

Rx: A Healthy Board



A former shelter director relates the following story of when he first accepted an Executive Director position for an SPCA in the State of New York: “I received an urgent e-mail while still in California from a group of volunteers who were concerned that the local SPCA’s new temperament testing policy was going to result in the deaths of too many dogs and requesting my position on the matter. As is my style and custom, I was candid about my views. I told them that the method and philosophy (in force at the time) was geared to overkill and that I would address the issue when I got there. I shortly, thereafter, received a telephone call from the Chair of the Board of Directors virtually rescinding my offer—after my home was on the market and our furniture was en route to New York—because the Board had decided to use a particular method and I was undermining the Board.”

That the Board was selecting protocols regarding day-to-day management of the shelter showed that the organization was in trouble from an operational stand point. In other words, the Board’s policy should have been “aggressive dogs should not be placed into the adoption program.” But how that is implemented, what evaluative methods are used, what follow-up is done, is not within a Board’s ambit.

Nothing will drive away a good Executive Director faster than a Board that oversteps its boundaries to include management decisions. Telling an Executive Director of the Board’s “decisions” on operational matters is a

sure fire way to lose a good leader (and good staff).

Bob Dole, the former U.S. Senator, once said wisely, that “Congress is an institution inherently incapable of leadership.” He was absolutely correct. This is not a statement on the capabilities of a particular Congress or individual members. He was referring to the institution. A collegial body [especially of part-time trustees], whether a Congress or a Board of Directors is wrongly suited for day-to-day management.

While many Boards try very hard to run an agency in the absence of an Executive Director, looking at the performance level of the SPCA in the above example shows how impossible the task was. What is now considered one of the most successful and progressive shelters in the country was filthy, the animals weren’t getting appropriate care, killing was arbitrary, public relations were poor, and donors were not getting thanked. Once again, this isn’t a question of individual ability. It is, at its core, the inherent shortcomings of a Board of Directors trying to manage an agency.

By contrast, non-profit management jargon currently in vogue states that while Executive Directors are supposed to manage the day-to-day affairs of the agency, one of the primary roles of a Board of Directors is to set the vision of the agency. This also, however, is a sure fire strategy for failure. Board Members cannot guide the vision of an agency, because they cannot

see the big picture, their knowledge tends to be superficial, and because they do not run the agency, they cannot appreciate all facets of shelter operations.

So if neither of these areas are the job of a Board of Directors, what is? In fact, a Board of Directors has five well defined roles. For an agency to be successful and ensure longevity, the Board must remain focused on those five areas. They are:

1. To support and serve the Executive Director.
2. To protect the assets of the organization.
3. To give and get resources for the organization.
4. To set broad policy guidelines.
5. And, of course, to hire and fire the Executive Director.

We'll look at each in turn.

Role Number 1:

To support and serve the Executive Director.
An effective Board of Directors serves the Executive Director in helping the agency meet its strategic goals. This is accomplished in many ways, but is usually structured through a committee system. While trying to build a new pet adoption center, one SPCA formed a Campaign Committee, a Public Relations Committee, and even a Building Committee to review architectural plans and interview prospective contractors.

Unfortunately, some Board Members wrongly think it is the opposite—that the Executive Director, and by extension his or her staff, serve the Board because they get confused by the fact that the Executive Director is hired and serves at the pleasure of the Board. The two are distinct. The “you work for us” view turns the structure of a not-for-profit on its head. The Board serves and supports the leadership of the agency, and leadership rests with the Executive Director.

In fact, it is axiomatic that a Board aware of its role does not communicate with agency staff or volunteers, nor do volunteers or staff have open access to Board Members unless it involves well defined grievance procedures related to Executive Director misconduct. One very successful Executive Director goes so far as not allowing Board Members to volunteer in the shelter. He explains it like this: “At the shelter, I am the boss. If you are a volunteer, the buck stops with me. But since Board Members can collectively fire me, it muddies the chain of command when they volunteer.”

“But more importantly,” he notes, “there is plenty of work to be done in their

service as Board Members including opening local political channels and cultivating donors. Having them walk the dogs or socialize the cats is a misuse of their service to the agency. I know some of my Board Members joined the agency because they like working with the animals, so I invite them to help at special events and to stop by every now and then to play with the shelter animals, but not as volunteers on a regular basis. I can always find another volunteer to walk dogs. I can't always get someone to help cultivate major donors.”

Role Number 2:

To protect the assets of the organization.

