

# 1

## Imperative of Board Development in Community Service

### A Board Dialogue

*Board President:* The strategic planning process shows us that the agency is facing a number of challenges that it must successfully address in the next two years in order for it to be successful.

*Board Member:* Well, we all understand this, so what changes will the executive director make in order to meet these challenges?

*Board President:* The executive director has a very clear agenda. But what isn't clear is our own agenda. A critical question for us—the board—is how do we need to develop in order to meet these challenges so the agency will be successful?

*Board Member:* What do you mean, the board needs to change? Isn't it our responsibility to make sure that the agency changes? I think you are off track here.

### Factors Creating a Need for Board Development

This segment of dialogue reveals a board that may be unattached or disconnected from the agency. Ignoring the challenge of board development can place any community service board in jeopardy. Indeed, board development may be one of the principal responsibilities a board must execute to ensure the viability of the non-profit or public service agency it oversees. Its importance cannot be denied. And its execution cannot be ignored lest the agency find itself in peril. The dialogue illustrates a board that is unprepared for undertaking board development and it suggests that this particular board may fail to see itself as a fundamental system of the whole organization.

But the idea of board development is most likely familiar to numerous boards and their members who recognize the importance or perhaps the necessity of

intentionally changing in service to higher levels of agency performance. This higher level of performance may be induced by internal sentiment among board members that more needs to be undertaken by the board to improve the performance of the nonprofit or public service organization it sponsors and governs (B. Collins & Huge, 1993). Some board members may be dissatisfied with the performance of the board and anxious to resolve those issues standing in the way of better performance or to enhanced functioning on part of the board. However, it is more likely that changes to the board—in terms of how it functions and undertakes its work—are not exclusively motivated by member dissatisfaction although this should not be discounted as a powerful factor.

There are likely a number of factors—especially those involving changes in the agency's external environment and those involving changes in the organization—that push for development of the board and the enhancement of its performance (Holland, Leslie, & Holzhalb, 1993). Those factors in the organization's environment, like new ways of funding or financing services, new technologies, emergent social problems, or community and political changes may suggest with some urgency that changes must occur to the board or the agency will not survive or will not prosper. These changes or developments in the agency's environment may be reflected in events that occur internally within the organization. There are numerous events: the recruitment of a new chief executive officer; the emergence of new service populations that want the services the agency offers, or technological changes requiring new capital equipment like computers and telecommunications; growth of the agency that requires new facilities or changes to physical plant; the need for new resources to address service populations in flexible and innovative ways. These are just a handful of examples.

Changes or developments in the agency's environment may change the composition of the board, such as when new members join bringing with them new perspectives about agency purpose, mission, or aims. These new perspectives may be products of the roles new board members hold within the community (for example, as a consumer representative or as a representative of the business community). Or they may be products of the previous experience these board members have had with other community service boards or with the problem or need addressed by the agency.

A survey of board development practices undertaken by Brudney and Murray (1997) validate my own observations from board development projects: There is never one motivating factor for board development. Motivation for board development comes from a combination of factors that trigger a perceived need for improvement among board leaders. This perception can alter the attitudes of board members and legitimize board development as a responsibility of the board. One thing is certain—board development does not emerge in a vacuum but is stimulated by critical changes to the agency in the context of its environment (Harris, 1993). It is in this sense, therefore, that board development is one of the most

important undertakings of an agency because it has the potential of assisting it to achieve a stronger or a higher level of performance within a given environment. In other words, board development is linked to agency performance and from a strategic perspective it is a principal means to position the community service agency on the path to relevance (Levitt, 2008).

### **Board as a System of Governance**

The board is the principal system of governance of the community and public service agency. Often textbooks on social administration refer to the board as the strategic apex of the agency responsible for major decisions that influence what the agency is, how it conducts its business, and what outcomes it achieves.

As the system of governance within the agency, the board performs like any other system of governance. It oversees the performance of the agency that often involves monitoring the work and performance of the chief executive officer and sets and controls the budget of the agency. But, as noted above, these are ordinary tasks and responsibilities. They are consistent with governance as trusteeship. We can also broaden the scope of the board by considering its responsibilities as a policy-making body committed to steering and influencing the agency through the formulation and evaluation of policy that guides the substantive work and direction of the community and public service organization (Middleton, 1987). As a policy-making body, the board offers to the agency broad guidelines, priorities, and prescriptive statements that establish how the agency will achieve both its purpose and mission (Levitt, 2008). The board also can be instrumental in helping the agency shape its value proposition: the value it brings to the community to advance its quality of life (Joyce, Nohria, & Roberson, 2003).

