

## Name of the Game is Recruitment

How does your board measure up? Does it need to be more active in fund raising, monitoring programs, community relations and monitoring its own performance?

According to the Urban Institute's *National Survey of Nonprofit Governance*, too few boards are doing a good job of helping nonprofit organizations carry out their missions. Conducted in 2007, the study was the first nationally representative survey of nonprofit governance.

A 2008 follow-up report, *Boards of Midsized Nonprofits: Their Needs and Challenges*, which focused on organizations with annual expenses between \$500,000 and \$5 million, found that, compared to their larger counterparts, boards of "mid-sized" organizations are less engaged in many basic stewardship responsibilities and also have greater difficulty attracting new members.

**Boards that have trouble attracting new members also have lower levels of board engagement.**

While the Urban Institute cautions readers not to assume that its findings apply to nonprofits of other sizes, small organizations tend to be fragile and often struggle to sustain their forward momentum even when the economy is booming.

In fact, most nonprofits are small. The vast majority of public charities report less than \$500,000 in expenses in 2005; 44.6 percent reported less than \$100,000 in expenses and another 29.2 percent reported between \$100,000 and \$499,999.

So what can small and mid-sized arts organizations do to promote board member engagement? This issue of *Arts Law Memo* focuses on one key area: board recruitment. It highlights the results of the Urban Institute's research and summarizes the advantages and disadvantages of the self-perpetuating board structure. It

also offers board recruitment strategies, including joining BoardLinkStL and recommends board mentoring.

Finally, this issue reports on a new BoardSource study on engaging Generations X and Y in board leadership.

### ENGAGEMENT OVERVIEW

According to the Urban Institute, the majority of midsize boards are very active in only three of their traditional responsibilities: financial oversight (60 percent), evaluating the CEO (56 percent), and setting policy (54 percent). More than 85 percent of boards are at least somewhat active in those three roles.

But when it comes to externally orientated roles, midsize boards appear to be asleep at the wheel. Only 20 percent are actively engaged in fund raising and community relations, and only 16 percent are actively engaged in educating the public about their organizations. Even worse, substantial percentages of boards are not even somewhat active in carrying out these roles.

And the really bad news is that, on average, 44 percent of board members did not make a personal contribution in the previous year. Not surprisingly, members of boards that are less active in fund raising also are considerably less likely to make personal donations. Among boards that are not active, 30 percent of members made personal donations, compared to 86 percent among boards that are very active fund raisers.

"These findings raise concerns about the level of insularity among boards, which are suppose to help connect their organizations to the community and help secure resources to carry out the missions," the report on midsize organizations says.

Boards don't appear to be doing any better with assessing their own performance; almost half (49 percent) are not even "somewhat active" in self-monitoring. (For assistance with developing a process, see "How is your board doing? A Self-Assessment Guide," *Arts Law Memo*, [www.vlaa.org](http://www.vlaa.org))

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This issue was written by VLAA Executive Director Sue Greenberg. Special thanks: Amy Ondr, BoardLinkStL.

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## **INTERCONNECTED PROBLEMS**

According to the Urban Institute, recruitment and board performance problems are interconnected; boards that have greater trouble attracting new members also have lower levels of board engagement.

The Urban Institute reports that 69 percent of leaders at midsize nonprofits say it is at least “somewhat difficult” to recruit new trustees. Twenty percent say it is “very difficult.”

The board recruitment problem is negatively related to performance ratings in all areas. For example, among boards that do not have recruitment problems, 24 percent say they have very active fund raisers; that figure drops to 12 percent among those that have great difficulty recruiting new members.

Similarly, the percentage of boards that are actively engaged in setting policy drops from 65 percent among organizations that do not have recruiting difficulties to 42 percent among those that find it “very difficult.”

## **BARRIERS**

The Urban Institute studies identify the problem, but do not fully explain its causes, citing only the dramatic growth in the number of nonprofits during the last decade as one important reason. For example, between 1990 and 2005, the number of American nonprofit theaters increased from 991 to 1,982.

