

**Nonprofit Governance:
A Management Perspective and Comparative Analysis
Summer 2010 -- DRAFT**

Instructor: Sarah Jane Rehnborg, Ph.D
SRH 3.300A
rehnborg@mail.utexas.edu
512.475.7616

Course: PA 388L – Advanced Topics in Management
SW 395K

Unique Number: (LBJ)
(SW)

Day & Time: Tuesday/Thursday evenings

Room: TBD

Office Hours: By appointment. Schedule varies due to travel.

Faculty Assistant: Susie Herbstritt

Course Description

Through an analysis of case studies, an exploration of required readings and service work with community based nonprofit boards, students will investigate the governance and leadership functions of nonprofit boards of directors. Attention will be given to the legal responsibilities of trustees, meeting management, the function of bylaws, issues in board composition and development, and current research on best practices in board management. A rich assortment of case studies will be used to bring critical issues to life and to pose to the student the type of challenges inherent in board participation. In addition, we will engage in a comparative analysis of organizational structures vis a vis the issue of organizational ‘ownership.’ Students will examine the significance of the nonprofit nondistribution of earnings constraint and the implications of firms held in “trust” but lacking owners. Through a reflection on service placements, students will explore the wide variation of governance styles across the nonprofit sector.

Nonprofit Governance counts as a "Required Course" in the Portfolio Program in Nonprofit Studies. More info at <http://www.rgkcenter.org/portfolio>

Required Text

Chait, R. P., Holland, T. P., Taylor, B. E. (1993). *The effective board of trustees*. Phoenix, AZ: The Oryx Press.

Other readings will be posted on e-reserves. E-reserves password: volunteer
There will be additional readings beyond those listed in the syllabus.

Grading System *(subject to change)*

Paper	40 points
Class Assignments & Quizzes (4 quizzes based largely on assigned readings – dates will not be announced – lowest grade will be dropped – 5 points per quiz)	15 points
Class Participation	20 points
Final Exam	25 points

I. Pop Quizzes

A pop quiz system helps to assure that students keep up with their reading and come to class prepared. A total of 4 short, multiple-choice, true/false and *short* answer essay quizzes will be given. Each quiz will be worth 5 points and the lowest grade will be eliminated from the grading rubric.

II. Attendance and Participation

Attendance and participation are considered critical at the graduate academic level. More than one unexcused absence *will* affect the student's letter grade for the course. More than two excused absences may also affect a student's grade. Students are expected to come to class prepared, ready to participate in class discussions and willing to answer questions when called upon.

III. Paper and Final Exam (scope and expectations to be determined)

Please Note – Critical Class Rules

1. Students will be expected to *limit* the use of laptop computers or *any other* electronic device during class. Cell phones are to be **turned-off** – not simply silenced during class. Discussion and group exchange are critical to the graduate level learning experience. Electronic equipment distracts from student exchange. Surfing the web, text messaging, or even the *appearance* of these behaviors, will dramatically and negatively affect the class participation component of your grade.
2. Each student will be given a table tent with his/her name on it at the beginning of second-class session. Please leave your table tent with your instructor at the end of each class session.

Policy on Scholastic Dishonesty: Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since such dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. For further information, please visit the Student Judicial Services web site at: www.utexas.edu/depts/dos/sjs/

Class 1

Overview of the Nonprofit Sector and the Role of Governing Boards

Following an introduction to the course and to the students enrolled in this class we will examine the size and nature of the nonprofit sector. Particular attention will be given to the scope of work done within the sector, theories examining why the sector is so prominent in the US and the attributes of the sector that distinguish it from the corporate or private sector. We will conclude with a brief overview of the role of nonprofit boards of directors in sector management.

Readings

Frumkin, Peter. (2002). *On being nonprofit*. Cambridge, MA: Harvard University Press.
Chapters 1: The Idea of a Nonprofit and Voluntary Sector, and Chapter 6: Balancing the Functions of Nonprofit and Voluntary Action.

Fremont-Smith, M. R. (2004). *Governing nonprofit organizations: Federal and state law and regulation*. Cambridge, MA; The Belknap Press of Harvard University Press.
Chapter 1: The Nonprofit Sector in the Twenty-First Century.

Urban Institute. (2006). *The nonprofit sector in brief: Facts and figures from the Nonprofit Almanac 2007*. Washington, DC.

Class 2, 3 and 4

Models of Board Governance

“When you’ve seen one board, you’ve seen one board.” This favorite saying of the folks at BoardSource and it speaks to the multiple ways in which nonprofit organize and run their board. In these class sessions we will look at some of the many ways in which nonprofits conceptualize and operate governing bodies.

The instructor will present specific assignments from the list below for each class in this sequence. Two video sequences will be presented to enrich class discussion.