We can continue to broaden the scope of the board by identifying its key responsibilities involving the shaping of organizational image, identity, and character. Boards often execute these institutional features through the identification of critical values and beliefs and their use in practice to shape agency identity and character. To build the institutional dimension of the board, it must function as a system of governance. The board must have the capacity to perform as a system of governance (Houle, 1989, 1997). It must also change as the community and public service agency changes in response to new needs, new problems and issues, new environments and policies, and new technologies (Holland et al., 1993). Thus, we cannot separate what the board is from where it stands in the lifespan of the agency.

A basic premise of this volume is that we cannot give a simple definition to what a board is other than to identify it as a principal if not the principal governance structure of the community and public service agency. But to truly understand the board as a governance system we must understand each of its four dimensions and how these dimensions are executed in practice:

1. The *institutional dimension* focuses on the role of the board in developing and establishing an overall framework of agency identity that informs and guides organizational purpose, mission, and performance.
2. The *functional dimension* focuses on the board's development of those core functions that are needed to actually govern the community and public service agency.
3. The *performance dimension* focuses on how the board organizes to undertake its work so it can produce what the organization requires.
4. The *lifespan dimension* requires the board to be sensitive to how the phase of agency lifespan influences the work and organization of the board.

Taken collectively, these four dimensions define what a board is as a system and how it governs the community and public service organization. Their formation creates a number of challenges to board development. These challenges are addressed in subsequent chapters of the book, especially in section 2.

### Definition of Board Development

Boards of nonprofit and public service agencies grapple with numerous changes and the forces motivating their adoption. Table 1-1 identifies five examples of these changes and the factors motivating them. They reveal that board development can focus on a number of different dimensions. Yet an inspection of the factors motivating change suggest that a board engages in its own development because this work advances the performance of the agency by meeting new needs, successfully meeting challenges, and addressing those critical issues that, if left unresolved, will compromise the effectiveness of the agency.

The scope of these changes identified in Table 1-1 is somewhat different, but the changes themselves are profound. They are profound because they can—and often do—demand new performance on part of the board, and this new performance raises the question of whether the board is actually prepared to meet the challenges of agency change by focusing on its own change. This is the essence of board development. This means that the board has the abilities, competencies, and motivation to change or alter itself intentionally. It does so to meet the challenges faced by the agency the board sponsors and governs and the challenges the board faces in executing effectively its sponsorship and governance of the agency.

### Board as an Organizational System

The board can be an ordinary or extraordinary system depending on the perspective and motivation of the board as a whole and of its individual members. The meaning of the word *ordinary* is found in the concepts of “giving order” and

**TABLE I-I: Five Examples of Changes to an Agency Board and Factors Motivating These Changes**

**I. The Size of the Board Increases**

A self-audit of the board revealed that the agency's environment has changed, revealing board development needs:

- The board needs technical expertise essential to mission performance.
- The board needs linkages to its essential social markets, recipient groups, and community groups.
- The board needs to harness the energy of advocates for the people it serves.

**II. The Board Endorses an Agency Outcome Evaluation System**

Purchasers are demanding outcome accountability, and recipients want greater choice over service selection and outcomes.

**III. The Board Expands Its Role to Incorporate Resource Development**

Funding streams limit agency discretion over the use of funds at a time when the agency has a number of needs that, if left unfulfilled, can compromise its mission.

**IV. The Board Adopts a Strategy and Task Force on Information Technology**

The agency is lagging behind in the acquisition and use of information technology, and this jeopardizes the quality of all agency services and the ability of the agency to achieve its mission.

**V. The Board Adopts a Code of Ethical Conduct on the Part of All Who Are Affiliated with the Agency**

Several incidents have compromised the reputation of the agency and have placed it in political and legal jeopardy.

“offering or achieving routine.” In this sense, the board as an ordinary organizational system means that it links with other internal organizational systems such as the executive system, the supervisory system, and the planning system to assist the agency to achieve order and routine.

The board as an ordinary organizational system is consistent with the idea of trusteeship. Board members as trustees oversee the agency as a whole offering guidance and direction and achieving regularity, accountability, and propriety (Neugeboren, 1985). Development of the board as an “ordinary system” requires the board to acquire those skills, competencies, and resources the agency needs to perform and remain legal. *Performance*, here, means to achieve those standards external bodies establish that legitimate the agency through funding, contractual relations, accreditation, certification, and licensure (Rosenthal & Young, 1980).

