Board Development
and Congregational Sponsorship

by

Michael Burns

Cases in Nonprofit Governance
CNG No. 16

March 1996

************

Michael Burns is Senior Associate at the consulting firm of Brody & Weiser in Branford, CT and focuses on nonprofit governance and planning. He associate professor of nonprofit management at Antioch College-New England. Phone: 203-481-4199; fax: 203-481-4199; e-mail: BRODW@aol.com

This case was prepared as a basis for discussion rather than to illustrate either effective or ineffective handling of governance issues. It is one of a collection of cases edited by Miriam M. Wood. For teaching purposes, the case may be reproduced in full in multiple copies. However, an extract of more than 100 words requires the author's permission.

************

In the interest of fullest possible circulation of information and ideas, the Program on Non-Profit Organizations and the Institution for Social and Policy Studies reproduce and distribute each Governance Case or Working Paper at the request of the author(s) affiliated with PONPO or ISPS. Papers are not formally reviewed, and the views are those of the author(s).

A list of Case Studies and PONPO Working Papers can be obtained from PONPO, P.O. Box 208253 (68 Trumbull Street), New Haven, CT 06520-8253. A list of ISPS publications is available on request from ISPS, P.O. Box 208209 (77 Prospect Street), New Haven, CT 06520-8209.

Program on Non-Profit Organizations
Institution for Social and Policy Studies
Yale University
BOARD DEVELOPMENT AND CONGREGATIONAL SPONSORSHIP

by

Michael Burns

Summary

The governing board of a shelter for homeless women and children is dominated by representatives of the founding congregations. As the condition for receiving a substantial grant, the board has been asked to curtail its involvement in operations and focus instead on planning, policy development, evaluation, and fund-raising. The reader analyzes the influence of faith on member behavior and the board’s developmental stage and assesses the impact of changing from sectarian to non-sectarian sponsorship.

Sheila Loomis is driving to an important meeting of the governing board of The Women's House, a shelter for homeless women and their children. The shelter is seeking a grant from a private foundation that regularly hires a consultant to analyze a potential grantee's management and governance. The consultant's report on the House, the main item on the agenda tonight, states that the board is "good for each other, bad for the organization."

Before receiving a grant, according to the report, the House board should undergo training in its proper role and responsibilities and consider changes in its manner of operating. The foundation, meanwhile, has indicated that the consultant's recommendations about board development must be accepted as terms of a grant. Sheila wonders whether an outsider can really understand the shelter board's situation. What could board members possibly learn from training? What changes—if any—are truly necessary?

As a founding board member, she has been part of the House since its beginning, some nine years ago. When she and twelve folks from other area congregations first got together, very few people in town believed that homelessness was a significant problem, particularly among families. Most believed that homelessness was the fault of those who are homeless. Even
she had wondered why the homeless could not just help themselves achieve their "economic dreams."

Today, she knows that the homeless can help themselves, given the "right" support. And her faith has moved her to understand that she must give that support. Faith is also the reason others first joined the board. Some members come from congregations that believe giving back is the "price" for having faith. Others' faith describes feeding the hungry and sheltering the homeless as requirements or "insurance" for the after-life. A couple of members view their work as evangelization: those who have "fallen from grace" are candidates for recruitment to faith.

Faith has moved members of her congregation and 15 "sister" congregations to work regularly at the House, give clothing and food, and of course, give money in an effort to help homeless families get on their feet again. However, keeping congregations fully committed to the work of the House has become increasingly difficult. These days only one or two members of each congregation, in addition to each congregation's board representatives, can be counted on to show up to help serve meals and talk with shelter guests. Faith may have drawn congregation members to the shelter years ago, but other issues are now monopolizing their attention.

Financial support, which had remained steady while volunteerism dropped off, is beginning to erode as well. For example, Arleen Diamond, representing one of the community's smallest congregations, reported last month that her church's roof is in need of immediate repair; her congregation has decided to reduce its ministry contributions, including support of the Home, by 30%. Melissa McDougall's suburban congregation has decided to redistribute its annual giving to accommodate the increase in requests from more local ministerial needs; the House will receive 50% less than last year. And finally, Stephen Stark, representing one of the oldest congregations in the community and a founding member of the House, has announced his congregation's decision to support only the building and worship needs of its own members; his church has experienced significant losses in revenue resulting from five years of declining membership. Overall, the amount of
annual financial support committed by sponsoring congregations for this year is no more than the amount of the expected foundation grant.

