Boardroom Bearings
Navigating to Board Excellence

Centerpoint Institute

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Nonprofit board governance is no longer a yawner. Judging from the news, nonprofits need to continue striving to improve governance practices.

According to Michael Peregrine, writing in [The Chronicle of Philanthropy](#), "The nonprofit world has been buffeted over the past year by a series of particularly unfortunate scandals and controversies, many of them attributable to inadequate financial controls, inaccurate financial statements, and **ineffective and inattentive governance**".

Strong governance practices contribute to engaged boards and more successful organizations. And weak governance practices are often at the root of the problem when nonprofit organizations and their boards are found to be derelict in their duties.

This newsletter will help you stay up-to-date on nonprofit governance topics and enable you to introduce governance conversations that will raise your organization's performance from "acceptable" to "exceptional."

Where do you enter a circle?

Well.... from where ever you ARE!

The practices that lead to developing a strong and vibrant board form a circle that you can enter at any point during the year. Start NOW. Start where you are.

In this and the next eight issues of *Boardroom Bearings* one of the practices in the board building cycle will be featured, along with other governance topics. The nine practices are:

Identify	Cultivate	Recruit
Orient	Involve	Educate
Evaluate	Rotate	Celebrate

This inaugural issue of *Boardroom Bearings* discusses the practice: "**IDENTIFY**."

In This Issue

Where do you enter a circle?

Does everyone in the boardroom look alike?

Board diversity is a competitive advantage

Get answers straight from the SOURCE

Boardroom Bearings

Does everyone in the boardroom look alike?

When it's time to bring on new members, does the board go to their friends? Or ask "Who can we get?" (And be willing to settle for whomever will say "Yes"?) Is the result a boardroom populated by people who are of a certain age, race, gender, social class, or some other

defining variable?

Choosing board members is a **strategic decision** because who is selected has powerful implications for the future effectiveness of the board and the success of the organization.

So begin by deliberating on the characteristics that are needed on your board. What backgrounds and experiences? What professional, personal, cultural, ethical, qualities? One place to start is the strategic plan: are there new initiatives that require new thinking?

When you have a solid idea of your ideal board profile, create a chart with rows and columns. The rows are for variables such as age, gender, race/ethnicity, resources, community connections, personal qualities, and areas of expertise. Under each main row topic add more rows with details. For example, under the "age" row, add sub-rows such as "Under 18," "19-34," "35-50," etc. Add these sub-rows for each main variable.

Then work on the columns - one set of columns for current members and one set for prospective members. Now complete the profile for current members by putting check marks in the proper cells: John Doe is 62 years old, Caucasian, has money to give, is well-connected in the business community.... You get the drift.

Finally, look for the gaps! Are there no young people on the board? Is everyone Caucasian? Are most members from the business sector and none from education or government? The gaps in the chart will **IDENTIFY** whom you will be looking for in your next board members.

Here's an example of a worksheet from [Council on Foundations](#).

Board diversity is a competitive advantage

When everyone in a group shares a particular world-view or common set of experiences, it runs the risk of nearsightedness when considering options. And this myopia can result in poor decisions. Varied backgrounds and different life experiences among board members add to the power of the board to innovate and guide the organization successfully.

Scott E. Page, author of *The Difference: How the Power of Diversity Creates Better Groups, Teams, Schools, and Societies*, wrote, "Most people believe that innovation requires smarter people, better ideas. That premise, though intuitive, omits what may be the most powerful but least understood force for innovation: Diversity. Diversity usually calls to mind differences in race, gender, ethnicity, physical capabilities, and sexual orientation -- social or political differences that at first glance have little to do with innovation. Yet the key to innovation... resides inside the heads of people, the more diverse the better. That link may not be immediately apparent, yet any understanding of innovation's role in growth must focus on diversity as well as ability.

"...Innovation provides the seeds for economic growth, and for that innovation to happen depends as much on collective difference as on aggregate ability. If people think alike then no matter how smart they are, they most likely will get stuck at the same locally optimal solutions. Finding new and better solutions, innovating, requires thinking differently. That's why diversity powers innovation." ([See article](#)).

According to research, diversity positively affects group outcomes, innovation, and performance. A conducted by faculty at Northwestern University's Kellogg School of Management found "diverse groups outperformed more homogeneous groups not because of an influx of new ideas, but because diversity triggered more careful information processing that is absent in homogeneous groups." ([See article](#)).

Even though we know intellectually that diversity leads to innovation, deep-seated tribal instincts lead us to prefer being with other people like ourselves. And too, disagreement is a natural by-product of diversity. Organizations that can resist tribalism and learn to appreciate differences will gain a competitive advantage.

Consider using this newsletter and the articles cited to open conversations about diversity in your organization.

Get answers straight from the SOURCE

I am attending the annual BoardSource Leadership Forum in early November. Do you have a governance question that has been bugging you? Send it to me and I'll get an answer for you!

Boardroom Bearings...

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