What are the implications of organizing an organization as a nonprofit rather than a for-profit organization? This class session and to some extent, our last class session will focus on this question utilizing two chapters from *The Ownership of Enterprise* written by Henry Hansmann. We will revisit some of our readings from the first part of the semester and examine variations on the theme. Consider adding some or all of this in.

Readings

Armstrong, Ruth. Does the Carver policy model really work? *Front & Centre, Canadian Centre for Philanthropy*, 1998.

Carver, John & Miriam. Carver’s policy governance model in nonprofit organizations.
<http://www.carvergovernance.com>.

Hansmann, H. (1996). *The ownership of enterprise*. Massachusetts: The Belknap Press of the Harvard University Press. Part I, 11-49 and Chapter 12 Nonprofit Firms, 227-245.

Hodgkin, C. (1993) Policy & paper clips: Rejecting the lure of the corporate model. *Nonprofit Management & Leadership*, vol. 3, no. 4, 415-428.

Hopkins, Bruce (2003). *Legal responsibilities of nonprofit boards*. Washington, DC: BoardSource

Garber, Nathan. "Governance models: What's right for your board."
<http://garberconsulting.com/governance>

Ferraro, Pasquale. (2000) Governance. *In legal and organizational practices in nonprofit management*. Netherlands: Kluwer Law International, 43-64.

Ingram, Richard T. (2003). *Ten basic responsibilities of nonprofit boards*. Washington, D.C: BoardSource.

Renz, David O. (2006). Reframing governance. *Nonprofit Quarterly*, 13: 4. 6 – 13.

Ryan, Wm. P., Chiat, R. P., and Taylor, B. E. (2003). Problem boards or board problem? *Nonprofit Quarterly*, 10:2. 1-5.

Case Study

Who Speaks For Us? Silvers and Kent (2004), The Electronic Hallway, Evans School, University of Washington.

Class sessions from this point forward will be a mix of theoretical and practical materials. As we consider the text books recommendations pertaining to the work of the board, we will also delve into practical management considerations that help to assure well managed and efficient board meetings.

Class 5

Financial Management: What a Board Member Needs to Know

It is estimated that 83% of board members do not know how to read nonprofit financial statements. This class session with Greg Smyth, Senior Account Executive with Advanced Solutions International and formerly the Director of Back Office Services from Greenlights for Nonprofit Success, will address this particular issue. The class will identify the questions that a thoughtful and informed board member should be asking about finances and will then examine how to use financial statements to answer to those questions. (to be invited)

Readings

BoardSource & Independent Sector. (2003). *The Sabanes-Oxley act and implications for nonprofit organizations*. Washington, DC: Author.

Linnell, D. Radosевич, Z. & Spack, J. (2001). An executive director's primer on financial management. *Nonprofit quarterly*, 8:1, 18-25. (includes Establishing effective controls by Renz and Gerke).

Ryan, Wm. (2001). Financial responsibility of boards. *Nonprofit quarterly*, 8:1, 48-49.

Class 6

Fiscal and Contextual Dimensions of Board Governance

As a follow-up to Mr. Smyth's presentation on fiscal matters, this class will begin with a focus on the teaching case, the Theatre Budget. The case addresses the question "What is the purpose of a budget?" The case recounts a conflict in a voluntary, nonprofit theater organization that is having difficulty paying its bills. The Board of Directors is split evenly between two groups. The "accountants" want to use the budget as a planning and management tool to put the organization's financial affairs in order. The "artists" view the budget as a threat to creativity and achieving the organization's mission. They see financial management as a concern more appropriate to businesses seeking profit than to their organization. Much of the conflict is rooted in different levels of interest in, and knowledge of the details of, budgeting. There is disagreement, however, about the proper relationship between an organization's mission and its budgeting practices that transcends the clash over definitions and details.

Dashboards and Scorecards – consent agendas.

Readings

Brock, J. (2004). Moretools: A framework for analyzing management dilemmas. The Electronic Hallway, Evans School, University of Washington. 1-8.

The Theater Budget written by Harvey Tucker at the Bush School of Government and Public Service, Texas A&M University. The case is published by the Evans School Electronic Hallway.

Following our break, we will move into the contextual dimension of nonprofit governance

Class 7

The Contextual Dimension

This class session will include a discussion the Greenhill Community Center teaching case. As you read this case consider the new executive director and her knowledge of the contextual dimension of the Greenhill Community Center. In retrospect, what might she have done to avoid some of the problems she subsequently encountered had she gotten to know the organization better before enacting some of her changes?

Student Teaching Reports

- Meeting Management & Minutes
- Roberts Rules of Order & Bylaws: What a Board Member Should Know

Readings

Text: *The effective board of trustees*: Chapter 1: The contextual dimension of board governance, 1-25.

Taylor, B. E., Chait, R.P., & Holland, T. P. (1996) The new work of the nonprofit board. *Harvard business review*, 4 – 11.