Overall, the number of public charities, including registered congregations, increased by nearly 69 percent between 1996 and 2006. Clearly, many more people are needed to serve on boards.

## **SELF-PERPETUATING BOARDS**

But increased competition isn't the only hurdle. Another is the common board structure under which the directors reappoint themselves and/or appoint their successors.

The other (more democratic and cumbersome) governance model allows the organization's membership to elect its board of directors and to vote on major decisions.

Few nonprofit arts organizations want to deal with members, as defined by state law, and we tell new organizations that a self-perpetuating

board is the most common and most appropriate governance structure.

At their best, self-perpetuating boards make recruitment a regular, on-going activity. They identify and enlist new board members according to established criteria. They systematically identify gaps and recruit new members who will bring needed skills and expertise to the board table.

But there is a tendency for members to serve many terms. Unless specified in the organization's by-laws, there are no rules for determining board members' tenure. However, we recommend limiting members to two consecutive terms and require a hiatus of one year before a board member may be re-elected.

Organizations also should stagger terms. These policies allow organizations to benefit from the experience of veteran board members while welcoming the fresh perspective of new members.

**Friendship with current board members is negatively associated with board engagement.**

## **BOARD COMPOSITION**

Another weakness of the self-perpetuating governance structure impacts board composition. Too often, board members select successors who are just like themselves, drawing on their own social and business circles.

The well-documented result is racial and ethnic homogeneity that raises questions about the organization's ability to be responsive to diverse publics.

According to the Urban Institute, on average, 83 percent of boards' members are white, 9 percent are African-American and 4 percent are Hispanic/Latino. Thirty-six percent of boards have no minority members.

Other groups underrepresented on nonprofit boards are those under age 35 or over age 65. On average, only 6 percent of board members are under 35

and only 13 percent are over 65.

Almost all nonprofit boards include women (94 percent) and, as a whole, they are almost equally balanced with respect to gender. Cultural organizations are more likely than nonprofits in other areas (except for education) to have higher percentages of women serving on their boards.

But the percentage of women on boards is inversely related to organizational size. The average percentage of women is 50 percent among nonprofits with expenses under \$100,000. It drops to a low of 29 percent among the largest, most prestigious institutions.

At VLAA, we believe diversity should be broadly defined and requires a systematic approach to creating an inclusive organization. For more information, please see “Diversity and Accessibility,” *Arts Law Memo* (May 2007).

## **RECRUITING CRITERION**

What makes the Urban Institute research so valuable is that it offers some clear actions organizations can take to address their pressing challenges.

With regard to recruitment, boards that emphasize a willingness to give time are more likely to be active in every board role.

Other recruitment criteria with a positive association with the level of engagement in several board roles are having business or financial skills, prior volunteer work for the organization and familiarity with the organization's mission.

Not surprisingly, using fund raising ability as a recruitment criterion is positively associated with board engagement in fund raising and making personal donations, but it is negatively associated with board engagement in monitoring programs and setting policy.

The lesson is that boards should not overemphasize any one criterion. The exception to this rule is friendship with current board members, which the Urban Institute says is negatively associated with board engagement in planning, evaluating the CEO,

monitoring programs, setting policy, educating the public and board self-assessment.

So, the casual “usual suspects” approach to recruiting is not only too limiting — especially when the same overcommitted people serve on many boards — but also is counterproductive.

#### **BOARDLINKSTL**

The Urban Institute also notes that nonprofit organizations need assistance in recruiting new members and widening the recruitment pool, including collective efforts that go beyond the steps any single organization can take on its own. That’s the thinking behind BoardLinkStL.

Founded in 2005 by an alliance of St. Louis area nonprofit service providers and academic institutions, including VLAA and the Regional Arts Commission, BoardLinkStL provides an invigorating alternative to traditional recruitment strategies.

This “match.com” service links nonprofits in the 16-county metropolitan area with individuals who would like to serve on boards. BoardLinkStL combines a web portal for creating profiles with readiness training that prepares candidates and organizations for “dating” and making “long-term marriages” based on clarifying expectations and building solid relationships.

