. Leaders who partner with and inspire the groups who make up the system to move together are able to leverage capacity toward achieving mission and vision.
- Continuous learning. These leaders actively seek constructive feedback to enhance leadership and professional skills and incorporate diverse opinions.
- Analysis and synthesis. Such leaders also analyze and synthesize historic and current patterns and systems affecting constituents or creating barriers to change. Recently

popularized as "right-brain thinking," this approach enables leaders to see the interrelatedness of events and understand the impact of the community and constituents on the organization. Smart leaders enlist multiple perspectives to understand the current situation—its merits, flaws, and areas for change.

- Whole-systems thinking. These leaders understand that they are part of the system and organizational culture, not outside of it. Executive directors and board members often mistakenly believe that they are in charge. They can influence a system through their decisions, but those who make up the system affect it as well. Since no individual controls the organization; its members are in a continuous dance of influence with one another. Good leaders understand this and facilitate a mutuality of purpose and identify management disciplines that are most effective rather than exert individual mandates.

- "Authentic" communication. These leaders communicate authentically from their true selves and do so transparently with all stakeholders Healthy, self-aware leaders who can communicate clearly and honestly enable organizational cultures to thrive. This means respecting confidence and boundaries, not hiding behind excuses like "The auditor says" or by "gatekeeping" information from staff, constituents, and, yes, the board.

- Understanding of cultural dynamics. These leaders understand the dynamics of the dominant culture within the organization (and the systems in which an organization exists) and its impact on diversity and inclusion of people, ideas, activities, and community impact.

- Effective management. Finally, these leaders manage well. They ensure that finance, fund development, human resources, and facilities management are attended to and done well. Many good leaders have the various skills listed above but are undone by an inability to accomplish and delegate important management functions in a timely, well-organized way.

About the Author
Deborah Linnell is director of programs at Third Sector New England.

Terms:Boards of Directors, Leadership Transition/Succession Planning, Spring 2008