Board Members are trustees. They have a fiduciary duty to protect the assets of the agency. To do that, they review and approve the annual budget. They ensure that expenses are controlled and that revenue streams are fully actualized. They review monthly (or quarterly) reconciliation of actual to budget year-to-date financials. And they oversee management of the agency's endowment.

As with any of their roles, this one can also be misused. In its most overt form, they can swing business to their colleagues and friends, even in the absence of compelling need. “I had a Board Member whose best friend owned a graphics design firm,” said one Executive Director. “Even though we could do it cheaper and just as well in house, she kept pushing me to hire her friend's firm. That, to me, was a violation of her role as trustee. It smacked of influence peddling.”

But those obvious examples aside, there are more subtle ways that Board Members can misuse their role overseeing the budgeting process. Another successful Executive Director tells an all-too-common tale: “I had different Board Members who had different programs they really liked and pushed those constantly. In trying to manage the deficit I inherited, I wanted to cut certain programs that did not have a measurable lifesaving impact and shift costs to other more effective programs. In my first budget submittal, I cut some administrative positions that were duplicative and cut our humane education program and our animal assisted therapy programs because other groups had similar programs and frankly they didn't get us any closer to No Kill. I knew we could increase the safety net in our community by taking the money we saved from staff and program cuts and using it instead for shelter dog socialization and for medical rehabilitation programs. But some of the Board Members started the humane education and therapy programs before I

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got there and began pushing for those programs in the budget process. Other Board Members were upset because they were friends with the people in the staff positions I eliminated even though we didn't need those positions. How can you manage an agency and eliminate a deficit when each Board Member has his or her own pet projects? It's like pork barrel spending in Congress."

Role Number 3:

To give and get resources for the organization.

To meet their obligations to the agency, 100% of Board Members must give unrestricted financial gifts. Some agencies require a minimum amount of "giving or getting" and this is a simple way of gauging whether Board Members are meeting their obligations. But setting a minimum also has a potential downside, and that is reducing the potential amount Board Members may contribute. But a Board Member who does not donate generously within their means to an agency fails at leading by example.

One enlightened Board Member explained it best: "We were in a capital campaign to raise millions for a new shelter. Many of the people I asked for money wanted to know how much the Board was giving. How could I ask for \$10,000 from a colleague when I am only giving \$5,000? So I bumped my gift up to \$15,000. It would have been hollow for me to tell people why it was important to give to the agency and the value it had for the community if I did not demonstrate my belief in that through my own giving."

In addition to making the organization the recipient of their cash philanthropy, Board Members should also be selected based on their community influence. Board Members should be passionate about the mission first and foremost, but they should also be able to open influential doors. "Love of animals may be important for Board service, but it is by no means sufficient," said a successful Executive Director. "I also want Board Members to know people in the community in order to be able to increase shelter support by getting us access to local businesses, politicians, philanthropists and other movers and shakers."

Role Number 4:

To set broad policy guidelines.

Board members set policy. But that policy statement must be broad, compatible with the vision of the Executive Director, and also allow the director the latitude to determine how it is to be implemented.

In the introductory example above, the Executive Director explained it like this: "One of the key concerns for Board Members, for example, is reducing the agency's exposure to liability. As a result, it is well within a Board's role to

issue policy statements such as 'liability should be mitigated' and/or 'aggressive dogs should not be placed into the adoption program.' But it is not the Board's job to determine how that should be done or which temperament testing protocol to use." In fact, they threatened to lose a director who would ultimately lead the agency to lifesaving success, financial health, and community esteem.

In another example, a Board sought to lock all the doors to the shelter dog and cat kennels because they were afraid someone would get bitten. While the concern for public safety may have been legitimate, the policy directive threatened to undermine the vision for the agency set out by the director and his team.



Role Number 5:

To hire and fire the Executive Director.

This role speaks for itself. When Board Members do not act to protect an agency by letting their Director run it into the ground, they fail in their role as trustees. When they act as rubber stamps without the due diligence of asking tough questions, they fail. When they ignore turmoil or when they see staff and volunteers resigning en masse without responding, they also fail.

One Director inherited an agency at the peak of its success and began running up large deficits, ignoring protocols, and missing key opportunities for lifesaving and financial growth. He even embroiled the agency in unnecessary litigation. And yet the Board stood by him because they traveled in the same social circles and because they found it easier to keep him than to make the decisions needed to protect the agency. As much as a Board that oversteps its role will cause agencies to falter, there is simply no excuse for one that refuses to accept even its limited—albeit important—role of protecting the agency from harm.

