

School of Social Policy and Practice  
University of Pennsylvania  
Spring 2015 (1/2 credit course)

**Effective Governance Practices for Nonprofit Boards – NPLD 581-001 2015A**

Time: **First Class Only** WED 1/14 5-8 pm; M – 5-8 pm: 2/16, 3/2, 3/16, 3/30, 4/20

Class Limit: 25 Students (Wharton Nonprofit Board Leadership Program Fellows will receive priority admission)

**Instructor Information**

Email:

Please contact by email to schedule an appointment

**Course Description**

Effective governance relies upon consistent and ethical board leadership, yet nonprofit organizations that exemplify truly model governance are few and far between. This course introduces students to the broad framework of fiduciary, strategic and generative governance, but will focus most deeply on the human dimensions of board leadership. In particular, we will examine real examples and cases of moral and ethical dilemmas faced by nonprofit boards and executive leaders, and the nuanced practice required to achieve effective board governance. This case-based course will include guest lectures from 3-4 different nonprofit board and CEO leaders. The invited leaders will use their own experiences to guide students through some of the most challenging ethical and managerial situations that can be encountered, with the goal of providing a practical grounding for students who expect to contribute to nonprofit leadership in their careers – either as executive staff or as board members.

The course will include the review of cases, readings, guest lectures, and a final take-home exam.

**Course Objectives:**

The spring course has four main objectives:

- 1) To provide a framework for students to better understand effective nonprofit board governance;
- 2) To provide students with practical examples of governance challenges that confront a diversity of nonprofit organizations at different phases in their lifecycles;
- 3) To prepare students to serve as either board or executive staff leaders of nonprofit organizations, with a full understanding of appropriate board/staff roles and relationships, and the human dimensions of governance; and
- 4) To impress upon students the importance of good governance to the health of the broader nonprofit sector.

## Readings

All readings with the exception of the following handbook will either be on Canvas, or will have links provided within the syllabus. Please purchase the following handbook:

- Robert, Henry M. III, Honemann, Daniel H., Balch, Thomas J., and others: *Robert's Rules of Order Newly Revised In Brief*, 2nd edition, September 27, 2011.

## Determination of Grade and Grade Scale

One-Page Case Analyses (4 total)	25%
Class Participation	50%
Final Exam	25%

The following grading scale will be used to calculate final grades:

98 - 100%	= A+	80 - 82.9%	= B-
93 - 97.9%	= A	77 - 79.9%	= C+
90 - 92.9%	= A-	73 - 76.9%	= C
87 - 89.9%	= B+	70 - 72.9%	= Failing

## Assignments

All case analyses during the semester must be submitted electronically on Canvas **and** in hard copy on the due date listed in the syllabus. The final take-home exam should be submitted on Canvas **and** by email. Students who do not submit their one-page case analysis on the day it is due will receive 0 points for that assignment. These one-page pieces will serve as the basis for your preparation for the case discussion in class.

The one-page case analyses (12 point font, single-spaced) will be graded ('check plus' = 95%, 'check' = 85%, and 'check minus' = 75%) with the following criteria in mind:

- Your attention to the specific questions that are asked in advance of the case discussion;
- Your ability to draw upon readings (wherever appropriate) to support your analysis; and
- The quality of your argument and writing.

The take-home exam will be based upon the case role play that will occur in the final class, and should not exceed 6 pages double-spaced. The final exam will be graded with the following criteria in mind:

Fulfillment of Assignment	Attention to the specific parameters of the assignment
Incorporation of Readings	Demonstrated mastery through incorporation of course readings and cases in building your arguments
Critical Analysis Skills	An ability to discern patterns, questions and draw conclusions and make informed recommendations based upon critical inquiry skills
Demonstrated Listening Skills	As the assignment is based upon our final class role play experience, your ability to demonstrate your active participation and attention to your colleagues in that exercise will be important
Quality of Writing	Presentation does matter. Demonstrate your knowledge and intellect by submitting well structured, clear, and polished written products

### **Attendance and Class Rules**

As noted above, fifty percent of the grade is based upon class participation. Therefore, class attendance is mandatory and important. Your full participation includes arriving on time, being prepared with all assignments and readings completed, and engaging thoughtfully and respectfully with your classmates, guest presenters and instructor. Because this is a case-based class, your ability to contribute to and build upon discussions with your colleagues will be essential, which means that it will be important to ensure that quality contributions do not get lost to an excessive quantity of input.

