

Effective Governance

A Hub ONE Transformation to Lead Change

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The board and executive leaders who guide nonprofit work have a big responsibility – helping solve some of society’s greatest challenges and opportunities. Yet the way the nonprofit sector operates often undermines their leadership – and ability to realize their vision for a better world. As a nonprofit venture devoted to transforming how the nonprofit field serves people and solves problems, Hub ONE is deeply interested in addressing governance as one of several key areas ripe for reinvention.

A Widespread Issue

Nonprofit governance issues have been on the radar nationally for quite awhile. In 2016, *Forbes* described half of nonprofits as destined to fail, pointing to leadership issues, lack of sophistication in organizational structure, and poor planning as probable causes.¹ In 2021, a diverse mix of nonprofit CEOs rated board performance lower than the previous year across a range of issues including CEO support, CEO evaluation, organizational support, and strategic thinking.³

56%
OF NONPROFITS
across the U.S.
report struggling
with governance.²

STANFORD SURVEY ON
LEADERSHIP AND MANAGEMENT
IN THE NONPROFIT SECTOR

ABOUT HUB ONE

The Hub ONE venture is led by four nonprofits dedicated to reducing intergenerational poverty in Kalamazoo County: Big Brothers Big Sisters of Southwest Michigan, Prevention Works, Urban Alliance, and Boys & Girls Clubs of Greater Kalamazoo. The organizations work together on shared issues – in community, within their own operations, and across the nonprofit field – on a mission to create transformative change.

1 Altman, Ian, “Half Of Nonprofits Are Set Up To Fail -- How About Your Favorite?” *Forbes*, Mar 20, 2016.

2 [Stanford Survey on Leadership and Management in the Nonprofit Sector](#), 2017.

3 BoardSource, “[Leading with Intent: BoardSource Index of Nonprofit Board Practices](#),” June 2021.

Complex Causes and Effects

Why is nonprofit governance challenged? While leading thinkers on this topic suggest the causes are complex, getting to know them better and approaching issues with openness offers real hope for change that will benefit the sector and the causes it serves. Below we explore a few of the forces that undercut the good intentions of board and executive leaders alike.

Central is a scarcity mindset, which leads nonprofit decision makers to scale back significantly on things like operational infrastructure, staff development, and consultative support – all considered essential to a healthy corporation. In a nonprofit environment, such investments can be viewed as wasteful, even unethical overhead spending when seemingly pitted against programs and services.

FORCES THAT UNDERMINE GOVERNANCE AND MISSION



Filling the void. Under pressure to drive down costs, it’s common for nonprofits to turn to board members to offset their operational gaps on a pro bono basis. While having professionals adept in disciplines like legal, HR, or accounting on board can enrich the board’s governing insight, normalizing the practice of leaning on these individuals for services sets a cascade of issues in motion. Board members pressed to provide free services are deprived of time and energy for strategic oversight. Staff who would normally handle operational duties are disempowered, exacerbating dynamics around authority and control that jeopardize an organization’s culture and ability to lead effective solutions. What’s more, organizations that never develop key in-house capabilities are vulnerable to limitations on their board members’ availability and tenure with the organization.

Blurring the roles. In such an environment, leadership development also suffers. A strong executive leadership and board are both essential to the function of a nonprofit organization – these positions empower one another. In a healthy situation, the board hires, supports, and nurtures the executive leader, whose capability gives board members the confidence and freedom to be the strategic governors the organization needs. But in a national survey of more than a thousand nonprofit executives, only 21% expressed much confidence in their own ability to perform. With common leadership gaps in coaching, mentoring, and development, only 37% of boards were actively working to address these needs.⁴ Insufficient leader preparation perpetuates a cycle of deficiency and dependence that blurs the roles of the board and executive leaders, making it difficult for either to bring their best to the organization. In a rapidly changing landscape where crises like COVID can exacerbate need and complexity, the demand for executives empowered to adapt and innovate – and board members keenly focused on a sound strategic course – has never been greater.

4 Adrian Sargent, Ph.D. and Harriet Day, [The Wakeup Call: A Study of Nonprofit Leadership in the US and Its Impending Crisis](#), 2018.