Interestingly, the faith community's role in illustrating the needs of homeless women and children has attracted support from individuals who aren't affiliated with area congregations. Furthermore, as the consultant noted, this joining of the "non-faithful" with the faithful has provided original members with some non-faith like thought. These "newcomers" have brought money and access to money but their "agenda" is not always clear. Their presence and attention to "good management" and "political expediency or necessity" strains the long-standing members' goal to serve the homeless and be personally involved in every operational aspect of the shelter.

As her drive brings her closer to the House, Sheila is most concerned about what the consultant's report calls the governance function. That section will undoubtedly be the focus of tonight's meeting.

The board's size, composition, structure, roles, and responsibilities are not appropriate to the needs of the organization. While the organization is in its late adolescence or early maturity stage, the board remains strongly in its infancy stage. Board members do provide a connection to the religious communities which first started the organization (and subsequently bring a small level of financial support) but beyond this, the board is little more than a family of brothers and sisters with little experience, knowledge, or understanding as to what is necessary to lead the organization to a firm future.

Well, Sheila thinks, just who got this organization this far! If this board is so infantile, how did a shelter even get organized? Who recruited the staff? Sure, each board member still works a few hours each week either directly with guests or helping out doing administrative duties. If they don't who will? And, although every member isn't always able to make each meeting, the board has agreed to convene twice a month. Members know that the planning needs of the shelter and the executive director are huge, and there's always a crisis requiring the board's attention.

Obviously the consultant just doesn't understand what it's like to run a shelter. Shelters aren't hospitals or colleges! Shelters don't serve people who
can remember the House in their will. Congregations that support shelters are already stretching their limited resources to meet the needs of the "less fortunate". Plus the shelter has only three paid staff and the board is the only group of people who can truly ensure that the members' and congregations' wills are done as they desire. The people who serve on the board and give from their hearts are called from their faith to serve, not from the status or rewards the institution may offer.

On the other hand, this is really not the first time Sheila has heard criticism about how the board works. The executive director has been complaining regularly about the need for the board to give a different kind of help than they have given to date. The executive director claims she doesn't need anyone writing her policies, deciding how many people the shelter should serve, telling her what color to paint rooms, or helping her screen who is a good candidate for staying at the House. She says she doesn't need volunteers to do the things they did when the House was first opened and there wasn't any staff. And more importantly, she doesn't need any help hiring or supervising her staff. Sheila has wondered whether the executive director wants to dispense with volunteers altogether, or whether she simply feels threatened by board members whose volunteering makes them familiar with the inner workings of the House organization.

What the executive director says she needs most is help in getting more financial support—especially from non-governmental sources. She will personally continue to take care of proposals to government funders; she likes the process, feels she does it well, and has developed relationships with government contractors over the years. But as a person who has pulled herself up by the bootstraps from impoverished circumstances, she feels she doesn't have the contacts to raise money from private sources. Moreover, she confided to Sheila, it's not likely that the current board can give substantial money or get it from people who have real money to give. Half the members are retired or near retirement—living comfortably but without a lot of discretionary income and not in the mainstream of people with large amounts of philanthropic dollars. The other half of the board is made up of professionals (a podiatrist, a realtor) as well as a couple of upper middle management folks from two local corporations, and community volunteers.
(See Exhibit.) This group is not moneyed, and the more prosperous of the congregations they come from are financed heavily by endowments of past congregants.

The executive director wants board members to persuade their congregations to give more and recruit other congregations as sponsors. Congregations individually may not have a lot of money but as a group the executive director believes they can meet a lot of the organization's financial needs. She wants board members to visit the local service clubs which, she says, will provide financial support if someone goes and speaks. And, she needs the board to give her more support by not demanding her presence at every board and committee meeting. In a moment of frustration she burst out to Sheila, "How can I run the shelter if I have to spend so much time satisfying every need of board members?"

It's bad enough that the executive director questions the role of board members, but so do Sheila's friends who serve on other boards. They constantly question her about why she is so involved in "day-to-day" activities. "Doesn't the House have staff for that?" they ask. And the advice for boards that has come Sheila's way says her board should only be doing policy, planning, and evaluation. As she turns into a parking space, she is torn and knows that the consultant's report is going to raise questions instead of producing answers.
Questions For Discussion

1. Do the origins of a charitable nonprofit organization influence its governance functions? If so, how?

2. What impact, if any, does the change from sectarian to non-sectarian sponsorship have on a board’s role, responsibility, structure, and composition?