There is a **NO CELL PHONE RULE** in effect. Be sure to turn your phone off before class and remind the person in the seat next to you to do the same.

### **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 Penn's Code of Academic Integrity website at <http://www.upenn.edu/academicintegrity/>

## Class Schedule

### **Class 1: Introduction to Nonprofit Governance**

January 14

The class will introduce a framework for anticipating how board governance demands can change through the lifecycle of a nonprofit, based on Susan Kenny Stevens' book, *Nonprofit Lifecycles*. We will use her brief (2 pp.) case study from Chapter 7 to discuss during the class as practice for our subsequent case reviews.

#### *Readings:*

1. Stevens, Susan Kenny, *Nonprofit Lifecycles*, 2001, Chapter 3 – pp. 23-48, Ch. 7 – pp. 85-90, 2001.

### **Class 2: Board Governance in Crisis**

February 16

Guest Presenter: David E. Loder, Partner at Duane Morris LLP, and Chair of the firm's Health Law Practice Group (Philadelphia).

The class will discuss diverse examples of the kinds of challenges faced by nonprofit boards, informed by both our case discussion, as well as the extensive working knowledge of our guest speaker, who brings diverse experience working with nonprofit health care and educational institutions.

#### *Readings:*

CASE: *The United Way of America: Governance in the Nonprofit Sector*, Harvard Business School, 1993.

1. "The Source: Twelve Principles of Governance That Power Exceptional Boards", BoardSource excerpt, 2005
2. Delaney, Tim, *Nonprofits Must Respond Swiftly to Critical News Stories*, in the *Chronicle of Philanthropy*, 10/29/13:  
<http://philanthropy.com/article/Nonprofits-Must-Respond/142683/>

#### *Assignment:*

One-page, single spaced analysis of the case that addresses your perspective on the following questions:

- What was the Board role in the problems that faced the UWA in 1992?
- If you were Kenneth W. Dam, what would be some of your priority steps to address the scandal that the organization faced?

- What, if anything, should differentiate a nonprofit leader's conduct, pay and benefits from a corporate CEO's, and why? What did you think of William Aramony's stance in this regard?

### **Class 3: Governance as Leadership & Board Mechanics**

March 2

This class will address the overall roles and responsibilities of nonprofit boards, and introduce a framework for thinking about nonprofit governance roles as introduced by Chait, Ryan and Taylor in *Governance as Leadership*. We will also review some of the basic mechanics of board structure, committees, and meeting management.

#### *Readings:*

CASE: *The American National Red Cross*, Harvard Business School, 2007.

1. Chait, Richard P., Ryan, William P., and Taylor, Barbara E. *Governance as Leadership: Reframing the Work of Nonprofit Boards*. Wiley: New York, 2005, pp. 1-31.
2. Bowen, William G. *The Board Book: An Insider's Guide for Directors and Trustees*. W.W. Norton & Company, 2008, pp. 149-177.

#### *Assignment:*

One-page, single spaced analysis of the case that addresses your perspective on the following questions:

- To what extent do you think the organization's performance issues relate to dynamics or structural issues associated with the ARC's Board?
- What priority changes you would recommend to the American Red Cross governance structure, if any?
- What do you think about Chairwoman Bonnie McElveen-Hunter's leadership qualifications for the challenges that confront the ARC?
- What steps might she take to ensure/gain support for any changes she recommends? What stakeholders must she manage?

### **Class 4: Managing Organizational Performance Over Time**

March 16

Guest Presenter: Phil Buchanan, President, The Center for Effective Philanthropy (Boston)

This class will address the board and staff role in managing organizational performance over time and through different lifecycle phases. This will be informed by our case discussion, but also our guest presenter's experience leading an organization from its founding to the mature stage (12 years since inception).

*Readings:*

CASE: *One Acre Fund: Outgrowing the Board*, Kellogg School of Management, 2010.

1. Axelrod, Nancy R., "Board Leadership and Board Development", in *The Jossey-Bass Handbook of Nonprofit Leadership and Management*, San Francisco, 1994, pp. 119-136
2. Mathiasen, Karl, *Board Passages: Three Key States in a Nonprofit Board's Life Cycle*, National Center for Nonprofit Boards, 1990.  
<http://www.managementassistance.org/ht/a/GetDocumentAction/i/5975>

*Assignment:*

One-page, single spaced analysis of the case that addresses your perspective on the following questions:

- What are some of the challenges of being a founding CEO? A founding Board member?
- What do you think the ideal composition of the One Acre Fund Board should be at this stage of its lifecycle (2008)? Please reflect on issues of professional expertise, personal qualities, and other factors that are important to govern this organization at this phase of its development.
- Do you agree with the decisions that were made regarding the Board structure? What might you have done differently, if anything?
- Do you agree with the process that was taken to arrive at those decisions? What might you have done differently, if anything?