Stuck in the system. Many nonprofit staff and board leaders are well aware of these forces and work hard to address the problems that result. But in the system as it is – with its traditional funding practices and hardwired perceptions of what a nonprofit should invest in – they can only do so much. Stepping too far out of bounds in a self-perpetuating system might risk the survival of an organization they care about deeply.



A New Vision for Nonprofit Governance

As a collaborative determined to transform how the nonprofit field works for the good of communities at home and everywhere, Hub ONE partner organizations envision a bold new take on governance. In this vision:

- **Missions are delivered** more effectively, smoothly, and reliably through clear, coherent, and purposeful governance structures.
- **Nonprofits are engaged** more deeply and meaningfully with their communities due to intentional leadership makeup, support, and trust.
- **Partnerships are strengthened** between nonprofits and their communities, as well as funders, experts, and nonprofit collaborators working toward shared goals – made possible in part by the openness, creativity, and initiative of board and executive leaders.
- **Executive leaders and staff are empowered** to apply their skills, perspectives, and passion more fully and flexibly to advance the mission, with leadership that values and supports their expertise, as well as the development of a healthy pipeline of next-generation nonprofit talent.
- **Board members are engaged** at the highest levels, providing essential guidance to advance the organizational vision, strategy, and administration.
- **Unhealthy dynamics** that lead to burnout and disengagement and undercut the mission are handled swiftly and openly to promote understanding and growth.

Centering equity

Historically, many boards were set up to look and act in similar ways, while unique missions and communities call for strategic differences within each board and from organization to organization. Dynamics at work in the sector from the very start place people who have need and those with decision-making power in two different camps – resulting in solutions that may not necessarily fit the realities of people directly served by nonprofits.

A mutually honest, respectful, and supportive approach to governance is foundational for nonprofits that aim to take meaningful steps toward dismantling oppressive systems, including race-, class-, and gender-based inequities that have persisted far too long. Hub ONE organizations are moving forward to establish a new path for governance that empowers equity for their staff, their work, and the community they serve.

PROFILE OF AN EFFECTIVE BOARD MEMBER

Willing to learn and **engage** deeply in the organization's mission, priorities, strategies.

Willing to learn about and embrace **trust-based** approaches and a mindset of abundance, not scarcity.

Has a **growth** mindset, is willing to learn and practice new models.

Reflects the diverse **community** served by the organization, and has sincere interest in addressing equity, racism, and other forms of systemic oppression.

Self-aware, **reflective**, confident enough to be vulnerable; unencumbered by ego and personal agenda.

Energy for dreaming big, acting boldly, **innovating**.

Eager to **empower** a talented, expert staff and advocate for the resources they need to do the work.



Piloting a New Approach

In addition to collaborating on shared goals for strengthening community, Hub ONE prioritizes making each participating organization stronger and more fit to achieve its distinct mission. In pursuit of this aim, Hub ONE organizations regularly pilot approaches and share what they learn with each other and the field. And like nonprofits across the country, all Hub ONE organizations were surfacing pain points related to governance. One partner, Prevention Works, felt ready to tackle transforming this influential aspect of nonprofit life.

A founding Hub ONE organization, Prevention Works was established in 1995 and develops and delivers research-based prevention education programs that encourage young people and families to make wise decisions and live healthy lives. Major programs address the prevention of substance abuse and violence, and promote social and emotional health, effective parenting, equality awareness, and healthy adolescence.

Through its growth over three decades, Prevention Works encountered many of the complex causes and effects of governance issues endemic across the nonprofit field. Here's a snapshot of the organization's approach to breaking out of unhealthy paradigms and building a better way:

1. Start with Champions

Recognizing the sensitivity of rethinking roles and relationships, the CEO began by engaging a few trusted board members in preliminary discussions. In candid, vulnerable conversations, the group identified the issues and potential resistance to resolving them. The CEO then enlisted this small group as champions to help build understanding among the full board and help lead the change process.

2. Explore and Plan

Before expanding the circle, this core group worked together to more clearly define the context, pain points, and obstacles before them - including fear of change, anxiety about loss of control, incomplete understanding, and ego concerns. They reached out to a respected business leader who could attest to the role of governance in empowering staff and infrastructure in the corporate world, and who would facilitate conversations with the board as a respected, neutral expert.



“With our organization’s health and impact in the balance, we set out to rethink governance, boldly, from the ground up.”

