

Lessons in Charity Governance, Courtesy of Sweet Briar and San Diego Opera

01.21.16 | Linda J. Rosenthal, JD



In the spring of 2015, we followed with keen interest two developing stories about major community institutions that were suddenly threatened with immediate closure: [Virginia's Sweet Briar College](#) and the [San Diego Opera](#). We watched as these institutions' supporters rallied to oust the leadership that had proposed these unexpected and undesirable courses of action, and how those dissenters saved the day(s).

There are certain interesting parallels in the two cases as well as some clear distinctions, but observers in the philanthropy community agree that these were fascinating case studies with important lessons for charities and their boards.

New Leaders Share Thoughts

Some six months after these situations were resolved – and catastrophe averted – Nonprofit Quarterly's editor [Ruth McCambridge sat down with the two key women](#) who played a role in saving these venerable community institutions and are now leading them into the future. The webinar featuring Sweet Briar College's Teresa Tomlinson and San Diego Opera's Carol Lazier was lively and full of important insights for charity boards of directors, large and small. Vernetta Walker, Vice President of Programs and Chief Governance Officer for BoardSource was also a panelist. Here, we're highlighting a few of the key themes raised by both organization leaders. For background, take a look at "[Sweet Briar College: Saved – At Least For Now](#)," and "[Drama at the San Diego Opera: A Dynamic Different Than Sweet Briar](#)." In each instance, a strong executive bolstered by an insular executive committee, decided that the financial viability of the organization was in such severe jeopardy that the only option was to shutter the operations within

several months.

There had been some advance planning by these insiders, although they told no one outside the inner circle. Both in Sweet Briar and San Diego, an emergency special meeting of the board of directors was called, and with no advance information, the directors were told that the institutions must be closed.

Both boards felt blindsided, but voted to approve the action.

In the Sweet Briar situation, it was the students, faculty, staff, and alumnae who rallied to fight, and save the College. Leadership held firm, and fought the dissenters in court. This high-profile community battle was settled in mediation within about 3 months, but not before the Virginia governor, attorney general, and Supreme Court got involved. Teresa Tomlinson, who was a key figure in leading the opposition, emerged as the new Board Chair. In the San Diego case, a substantial number of the board members had immediate buyers' remorse, changed their votes, and – along with strong community support – ousted the entrenched leadership. Carol Lazier was a board member who led the dissenters-turned-new board majority, and is now the President.

Both organizations are open for business.

Issues Raised by Panelists

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Be Wary of Vanity Board and Top-Down Management by Insiders

Both panelists were quick to point out that their impressive-on-paper boards were actually “vanity boards” (also sometimes called “potted plant” boards or “bobble-head” boards). Directors were passive and/or did not understand their fiduciary responsibilities to ask questions and demand information – especially concerning finances which was the purported reason why the insiders insisted there was no choice but to close down operations.

Moreover, insiders (the CEO, board chair, and executive committee) apparently wanted it that way. The insiders' management style was top-down, secretive, and uncommunicative. This was especially true at the San Diego Opera, where the brilliant and charismatic Ian Campbell directed both the artistic *and* the organizational aspects of the group. Because of his vision and expertise, board members (and staff) felt that he likely knew best, and were they hesitant to question his decisions, including his “my way or the highway” attitude.

In addition, the organization was structured to perpetuate this closed management group. There was too much formal power vested in the key insiders, supported by management/executive committees with too much authority and discretion.

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Reform Governance Documents and Policies

Once the old leadership was ousted at Sweet Briar and at the San Diego Opera, the new board (comprising opponents of the “we have to close down immediately” insider faction) set out to formalize the change from an insider-controlled, top-down management structure to a more open and balanced governance structure. They are rewriting bylaws and policy documents, divesting executive committees of too much concentrated power, and formalizing a plan of more meetings and a better, regular flow of information. They are reformulating mission statements, holding “listening tours” and avoiding a “we know best” management culture. These new structures include staff and stakeholder input and participation.

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Recognize the Value of Stakeholders and Networks

For both Sweet Briar College and the San Diego Opera there were important, natural networks of interesting parties and supporters who were ignored by former management. Even if the financial problems were – indeed – dire, there was little or no outreach to these groups for help. The attitude towards these built-in networks was they are “too much time and trouble.”

But when the dissidents took over the reins of power, in each case they used these networks immediately and effectively. For Sweet Briar, there were devoted students, staff, alumni, and members of the local community who spearheaded the drive to “Save Sweet Briar,” and came through with financial and other support. The local and Virginia press at first took the side of the insider group, but were persuaded by these stakeholders to come over to their side. The “Save Sweet Briar” group effectively harnessed the power of social media and energized powerful stakeholders like successful alumnae who were able to come through with needed money.

In San Diego, the allies were the community at large, the press, and the employees and artists who were surprised and outraged at the decision to close down the Opera after fifty years. Social media worked here, as well; a crowdfunding campaign took off quickly and exceeded the original goal.

Conclusion

The panelists agreed that the actions of the new leadership not only changed the outdated, rigid, and ineffective governance structures of these organizations, but also brought these groups in line with 21st century expectations of how operations like these should run. In particular, the various stakeholders are now used to a more open, egalitarian style of operation – and they expect to have input and recognition.