

The State of the Board

How can orchestra boards become A+ boards? *Leading with Intent: A National Index of Nonprofit Board Practices*, a wide-ranging survey of nonprofits from BoardSource, offers key findings and guidance.

Since 1994, BoardSource has published comprehensive surveys of current nonprofit board practices, policies, and performance, based on responses from chief executives and board chairs to questions about board demographics, meeting practices, culture, fundraising, and performance. BoardSource published its ninth survey, *Leading with Intent: A National Index of Nonprofit Board Practices 2015*, in January of that year. While there was lots of good news to share, the bottom line was that nonprofit leaders give nonprofit boards a “B-minus” grade in overall performance. The final, written report explored why that is, and—more importantly—what we can do about it. I encourage you to visit www.leadingwithintent.org to read the full report. Here, however, are a few key findings—as well as some advice about how we can get beyond B-minus—followed by excerpts from the report that League of American Orchestras members might find of particular interest.

Getting the people right is fundamental:

Leading with Intent 2015 found that if a board isn’t thoughtfully composed as it relates to skill sets, leadership styles, and diversity of thought and background, it is less likely to excel in other areas of board performance. But unfortunately,

- only one in five chief executives strongly agree that they have the right board members

- 58 percent of chief executives say it is difficult to find people to serve on the board—up from 44 percent in 2012
- board diversity has improved slightly, but a full 25 percent of boards remain exclusively white

What boards can do:

- **Make strategic board recruitment a priority.** Make sure that your recruiting efforts are connected to your overall strategic vision and plan, and that you’re thinking through the skills, backgrounds, and networks you need to have as a part of your board’s composition. For step-by-step guidance on strategic board recruitment, check out BoardSource’s [Board Recruitment Center](#).
- **Structure yourself for success.** If your board doesn’t already have a governance committee responsible for leading and managing board recruitment and performance, consider creating one.

Boards need to get outside of their comfort zones: *Leading with Intent* found that boards do well at functions related to compliance and oversight, but face challenges with their strategic and external work. In an operating environment that is characterized by constant change, this is a wake-up call: Boards need to get outside of their comfort zones and provide stronger external leadership—especially in fundraising and advocacy—that enables their organizations to adapt and adjust to change.

What boards can do:

- **Set strong expectations.** When talking to current and potential board members, be clear about the important external role that board members need to play in supporting your mission. Make sure that each individual board member is comfortable reaching out to his or her networks and spheres of influence, whether it’s about policy decisions that impact your mission, charitable support that you need to fuel your work, or community partnerships that you could build to magnify your impact. For more on the important role that board members can play in advocating for their missions, visit <http://standforyourmission.org/>.
- **Celebrate success.** One of the secrets to engaging board members in activities that they may be nervous about is to thoughtfully celebrate successes whenever they take place. It reinforces how important those activities are, and creates pride of ownership and positive peer pressure within your board’s culture.

Investments in board development are worth the effort: Building and strengthening a board takes ongoing, intentional effort. *Leading with Intent* explores the pain points that many boards are experiencing, and highlights the important role that board self-assessment can play in improving board performance.

What boards can do:

- **Get serious about board development.** Challenge your governance committee to craft a holistic board development program for your board, with thoughtful goals around recruitment, orientation and education, regular assessment, and board succession planning. BoardSource offers resources for this work.

• **Share your commitment to strong board performance.** Organizations that take board leadership and governance seriously are stronger and more sustainable, and that’s something that donors and the public care about. Take a moment to share your board’s commitment to essential board leadership practices by updating the “People & Governance” section of your online GuideStar Exchange Profile.

If we want nonprofit organizations positioned to deliver the kind of impact and results that our world needs, then B- boards aren’t going to cut it. We need to focus our energies and resources to support boards that are working diligently to strengthen their performance, and we need to challenge those that are not to set a higher bar for themselves and their missions.

We need our boards to strive to be A+

boards. That’s what our missions need, it’s what they deserve, and it’s what is within our reach if we commit to making it happen.

In January 2017, BoardSource will release *Leading with Intent 2017*. We’re in the process of conducting this new survey now. Will boards have improved their grades? Stay tuned.

*Anne Wallestad,
President and CEO, BoardSource*

L *Leading with Intent 2015*, BoardSource’s national survey of nonprofit board practices, was completed by 850 chief executives and 246 board chairs from a wide spectrum of the nonprofit sector, with annual operating budgets of less than \$1 million to \$10 million or more. Chapters in *Leading with Intent* include Board Composition and Structure, with sections on board size and terms of service, and recruitment and elections; Board Responsibilities, including advocacy and public policy, and financial oversight and accountability; and Leadership and Board Dynamics, including board development and CEO relations.

Below is an excerpt from the Board Composition and Structure chapter focusing on diversity and inclusion.

Diversity & Inclusivity: Who’s at the Board Table?

