

Raising the Bar for Nonprofit Boards



Len Schlesinger

Nonprofit boards versus for-profit boards, and the idea that the two are distinctly different doesn't resonate with Len Schlesinger, a professor at Harvard Business School and former president of Babson College.

Having served as a corporate general manager as well as a member of nonprofit, public, and private company boards, he finds that sector alone does not yield the most useful comparison when looking at board performance. In Len's words, "There are good boards and lousy boards in both sectors."

In this second interview of a series with leaders who have cross-over board experience, Kathleen Yazbak of [Viewcrest Advisors](#) asks Schlesinger about his board work. Below he shares what he believes the meaningful distinctions are, and the priorities both types of boards should set that can help them better serve their organizations.

What do you think nonprofit boards do well?

I get concerned about building distinctions between "nonprofit" and "for-profit" boards; this leads to generalities. There are good boards and lousy boards in both sectors. When reviewing board performance, size and maturity of the board are better points of comparison than sector served.

So, if we're talking about a mature, well-established board—for-profit or nonprofit—I'm a big believer that the work of a board must be twofold: first, to invest in and fight for talent. Great boards have a tangible, reality-based understanding of the need to align talent with short-term and long-term goals and strategy. Second, these nonprofit and for-profit boards profoundly understand the "here and now" reality as well as the "there." Bridging these, and knowing how to execute from "here" to "there," are the differentiators.

Great boards engage regularly and systematically with senior leadership, not just when there's occasion to celebrate or solve a crisis. They have engaged discussions with the CEO about how the team is doing and make active governance a priority.

On what should nonprofit boards spend more time?

Nonprofits have an opportunity to become far more intentional about linking talent to goals. In the corporate world there is a logic for it, a model for it. My favorite story is of serving as president of a college and having one board member, who had a corporate background, task me not only with having the right senior talent but also with having backups for each senior role. The full board could have cared less; he was a lone voice, and it was hard to get the board aligned to that discipline.

Smaller, scrappier nonprofits are now finding themselves with leaders who are increasingly thoughtful about the role of talent, especially if their goals are to scale their organizations. Getting to scale isn't possible without attending to, and committing to, talent, on day one. This also needs to be reflected in board conversations for those aspiring organizations.

Nonprofits also stand to benefit a great deal from greater attention to governance. A significant challenge is that nonprofit boards depend on their members for large portions of their financial support. This can result, among other things, in boards lacking the right skill mix for working more closely with senior leadership. Still, I've found nonprofits to be increasingly thoughtful about matching up skills, chemistry, and how a board member can support management, above and beyond a fundraising check.

Lastly, I think that nonprofits need to overcome a mindset against investing in training and development due to a belief that training and development cost too much and take too much time. There's a powerful leadership construct I often refer to by Elliott Jaques called the "Time Span of Discretion." It argues that the larger the financial investment in talent you make, the further out the impact of that investment should extend. It offers a tool for making resource investment decisions easier. Larger nonprofits are now doing more work on leadership assessment, succession planning, and other talent work.

Should nonprofit boards spend more time on measuring outcomes?

I wholeheartedly agree with what [Patti Bellinger](#) said about great nonprofits having the capacity to be intensely mission-driven. This clarity of purpose is terrific, but there's sometimes an assumption that it leads to great execution. Mission and execution need to be aligned.

On a narrow set of outcomes, for-profits tend to do better because of their regulatory and reporting requirements. There's always a baseline of reporting in the for-profit world and this has influenced the creation of comparable, financially-oriented basic outcome measures in the not-for-profit world. There is also real progress in reporting by for-profits on "triple bottom line"—financial,

employee, and community—type integrated outcomes. Nonprofits need to emulate these efforts to effect broader definitions of integrated impacts for their work.

I find that engaged nonprofit boards, coupled with rich team conversations and scorecards, drive this broader approach to outcome measurement. The process of developing the scorecard forces the clear translation of mission into actionable goals and strategies across the key outcomes. This is the work that effectively defines key execution oriented outcomes that are at a level “where the rubber meets the road.” And this work also characterizes the better functioning boards. Both for-profit and nonprofit boards are obligated to engage with actual experiences of service delivery and make sure that the structured board dialogue on the scorecard correlates with actual experiences outside of the boardroom.

What other advice would you pass along to nonprofit board members?

As I mentioned earlier, I’m concerned about the influence that big donors can have on nonprofit boards. For me, this challenges the very notion of independent, unbiased, and strategic thinking that form the basis of good governance. There is an acute tension created by big donors who play a leadership and governance role.

Finally, I would just reiterate that nonprofit boards really need to double down on developing talent. I like to say, “talent is talent,” and dollar for dollar it is the best investment you can make for long-term impact.

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