Those boards that are “extraordinary systems” go beyond the offer of order and routine to the community service agency to initiate conditions of high performance (Hanna, 1988). The idea of high performance means the nonprofit or public service agency has the skills, competencies, resources, and motivation to make a profound impact on the problem or need that it seeks to address or fulfill. In other words, the board ensures that the agency adds considerable value to the life of the community (Egan, 1993) and can sustain this value over time.

The pursuit of high performance by a board is justified by a number of different social forces. The seriousness of social problems many nonprofit and public service organizations address demands exceptional or extraordinary performance on the part of these agencies (Garr, 1995). Creativity, innovation, and dedicated service are required to make an impact on these problems (Kramer, 1981; Perlmutter, 1988). These social problems—like school dropout, community violence, and homelessness, to identify just a few—must be addressed by highly motivated organizations that go beyond a level of ordinary performance to achieve a level of extraordinary performance (Behn, 1991).

We can also recognize a rationale for high performance based on conservatism. Many people who receive service and support from nonprofit and public service organizations are the most stigmatized and neglected citizens in our communities. Often, it is the nonprofit or public service organization that voluntarily accepts the responsibility for serving people of diminished status (Lee, 1989). The board recognizes that it is essential to assist these individuals to address the needs and problems they experience in the community in the most effective manner possible because without such a commitment people can actually suffer.

The transfer of the responsibility for meeting social needs from government to nonprofit and public service organizations through privatization is another motivating factor necessitating the achievement of high performance (S. Smith & Lipsky, 1993). Privatization means that nonprofit and public service organizations are executing those responsibilities once undertaken solely by governments such as cultural enrichment and the arts, public information, housing, education, health care, and recreation (Salamon & Anheier, 1996). This transfer of responsibility has been advocated on the basis that these organizations can get closer to consumers, perform less bureaucratically, and deliver a service with more quality, innovation, and creativity compared with the public sector (Osborne & Gaebler, 1992). Thus, the expectation for higher performance is embedded in the actual policy of privatization.

And last, the expectation of high performance is framed by the idealism many community service agencies express (Gawthrop, 1984). This self-defined idealism can establish high expectations, in the form of standards, and high aspirations as well. This idealism extends from the board’s establishment of high expectations of performance based on a commitment to civil society, the stewardship of individuals

and groups of people who may face rejection and discrimination in their daily lives, and the fostering of a richer or more varied community life (Selznick, 1992). The quality of idealism can invigorate the work of a board and can infuse meaning into its work. In a sense, it may be the most critical attribute to develop within a board because it forms the essence of community and public service (Raskin, 1986).

### Conclusion

From my own work as a board consultant, I have found that a board committed to extraordinary performance will likely adopt a board development agenda that is more ambitious, focused, strategic, and dynamic than a board that conceives of its performance in ordinary ways (Kiefer & Senge, 1984). The rationale for board development adopted by the extraordinary board is based on a sense of purpose and a sense of commitment to high performance for without such purpose and commitment the board recognizes that the ultimate measure of agency effectiveness will go unrealized (Pascarella & Frohman, 1989). That is, the board in conjunction with the agency as a whole fails to achieve those outcomes that are needed to improve the life situations of the people, groups, and communities it serves.

The board can and should be a high-performance system with expectations of itself that meet or exceed those it holds for the chief executive officer as well as for other parts of the agency. In addition, as a high-performance system the board should look to itself to see that it is setting the tone and momentum for agency performance as a whole. In this sense, the board as an organizational system is a “leading part” (Ackoff, 1991). Its purpose is to lead the agency to higher levels of performance, to lead the agency to execute its purpose, and to lead the agency toward mission effectiveness (Bennis & Nanus, 1985). The “developing” board finds its own purpose in this leadership—to anticipate agency change through its own functioning and to strengthen the performance of the agency by infusing into the organization new leadership skills, competencies, and resources at the highest level of agency purpose.

### Questions for Board Discussion

1. What are the principal responsibilities of your board? How does board development fit into these responsibilities?
2. How strong is the motivation for board development within the board? Within the executive committee of the board? Among the leadership of the board?
3. What is your board’s definition of board development? How does it compare or differ from the one this chapter offers?

4. What are the core expectations the board holds for itself? What are the core expectations the board holds for the members of the board? What are the core expectations the board holds for the committees of the board?
5. If your board decides that board development is a need, what do you hope to achieve through such a program? What is the vision among board members about how the board will look and function at the end of this program?
6. What developmental needs does this chapter illuminate for the board? How will the board act on these needs?