

THE PHILANTHROPIC COMMITMENT OF THE BOARD: FOCUS ON COLLECTIVE RESPONSIBILITY

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Higher education, arts, health care, social services, and other nonprofit organizations rely on governing and advisory board members for leadership in private support. This leadership includes direct philanthropic support from board members and their families and assistance with the cultivation and solicitation of gifts from other individuals, corporations, and foundations.

Requirements for personal giving of board members vary widely by organization and by type of board. Boards of most nonprofits set an annual expectation of 100% participation in giving. Most financially stable or strong nonprofits also rely on board members to provide a significant percentage of overall gift dollars in annual campaigns and in capital campaigns. Other potential donors regularly ask presidents and development directors about the commitment of board members to fundraising efforts.

There is no one-size-fits-all formula for board support. Organizations with board members giving \$500 per year thrive while other organizations with board members giving \$50,000 per year struggle. Organizations with a broad donor base and 10% of total funding coming from board members succeed while others whose board members provide 75% of total revenue struggle.

With few exceptions, the boards of successful organizations adopt clear expectations related to the collective responsibilities of the board, and they evaluate prospective and current board members within this larger framework.

COLLECTIVE RESPONSIBILITY FOR PHILANTHROPIC SUPPORT

Whether the need for private support is measured in the thousands or in the hundreds of millions, the most successful organizations have boards with a shared understanding, across their membership, of collective responsibility for philanthropic support in the context of overall collective responsibility to the organization. That shared understanding informs annual and long-term planning, goal setting and budgeting, giving plans for each board member, and the recruitment of new board members.

By contrast, organizations without a shared understanding and commitment to collective responsibility among board members usually experience unproductive tension and frustration among board members and between board members and administrators. Too often board members are recruited without a clear picture of what is expected of the board as a whole and of them specifically. Rarely does the recruitment involve a detailed discussion of where the organization will fit in the overall philanthropic plans and priorities of the person being recruited. As a result, when the new board member is eventually presented with a gift proposal, they rarely understand how the proposed gift fits into the larger picture of what is expected of them and their fellow board members. A gift they believe to be generous may turn out to be a great disappointment to the organization, creating financial challenges that in turn lead to finger-pointing, blame, embarrassment, and kneejerk solutions.

Finger-pointing includes grumbling among CEOs and development officers, and sometimes board members themselves, about board members who aren't giving "enough." Without a clear understanding of the board's collective responsibility and the part that each member plays, some board members inevitably come to feel that they are carrying too much of the weight, while others feel that their generous contributions aren't appreciated. Finger-pointing also includes complaints among board members about administrators who aren't

developing sufficiently strong relationships with board members, aren't attracting new donors, and aren't creating compelling gift opportunities. There is always more than enough blame to go around!

Kneejerk solutions include establishing or enforcing term limits to remove board members. Term limits may help remove individuals who are not giving at required levels, but they may also lead to the loss of individuals who have been among the organization's most generous benefactors. Furthermore, individuals removed may resent the implication that their gifts of time, talent, and treasure were insufficient, especially when giving expectations changed after they were recruited or were never articulated in the first place.

Sudden or substantial changes in minimum giving expectations can sometimes be an unproductive, arbitrary solution. New minimum expectations, applied across a group of people who were not recruited with the same expectations in place, almost always offend those without capacity to meet them while *lowering* the sights of individuals with much greater capacity. They can also upset the balance of financial and other considerations when assessing the overall contributions required of the board.

Much more productive is an approach that allows the board to define its members' collective responsibility to the organization, in the context of the organization's needs and aspirations, the size and wealth of the organization's prospective donor base, and the organization's competitive landscape. Defining responsibility in this way prevents the conversation from becoming inappropriately personal. It also allows for more realistic strategic planning and more comprehensive and sustainable board development. The board chair, board members, the CEO, and the chief development officer are all essential participants in this process; it cannot be accomplished without active involvement of the board and commitment of board leaders. Once collective responsibility is defined and understood, changes in aspiration that are embraced by the board lead naturally to changes in collective responsibility. Board members make decisions about planning *and* their overall responsibility as a board at the same time; these are no longer disconnected considerations.

ASSESSING COLLECTIVE RESPONSIBILITY

Board chairs, CEOs, and chief development officers often ask how much any given board should be giving. The answer is that boards, except in special cases, must provide *leadership* in their collective personal financial commitments and in their commitments to help their organizations raise funds from others. But "leadership" varies from organization to organization. Successful campaigns might involve boards giving a total of 10% of campaign dollars while others involve boards that provide 90% of total support. Administrative and board leaders assist boards in assessing collective philanthropic responsibility by examining

- the organization's needs and aspirations, and the degree and rate of growth required;
- the size of the board, and the sizes of boards of peer organizations;
- the total percentage of private support provided by boards of peer organizations in the community, regionally, and nationally, as applicable;
- the average annual gift required of board members to meet current and projected needs, and an assessment of how this would change according to the size of the board;
- the size and collective capacity of the current donor base and of the prospective donor base, beyond board members; and
- the non-financial contributions required of board members for success in fulfilling mission and meeting strategic objectives.