3. When, if ever, should a board be operationally focused?

4. What type of consultant and what type of training would you recommend for the House board?

5. As a consultant to the House, develop your recommendations on board role, responsibilities, structure, and composition. How would you present your recommendations in a joint meeting with the executive director and Sheila?

6. What parameters for board behavior are reasonable for a foundation to insist upon as a condition of awarding a program grant?
Exhibit

The House
Board of Directors

**CHARTER CHURCHES**

<table>
<thead>
<tr>
<th>Church</th>
<th>Representative 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arbury Congregational</td>
<td>Allen Hall, minister</td>
</tr>
<tr>
<td></td>
<td>Melissa McDougall, community volunteer</td>
</tr>
<tr>
<td>St. Michael's Episcopal</td>
<td>Bob Cartwright</td>
</tr>
<tr>
<td></td>
<td>Mgr., Minnesota Mining</td>
</tr>
<tr>
<td></td>
<td>Meg Rice</td>
</tr>
<tr>
<td></td>
<td>Finance Mgr., American Heart Ass'n</td>
</tr>
<tr>
<td>Downtown Baptist</td>
<td>Mimsy Wheatley</td>
</tr>
<tr>
<td></td>
<td>Creative Director, ad agency</td>
</tr>
<tr>
<td></td>
<td>Hillary Smith</td>
</tr>
<tr>
<td></td>
<td>Community volunteer</td>
</tr>
<tr>
<td>St. George's Episcopal</td>
<td>Stephen Stark</td>
</tr>
<tr>
<td></td>
<td>Podiatrist/naturapath</td>
</tr>
<tr>
<td></td>
<td>Bruce DiMaggio</td>
</tr>
<tr>
<td></td>
<td>Insurance agency</td>
</tr>
<tr>
<td>Trinity Episcopal</td>
<td>Sheila Loomis</td>
</tr>
<tr>
<td></td>
<td>Community volunteer</td>
</tr>
</tbody>
</table>

**COVENANT CHURCHES**

<table>
<thead>
<tr>
<th>Church</th>
<th>Representative 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Congregational</td>
<td>Hugh Howell</td>
</tr>
<tr>
<td></td>
<td>Minister</td>
</tr>
<tr>
<td>Downtown Jewish Center</td>
<td>Marcia Levine</td>
</tr>
<tr>
<td></td>
<td>Community volunteer</td>
</tr>
<tr>
<td>New Day Christian Center</td>
<td>Arleen Diamond</td>
</tr>
<tr>
<td></td>
<td>Community volunteer</td>
</tr>
</tbody>
</table>

**COMMUNITY-AT-LARGE**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Representative 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic Center</td>
<td>Delores Salcedo</td>
</tr>
<tr>
<td></td>
<td>Case worker</td>
</tr>
<tr>
<td>Century One Realty</td>
<td>Harriett Harrington</td>
</tr>
<tr>
<td></td>
<td>Realtor</td>
</tr>
</tbody>
</table>
Valley National Bank
Andrew Lynch
Trust officer
Jerome Pierce
Retired

STAFF

Shirley Soros
Director
Tiffany Briggs
Program staff
Ellie Cass
Program staff
Bibliography


Considered the definitive description of the Corporate Model of nonprofit board management. Emphasizes the role of the executive in each aspect of governance.


Explores the correlation between volunteerism and religious observance, focusing on the role religious beliefs play in moving an individual to serve as a volunteer.


A pre-Carver description of the corporate board model of board management in which the executive serves as leader with the board establishing policy and plans and evaluating results as directed by the executive. Presentation in form of correspondence between Fram and board member/friend.


A process for helping nonprofit boards define their roles. Involves analysis of the organization's needs and tasks and assigns board or staff responsibility according to who can or will best perform the task or meet the need.


Describes how an organization's developmental cycles are stimulated by key events.

Definitive description of the conventional board. Chapters include prescriptive details about the structure, composition, size, and functioning of the mature nonprofit board.


Description of the developmental stages of boards from their inception to maturity.


Attempts to document and provide a framework for understanding the importance of religious congregations as providers of local human services.


Explores the role of congregations as human service providers and raises questions about the ability of religious groups to plan for the future.