

# 1

## Where Does Board Change Begin?

*The path to our destination is not always a straight one.  
We go down the wrong road, we get lost, we turn back.  
Maybe it doesn't matter which road we embark on.  
Maybe what matters is that we embark.*

—Barbara Hall, writer and producer

Every change starts with a thought, and very often, the thought is framed as a question:

Why isn't this working?  
How can we make something better?  
What if we did this differently?

In nonprofit governance, the critical point when change begins can arise out of challenges—situational or chronic—to a board’s performance. A board member may think:

“Something is not right on this board.”

“Why can’t we get more done?”

“I like serving on this board except for \_\_\_\_\_.”

“I’m not making a difference. Perhaps I should resign.”

“Why do my ideas seem so out of place?”

“Everyone keeps telling me, ‘We’ve always done it this way. . . .’”

Our interviews found that association CEOs and board members shared similar thoughts to these. Even when the cause was hard to pin down, expressing the thought helped get the conversation started:

“There were problems. You would hear things.”

“When I was hiring, prospective staff would ask specific questions about board involvement.”

“It had been brewing under the surface.”

“We had organizational misalignment.”

“The board was not able to make decisions.”

“We were losing members.”

“The board was exhausted.”

In other instances, our interview subjects clearly knew where problems resided:

“All the decisions were being made in the back room.”

“The board was spending all its time on ‘administrivia.’”

“In learned societies the board chair is the highest person in the field at the time and it’s an honorific.”

“The board spent a lot of time discussing issues that weren’t really in their purview.”

“There was no direction. We were living in the past. We were the world’s largest association of *x*—and we were stuck.”

“It was an operational board. We had budget meetings that lasted eight to 12 hours. We had board discussions about how to price a manual.”

From the awareness that something is not right comes intention to do something about it. Researcher and lecturer Joe Dispenza observes, “Intention involves directing the mind, with purpose and efficacy, toward some object or outcome.” Moving from awareness of a need to a plan of action—to *planned change*—is important to successful change because it’s the only way to maintain control over the outcome. This book, after all, is about creating the change we want by taking action, avoiding the change we don’t want by simply letting it happen.

## **Concepts and Application**

What kind of change can happen at the board level when problems are *not* addressed? What are the risks of passivity, of thinking these problems will work themselves out on their own, perhaps through board member turnover? One probable outcome is that the most valuable people, who recognize the problems, get frustrated and quit.

Comparing responses from ASAE’s 2013 Governance Survey, we find that the cost of doing nothing is pretty scary. Association executive directors were much more likely to consider quitting when they worked for associations with boards they judged to be low performing (Gazley and Bowers 2013). The lowest-ranked associations also had twice the turnover in other executive staff compared to associations with high-performing boards.

Like staff, board members also vote with their feet. High-performing association boards had more stable board memberships. But associations with low-performing boards were three times as likely to report either greater or less-than-optimal board member turnover. They were twice as likely to report difficulty in recruiting

**Table 1.1 Comparison of High- and Low-Performing Boards (2013 ASAE Governance Survey)**

	<b>Top 25% of Ranked Association Boards, Based on CEO Board Performance Rating</b>	<b>Bottom 25% of Ranked Association Boards, Based on CEO Board Performance Rating</b>	<b>Total Average of All Boards (n = 1,585)</b>
CEO intends to leave	37%	54%	44%
High staff turnover, affecting more than half of key positions	8%	18%	12%
Board has greater turnover than optimal	3%	10%	6%
Board has less turnover than optimal	9%	31%	17%
Difficult to recruit board members	49%	85%	66%
Association membership is growing	48%	24%	36%
Association budget is growing	55%	33%	46%
Association membership is shrinking	16%	38%	25%
Association budget is shrinking	16%	30%	21%

new board members. And these associations had much weaker membership and fiscal health.

These data also suggest that the first sign of a need for board change may not be self-evident, but may emerge as something entirely different. Without initially connecting the problem to leadership, the organization may recognize that it is not healthy financially, or that internal processes don't seem to be working. From our interviews, we heard:

“Membership was flat; programs were not growing.”

“I met with the board chair, and we both expressed dissatisfaction with my annual review process. So we began to have this discussion. . . .”

“There had been a number of short-term strategic plans. It was easy to kick the can down the road. We would take markers, not hit them, and then do a new strategic plan. There was frustration at not being able to grow.”