DANIELLE SIELATYCKI, CEO,
PREVENTION WORKS

3. Engage the Full Board

In group dialogues as well as one-on-one conversations with each board member, the team:

- Established clear expectations for board and staff responsibilities, the type of environment required for reaching organizational goals, and mutual accountability.
- Held honest, direct conversations with board members unaligned with the new vision for governance.
- Invited board members not aligned with the new approach to play a different role with the organization, if interested, e.g., on an existing or future committee.

4. Chart a New Path

The Prevention Works CEO and board governance champions then worked together to redefine the scope and structure of board service, and they drafted new bylaws to support these priorities. Notably, they:

- Reduced the number of representatives on the board, recognizing that being part of a very large board leads to disengagement – instead, they wanted every individual to be deeply engaged.
- Established clear role distinctions in the board bylaws and in a new CEO contract that empowers the CEO to make organizational and staffing decisions required for mission fulfillment and to be responsible for involving the board in appropriate ways. This was supported, in part, by a process of [HR optimization](#) documented in a companion Hub ONE case study.
- Embraced trust-based governance and provided training on the topic to the board to build awareness and capacity for desired new behaviors – a Hub ONE case study on [trust-based relationships](#) in the nonprofit sector offers context.

NEW WAYS OF WORKING

FROM...

Power dynamics compel staff to accept and **accommodate** rather than collaborate with board.

Structure of standing committees parallels **administrative** functions.

Board meetings are **process-driven** with an emphasis on transmission of information and reports.

Board composition/recruitment is designed to bolster **organizational capacity** to quell scarcity and fear.

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Collaborative policy setting, problem solving, prioritization, and directional decision making for the organization.

Structure of board shaped around centers of action that mirror **strategic** priorities.

Board and strategy team meetings are **goal-driven** with an emphasis on participation and action.

Board composition/recruitment is driven by **talent and perspective** needed to fulfill the mission and position the organization strategically for success in its specific context.

Lessons in Leadership

Improved expectations and trust

To date, the Prevention Works governance transformation has led to important developments. The current board, CEO, and staff have clearer expectations for their roles and interactions. They have addressed past power imbalances and reaffirmed their trust in one another. Prevention Works also has new clarity on the strengths and dispositions that make for a strong, well-aligned board member. These attributes can guide recruitment and development throughout a member’s tenure.

Ready to partner and respond

The organization feels more fit to partner with other organizations, play its role as a strong fiduciary agent for the Hub ONE venture, and serve community more fully, efficiently, and nimbly. For example, when COVID-19 outbreaks escalated community need and raised new health and safety concerns for staff, the Prevention Works CEO was empowered to act quickly. She and other Hub ONE leaders purchased and shared personal protective equipment. Together they navigated the process of applying for federal emergency funds and retained an attorney with employment law expertise. They also created a referral network to ensure they were

collectively meeting serious community needs. And they supported the sector by surveying local nonprofits, sharing unmet needs with funders, and leading statewide webinars to spread emerging insights and solutions. The new approach to governance also means that, while Prevention Works is busy handling urgent needs like these, its board can work in conjunction with the CEO to safeguard the organization’s continued focus on mission, vision, and the future. With the board more focused on strategic priorities and direction, the CEO has the needed latitude to lead the organization to success.

Always at work on governance

Effective executive leadership in partnership with the board is needed to ensure this transformation takes hold and continues. Prevention Works has committed to giving its approach to governance ongoing attention as new board members join, community contexts evolve, and as long-entrenched behaviors and expectations continue to surface. There must be ongoing monitoring and evaluation to understand governance effectiveness and issues, and exploration of paths forward. Prevention Works plans to embark on board succession planning as a next step in its governance journey.

“As a board we need to engage actively in the future of the organization. At the same time, we recognize that our CEO and staff were hired for a reason, and we need to trust in their abilities and give them the latitude to do their work well.”

MEMBER, PREVENTION WORKS BOARD OF DIRECTORS

On the Path to Better Governance

Improvements to governance look different from organization to organization. Accordingly, each Hub ONE organization has taken its own steps suited to its stage of development and unique contexts. Furthest along in its governance transformation, Prevention Works has provided a valuable set of insights and lessons for constructive conversations and actions. All expect to build on this knowledge base and invite organizations across the field to join this movement toward governance that empowers leaders, growth, and change.

HubONE