Having said that, its stewardship role is not an open ticket for fifteen Board Members to oversee the Executive Director. It is important for long term success that the Chair of the Board shields the Executive Director from the demands posed by having fifteen or more bosses. Each Board Member may have their own "pet" projects and desires, and to have fifteen people making demands or having opinions about operations is a recipe for disaster. An Executive Director should only report to the Chair of the Board, and all Board Member concerns should be filtered through the Chair.

How one Board (Almost) Failed to See the Big Picture

In a conversation with No Kill Solutions, a former Executive Director shares how one Board almost derailed the vision for a new Pet Adoption Center.

What did the Board want to do which you disagreed with?

We had just opened a brand new adoption center. From conception to construction, the philosophy was a shelter of “accessibility.” There are open windows, see through doors and spaces, open rooms, plenty of parking, lots of land, management offices are in public areas, the whole adoption center is an accessible, welcoming environment. In contravention of this, there was a call on the Board to lock the dog doors because they did not want the public having access to the dogs.

What was their reasoning?

They were afraid of liability in the event someone was bitten.

Doesn't the Board have a right to be concerned about limiting liability?

If it is concern over liability, that could have been tailored without impacting community support or undermining the vast public relations, lifesaving and development potential of the new pet adoption center. The Board's broad policy should have been “liability should be mitigated.” That is the task to be given to the Executive Director, which I could have accomplished in a variety of ways in addition to insurance. Also keep in mind that we allowed people to enter the kennels in the old shelter for years. To keep people feeling welcome, you need to keep the shelter accessible.

What's wrong with making sure steps are in place to protect people from getting bitten?

There is nothing wrong with that. And we had those. We thoroughly evaluated dogs for aggression before putting them into the adoption program, we kept them well socialized to reduce stress which may trigger anti-social behavior, and we had staff and volunteers in the shelter at all times in the event there was a problem.

Didn't the Board just want to add one more protection?

It was more than that. The way the Board wanted to do it would have thrown the baby out with the bathwater. The value of the adoption center is not strictly adoptions. It is getting people in the door regardless of whether they are looking for a pet or not. If they come, feel welcome, enjoy the company of the animals, they may adopt (some do!), they will tell others about their experience who will come and adopt, they may adopt themselves in the future, they may become members and donors, they may increase their support, but all of it is geared to advancing the image, public relations, financial support and adoptions for the organization.

Let me give you an example, two volunteers decided that they would “oversee” public interaction with the dogs. This was qualitatively different than “keeping

an eye on things” which is part of their job. A woman and her children came to visit (they come every week) to spend some time with the animals. When she came in, as is the staff's custom at the desk, she was told to “make sure you stay with your kids at all times. You are free to enter the rooms, so long as you are with the children.” But she came out a short time later and said that the volunteers were making her feel unwelcome by restricting her access to the dogs because she admitted to them that she wasn't here to adopt.

She is a major donor. She has no intention of adopting, but likes to visit the animals and enjoy a shelter she helped build. I assured her that she was most welcome and that the volunteers would not interfere with her enjoyment. In fact, that type of public interaction is also good for the dogs. They need the socialization, interaction and stimulation to be happy and healthy, and to stay that way.

One of the values of this building is that the number of visitors and adoptions is going to increase over time as word about what we have built here spreads. Already we are seeing people coming from further and further away to see it, take literature (including membership), leave donations in the jar, and adopt animals. This is because people are talking, friends are having a good time, families are making it a destination place, and it is an open, welcoming, and “come play with the animals” shelter of accessibility. They come for the animals, and the rest follows.

Public relations is key to our continued success, which is why I was concerned that such a move would have crippled word-of-mouth and point-of-sale P.R. by locking the animals from the public without someone standing over them when that is why they come to the shelter in the first place.

Did you ever have a member of the public get bitten by a dog in your shelter?

In three years of this policy, with good evaluation and care, we never did. That doesn't mean it can't happen. Being a director means weighing the risks and the benefits. Too often directors ignore or downplay the benefits and elevate the risks unfairly. We put in place good protocols to minimize the risks. We also mitigated the exposure in the event a dog did bite: through insurance, first aid response, liability waivers, signage, that sort of thing. But no business can completely eliminate risk and the mere fact of risk is not enough to miss out on all the benefits to the dogs, and for public relations that an inviting “come play with the animals” environment can bring. The Board did not see the whole picture because they are not here every day.