To succeed in an increasingly diverse world, nonprofit organizations need to remain relevant and connected to their communities. Their leaders—board members and chief executives—need to represent diverse points of views. While the nonprofit sector has seen modest progress in increasing racial/ethnic, gender, and age diversity among chief executives and board members, diversity is more than a numbers game. It also requires inclusive policies, practices, and behaviors that nurture and value different perspectives and experiences. To value diversity is to respect and appreciate race, ethnicity, and nationality; gender, gender identity, and sexual orientation; age; physical, mental, and developmental

abilities; religion; and socioeconomic status.

What We Found

Board portraits reveal slow progress in racial/ethnic and age diversity. People of color remain underrepresented in nonprofit leadership. According to the 2010 U.S. Census, 64% of Americans are white. Of our current survey respondents, 89% of CEOs are white and 80% of board members are white. Small, local organizations have slightly more diverse boards in terms of gender and age.

The demographics of board officers—

chairs, vice chairs, secretaries, and treasurers—generally parallel overall board diversity, with the notable exception of the chair: women account for 48% of board members and 46% of chairs. The larger the organization, the more likely the chair is to be white, over 40 years of age, and male.

Only 35% of CEOs give their boards an A or B on increasing board diversity. Our findings show a lack of concerted planning and follow-through. Most CEOs report that their boards have discussed the importance of expanding board diversity (74%) and actively recruited members

Nonprofit Leadership Demographics

		Chair	Board	CEO	Notes
Race/ Ethnicity	White	90%	80%	89%	On boards, people of color increased from 16% in 2010 to 20% in 2014. But 25% of boards remain all White.
	People of Color	10%	20%	11%	
Gender	Male	54%	52%	35%	More than 65% of small and 75% of medium organizations have female CEOs, but only 37% of large organizations do.
	Female	46%	48%	65%	
Age	<40	9%	16%	6%	Board members under 40 years of age increased from 14% in 2010 to 17% in 2014.
	40-64	64%	68%	80%	
	65+	27%	16%	14%	

Importance of and Satisfaction with Diversity

How satisfied are you with your board’s current level of diversity?						
	Chair			CEO		
	Dissatisfied or Very Dissatisfied	Satisfied	Very Satisfied	Dissatisfied or Very Dissatisfied	Satisfied	Very Satisfied
Race/Ethnicity	45%	41%	14%	69%	26%	5%
Socio-economic	22%	63%	15%	29%	66%	5%
Age	17%	57%	26%	33%	56%	11%
Gender	15%	51%	34%	29%	51%	20%
Persons with a Disability	45%	47%	8%	42%	52%	6%
LGBTQ	31%	53%	15%	34%	58%	7%

from diverse backgrounds (80%). Yet only 56% report that the board has reviewed and revised its recruiting efforts, and only 19% indicate that the board has developed an action plan to increase diversity.

Why It Matters

A diverse board sends a message and sets a powerful example about the organization's values. Having board and staff leaders who reflect society and, more specifically, the organization's constituents is important in understanding constituent needs, cultivating community connections, and establishing credibility.

CEOs are least satisfied with their board's racial/ ethnic diversity but see it as most important to their organization's mission. On one hand, it is reassuring that CEOs and chairs are least satisfied with the board's racial/ethnic composition (as compared to gender and age), since it is the area where the board has the least amount of diversity. On the other hand, the lack of progress remains disappointing because they view race/ethnicity as

the most important aspect of diversity for advancing the mission.

What We Found

More than one-half of nonprofit boards have practices and policies that support functional inclusion, but less than one-half describe behaviors that reflect social inclusion. *Functional* inclusion is characterized as policies, structures, practices, and processes designed to increase the inclusion of individuals from diverse or traditionally marginalized communities. In 2012, 38% of participating organizations had a written diversity statement. In 2014, that number increased to 50% and more organizations incorporated diversity into formal policies.

Social inclusion occurs when individuals from diverse backgrounds participate fully in the interpersonal dynamics and cultural fabric of the board. In terms of board work, more than one-third of CEOs report that diverse members participate to a great extent in contributing to, influencing, and making board

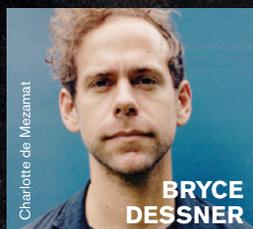
decisions. In terms of board member relationships, less than one-third of CEOs report that their board members cultivate personal friendships with diverse members to a great extent.

Why It Matters

Meaningful diversity requires having different voices and faces around the board table and then creating a culture of inclusion. Research suggests that transformative change requires *functional* and *social* inclusion. When all members are free from marginalization and alienation, the full board can be authentically engaged.

More work must be done to turn well-intentioned policies into more inclusive boards. To support greater engagement, boards should commit to inclusion by establishing written diversity policies, developing intentional plans to recruit diverse board members, providing equal access to board leadership opportunities, and paying careful attention to social inclusion practices. **S**

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