

KATHA KISSMAN



TROUBLE AT THE TOP

THE NONPROFIT BOARD'S GUIDE TO
MANAGING AN IMPERFECT CHIEF EXECUTIVE

BoardSource®

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Empowering Boards. Inspiring Leadership.

BoardSource envisions a world where every social sector organization has the leadership it needs to fulfill its mission and advance the public good. Our mission is to inspire and support excellence in nonprofit governance and board and staff leadership.

Established in 1988, BoardSource's work is grounded in the fundamental belief that boards are critical to organizational success. With decades of hands-on experience working with and supporting nonprofit boards, BoardSource is the recognized leader in nonprofit governance and leadership, and a go-to resource for nonprofit board and executive leaders. BoardSource supports a broad and diverse cross-section of social sector organizations with

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- research and benchmarking of board composition, practices, and performance
- membership and board support programs
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- governance consultants who work directly with nonprofit leaders to design specialized solutions to meet an organization's needs
- a biennial conference that brings together approximately 800 board leaders for two days of learning and sharing

A note to our global readers:

The need for effective board leadership and governance knows no geographic boundaries, and BoardSource is committed to strong social sector board leadership and governance around the globe. While BoardSource uses United States laws and policies as the legal framework for our resources and recommendations, most of our resources do not focus on legal matters but rather on good governance practices, making them relevant to organizations working outside of the United States. We do suggest, however, that you refer to applicable laws in your country regarding financial reporting and other legal and transparency issues.

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This text builds on my previous BoardSource publication, *Taming the Troublesome Board Member*. In addition, I wish to thank the authors of BoardSource's many publications; in particular, *Getting the Best from Your Board* and *Moving Beyond Founder's Syndrome to Nonprofit Success*. These two publications provide a fountain of information for anyone truly wishing to create a team spirit toward mission fulfillment.

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I dedicate this book to my parents, Alvin and Nadra Kissman. How they have lived their lives, individually and together, has always given me inspirational guidance. I aspire daily to be like them. Thank you.

Finally, as before, I offer: No one is perfect. No one gets it right every time. But it is in the trying, the learning of lessons, the exchange of kindness, and the celebrating of successes together that the world is made better.

May it be so.

FOREWORD

The General Board of Pension and Health Benefits is an agency of The United Methodist Church, governed by a diverse group of 32 volunteer board members who are a microcosm of the Church itself. As with any organization, good governance and leadership are keys to our success. In order for our agency to maximize the value of our board's unique perspectives and collective opinions, we must develop a robust relationship with and among our board members — and between the board chair and the chief executive. The result is a strong group dynamic, invaluable to the decision making required for 74,000 retirement plan participants and the billions in assets we manage on their behalf.

For this reason, we are pleased to share our thoughts on the value this book may have for you and the considerations that brought us to work with Katha Kissman in 2008, as we planned to train our board for a new four-year cycle.

Education and training are the foundation for service on our board and we worked closely with Katha to provide a review of Policy Governance® principles and to examine the roles and responsibilities of our board members. With our new board, we devoted our very first meeting to paying particular attention to board governance instruction and explanation, so everyone would be on the same page from the outset, sharing an understanding for the particular structures and language we use.

We also put a great deal of emphasis on communications. In conjunction with BoardSource, we established an online Board of Directors' communications Web site for document sharing, meeting planning, virtual discussions, and online board meeting facilitation. Each of our board members brings a unique perspective and personal style, so we feel it is important for our board to speak freely, openly, and frequently. The recommendations Katha shared with us helped orchestrate a collegial dialogue aimed at building and preserving the relationships that make the board a cohesive working body.

We think you will see the benefit in Katha's approach to nonprofit boards and the working relationships required — we have even flipped it around a bit. While the relationship of a new chief executive to a board is critical, we also feel the relationship of a well-established chief executive to a new board is equally critical and we think you will find the suggestions contained here can flow both ways.