“Our industry was at a crossroads.”

“It was clear to me that one of the reasons for the financial crisis was rooted in the structure and function of the board of directors. The organization was basically not doing anything but spinning in a circle, depending on who was pulling the hardest.”

“We did not have productive relationships with our colleague associations.”

“There was growing member concern about \_\_\_\_\_”  
[safety, growth, professionalization, fiscal health, relevancy, etc.].

## Understanding the Nature of Change

As Tom Peters so succinctly put it, “Innovate or die.” Governance leaders can benefit from understanding theories of change generally, which can then be applied to the context of boards and governance systems. Todd Jick writes in *Managing Change* (1993) that there are no surefire instructions for successful change. But the process of change has some common characteristics—and that's where theory comes in.

Please don't get nervous as we introduce the *t*-word. Theories, after all, are simply descriptions of how the real world works—conceptual models that are built from patterns of real organizational and human behavior. The strongest theories earn their keep because they not only help to explain what happened but also help us predict what might happen next.

Theories of change are extraordinarily useful to people who are experiencing change or trying to figure out how to get change started. Change instills hope, optimism, passion, and energy in people, but it can also be frustrating, threatening, stressful, confusing, and messy. So theories of change help those who are just embarking, as well as those who are in the midst of change, understand what they are experiencing and what the roadmap might look like for getting it right. They reassure everyone involved in a change process, whether an agent of change or a recipient, that others have gone down this road before them.

## Types of Change

Change takes many forms. Change may occur due to growth or a leadership transition, be proactive or reactive in nature, be unplanned or planned. Rune Todnem By (2005) observes that change can be structural, remedial, evolutionary, revolutionary, and radical. It can occur as a result of internal or external events, rules or legislative change, strategy deployment, consolidations, mergers or acquisitions, restructuring or downsizing. Change can be continuous or incremental, fundamental or minor, slow or rapid.

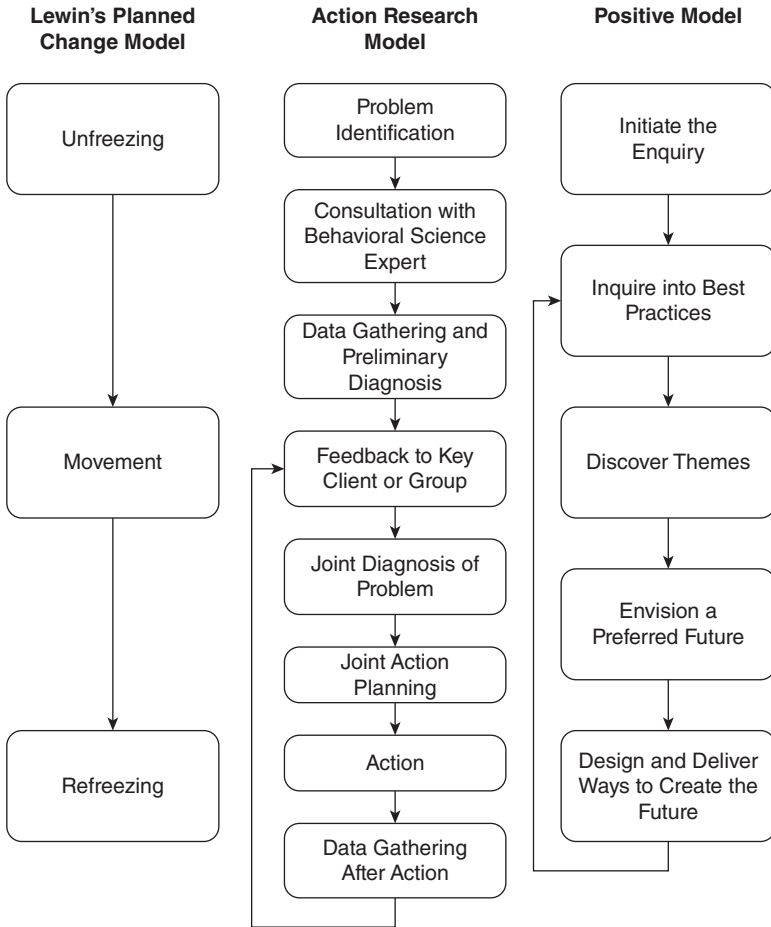
In this book, many (although not all) of our interview subjects described **transformational changes** to their board. *Transformational change* is the term for far-reaching and radical alterations (to culture, leadership, mission fulfillment) where the future state of the organization may only be imagined and the path may be unclear (Jick 1993).

