Crafting the Nonprofit Board of the Future: Engaging Millennials, Consumers & Other Key Stakeholders

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Chief Executive Officer

Who Are We?

• Quantum Governance, L3C is a low profit, limited liability service organization dedicated to the public good...
• We are one of the first such “hybrid” organizations in the United States...
• Our team has more than 145 years of combined experience working with nonprofits, foundations, associations, credit unions, corporations and government agencies.
Agenda

Welcome, Context & Introductions

Question 1. What Does Nonprofit “Governance” Really Mean?
Question 2. What Are the Core Roles & Responsibilities of a Nonprofit Board?
Question 3. What Do We Mean by “Board Member Engagement?”
   Do We Really Want Nonprofit Boards to be Engaged? Why? In What Ways?
Question 4. What Do We Mean by a “Diversified Board?” Do We Really Want Nonprofit Boards to be Diversified? Why? In What Ways?
Question 5. What Do We Mean by a “Millennial?”
Question 6. What Are the Key Hurdles to Recruiting (and Sustaining)
   Millennials, Consumers & Other Key Stakeholders to Nonprofit Boards?
   How Can We Individually – & Collectively – Overcome Such Hurdles?
Question 7. What Type of “Governance Culture” Should We be Trying to Build?
Question 8. As Such – How Should We Craft the Nonprofit Board of the Future?

Final Thoughts of Participants
The Board is the **legal caretaker** and **steward** of the organization and is responsible for the mission’s current - and future - welfare.

Boards do this through their power to **govern** the organization...

To govern is to **steer, direct**, and **influence** or **persuade** from a position of authority.

Governance deals with the legitimate distribution of authority throughout a system – whether a country, corporation or a **nonprofit**.
What are the Core Responsibilities of a Nonprofit Board?
Getting the most from your Board Members...

Engagement!

1. Is emotionally connected to the mission
2. Understands what they can do to help
3. Is working at the appropriate level skill/abilities
4. Sustains their involvement throughout the year
5. Consistently acts to improve everyone's performance
6. Actively builds relationships to succeed (internally & externally)

Quantum Engagement Model

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CHALLENGES

SKILLS

High

LOW

Anxious

Bored

FLOW

CEO → Is Displacing Board
GOVERNANCE AS OBSERVATION

CEO → Is Going Through the Motions with Board
GOVERNANCE AS ATTENDANCE

CEO → Is In Constructive Partnership with Board
GOVERNANCE AS LEADERSHIP

CEO → Is Displaced by Board
GOVERNANCE AS MICROMANAGEMENT

Governance Culture

Source: After - Richard Chait, et.al, “Governance as Leadership”

Question... What do we mean by Board diversity?

Question... Do we really want nonprofit Boards to be diversified?
  • Why? (Benefits?)
  • In what ways?
## Diversifying A Nonprofit Board...

<table>
<thead>
<tr>
<th>Traditional Methods</th>
<th>Contemporary/Future Methods</th>
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<tbody>
<tr>
<td>• Nominating Committee</td>
<td>• Governance Committee</td>
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<tr>
<td>• Seek Out People You Already Know</td>
<td>• Seek Out People You Don't Already Know</td>
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<tr>
<td>• Seek Out People Who Think Like You</td>
<td>• Seek Out People Who Think Differently Than You</td>
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<tr>
<td>• Seek Out Passionate &amp; Committed Generalists</td>
<td>• Seek Out Specific Types of Folks &amp; Foster Their Passion &amp; Commitment</td>
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<tr>
<td>• Infrequent or Periodic Process</td>
<td>• Ongoing Process</td>
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Millennials

- Millennials (also known as the Millennial Generation Gen @ or Generation Y) are the demographic cohort following Generation X.

- Born Approx. 1981 - 2002

- As of the 2012 census, it is estimated that there are approximately 80+ million U.S. Millennials... the largest population cohort in US History.