In this book Katha also identifies several ways these important relationships can falter, and she provides thoughtful considerations on rectifying them, including identifying when it is simply time to end the relationship. However, if you read this

book in advance, it can be of particular value to those entering into a board chair or chief executive relationship for the first time because, as she illustrates, many problems are more easily avoided with advance planning and forethought and, in our opinion, a measure of foresight!

Group dynamics being what they are, we recognize that every board is different — it is difficult to legislate a one-size-fits-all approach to governance. While there are many ways to sustain a positive relationship, it does not happen by accident; it requires excellent communication and unwavering attention from all parties involved. But having worked closely with Katha, we feel you will find her thought-provoking scenarios can help you analyze the roles and responsibilities of your board chair, chief executive, and/or board members in order to identify and evaluate their actions. The payoff is an ongoing collaboration that delivers successful working relationships to benefit your organization.

We feel strongly that the special relationship between the board chair and the chief executive is one of the most important for the health of any organization and critical to good governance. Our comments are delivered jointly here because we enjoy and endorse a balanced working relationship as board chair and agency chief executive. We find that when you are working in tandem, your relationship becomes one of catalyst and conduit, as well as captain, coach, timekeeper, and referee.

The investment in relationship-building is what makes service on a not-for-profit board respectable, acceptable, collegial, and productive...and makes it all worthwhile.

Bishop B. Michael Watson
Board Chairperson

Barbara A. Boigegrain
CEO and General Secretary

INTRODUCTION

Supporting and evaluating the chief executive is perhaps the most important responsibility of the board of a nonprofit organization. And yet few resources exist to help nonprofit boards strengthen their relationship with the chief executive and respond to problems in that relationship as they arise.

While there are many books on evaluating chief executive and employee performance and on managing employees, this book addresses the nonprofit board's specific relationship to its chief executive.

How should volunteer boards deal appropriately with their unique and critical relationship with the chief executive? Where can they find guidance that is specific and consistent with the nature of the nonprofit sector and the board's governance role? How do they know what is required and when — gentle coaching, firm directive, or action and documentation for possible termination?

This book attempts to answer these questions by providing boards with guidance on how to handle specific issues that may arise in the board–chief executive relationship. Nonprofit boards often are a collective of disparate individuals who come to the table with varying communication skills and styles; varying levels of personal interest and experience; and varying opinions, perceptions, and perspectives. As a result, boards do not always have a shared sense of how best to manage and support the chief executive *as a team*, especially at times when a chief executive's behavior is compromising the effectiveness of the organization.

WHO CAN BENEFIT FROM THIS BOOK

As a companion publication to the BoardSource publications *Taming the Troublesome Board Member*, *Getting the Best from Your Board*, and *Moving Beyond Founder's Syndrome to Nonprofit Success*, this text provides tips, tools, and strategies for dealing with board–chief executive relationship challenges and opportunities.

The main audience for this book is the nonprofit board. Perhaps your board is seeking advice on how to start a new board–chief executive relationship off on the right foot. Maybe you need some ideas about how to address the effects of a specific situation, misunderstanding, failure to communicate, or other relationship challenge between a board and the chief executive. It is the author's fervent hope that board chairs in particular will find this book empowering and accessible, as they are the ones who need to initiate and facilitate action on behalf of a board.

This is not to say that this book can't be helpful for those who do not serve on nonprofit boards. Nonprofit consultants, for example, may find insights that will help them address challenging board–chief executive situations or relationships. And chief executives themselves may gain from this book a fuller understanding of certain challenges or problems relating to their relationship with their boards.

But it is the board that has the most to gain from these pages. This book should serve as a timely reminder that the board should pay close attention to its relationship with the chief executive. That relationship will be successful to the extent that there is open and transparent communication between the two parties — and to the extent that the board is able to recognize, intervene, and find the right path to follow in challenging situations.

