Long Beach BUSINESS JOURNAL

THE THIRD SECTOR REPORT

Governance As Stewardship: The Bottom Line About Nonprofit Boards

By Jeffrey R. Wilcox, CFRE

The subject of nonprofit boards is like a conversation about religion. Depending on one's set of beliefs, there are a fair number of prophets today who are prescribing the rights and wrongs to performing good governance in the name of ultimately making the world a better place.

Many of these purveyors of prescribed pathways to proper boardsmanship have created loyal disciples and fiercely faithful followers. There are those, for example, who believe John Carver has written the ultimate guidebook detailing the proper actions of nonprofit boards. I have been chastised and even excommunicated for not completely buying in to or teaching the principles of "Governance as Leadership" as prescribed by the authors of the acclaimed book.

None of this debate should be a surprise. After all, the nonprofit board is a direct descendent of the bodies that headed religious institutions. Boards of lay people were formed to oversee social services, schools, hospitals, and other forms of "mission" work using the same oversight model as the church or synagogue itself. For better or worse, it's the way in which people learned to work together and seek offerings to make the world a better place according to their views.

It also shouldn't be a surprise that the growth in numbers of nonprofits, like religious sects, was the result of groups who protested some of the beliefs or practices of their leadership and chose to split off to do their own thing – taking their time, talents and treasures with them.

Even after all these years, the chaos continues. Within the last year, the public has seen governance gone awry with back-fired policy-making at Susan G. Komen For The Cure, a poorly staged plot to oust the president at the University of Virginia, blind oversight at Second Mile, and painful missteps for the Museum of Contemporary Art in Los Angeles and the proposed Ray Kroc Community Service Center in Long Beach.

These occurrences have more in common than not.

From the very beginning, the fundamental responsibility of a nonprofit board was based on a word that many people want to avoid today because of its religious connotation. And that's too bad, because it offers the greatest clarity about its uniqueness.

The word is “stewardship.” And, it forces boards and board members to view a community’s trust in their organization, and all that results from that earned trust, as the organization’s primary source of equity. It’s little wonder that the men and women who sat on nonprofit boards throughout much of the Third Sector’s history were known as “trustees” long before they were ever called “directors.”

Stewardship in action has five basic characteristics: First, consistently deliver tangible outcomes and measured results for all to see the mission in action. Second, continually prove efficient use of the human and financial resources that have been contributed. Third, continuously seek ways to vest people in the cause and maintain their vesting. Fourth, tirelessly prepare the next generation to carry on. And, fifth, always practice the values that have been professed.

Disregard the fifth one and the other four will become moot. The fact is the yardstick that people use to measure their loyalty to charities is the same one that has been used to measure religious institutions for centuries. And, if you think I’m wrong, put down the latest board governance textbook long enough to read your morning paper.

Boards that commit to and demonstrate all five characteristics of stewardship have proven that even the smallest causes can evolve into the greatest of worldwide organizations. All along the way, these boards viewed their governance as mobilizing and leveraging a set of community assets to get something done, not managing a small business by committee. Indeed, with that mentality, that’s exactly what their organizations would have always been.

A nonprofit board, today, must understand what the expectations are of the people they represent as opposed to representing only their own, agree on the characteristics of good stewardship as recommended by a variety of sources, understand their legal obligations, and then deliver on those expectations in ways that are transparent, accountable, and participatory.

The bottom line is, however, a board’s willingness to become religious about doing it.

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