Incremental and less radical changes also occur in organizational systems through developmental or transitional adjustments. Governance improvements may involve all three forms of change, as organizational leaders may decide to entirely reinvent their board culture and decision-making rules while still retaining what they already do well. In this book, we find association leaders describing examples of many kinds of change, only some of which ultimately can be considered transformational.

The models and theories of change, built on observation of the world of organizational dynamics, are numerous. We discuss just a few in this chapter, focusing on those that help us understand how to *manage* change. Yet, even in such a rich and varied field, change theories hold some characteristics in common. They all describe change as a **process of action planning** whose distinct elements must be managed (see Lewin's Planned Change Model in Figure 1.1). They also observe the need for information-gathering, **diagnosis, and learning** as part of that process (see the Action Research and Positive Models, also in Figure 1.1). Experts also agree that change has a high likelihood of failure, so that efforts must receive sufficient **support** and resources to be successful (Balogun and Hope Hailey 2008; By 2005). Finally, many models also note that a crucial element in supporting successful change is understanding and effectively addressing **human reactions** to change (see the Habit Loop described in Chapter 2).

## **Change Models**

The models briefly described here each contribute to our understanding of how organizations successfully create a **process of diagnosis and learning, action planning, and support for the people affected by change**. We also relate these models to board dynamics and the experiences that our interview subjects described. (See Figure 1.1.)



**Figure 1.1 Comparison of Planned Change Models**

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***Lewin’s Planned Change Model***

Kurt Lewin, a 1950s psychologist, characterized change as a three-stage process. In the first stage, “unfreezing,” refers to the raising of consciousness that change needs to happen, and the effort to build the



case and motivation for change. One key tool or resource to support “unfreezing” is to introduce information that shows discrepancies between behaviors desired and behaviors currently exhibited in a group or organization. The second, “movement,” stage is where action happens, where new ways of doing and behaving occur. “Freezing” is the third stage, which is the habituation or institutionalization of the change (Cummings and Worley 2009). “Freezing” doesn’t mean that an organization stops growing, but rather that the new behaviors are accepted and institutionalized.

### ***Action Research Model***

Elaborating on Lewin’s model is the notion of planned change as a cyclical process in which initial research about the organization provides information to guide subsequent action (Cummings and Worley 2009). Action research is traditionally aimed both at helping specific organizations implement planned change and at developing more general knowledge that can be applied to other settings (Shani and Bushe 1987; Susman and Evered 1978). Thus, action research often involves an outside consultant to bring new knowledge to the organization.

1. **Problem identification:** The *aha* moment that includes a leader’s awareness that bringing in an organizational development (OD) practitioner might be helpful to solve a problem.
2. **Consultation with a behavioral science expert:** Leader and practitioner assessment of the state of the organization and the opportunities for change.
3. **Data gathering and preliminary diagnosis:** Data gathering through interviews, process observation, questionnaires, and organizational performance data; preliminary diagnosis by the OD practitioner. In OD, any action by the OD practitioner can be viewed as an intervention that will have some effect on the organization.
4. **Feedback to a key client or group:** The OD practitioner provides the client with the data along with analysis and/or initial recommendations.

5. **Joint diagnosis of the problem:** The collaborative process between the client and the OD practitioner to ensure that interpretations of the data are understood and meaningful in order to develop a consensus statement of the problem(s) to be addressed.
6. **Joint action planning:** The client and the OD practitioner collaboratively developing a change action plan.
7. **Action:** Implementation of the action plan. This may include installing new methods and procedures, reorganizing structures and work designs, and reinforcing new behaviors.
8. **Data gathering after action:** Because action research is a cyclical process, data must also be gathered to measure the effects of the action and to feed the results back to the organization. This effort in turn may result in re-diagnosis and new actions, such as a return to a previous step (Cummings and Worley 2009).