**Class 5: Diverse Governance Models**

March 30

Guest Presenter: Phil Henderson, President, Surdna Foundation (New York).

*Readings:*

CASE: *Outsmarting Albert Barnes*, by James Panero, in *Philanthropy Magazine*, Summer 2011:  
[http://www.philanthropyroundtable.org/topic/donor\\_intent/outsmarting\\_albert\\_barnes](http://www.philanthropyroundtable.org/topic/donor_intent/outsmarting_albert_barnes)

1. Henderson, Phillip, "Is Nonprofit Board Service Worth It? Reflections from a One-Time Skeptic", The Philanthropy New York Blog, January 16, 2014

*Assignment:*

The class will have been divided (randomly) into one of two camps at the end of Class 4: one that defends the decision to move the Barnes Foundation from Merion,

PA to Philadelphia; and the other that argues against that decision. Each student will prepare your own one-page, single spaced summary of the key points supporting your assigned position, and we will debate the merits of each position, considering issues such as decision-making process, donor intent, and interpretation of mission.

Students are encouraged to draw upon articles and other media in formulating your case, such as:

1. Horn, Patricia, "Judge Backs Move by Barnes Gallery", in *The Philadelphia Inquirer*, October 5, 2009:  
[http://www.philly.com/philly/entertainment/museums/inq\\_barnes\\_archive\\_story.html](http://www.philly.com/philly/entertainment/museums/inq_barnes_archive_story.html)
2. Salisbury, Stephan, "How Barnes Got From There to Here", in *The Philadelphia Inquirer*, October 5, 2009:  
[http://www.philly.com/philly/entertainment/arts/20091007\\_How\\_Barnes\\_got\\_from\\_there\\_to\\_here.html](http://www.philly.com/philly/entertainment/arts/20091007_How_Barnes_got_from_there_to_here.html)
3. Hamilton, Kendra, *Lincoln University, Barnes Foundation Settle Differences*, in "Diverse", October 9, 2003:  
<http://diverseeducation.com/article/3219/>
4. Documentary film: "The Art of the Steal", 2009.

## **Class 6: Board Dynamics & Management**

April 20

The final class will center upon a role play of a Board meeting of the Whitney Clinic. Individual role assignments will have been made at the end of Class 5, and students will be encouraged to communicate with each other as necessary in anticipation of the Board role play. Part of your preparation will be familiarizing yourself with some of the basic procedural elements of a typical Board meeting, as summarized in *Robert's Rules of Order*. This class will examine some of the basic elements that contribute to a successful (or not) board meeting, including roles and responsibilities of the CEO and other board members, setting and managing the agenda, and the composition of the board. The second half of the class will be used to debrief from the role playing exercise. The take-home final exam will derive from this collective experience.

### *Readings:*

CASE: *The Whitney Clinic*, Kellogg School of Management, 1996.

1. Robert, Henry M. III, Honemann, Daniel H., Balch, Thomas J., and others: *Robert's Rules of Order Newly Revised In Brief*, 2nd edition, September 27, 2011.
2. Watch Youtube Video: *How to Run an Effective Nonprofit Board Meeting*, Uploaded by Stanford Graduate School of Business, May 28, 2014:

<http://www.youtube.com/watch?v=t94SNWJ9EAo>

*Assignment:*

The take-home exam (not to exceed 6 pages double-spaced) will be based upon the Whitney Clinic role play, and will be due on Canvas and by email no later than 5pm on April 27th.