Therefore, the book is organized as a reference guide to provide ready access to information about specific situations that might arise in the board–chief executive relationship. Reading the book from cover to cover in one sitting, while flattering to the author, is not advised. Rather, the author hopes and trusts that readers will find situations that resemble some of the challenges they face in their organizations — and gain new wisdom about how to handle those situations in ways that will benefit the organization, or at least result in only a minimal amount of damage.

STORIES FROM THE FIELD

The stories (real names have been changed) illustrate situations that may happen in the board–chief executive relationship in which problems or difficulties result from something that has happened or something that has failed to operate as it should. At the extreme, these issues could be problems of malfeasance, or could result in arguments, fighting, or violence. Certain issues can cause distress, worry, or anxiety, serving as a red flag that might require attention or intervention. In any event, if these actions or behaviors are not appropriately addressed, they can escalate from being temporary to chronic or mild and just plain irritating to serious enough to cause great and lasting damage.

The short- or long-term effects of a dysfunctional board–chief executive relationship can be one of the greatest detriments to any organization. These effects can be both direct — confusion, loss of energy or focus, difficulty in making decisions — and indirect — weakened morale, loss of productivity and service quality — and in extreme cases, cause high board or staff turnover, a damaged public reputation, or organizational financial instability.

The first step in finding a successful resolution to difficulties with an individual is recognizing that a person's actions or behaviors usually stem from something specific, whether it is ignorance, misunderstanding, a personality conflict, or a deeper issue. This is predicated on the assumption that a second step will occur — that leadership will intervene directly, humanely, with unity, and in a timely

way. If leadership doesn't guide the process, trouble could be left unattended and may result in disaster. The final step, finding a winning solution, will require unique approaches for different groups and various answers for differing circumstances. In some cases it may involve looking at communication patterns and organizational processes, or require a major culture shift of both board and chief executive. And in still other cases, it will necessitate "holding up the mirror" to help the individual take a step back and understand the effects of his or her behavior within the context of the organization's work, and provide suggestions for change. And yes, the ultimate solution might also mean making a change in the person sitting in the chief executive position.

The board–chief executive relationship is about personal dynamics. No one enjoys conflict or confrontation, especially with regard to a professional colleague. Successfully working in a group context is highly dynamic and can engender great passion and emotion when disagreements or conflicts erupt. Paying attention to these dynamics and actively honoring the human element requires commitment and work. M. Scott Peck, M.D., in *The Road Less Traveled* (Touchstone, 2003) reminds us:

That process of confronting and solving problems is a painful one. Problems, depending upon their nature, evoke in us frustration or grief or sadness or loneliness or guilt or regret or anger or fear or anxiety or anguish or despair. These are uncomfortable feelings.... Fearing the pain involved, almost all of us, to a greater or lesser degree, attempt to avoid problems. We procrastinate, hoping that they will go away. We ignore them, forget them, pretend they do not exist.... We attempt to skirt around problems rather than meet them head on.

Effective communication and positive conflict resolution are easiest to achieve when people treat each other with dignity and respect. It is under this overarching concept that this text provides strategies, tips, and tools to build an understanding of how to deal with certain common issues that may arise from the board–chief executive relationship.

THE STRUCTURE OF THIS BOOK

The stories in this book use the following general template to illustrate a wide variety of situations and offers recommendations to enhance a positive board–chief executive relationship:

- What's wrong
- Why this is a problem
- Case
- What could have been done differently
- What to do now

The book also includes after-the-fact conversation starters for some of the case studies to provide board members with ideas about the tone they may want to take in their conversations with chief executives about these issues.

In addition, throughout the book, the author provides quotes and other reminders in sidebars for the reader to ponder.

The book concludes with a section that focuses on the best way to avoid problems in the first place: Hire the right chief executive by engaging in a thoughtful, planned process involving the entire board. Then conduct orientation to get the chief executive off on the right foot and eventually a performance evaluation to ensure that feedback flows in both directions.