### *The Positive Model*

The Positive Model focuses on what the organization is doing right. It helps members understand what doesn't need to be fixed (Cummings and Worley 2009, p. 28). By identifying and acknowledging the positive behaviors and capacities an organization already possesses, leaders can use these qualities to support a future change process. Positive models also provide balance since the natural inclination in organizational development efforts is to focus on what is not working. Experts observe that while questions that focus on challenges and deficiencies (e.g., "What needs to be fixed?") are valid, an excessive focus on dysfunctions can actually cause organizations to become worse or fail to improve (Seligman 2002).

We will employ aspects of the Positive Model in Chapter 4. The steps of the model are:

1. **Initiate the inquiry:** The process of getting the members to address change. Emphasis is on member involvement to identify the organizational issue they have the most energy to address. This helps to create organizational ownership for the change being addressed.

2. **Inquire into best practices:** The collection of the internal stories regarding the successes and changes that have already been achieved, and using these as models or examples for future change opportunities regarding the organizational issue they wish to address.
3. **Discover themes:** Taking those stories and analyzing them for the themes (i.e., commonalities of experience and underlying mechanisms) to provide evidence and inspiration as a basis for the next step.
4. **Envision a preferred future:** Based on the internal stories of best practices and identified themes, members are then encouraged to collectively visualize the organization's future and develop "possibility propositions"—statements that bridge the organizational current best practices with ideal possibilities for future organization. From that information, relevant stakeholders and organizational processes are identified that will require alignment to create the future vision.
5. **Design and deliver ways to create the future:** The process of creating an action plan to create the future vision (Cumplings and Worley 2009).

Applying the Positive Model to what we learned in our interviews, many association leaders described a process of appreciative inquiry to identify not only what needed to be changed but also the positive qualities they already possessed that would support successful change. Those qualities included strong cultures of learning and self-assessment, a healthy reserve of trust between staff and the board, or a culture of adaptation because it was the nature of the industry or profession they were in. For example, Peg Smith, CEO of the American Camp Association, describes a crucial decision point when she had to rely on her association's culture to move forward:

I had built a good deal of social capital to take the organization to the next step. We had done all the buffing and polishing that we could and I knew we had to go to the next step to really make change. I also knew that we had a board president at the time who had the

right competency, attitude, and credibility in the community to make it happen. When I first presented the “call to action” it was eerily quiet. I was very worried—I blew all my social capital in one fell swoop. Then the conversation started.

## Change and Life-Cycle Theories

Many of the executive directors and board chairs we interviewed described the need to update their governance structure as the organization achieved a new level of maturity. We heard many stories in our interviews about how an organization’s growth or decline was propelling the need for governance change. Change may occur as a natural part of organizational evolution, a response to growth, decline, new needs, or opportunities. Young organizations change to survive, to claim a niche, or to reach the next level of growth. Mature organizations change to reenergize or renew their cultures, or to rid themselves of calcified cultures that prevent them from market adaptation (Beatty and Ulrich 1993, p. 61).

Not surprisingly, then, many of our stories come from well-established associations—some approaching their third century—that found change was needed to remain relevant. But somewhat surprising is that not all stories of change in our book occurred in response to competitive pressures (see more in Chapter 3). In some cases, the associations were thriving but recognized that future health—their ability to prevent a future shock—required a different outlook on governance. David Harvey’s story from the Society of Estate and Trust Practitioners (see Chapter 2) will illustrate this point.

This perspective on change is important because an organization’s evolutionary path or life cycle can dictate not only the *why* of change but also the *how*. Figure 1.2 helps to explain not only what might be at stake—strategies, power, values, and so forth—but also the central role that executive leadership plays in driving change or any other strategic reorientation (Tushman and Romanelli 2009).



## Summary

In their statements, we may not immediately see association leaders making connections between organizational health and the health of the board. But each of these individuals told us they understood, sooner or later, that their board leadership, composition, consciousness, and/or processes needed to change if they were to tackle the larger organizational needs identified earlier. This sentiment became a consistent theme in our study—that governance improvements were about more than board-specific needs. These changes were required to secure the future of the entire organization.

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The theories of change we introduced help explain that change can be predictable even when it seems quite the opposite. Change affects individuals in ways that knowledgeable associations can predict, as Chapter 2 will explain. Board changes may be triggered by mostly foreseeable events, as Chapter 3 will describe. And managing change involves systematic processes of diagnosis and learning, action planning, and support for the people affected by change. Perhaps most encouraging to those facing governance change is that many resources, tools, and strategies are available to support a healthy change process (covered in Chapters 4 and beyond).