

Philanthropy Thought Leaders: Purpose-Driven Board Leadership

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How often do “you stumble across an article where you shout ‘yes!’ multiple times when reading it?”

That’s typical of the effusive praise for a recent essay by Anne Wallestad, the “brilliant” president and CEO of BoardSource. Published in the prestigious *Stanford Social Innovation Review (SSIR)* on March 10, 2021, this provocative discussion is titled *The Four Principles of Purpose-Driven Board Leadership*.

“In the face of increasingly pressing systemic inequities,” Ms. Wallestad begins, “nonprofit boards must change the traditional ways they have worked,” substituting “different and urgent priorities.” Typically, nonprofit directors have focused almost entirely on the survival of the *organization* itself. But a charity’s leaders should, instead, “prioritize an organization’s purpose, show respect for the ecosystem in which they operate, commit to equity, and recognize that power must be authorized by the people they’re aiming to help.”

According to Phil Buchanan, head of the Center for Effective Philanthropy (CEP), this new model is an “... alternative governance framework that, if adopted, could be the most important mindset shift in the nonprofit sector that” he’s seen in two decades in his job.

“Anne Wallestad’s article,” he adds, “is a must-read.”

Need for Change

Philanthropy thought leaders have, for some time, questioned the adequacy of the prevailing model of nonprofit governance. The multiple crises of 2020 brought this issue into sharper focus and underscored the urgency of asking the right questions. The SSIR article was a collaborative effort of Anne Wallestad’s team at BoardSource, “a globally recognized nonprofit focused on strengthening

nonprofit leadership at the highest level—the board of directors.” But they graciously acknowledged many “partners and colleagues” whose “input, thinking, and past work helped shape” these ideas.

“[A]re nonprofit boards, as they exist today, equipped to govern the social good organizations for which they are responsible?”

The BoardSource team, in its response, does not equivocate: “... [A]s they are currently operating, boards are not well-positioned to lead us toward a more equitable future as a society.” But the answer is *not* to throw in the towel; the corporate *structure* can remain. It is not – as some believe – “too flawed to be part of the solution.”

“...[A] board can be redesigned in any number of ways, provided it has the collective will to do so.... In most of the ways that matter, boards are their own accountability mechanism. This structure can work beautifully or fail miserably, depending on how a board is populated and self-managed.”

Purpose-Driven Leadership

Under BoardSource’s concept, there should be a sharp divide – conceptually and in practice – between the “social sector governance” model and the for-profit “corporate governance” one. Currently, this is a muddy distinction, if it exists at all for the vast majority of nonprofits.

This status quo should change; “...traditional ways of thinking about nonprofit governance fail to acknowledge the unique charge of social sector organizations and the boards that lead them.”

If purpose-driven board leadership principles are applied, an organization leans into the social-good purpose “at an ecosystem level and a shift away from protectionism and self-promotion at an organizational level.” The board must determine what is its “most essential work” and “how board composition must shift to be able to support that critical work.”

Ms. Wallestad makes a point in her article of explaining why the current preoccupation of the majority of nonprofit boards – that is, fundraising – runs counter to these principles of being purpose-driven. Of course, an organization must have funds to carry out its programs and mission, but the *over-emphasis* on fundraising in the board’s priorities often eats into achieving the group’s philanthropic purpose. It also tends to skew the selection of board members towards (only or mostly) the wealthy and the well-connected.

Defining the Concept

What BoardSource means 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.” Anne Wallestad discusses each of the four points at length; for now, we’re just listing them. There will be follow-ups to this post with more detail on some of the points.

- **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.”

- **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.
- **Equity mindset:** A board must make a commitment to “advancing equitable outcomes” as well as determining and avoiding ways that it inadvertently reinforces negative outcomes.
- **Authorized voice and power:** A board must not only invite and listen to community input but must share power including a seat at the board table.

Ms. Wallestad illustrates the meaning and application of Purpose-Driven Board Leadership with a wonderful example from our neighborhood. The San Diego Museum of Man – one of the most popular among the museums dotting the city's famous Balboa Park – comprehensively remade itself from top to bottom including a significant name change to The Museum of Us. In a later post, we'll discuss this interesting case study.

Conclusion

Making the decision to “lean into” purpose-driven board leadership can “begin without initial collective action from the board.” It doesn't mean or require immediately making significant shifts in board composition or leadership – although that will likely, over time, happen.

A nonprofit board can leverage its existing structure and “begin filling it differently based on a new understanding of the board's role and what that requires in terms of the people, perspectives, and mindsets needed to fulfill that role.”

Anne Wallestad describes this concept as “... radical in its simplicity” and, if undertaken on a large scale, it can “create an upswell of boards and organizations that are deeply connected and interconnected in their service to positive social impact and change in service to community.”

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