All of these factors should be considered when assessing collective responsibility and collective capacity of the board. Adding or changing term limits may be wise, but only when

done in concert with other changes that collectively improve overall board capacity. Adding or raising a minimum giving expectation may be highly effective, but only when designed in a way that raises the sights of all concerned; some boards, for example, have found great success in establishing board dues that ensure a basic level of unrestricted support without diminishing the organization's ability to engage in gift discussions above and beyond the dues. The key in all these decisions is to consider and apply each in the context of a larger understanding of collective responsibility.

EXAMPLES

In one small organization, the total revenue from giving was approximately \$125,000. The organization was running a structural deficit of approximately \$30,000. There was no minimum expectation of board members; most board members gave \$250 or less, and board giving totaled \$9,000. Giving was never discussed during the recruitment of new board members. A benchmarking study of six peer organizations showed board giving that ranged from \$2,000 to \$5,000/year per board member. The board collectively adopted an expectation that existing and new board members would be asked to give a minimum of \$1000 and collectively increase board giving from 7% of total giving to 14% of total giving. One of the organization's non-board donors, upon learning of the board's renewed commitment, pledged \$10,000 per year. The structural deficit was erased.

In another organization, prior to contemplating a \$75 million campaign, the nominating committee had been recommending new board members strictly based on a history of annual giving. Those with annual giving of \$10,000 or more were considered strong candidates. Studying peer organizations, and with a lead gift of \$25 million for the new campaign from a board member in hand, the board and administration determined that the board's collective responsibility to the campaign would need to be \$25 million in addition to the lead gift—in other words, 1/3 of total campaign dollars would come from the lead donor, 1/3 from the rest of the board, and the remaining 1/3 from all other donors. The nominating process took that into account; new board members now have the capacity and inclination to give \$500,000 on average. For each board member with less capacity, the committee looks for another with more capacity, so that the average capability of the board will allow the board, collectively, to play the leadership role required. Board gifts to the campaign, since the lead gift, have ranged from \$25,000 to \$5 million, but the board's part of the campaign is more than 95% complete.

Another organization, contemplating a \$4-5 billion campaign, studied peer organizations and determined that the board's collective responsibility would need to be \$1 billion, or 20-25% of the new campaign. This would require board member giving to average more than \$10 million. Rather than state that each board member was expected to give \$10 million, the organization factored this collective responsibility into the nominating process. Some board members, recognizing the need for greater giving capacity of the board as a whole, elected to step off the board at the end of their terms and get involved in other ways. Others stayed on, given their other important contributions beyond financial support. And the nominating committee sought candidates who, on average, could raise the collective capability. Prospective board members with \$100 million giving capacity knew they would not be carrying the full weight themselves, and prospective board members with \$1 million giving capacity knew that they would need to stretch and make the organization their highest philanthropic priority for the period of the campaign. *Collectively*, the board repositioned itself to support the strategic plans they themselves had adopted for the organization.

SUMMARY

Regardless of scale of need, every organization will benefit from a thoughtful, inclusive consideration of the board's collective leadership responsibility in the context of the organization's vision and ambition. Instilling a sense of ownership in the organization's planning greatly increases the potential for philanthropic engagement of a board member, as for any donor. Ownership felt in the context of collective responsibility of the board further increases the likelihood that the board member will make a gift that their colleagues on the board will see as an appropriate stretch, and to which their colleagues will respond with similar generosity and satisfaction.

Requirements in time, talent, and treasure, and the balance among these, vary by organization. Organizations that require tremendous investments of time may decide that, collectively, they need some board members who give several hours every week, even with limited financial capacity; other board members who write large checks but have little discretionary time; and many others in between. It is the collective contribution that matters, in terms of the organization's ultimate success.

In all organizations, even those that require billions of dollars of financial support, giving capacity will vary by board member. Collective philanthropic responsibility will make it unlikely that a board requiring \$1 billion in board giving will decide to recruit a board member who can give only \$1,000 per year. But a shared understanding of collective responsibility will lead to an appropriate range being set, more transparency and better understanding among all board members of the contributions of others, and a greater likelihood that *all* board members will share in the feeling of accomplishment when the campaign is finished, the buildings are built, and the needs of society are served, and will say, together, "We did this."

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