

BY Linda C. Crompton

The New Future OF GOVERNANCE

Though the economy may be stabilizing, there is no going back to business as usual for the nonprofit sector. Going forward requires us to envision a different future for our organizations. But only those boards that are willing to transform themselves will succeed in transforming their organizations.

Much has been written about the dire state of the financial landscape in which most nonprofits are operating today. Conjecture about increasing regulation is at an all-time high, and expectations for boards to perform are equally high, despite the fact that nonprofit board members are not, for the most part, paid for their efforts. The well-documented “leadership gap,” initially fueled by the demographic bulge of baby boomers retiring from their positions, now seems destined to be exacerbated by the disillusionment and apprehension of those who remain or are coming up through the system.



Given all this, it is not surprising that, here at BoardSource, we are constantly being asked to predict the future. Every week brings new questions: “What should we, as board members, be doing now?” “How do we provide the right kind of leadership to our organization, given the difficulties management has just keeping the doors open?” And, perhaps most important, “How do we transform our organization to create a successful new future in the face of so many challenges?”

We recognize that the answers will be found not in the words of experts but in wide-ranging dialogue and debate. And we proffer the view that, despite the hardship and extra work involved, there is opportunity in these trying times. While it is tempting to focus only on survival and to hope for a fast return to the world we knew, that would close off all other possibilities. As Dov Seidman, the chief executive of an

ethics training consultancy, recently wrote in *BusinessWeek*, “If we return to business as usual too quickly, we will miss the opportunity to create the new habits of thought and behavior that we need to build sustainable economic growth.”

In fact, we would take this one step further and suggest that returning to “business as usual” is an illusory option. New forces have emerged: the new administration’s emphasis on volunteerism, which has catalyzed a national service movement; the impact of the next generation not just in that movement but across the sector in a dozen different ways; the creation of whole new entities, such as L3Cs, as recipients of philanthropic dollars; and the well-documented sea change toward greater direct involvement that is sweeping through the philanthropic world. All of these are changing how the nonprofit world will function and be structured and will, of

course, have major implications for the role of the boards within that world.

Because the board is the main entity responsible for supervising and guiding the work of the organization, and good governance is the mechanism that enables the board to be successful in designing the organization’s future, it is the board that must transform itself in order to transform the organization and, indeed, society itself. There has never been a greater need for revitalizing the role of boards and for establishing a new framework for board leadership, and never a more urgent time to do it. Today, we issue an invitation to board members and aspiring board members to commit to “transformative governance.” The time to embrace it is now.

Transformative governance means engaging in breakthrough thinking that embraces emerging trends and developments and asking the question, “What does this mean for governance?” It means applying new ways of thinking to the principles of governance that have withstood the test of time, and expanding the definition of governance to include the elements of leading an organization that is a piece of a whole rather than an end in itself.

For 21 years, BoardSource has consistently been at the forefront of original thinking on governance, particularly in applying that thinking to produce practical, accessible tools and services used by hundreds of thousands of nonprofit organizations across the country.

This piece is adapted from an essay posted on www.boardsource.org. To view the full article, go to www.transformativegovernance.org/new_future.php.

MAKING Connections

To begin to understand this concept, we must first understand that no single board is able to deal with the complexity and scale of the problems now faced by the nonprofit sector. They are too great. As David Renz puts it, the future is no longer “the networked organization” but rather “the organization as network.” (“Reframing Governance,” *The Nonprofit Quarterly*, Winter 2006.) Instead of a myriad of institutions all operating in isolation from, and often in competition with, each other, the new landscape is likely to resemble a honeycomb with allied entities that share resources.

Leading effectively in this type of environment requires the kind of ability and skill sets demonstrated by younger generations proficient in social networking from an early age. It will be a challenge to others. “Old” sources of power, such as having control over information, quickly disappear when that information becomes largely free. Similarly, “old-style” organizations and boards built on mutual back-scratching will be replaced by dynamic new groups committed to sharing power and knowledge in order to make a contribution to the whole. Innovative mergers and partnerships are likely to become the rule rather than the exception, requiring cross-sector and multifaceted communication skills from their boards. A focus on individual mission and survival, so urgent over the past few months, will gradually give way to a shared vision of a more coordinated, effective and sustainable future.

To achieve this, we need board members who are able and committed to rising to this challenge. In this new environment, any board that is homogenous in an ethnic, gender or generational sense will be at an enormous disadvantage. The speed of new developments in the philanthropic, communication, and other spheres will demand

The Land Trust Alliance created the Land Trust Board Member Challenge as a program to encourage every board member of land trusts across the country to get involved in the critical issues affecting all of our conservation work. To participate in the Board Member Challenge, board members join the Land Trust Alliance as individual members and connect with a national community of board members across the country. Since its inception in 2006, more than 75 land trusts have participated; 2009 was a record year for success!

This is the first year that Orient Land Trust (OLT) located in Villa Grove, Colorado, has been successful in the Board Member Challenge: 100% of Orient Land Trust board members have joined the Alliance.