Millennials

**Characteristics:**

- Relatively unattached to organized politics and religion
- Linked by social media
- In no rush to marry
- Optimistic about the future
- The most racially diverse generation in American history
- More economically burdened by student loan debt, unemployment and possessed of lower personal wealth than previous generations.
Millennials

Millennials have grown up in the digital era and taken the lead in seizing on the new technology platforms—the internet, mobile technology, social media—to construct personalized networks of friends, colleagues and affinity groups...

“Social media use is becoming ingrained in the way that people relate to one another and work together. In particular, social media are shaping the way that young people think, connect, engage, and work together.”

-- Beth Kanter, The Networked Nonprofit

Millennials

Market Share

Millennials spend $600 Billion annually. By 2020, spending is projected to grow to $1.4 Trillion annually and represent 30 percent of total retail sales.
Recruiting & Sustaining Challenges

Millennials

What are they seeking in Volunteer Service?

- Millennials engage with causes to help other people, not institutions.
- Millennials support issues rather than organizations.
- Millennials prefer to perform smaller actions before fully committing to a cause.
- Millennials are influenced by the decisions and behaviors of their peers.
- Millennials treat all their assets (time, money, network, etc.) as having equal value.
- Millennials need to experience an organization’s work without having to be on site.
### Millennials

**Why do you want them on your Board now?**

- Technology & digital age savvy.
- Fewer family obligations.
- Good “wallets,” GREAT networks.
- Your organization/mission is a way to find their purpose.
- They support multiple causes.
- They can help you find and develop the “influencers.”

Flexibility ◆ Inspiration ◆ Sense of Purpose

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### Millennials

**How can you attract them to your Board now?**

**DO:**
- Talk mission... but their way.
- Mix business with passion.
- Bring them on in multiples.

**DON’T:**
- Treat them as tokens.
- Underestimate their abilities & skills.
- Think of them as ‘kids.’
Recruiting & Retaining Millennials

Onboarding

Question... What Are the Key Hurdles to Recruiting (and Sustaining) Millennials, Consumers & Other Key Stakeholders to Nonprofit Boards?

Question... How Can We Individually – & Collectively – Overcome Such Hurdles?
Onboarding – The “3 Rs”

- Recruitment
- Retention
- Recognition

Governance

Culture
10 Elements of an Effective Board Culture

- Engagement
- Respect
- Accountability
- Inquiry
- Learning
- Service
- Curiosity
- Teamwork
- Diligence
- Trust

Levels of Dialogue & Engagement

- Low Level of Engagement
  - Telling
    - Telling what has been done – or what will be done
  - Selling
    - "Selling" or advocating on behalf of an idea
  - Testing
    - Testing out something to identify its position on the idea
  - Consulting
    - Genuinely asking for opinions to improve or modify a suggested idea
- High Level of Engagement
  - Co-Creating
    - Genuinely crafting an idea in constructive partnership
The Nonprofit
Board of the Future

The Governance Challenge

- Not Understanding the Board's Roles & Responsibilities
- Focusing on Strategic Issues
- Weak Leadership & Accountability
- Getting Stuck in 1 Mode of Thought
- Insufficient Board Rejuvenation
- A Low Level of Genuine Engagement
- Not Asking the Hard Questions
- Ineffective Board Meetings

Same Way of Thinking
Same Results

A
Learning
Lack
Ongoing

1
2
3

Imbalance

AUTHORITY

∞
The Demographic Challenge

![Demographic Graph]

The Composition Challenge

![Composition Artwork]
The very notion of community is being altered by technology...community is ceasing to be largely defined by geography and more often as a sense of belonging.
If a disruptive freight train is suddenly barreling your way, it’s better to take action than to trust the odds of sleeping on the tracks.

Alistair Corbett & Darrell Rigby - Directors at Bain & Company

The Information Challenge (1)

One of the key challenges for NP’s today is frequently not a lack of information...but, rather...the flood of information that is available!