More than 120 individuals are active in the system at any given time, and more join each month. The pool of candidates is diverse and motivated; they tell us that they want to “give back.” Many are interested in the arts.

Memberships fees, which range from \$100 to \$300, are based on budget size. The fee includes unlimited access to workshops, a manual and online matching services. BoardLinkStL offers partial scholarships. We encourage you to apply.

For more information about scholarships, upcoming readiness training sessions and BoardLinkStL’s innovative technological component, visit [www.boardlinkstl.org](http://www.boardlinkstl.org).

# Board Mentors

Many effective boards extend the impact of orientation by appointing a mentor or coach, an experienced board member, to guide the new board member during his or her first year on the board.

This practice sends a strong message to board members: “We want you to feel welcome. We want you to learn what you need to know in order to become, as quickly as possible, a fully contributing member of the group.”

Mentors are particularly helpful to unravel the intricacies of institutional history and to interpret the organizational culture to a new trustee.

What is the mentor system? It is a practice whereby each new member of the board is paired with an experienced board member who serves as a mentor during the new member’s first year on the board.

Why does the organization use the mentor system? The mentor system is one way to help welcome and orient new board members and to incorporate them into the fabric and work of the board. It accelerates the process by which new board members come to be comfortable and effective members of the board.

Who makes the “match” between the mentor and the new board member? It is done by the Board Development Committee, which invites experienced board members to serve as mentors to newcomers on the board.

What criteria are used? The committee tries to choose a mentor who has prior acquaintance with the new board members and/or common interests.

What is expected of a mentor?

- Phone or, if possible, visit the new board member to extend a welcome prior to his or her first meeting;
- Introduce the new board member to other members of the board at the beginning of the newcomer’s first meeting;
- Whenever possible, sit next to the new board member during board meetings to answer any questions that may arise, to provide background briefings, or to direct the newcomer to an appropriate source of information or expertise;
- Contact the new board member at least once between board meetings during the first year, just to touch base and to offer assistance; and
- Encourage phone call or e-mails from the newcomer at any other time that he or she may have a question, a concern or a need for advice.

Source: *Improving the Performance of Governing Boards* by Richard P. Chait, Thomas P. Holland and Barbara E. Taylor (1996)

# Next Generation Inspires Boards

Next generation board members display strong passions that inspire older board members, have a drive to produce results, open doors to new networks and donors and provide a fresh perspective, according to *Next Generation and Governance*, a report based on interviews with nonprofit chief executives and senior staff leaders conducted in 2008. The BoardSource report explores the benefits of and strategies for including members of Generations X (born 1965-1979) and Y (born 1980-2000) in nonprofit governance.

According to the report, there are four common ways younger members benefit organizations:

**Passion for the mission.** “Our younger board members are passionate about what we do and it gets the rest of us excited,” said Sandra Timmons, one of the nonprofit leaders interviewed for the report. “They are bringing energy, enthusiasm, and freshness to our work. It’s inspiring to our other members.”

**Results-oriented thinking.** Younger board members go beyond being motivated by the mission. They connect passion with a need for real outcomes.

**Access to new networks and donors.** Chief executives say younger board members are not hesitant about asking for money on behalf of the organization — particularly when they use online tools.

**Fresh perspective on old problems.** Generation X and Y members are not afraid to ask why or challenge assumptions. Their perspectives and experiences often serve as a reality check for boards and lead to more informed decision making.

BoardSource’s Nonprofit Governance Index 2007 survey revealed that only 2 percent of nonprofit organizations have board members under 30 years of age. The most common reason for not including the younger generation is the perceived need to recruit corporate CEOs. Some respondents said they do not know where to find prospective Generation X and Y board members, noting that their boards are comprised mostly of Baby Boomers, who tend to recruit other Baby Boomers. Respondents also expressed concerns that a solitary Generation X or Y board member might not fit in with other members of the board and feel isolated.

To read the entire *Next Generation and Governance* report, which includes strategies for welcoming and engaging younger board members, visit [www.BoardSource.org/UserFiles/nextgeneration.pdf](http://www.BoardSource.org/UserFiles/nextgeneration.pdf)



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