Dan Jones knew it was important to motivate the OLT board to join: “As Orient Land Trust’s board chair and an Alliance member benefitting from *Saving Land* as well as Rally and The Learning Center, I felt it was imperative to have our entire board involved on this level.”

Dan’s commitment to the land began early on in his life. His great-

grandfather started a New England tree farm and his motto of “be good to the land and the land will be good to you” has been passed down through the generations of family members. Dan’s commitment to the land fueled his dedication to the Alliance Challenge. “The OLT board members are enhancing their understanding and appreciation of *Land Trust Standards and Practices* as the basis for OLT’s operations.”

OLT has also successfully tied the Challenge into their Colorado community. “As we undertake ever-increasing outreach within our rural community, we are including information about the national land trust community and the emerging standards by which it operates. By building awareness and educating the public, OLT is better establishing connections and trust within our local communities. We are concurrently bringing together other land trusts, federal and state land agencies as well as local governments to coalesce our missions within our area of operation,” Dan says.

As we begin 2010, the Challenge is in full swing once again. Dan is confident his group will have another successful year. “We will absolutely continue with the Board Member Challenge through both renewal and the inclusion of new directors. This is an ongoing process and one which requires continuity.”

Congratulations to the Orient Land Trust Challenge participants who have connected with the larger land trust movement! 🌱



Dan Jones

TO LEARN MORE ABOUT THE BOARD MEMBER CHALLENGE GO TO WWW.LTA.ORG/GET-INVOLVED/BMC.



LAND TRUST
Board Member Challenge

AS OF
JANUARY
2010

Board Member Challenge

These land trusts have succeeded at achieving 100% board member participation or a minimum of 50% participation since the last issue of the magazine.

To see all successful groups, learn more about the Challenge or get your board involved, contact Sara Duginske (sduginske@lta.org, 202-638-4725, ext. 344) or visit www.lta.org/get-involved/bmc.

50%+

Wood River Land Trust



Dutchess Land Conservancy

**RENEWED
SUCCESS**

These land trusts have renewed their success in the Challenge at **100%** —

- Alachua Conservation Trust
- Central Savannah River Land Trust
- Eastern Sierra Land Trust
- Genesee Valley Conservancy
- Hudson Highlands Land Trust
- Kiawah Conservancy
- Lancaster Farmland Trust
- Minnesota Land Trust
- Peconic Land Trust
- River Fields, Inc
- Riverland Conservancy
- Sarasota Conservation Foundation
- Willistown Conservation Trust

These land trusts have renewed their success in the Challenge at **50%+** —

- Cayucos Land Conservancy
- Columbia Land Conservancy
- Columbia Land Trust
- Fairhaven – Acushnet Land Preservation Trust
- HeadWaters Land Conservancy
- Land Trust for Tennessee
- Palmer Land Trust
- Scenic Hudson Land Trust
- Southbury Land Trust
- Summit Land Conservancy
- Thousand Islands Land Trust
- Woodstock Land Conservancy

www.landtrustalliance.org

decision-makers who can anticipate and interpret those trends.

Rather than wait for the invitation to sit as a lone young person or person of color on an otherwise homogenous board, we know that younger generations are impatiently forming their own organizations and boards, and are inclined to view ideas such as investments in human capital, for- and nonprofit blending of financial instruments,

and innovative ways to communicate and raise funds as normal and uncontroversial. The kind of mass collaboration made possible by the Internet and demonstrated in the last presidential election can easily create new forms of relationships, including Web-based networks, which will, in turn, create new forms of governance. Without access or involvement in these kinds of innovations, boards, and their organizations

along with them, quickly become isolated and then sidelined.

Dramatic leadership from board chairs and their fellow board members is urgently needed, beginning with the recognition that governance is a performance issue. Earlier definitions that focused on legal and fiduciary requirements still apply, but while compliance and oversight remain essential responsibilities, they are only a starting point. Being prepared to ask the tough questions—whether they concern the rigor of an investment policy or the adequacy of strategic direction being provided to the organization—is key. Establishing a culture of inquiry and then continually ensuring that it remains alive and well in board and management discussions will likely be the single most important responsibility of a board chair in the future.

Undertaking the work that lies ahead for nonprofit boards is not for the faint-hearted, though the individuals who take on these responsibilities have never fit this description. The future is going to require massive changes in how our nonprofits operate, resulting in more mergers, dissolutions, and the formation of new types of entities. All will need to be part of a larger whole with greater capacity to resolve our mounting societal problems, regardless of the consequences for individual organizations.

It has recently been said that what the world has experienced over the past 17 months is not so much a financial crisis as a crisis of meaning. Stepping back and widening the context for discussions about recovery in the sector makes it clear that the most rewarding work to undertake over the next few years will be guiding nonprofit organizations to a more sustainable and effective future. And, through transformative governance, the board will lead the movement toward a transformed nonprofit sector. 🍀

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