It can be a bit like trying to satisfy your thirst with a fire hydrant!
The Information Challenge (2)

- **Amount of Information Providing to a Board**

The Complexity Challenge

- **Increasing Quantity & Complexity of Nonprofit Governance Information & Responsibility**

- **Ability of Nonprofit Boards to Effectively Handle the Increasing Quantity & Complexity of Nonprofit Governance Information & Responsibilities**

- **Nonprofit Governance & Leadership Crisis Point**
**The Risk Challenge**

Two Potential Difficulties:
1. Ability to understand, identify and actually mitigate the risks to the nonprofit.

And...

2. The Level of risk the nonprofit's leadership is willing to tolerate (Risk Tolerance)

Organizations “that create the future are rebels. They’re subversives. They break the rules…Foresight often comes not from being a better forecaster, but from being less hide-bound.”

*From: “Competing for the Future” by Hamel & Prahalad*

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**The Impact Challenge**

[Diagram of the Impact Challenge]

*After: Forces For Good by Crutchfield & Grant*
In Sum… Many Nonprofit Boards are Stuck! They are Struggling to:

1. Adapt to the complexity & flood of information
2. Attract new board members
3. Think strategically on a sustained basis
4. Hold effective board meetings
5. Stay current with today’s technology
6. Evaluate and mitigate risks
7. Have the impact they desire
8. Effectively govern and lead!

Fundamental or “transformational” changes…and not just incremental improvements…are needed to overcome these types of challenges to craft the Exceptional Nonprofit Board of the Future!
Reframe Your Thinking About the **Core Purpose** of your Nonprofit’s Board

**Traditional Framework**
- Public Representation
- Fiduciary Oversight
- Risk Adverse
- Controlling

**Future Framework**
- Leadership/Governance
- Strategic Questions & Foresight
- Learning & Experimentation
- Partnership with Mgmt.

Help to Modify and Update Your Board’s **Committee Structure**

**Traditional Framework**
- Nominations Com.
- Exec. Com. “decides”
- Multiple standing Com.’s – few or no Task Forces
- Staff does majority of Com. work

**Future Framework**
- Governance & Nom.’s Com.
- Exec. Com. “coordinates”
- Fewer Standing Com.’s – more Task Forces
- Board members partner with staff to do Com. work
Move from Only Fiduciary/Operational to Include Strategic/Educational Discussions

Traditional Framework
- Set agenda with regular routine items
- Unexciting data and information reports
- Give Board a large amount of information

Future Framework
- Varied agenda regular and unique items
- Engaging strategic and educational dialogues
- Give Board a balanced amount of information

Strategically Design, Identify and Build Your “Ideal Board of the Future”

Traditional Framework
- Little or no Board member turnover
- Weak “on-boarding” process
- Composition of Board is “good enough”
- All Board members from known circles

Future Framework
- Systematic infusion of new Board member talent
- Robust “on-boarding” process
- Composition of Board always can be enhanced
- Some Board members from outside of known circles
Foster Strategic Thought Among Board and Senior Management

Traditional Framework
- Boards largely focused on fiduciary and operational questions.
- Strategic questions and planning typically annual (or even less frequent).

Future Framework
- Boards focused on both key fiduciary matters AND strategic/educational matters.
- Frequent attention to strategic and generative questions all year long.

Create a Blueprint for Constant Improvement through Regular Assessment

Traditional Framework
- Evaluate the CEO regularly.
- Occasional incremental changes (often due to different leadership) re: Board and committees.
- Little attention paid to CEO and Board succession.

Future Framework
- Regularly Assess CEO, Board & Com.’s to improve excellence.
- Board focused on systematically improving Board and committees.
- Ensure agreed-upon CEO & Board “succession planning” process is in place.
The Governance Culture of the Future Nonprofit Board...

- Thoughtful, Creative & Strategically Adept
- Traditionally & Conceptually Diverse
- Effective Governors & Leaders
- High Tech & High Touch
- Financially Savvy
- High Trust & High Accountability
- Constructive Partners with Management
- High Integrity & Transparency

Ask Yourselves
These 6 Key Questions!
1. What is our role?

2. What should we focus on?

3. How should the Board be composed and structured?

4. How are we consistently learning and improving?

5. Are we asking the right questions?

6. Ultimately – how should we think & act differently?

Thank You!

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