

# Ten Things Boards Do Right (Without Even Realizing It)

Board Cafe • By Jan Masaoka • February 8, 2014



No matter what goes wrong in a nonprofit, somehow the board gets blamed. If the executive director embezzled money, people say, "Where was the board?" Why don't they say: "Executives are always at the root of the problem. Why don't we just stop having them?" In fact, boards and board members don't get credit for some important work they do without even realizing they are doing it. Think about it:

**1. Safety net:** The confident trapeze artist doesn't really see the point of the expensive safety net. Few people appreciate safety nets -- or boards -- when things are going fine. But when a nonprofit's staff leadership falls off the tightrope, nonprofit boards step up, govern, fix things, and hire a new, better executive.

Think of a nonprofit scandal such as the executive of a halfway house molesting residents, or the executive of a disaster relief nonprofit embezzling money. In virtually all of these cases, the board -- whether previously asleep or lied to -- stepped in and saved things.

In a for-profit small business, such a problem would simply bring the company down. But nonprofit boards know that communities and people are hurt when nonprofits fail. Those silent, unappreciated safety nets do their jobs when called upon.

**2. Speed limits patrolled by aircraft**



When people drive down an empty country highway and see this sign, they slow down, even if there don't seem to be any planes overhead. Even executives who speak contemptuously about their boards end up being more careful because the board is

there. When a board member reviews the CEO's expense report, the CEO is more likely to keep those expenses reasonable, even if that board member signs the report without really looking at it.

And having to report to the board -- such as through a quarterly written report -- acts to help an executive reflect on past activities and re-focus on priorities.

### 3. **Putting their own bank accounts at risk for staff wrongdoing.**

By being on the board, board members expose themselves to liabilities that D&O insurance doesn't cover. (D&O by law can't insure board members against tax failings or criminal acts. If it could, we would all get D&O insurance, and then fail to remit payroll taxes.)

When staff don't submit the payroll taxes withheld from employee paychecks or the employer-paid payroll taxes, board members can be individually liable. We've seen board members of a small nonprofit alternative college have to chip in thousands of dollars because the staff was "borrowing" from the payroll taxes. We've seen board members have liens put on their houses.

By taking these actions, board members are not only helping the organization. They are helping the community served.

4. **Baton relay:** Boards take the organization back when the executive leaves, find a new executive, and then turn the organization over to that new leader. This is one way to understand executive director departure, and the board's role in this transition.

5. **SWAT team in waiting:** It's rare for executive directors to cry "help!" in despair to their boards. We executives like to tell the board about a problem just seconds before telling the board about the solution we have devised. (And then, of course, the exec wonders why the board always expects them to be able to pull yet another rabbit out of the hat).



But when an exec is really at a loss over a problem and asks in despair for help, board members leap in. A lawsuit? Board members identify lawyers to help pro bono. Someone has to drive the musicians to the concert at the prison tonight and there's no one else to do it? A board member will cancel plans and volunteer. Being evicted with two weeks' notice? Board members will pressure the

landlord, call lawyers, try to get the city to stop the eviction. Is your nonprofit homeless shelter being blamed unfairly -- something like where a man stayed at the shelter and three weeks later killed someone? Board members will stick up for the organization.

Executives seldom ask board members for help on urgent, crucial, big things. When we do, we usually get the help we need. To quote the Rolling Stones: "You can't always get what you want. But if you try sometimes, you just might find, you get what you need."

**6. Satisfying a funder's demographic requirement:** A man with HIV on the board of a health clinic commented, "I'm not sure I'm helping much on this board. But one thing I'm doing is helping this nonprofit meet the requirement of having HIV positive board members. They need people to do that, and I am happy I can do it."

**7. Putting their personal brands on the line:** Board members give their names and reputations to help the organization and its cause. Not only prominent people care about their reputations. Everyone values the use of their names and not everyone is willing to have their names associated with a controversial cause or an organization with bad headlines. In particular, we salute board members who give their names and reputations in service of Planned Parenthood, gay rights, prisoners' rights, eating disorder recovery, controversial art exhibits, Tibetan independence, and other causes for which taking a stand often comes with negative personal consequences.

**8. Keeping the organization's mind open a little longer** than might seem necessary: Strong executives often see their boards as being overly cautious, standing in the way of an ambitious, important, urgent vision. Yet too often such urgent visions are undertaken without the money and constituency support that are necessary to making them feasible. (This writer has a history of being guilty on this count.)

From one angle, board inaction can look like dithering and unnecessary caution. But it may also be seen as appropriate scrutiny and oversight of staff plans. Using that extra "open mind" time to think of alternative approaches, to raise money or to re-evaluate staff capacity is often important "second opinion" work that executives should value.

(And if that new initiative doesn't quite work out, the executive usually blames external factors but rarely admits, "the board was right that the risk/return ratio was too high on this one.")

**9. Hand on the eject switch:** The board's most important mechanism for action is its ability to fire or not fire the executive.



Sometimes when a board doesn't fire a flawed or mistaken executive it's because of denial or conflict avoidance. But other times it's an intentional decision to allow the executive to grow into the job.

We're not sure whether to admire or condemn this common situation: boards often let a proven executive have his or her way, even if they don't agree. When an executive says in disgust, "They just don't get it!" that executive should also consider confessing: "But they are letting me have a go at it, despite their reservations, and I appreciate that."

**10. Nonprofit boards are vehicles of democratic values:** The idea that indirect taxes (via tax exemptions) should be overseen by volunteer boards is an idea with democracy at its core. Like the idea of civilian control of the military, in a democracy we believe that citizens should have the ability to exercise oversight in line with their values, even if the generals or executives don't agree. If we don't like what Congress does we don't decide Congress is a bad idea and that monarchy would be better. We decide to get better people into Congress. "Democracy is the worst form of government," Winston Churchill once said, "except for the all the other ones." We believe the same about nonprofit boards.