Greenhill Community Center (A) Developed by Melissa Stone (2004) at the Humphrey Institute of Public Affairs and produced by The Electronic Hallway, Evans School, University of Washington.

Sections B & C of the Greenhill Community Center will be distributed following the discussion of section A. We will pick up again on this case study the week of the 9th.

Class 7

The Educational Dimension of Boards

What does it take to educate a board of directors? What role does the CEO play and what are the responsibilities of the board itself when it comes to bringing members up to speed? How much information is enough, and when do board packets go beyond the pale of appropriate preparation? Through class readings and student reports, these topics will be the focus of this class session.

Practical Topic: Logic Models – understanding how programs ought to work. A framework for organizing board discussions and questions.

Readings

Text – Chait, Holland & Taylor: Chapter 2: The Educational Dimension

Herman, Robert D. & Richard D. Heimovics. (1990). The effective nonprofit executive: Leader of the board, *Nonprofit management & leadership*, 1:2, 167-180.

Herman, Robert D. & David O. Renz. (2000). Board practices of especially effective and less effective local nonprofit organizations. *American review of public administration*, 30:2, 146-160.

Class 8 & 9

Interpersonal Dynamics of Board Work

More than simply reviewing and signing off on reports, boards are entrusted with the responsibility of carefully analyzing the work of the nonprofit itself. Yet to do so, the board must move from operating as a series of individuals to forming a team dedicated to the welfare of the organization. The interpersonal domain of board functioning is further complicated by the fact that the board is the supervisor and the employer of the executive director – a person likely closely connected with many of the board members on a personal basis. This session will focus on this issue and the work of the board and the ED in preparing people to serve on boards.

Readings

Chapters 3 – Interpersonal Dimensions of the Board

Class 10

The Analytic Dimension

Engaged boards spend considerable time dissecting complex problems. This chapter along with another reading will serve as the back-drop for the case study on the Intersex Society of North America. The Intersex case presents the classic dilemma facing many boards where the founder has served as the Executive Director. In this case, an organizations whose mission is to end

shame, secrecy and unwanted surgeries bounces between independent self-sufficiency and founder control and direction.

Student Teaching Report

- Board Evaluations (Systems for and benefits of performing)

Readings

Text: Chapter 4: The Analytic Dimension

Gottlieb, H. (undated). Founder's syndrome? Who me? www.help4NonProfits.com

Case Study

The Intersex Society of North America written by Laina M. Poon and Marieka Klawitter for the Evans School Electronic Hallway.

Class 11

The Political Dimension

Developing and maintaining healthy relationships with constituencies is critical to the success of the nonprofit organization. It is also a skills that transcends sector operations and applies as much to the internal operations of the board as it does to the external operations. We will use this session to explore crisis management and public relations functions as we sort through the issues pertinent to board management.

Jefferson Howell, the chief administrator of NASA at the time of the Columbia disaster will share what he learned about crisis management through this catastrophic event. (date subject to change)

Student Teaching Report

- Public Relations and Communications Strategies for Board Members

Readings

Text: Chapter 5: The Political Dimension

Class 12

The Strategic Dimension

Part of the work of 'cultivating and concentrating on processes that sharpen institutional priorities' is program evaluation. In addition to our text and the readings assigned, this class session will feature student teaching presentations and the discussion of Team Read, a case study that applies the theory and techniques of evaluation to public and nonprofit programs. The case (both parts A and B) point to the complexity of capturing useful data for program assessment and planning.

Student Teaching Report

- The Role of the Board in Strategic Planning
- The Role of the Board in Fund Raising and Development

Readings

Text: Chapter 6: The Strategic Dimension

Mittenthal, Richard. *Ten keys to successful strategic planning for nonprofit and foundation leaders*. A Briefing Paper of The Conservation Company. Undated. Available online at www.tcc.org.

Strategic planning: Some lessons learned about what does and doesn't work. The Conservation Company, May-June 1998. Available online at tcc.org.

Class 13

What's A President To Do?

This session will afford the class an opportunity to review what we have learned to date about the work of boards of directors of nonprofit organizations. We will move beyond the mechanics to reflect on the greater historical context of the work of boards in the nonprofit sector and explore the subject from moralistic and empirical perspectives as well.

Readings

Text: Chapter 7 – What's a President to Do?

Smith, David. (1992). Moral responsibilities of trustees: Some first thoughts. *Nonprofit management & leadership*, 2:4, 351 – 362.

Hall, Peter D. (1997) *A history of nonprofit boards in the United States*. Washington, D.C: BoardSource, 1 – 23.

Ostrower, Francie. (2007). *Nonprofit governance in the United States: Findings on performance and accountability from the first national representative study*. Washington, DC: Urban Institute.

Class 14 & 15

Content to be determined. May involve student presentations of paper topics.