

Dollars & Sense...



ABOUT THE AUTHOR...

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Larry has spent over 40 years working on behalf of non-profit organizations. A well-known development and organization development consultant, coach, and mentor, he holds an M.A. degree in Organization Development and a Ph.D. in Human and Organizational Systems from the Fielding Graduate University.

Being passionate about “transformational development,” Larry’s doctoral research resulted in the creation of Donor Value Mapping® -- a research process to help organizations increase donor satisfaction, loyalty, and lifetime value.

Having consulted internationally with clients in Canada, Europe, and Latin America, he has a special interest in fundraising, strategic management, and organizational health and effectiveness. In addition to helping design and build sustainable, high-performance development programs, much of his work entails equipping leaders and managers to successfully manage organizational change. Larry and his wife Rebecca live in Colorado Springs, Colorado.



How Aligned Is Your Board?

by Larry F. Johnston, Ph.D.

The notion of alignment has shaped my thinking about nonprofit organizations for many years. While somewhat intuitive at one level, intuition alone isn’t enough to bring the management of nonprofits into alignment.

Truth is, you need clear, practical tools and no small amount of wisdom, fortitude, chutzpah and disciplined persistence.

Yet given the degree to which the concept of align-

ment has entered into the nonprofit management lexicon, what continues to amaze me is the extent to which nonprofit boards appear to be exempt from consideration when it comes to organizational alignment.

More specifically, how aligned is the structure, composition and function of the board to the organization’s *strategy*? More specific still, how well does the composition and function of the board reflect your organization’s Key Result Areas

(KRAs) or your organization's value proposition?

To my way of thinking, those are pretty fundamental questions, but apparently still counter-paradigmatic in much of the ministry and nonprofit world. When one considers the virtual monopoly that some notions of boards seem to enjoy among nonprofits, one can't help to recall the words of the renowned psychologist Abraham Maslow: "When the only tool you have is a hammer you treat everything as though it were a nail."

Anachronistic and often counter-strategic notions of why nonprofit boards exist remind me that we don't think *about* our paradigms nearly as much as we think *with* them.

Seeing only what their paradigms allow them to see (e.g., "Boards are supposed to *govern*"), some organizations limp along encumbered by woefully inadequate ways of thinking about boards. As the old adage puts it, "Having no concept of diamonds we settle for glass."

To keep things simple here, I'll avoid for now the deeper issues of how board paradigms should dynamically evolve as nonprofits grow through different

stages of their lifecycles. For the time being, let's stick with the basics.

First off is my assumption, obviously not universally shared, that boards exist to create *value*.

Yes, they exist because legally they *must* exist, but beyond the obvious legal requirements, let's hit the reset button and think *strategically* and *functionally* about boards. Beyond meeting legal requirements, how does your board demonstrably create value for the organization and those it serves?

If you've done your strategic homework, well-defined organizational KRAs should provide insight here (see my article, "To Manage It, Measure It" in our Resource Center for related insights). But don't automatically assume that board KRAs will be little more than a copy of organizational KRAs. The former should inform, not prescribe, board KRAs.

Some organizational KRAs, for example, especially in programmatic areas, are likely to be the primary if not sole province of staff experts, and value creation by the board in these areas will understandably be limited. Conversely, when it comes to an area like fundraising, and

especially the cultivation of major gifts, well-chosen board members should be able to leverage their networks to open doors of influence and affluence that will simply be beyond the social networks of most staff.

Assuming you've identified board KRAs – that is, what are the specific functional areas (often no more than a handful) in which board members can strategically create the most value – how many board members do you need in each of these areas to maximize value creation?

If you have a reasonably detailed blueprint showing desired bench strength versus current bench strength, you can monitor your strategic readiness in each area with the well-known stoplights -- green, yellow, and red -- based on the size of the gap in each area.

In a nutshell, your strategic goal should be to "Go green" across the board. Get there, and you'll have something fairly rare: a strategically aligned board.

McConkey • Johnston has had the privilege of helping leading ministries to become bigger and better for nearly four decades. How might we help you?