Did the Board back down?

I wouldn't necessarily put it in those terms, but yes. I like to say that as the Executive Director, I helped them see the big picture. The majority agreed with me. It was collegial. And that is exactly how a Board should be.

We Hold These Truths to Be Self-Evident: All Board Members Have Something to Contribute, But Not All Contributions Are Created Equal

In a conversation with No Kill Solutions, a former Executive Director talks about the difference between fundraising and development, and why Board Members have a higher threshold for gift giving.

Should all Board Members be required to fundraise?

Yes and no. No, if by fundraising you mean asking for money. Yes, if by fundraising you mean helping cultivate gifts for the agency through development.

What's the difference?

Fundraising is asking someone for a gift. Development is cultivating them for future fundraising, for someone else to ask or to ask later. For example, I had a Board Member that never felt comfortable asking people for money. She was a great Board Member in all other respects. She herself donated generously and as a veterinarian was instrumental in our march to No Kill. We had fundraising professionals come in and do training for the Board, but she still could not seem to do it. So instead, I had her focus on development.

In one case, she hosted a wine and fruit reception with her colleagues so I could meet them and tell them about our plans for the new pet adoption center. We had another Board Member do the same thing at her country club. She hosted the reception, I made the presentation and then I followed up with the "ask." In the first example, our first gift pledged that day was \$10,000. In the second example, one gentleman pressed a check into my hand at the door. When I got home and emptied my pockets, it was for \$20,000. Although I asked for the gift, they were "credited" to each of the Board Members because they created the opportunity. It doesn't matter if I was the one who said "won't you come in?" what matters is that the Board Members in fact opened the door.

Is there a role for Board Members in operations?

Again, the answer would have to be yes and no. New organizations that are just starting out or are growing often have "working" boards. These are boards that clean cages, write the newsletter, and do a whole host of other things because the organization does not have the financial capacity to hire a paid staff. But if the agency is going to grow professionally and ensure that it survives over the long term beyond the working lifespan of its founders, it must put in place a strategic plan not only to professionalize the staff, but to professionalize the Board. Once it reaches the point where staff can do these functions, the Board must focus in earnest on its own role, which includes giving and getting resources to meet the mission and to ensure the adequacy of an endowment to sustain the agency in the future.

Does that mean that only wealthy people should be on the Board?

Absolutely not. Sure you want people of "affluence" or "influence" on your Board. People

who can donate, get money, have access to high net worth individuals, or can open the door in a community to others, regardless of whether it is to more donors, veterinarians, businesses that can help, or to politicians who can help swing votes your way on crucial issues that affect your agency. But Board members can also give in other ways, by building bridges to rescue groups, volunteers and others who can help an agency even in the absence of large amounts of money. Or, Board Members can reduce real expenses that impact the budget. For example, I had a veterinarian on our Board who could not be described as well off. But he provided tens of thousands of dollars of free veterinary care that I would have had to otherwise pay for. He reduced real expenses. Saving me \$10,000 in veterinary bills is the same as giving me a check for \$10,000 to spend on veterinary bills.

"The golden rule: give, get or get off."

What do you mean by "real expenses"? Aren't all expenses real?

Yes, but not all gifts reduce those expenses. You should accept all contributions graciously. We had one woman who used to knit little blankets for the cats. It was great. The cats would sit on these and when adopted they would go home with the cats. She also knitted toy mice she stuffed with catnip. She used to bring 50 or more of these at a time. It was a great day for the cats. But I expect something different from Board Members. With Board Members, you also want gifts that reduce real budgeted expenses.

We had a radio station executive on our Development and Campaign Committee, which was tasked with raising the money to build a new adoption center. She donated \$10,000 worth of free advertising on the radio. That was great. I really appreciated it, but it did not reduce our costs and I can't say it

increased our support because we were already running free public service announcements on the radio at the time anyway. I was also a guest on the station every week during its morning show. And, because I didn't budget for it and would not have paid for it in the absence of the gift, there wasn't a cost savings so I could not count it as \$10,000 closer to our goal.

On the flip side, the veterinarian on our Board who gave \$10,000 worth of veterinary services for free meant I did not have to spend that money which was budgeted. I counted that as a "\$10,000" gift. I had another Board Member who was a Certified Public Accountant and saved us \$5,000 on budgeted audit expenses every year. If he did not do that, I would have paid for it. So to me that was a "\$5,000" gift in that it reduced real expenses our agency would otherwise have faced.