



## BOARD PASSAGES: THREE STAGES IN A NONPROFIT BOARD'S LIFECYCLE



**Boards are not — and should not — be static.** To be effective, they must change and evolve as their organizations change and grow. Many years ago, Karl Mathiasen III wrote a paper for BoardSource in which he identified three different and quite distinct types of nonprofit boards that develop as their organizations grow and change. While recognizing that various permutations of the three exist, that the board maturing process is not inevitable — organizations may develop differently or boards may stop at one stage or another — and that each board is unique, he noticed that these three very broad types of boards appear and reappear on a regular basis in the nonprofit world.

What follows are brief descriptions of the three nonprofit board types identified by Mathiasen. We present them as food for thought only — not as necessarily best board practice. Do you agree with them? Do they stand the test of time? Do some or all of the characteristics of each hold true in your experience or have other types and characteristics surfaced? Do you recognize your own board in any of them?

## STAGE 1: ORGANIZING/FOUNDING BOARDS

### A. Organizing boards that follow the leader:

- Small in size
- Homogeneous — composed of people the leader knows well and trusts and whose interests are akin to the leader's.
- Strong commitment to the vision of the leader
- Board meetings are informal and operational in style. The members listen to reports, advise, and offer encouragement.
- Generally not task oriented. Members will agree to take on tasks (without questioning whether this is an appropriate board task) but often do not follow up, knowing that the leader will pick up and complete what they neglect to do.
- Do not usually play a significant role in fundraising. They expect the leader to do this.

### B. Organizing boards that lead or control the organization:

- Members have played a role in creating the organization.
- Composed of determined individuals who share a passionate commitment to the mission.
- Small in size.
- Homogeneous — composed of like-minded individuals.
- Board meetings are informal and operational in style.
- Task-oriented — willing to do even mundane tasks to get the organization up and running.
- Strong sense of ownership of the organization.
- Participate in fundraising.
- May be apprehensive about hiring staff due to the members' sense of ownership.
- Transition to working with staff can be difficult as board members continue to serve as volunteer staff members, thus working for and supervising the executive.
- Staff leaders may have to wait for some time before they are trusted, making significant staff leadership difficult and frustrating at times.

### Transition to Governing Board

As organizations grow, organizing/founding boards — whether following or leading — begin to experience strains.

*Following boards and staff may experience the following:*

- Board members find themselves being asked to do more, such as get more involved in fundraising, chair committees, engage in planning, oversee finances, etc.
- The founder or executive director realizes that he or she needs help in managing an increasingly complex organization and that the board must become more engaged.
- The board is reluctant to change its role or relationship to the leader, resulting in tension as the transition to a new board phase begins.

*Leading boards and staff may experience the following:*

- The board cannot cope with all the tasks and assignments that come with an enlarged organization and begin to look more and more to staff to get the work done.
- Staff, and particularly the executive director, demand more responsibility and more of a role in setting the organization's course.
- Staff increasingly resent the board's direct involvement in the organization's day-to-day work.
- Board members find that they are expected to do any non-governance-related work under staff supervision.
- The board struggles to define what its new role should be.

A transition to a governing board usually does not begin in earnest until organizing/founding members begin to leave the board and new members join the board. This results in the board becoming less homogenous, which in turn, can lead to tension between old and new members. New members wonder what the older members have been doing; old members ask who these new people think they are. New members are impatient to change the dynamic; old members view the pace of change as accelerated. The transition period is often also marked by a call for more systems, clearer definition of staff and board roles, and more “business-like” practices.

### STAGE 2: THE MIDDLE STAGE: THE GOVERNING BOARD

- The board shifts from performing operational staff-like tasks (leading board) or from relative inactivity and cheerleading (following boards) to the gradual assumption of the governance of the organization and responsibility for its well-being and longevity.
- The board helps plan and execute the organization's work, develops and approves policies, oversees the organization's finances, and is accountable for the organization's integrity.
- A new and more balanced relationship between the board and staff develops and a sharing of power and authority begins.
- The board chair and executive director emerge as the principal leaders and accept responsibility for ensuring the work of the board and staff gets done.
- The board gradually becomes larger, though the growth may not be very intentional at first.
- The board may become more diverse.
- Committees become essential to effective board functioning. Nominating or governance committees, development, and finance committees are often the first to be formed.
- The staff accepts its accountability to the board.
- The board accepts responsibility for ensuring the organization has the resources it needs to operate and increasingly participates in fundraising.
- The staff leader finds that building a governing board requires a substantial amount of time, as he or she supports committees, is involved in the orientation of new members, develops a partnership with the chair, and meets with other board members to understand their views and interests.
- It usually takes three years for a board to develop a strong, new workable dynamic. It is helpful if there is a strong board chair who takes board development seriously, if founders agree to depart, and if experienced board members are added to the board.

#### **Transition to the Institutional Board**

As the governing board dynamic takes hold, the board becomes more self-aware and more open to additional, subsequent transitions — sometimes under the encouragement and guidance of a strong executive director or legacy funder. It may, for example, perceive that it must get even more involved in fundraising to support a new strategic plan, which in turn means that it needs to expand the board to marshal more resources and to extend the organization's outreach. The transition to an institutional board is usually less painful and traumatic than the initial transition from an organizing or founding board to a governing board, as it is not reorienting its work completely.

### STAGE 3. THE MATURE STAGE: THE INSTITUTIONAL BOARD

- Often larger with some members who have the capacity to give or to open doors to funders and donors.
- Often prestigious and attractive to movers and shakers within the community.
- Clearly accepts the role of fundraising and often has a development committee or advisory groups to increase the organization's fundraising outreach.
- More diverse as it recognizes the need to provide the broadened public oversight and visibility that the

- organization requires to thrive.
- Board activities such as financial oversight, governance, and policy planning continue to receive board attention but principally from committees.
- Accountable for reaching its own goals, targets, and expectations, just as staff and the executive are.
- Pays attention primarily to major organizational issues and concerns, assuming that a professional and sophisticated staff will follow plans and operate the organization in a responsible manner. Major issues include approval of the budget, review of the audit, examination and approval of the organization's goals, and evaluation of the organization's programs and leadership.

## CONCLUSION

Mathiasen concluded his paper by noting that an orderly rotation of board members is key to a board's health. Bylaws should specify the length of terms and the consecutive number of terms a board member can serve. There are losses as well as gains in this process but change is essential to enabling the board to keep up with the times and serve the organization well as it grows. Only with fresh insights and a constant source of new energy can boards move reasonably easily through the phases necessary for the organization's growth and development.

BoardSource would add that regular board self-assessment is also key to a board's health. We recommend that all boards assess their performance every other year and then craft and implement a board development plan that addresses any challenges that surfaced in the assessment.