

Dysfunctional Nonprofit Boards: Key Warning Signs

04.06.23 | Linda J. Rosenthal, JD



“When boards work well,” say two leaders of the Center for Effective Philanthropy (CEP), “they help organizations focus, strengthen their work, reinforce values of equity, and provide advice, energy, resources, and inspiration.”

But, “[w]hen boards don’t work well, however, they can kill momentum toward important social progress.”

The imperative to help boards work well has been the long-time driving motivation of Phil Buchanan, CEP’s president, and Kevin Bolduc, the organization’s vice president, assessment and advisory services. Their distinguished resumes also include writing, lecturing, consulting for prestigious agencies, and “a ton of time” in foundation board rooms as well as in those of operating nonprofits”

That perspective renders them abundantly qualified to pen the excellent CEP post published first in February 2022 and republished this week: *Eight Signs Your Board Might Be Dysfunctional*. They’ve seen too many boards “that are disinterested or dysfunctional, creating distorted power dynamics, wasting precious resources, and landing on approaches that do not fully reflect the needs and solutions that communities see for themselves.”

“That experience has led [them] to believe there are at least eight warning signs that a board, whether of an operating nonprofit or a foundation, is off track.”

All day long we see multi-point lists on various topics of interest to the nonprofit sector. Some are better than others.

This one is spot-on.

The Eight Signs of Dysfunction

They are:

- “There are more frequent discussions of competitors and costs than of collaborators.”
- “The board lacks racial diversity and is populated mostly or entirely by people without knowledge of philanthropy, nonprofits, or the work of the organization.”
- “The board is two-tiered.”
- “Authority for decisions is unclear or unspoken.”
- “There is more time spent by the board listening to CEO or staff presentations than actually discussing topics.”
- “There’s no celebration — no joy.”
- “The CEO isn’t assessed, the assessment is opaque, or only seen by a subset of board members.”
- “The Board doesn’t assess itself.”

“Look,” these two seasoned nonprofit experts add: “We’re quite sure these aren’t the only signs of board dysfunction. But these are common ones in our experience.”

There’s no indication from Mr. Buchanan and Mr. Bolduc that the chosen items are presented in any particular order of significance. Nevertheless, in this introductory post, we’ll focus on the first of the eight – namely, a destructive “competitive, zero-sum, mindset”: putting individual organizational survival over purpose and mission.

For background and context, see Anne Wallestad’s groundbreaking essay in the prestigious *Stanford Social Innovation Review (SSIR)*: [*The Four Principles of Purpose-Driven Board Leadership*](#) (March 10, 2021).

It’s a concept that has catapulted quickly from the quieter corners of philanthropy thought leadership into the mainstream, becoming an aspirational focus for our sector.

Competitive, Zero-Sum Mindset

One: “There are more frequent discussions of competitors and costs than of collaborators.”

The authors posit: “Too many foundation and operating nonprofit boards ... operate as if it’s their organizations that matter most....” The problem, explain Phil Buchanan and Kevin Bolduc, is short-sighted thinking that “manifests in conversations rooted in a competitive, zero-sum context — looking at other organizations with similar missions as rivals rather than collaborators.”

They are not doing what (former) BoardSource CEO Anne Wallestad has advocated in recent years; namely, that the “core responsibility” of nonprofit boards is “putting purpose first.”

A significant prong of this approach – that is, the imperative to “work within a cooperative ecosystem” and to “make a collective case for important shared goals [that] can expand the pie of funding ...” – takes on greater urgency in times like ours with disruptions, chaos, and ongoing uncertainty.

Purpose-Driven Board Leadership

In [*The Four Principles of Purpose-Driven Board Leadership*](#) (March 10, 2021), what BoardSource's CEO meant by its newly coined phrase – “Purpose-Driven Board Leadership” – is a “mindset characterized by four fundamental principles, mutually reinforcing and interdependent, that define the way that the board sees itself and its work.” Two of Ms. Wallestad's four points can be summarized as:

- Purpose before organization. This refers to prioritizing the organization's purpose, instead of the organization alone. The term “purpose” is broader than “mission.” BoardSource sees “vision, mission, and values as more narrowly-defined elements of purpose; purpose is an organization's reason for being in the world, which is a melding of the concepts of mission and values in pursuit of vision” and
- Respect for ecosystem: This point acknowledges “that the organization's actions can positively or negatively impact its surrounding ecosystem.” It also means being a “respectful and responsible” player in the broader ecosystem.

See also our discussion of this concept in [*Philanthropy Thought Leaders: Purpose-Driven Board Leadership*](#) (May 11, 2021).

Working Within Cooperative Ecosystem

“Even at moments when things seem zero-sum, they usually aren't.”

In their article on the eight signs of a dysfunctional board, Phil Buchanan and Kevin Bolduc assert that “[b]oards should recognize that it's only by working within a cooperative ecosystem, over time, that crucial goals can be achieved Organizations that can make a collective case for important shared goals can expand the pie of funding, instead of fighting to protect a smaller one. Changing those conversations about competition to be about shared purpose can increase your chances of making real progress.”

It's no surprise, then, that formerly taboo ideas like mergers, consolidations, or cooperative ventures, are moving into mainstream conversations as solutions are sought. These paths no longer are cloaked in the mantle of apparent failure or shame. Compare, for example, two of our own posts: [*Is Your Nonprofit Ready for Hospice Care?*](#) (November 26, 2019) with one two years later during the pandemic: [*Exploring the Nonprofit Merger Option*](#) (September 9, 2021).

The imperative to “work within a cooperative ecosystem” in turbulent times, coupled with many notable successes of cooperation during the pandemic, have turned the tide going forward. See our discussion in [*A Look at Two Pandemic-Era Nonprofit Mergers*](#) (August 27, 2021).

While (technically) the COVID-19 emergency has “ended,” the days, weeks, and months ahead remain in a fog of unknowns, and “adapting” is viewed favorably, as a viable planning option. See, for instance: [*Even as Economy Shows Positive Signs, Nonprofits Aren't Letting Their Guard Down*](#) (February 28, 2023) Sara Herschander, *The Chronicle of Philanthropy* [“The economy showed signs of life in January, but many nonprofits remain mired in a prolonged sense of economic uncertainty.... [M]any nonprofits are still struggling to cope with a major increase in demand for their services. With most Covid-era relief funding already used up, many groups are continuing to adapt....”]. See also [*The Post-Covid Nonprofit: Burnout, Chaos, and the Grinding Hunt for Staff and New Revenue*](#) (April

4, 2023) Drew Lindsay, *The Chronicle of Philanthropy*.

Conclusion

We'll continue to discuss these eight signs of board dysfunction.

It's important, according to the Center for Effective Philanthropy's top executives, for nonprofit boards to pay attention. "...[If some of these warning signs are flashing,] they urge, "it's time for an open conversation about it. The organizations you govern can't be effective unless you are" doing that.

– Linda J. Rosenthal, J.D., *FPLG Information & Research Director*