**Additional Background Readings (optional)**

- Chait, Richard P., Ryan, William P., and Taylor, Barbara E. *Governance as Leadership: Reframing the Work of Nonprofit Boards*. Wiley: New York, 2005.
- Bowen, William G. *The Board Book: An Insider's Guide for Directors and Trustees*. W.W. Norton & Company, 2008.
- CFAR Abstract on *Governance as Leadership*, 2005
- Trower, Cathy A., *The Practitioner's Guide to Governance as Leadership*, 2013, pp. 169-185.
- Klausner, Michael & Small, Jonathan, "Failing to Govern?", SSIR, Spring 2005: <http://www.lhc.ca.gov/studies/198/cirm/KlausnerNov08.pdf>
- Who "Owns" Your Nonprofit? Judith L. Millesen, *Nonprofit Quarterly*, Sept 21 2002: <https://nonprofitquarterly.org/governancevoice/111-who-owns-your-nonprofit.html>
- Weil, Gotshal & Manges LLP, "The Guide to Not-for-Profit Governance 2012" [http://www.pbpatl.org/wp-content/uploads/2012/10/NFPGuide\\_2012.pdf](http://www.pbpatl.org/wp-content/uploads/2012/10/NFPGuide_2012.pdf)
- Bowen, William G., "When a Business Leader Joins a Nonprofit Board", *HBR*, Sept-Oct 1994
- Ostrower, Francie, "Nonprofit Governance in the United States: Findings on Performance and Accountability from the First National Representative Study", The Urban Institute, 2007: [http://www.urban.org/UploadedPDF/411479\\_Nonprofit\\_Governance.pdf](http://www.urban.org/UploadedPDF/411479_Nonprofit_Governance.pdf)
- *Nonprofit Quarterly*, "The Shifting Tides of Nonprofit Governance: An Interview with Paul Light", June 21, 2008: <https://nonprofitquarterly.org/governancevoice/597-the-shifting-tides-of-nonprofit-governance-an-interview-with-paul-light.html>
- Letts, Christine W., Ryan, William P., and Grossman, Allen, *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*, John Wiley & Sons, Inc., 1999, pp 131-143
- Useem, Michael, "How Well-Run Boards Make Decisions", *HBR*, November 2006: <http://hbr.org/2006/11/how-well-run-boards-make-decisions/ar/1>



- Jonker, Kim & Meehan, William F., III, *"A Better Board Will Make You Better"*, SSIR, 2014:  
[http://www.ssireview.org/articles/entry/a\\_better\\_board\\_will\\_make\\_you\\_better](http://www.ssireview.org/articles/entry/a_better_board_will_make_you_better)
- Tropman, John E., Tropman, Elmer J., *Nonprofit Boards: What to Do and How to Do It*, CWLA Press, Washington DC, 1999.
- CFAR Briefing Notes: Dilemmas of Aligning Leadership Succession, Strategy, and Board Development, 2008
- Morino, Mario, *Leap of Reason: Managing to Outcomes in an Era of Scarcity*, Venture Philanthropy Partners, 2011  
[http://www.vppartners.org/sites/default/files/documents/LOR\\_Full\\_Version\\_Facing\\_Pages.pdf](http://www.vppartners.org/sites/default/files/documents/LOR_Full_Version_Facing_Pages.pdf)
- Collins, Jim, *Good to Great and the Social Sectors: A Monograph to Accompany Good to Great*, 2005.  
[http://www.theicehouse.co.nz/wp-content/uploads/2013/08/Good-to-Great-social\\_sectors-print-2-per-page.pdf](http://www.theicehouse.co.nz/wp-content/uploads/2013/08/Good-to-Great-social_sectors-print-2-per-page.pdf)
- CFAR Briefing Notes: *"Lessons Learned from a Board Development Intervention"*, 2001
- Kirkpatrick, Kevin T., *"Go Ahead – Pop the Question"*, Stanford Social Innovation Review (SSIR), Summer 2007  
[http://www.metgroup.com/assets/482\\_stanfordsocialinnovationr.pdf](http://www.metgroup.com/assets/482_stanfordsocialinnovationr.pdf)
- Gammal, Denise L., *"Before You Say 'I Do'"*, SSIR, Summer 2007  
[http://www.ssireview.org/articles/entry/before\\_you\\_say\\_i\\_do](http://www.ssireview.org/articles/entry/before_you_say_i_do)
- Haider, Don, *"Uniting for Survival"*, SSIR, Summer 2007:  
[http://www.ssireview.org/articles/entry/uniting\\_for\\_survival](http://www.ssireview.org/articles/entry/uniting_for_survival)
- Light, Paul, *"Service Deserts in Nonprofit-Land"*, The Washington Post, March 10, 2011  
<http://views.washingtonpost.com/leadership/light/2011/03/service-deserts-nonprofit-land.html>
- Light, Paul, *The Nonprofit Sector's Haircut"*, The Washington Post, July 21, 2011  
[http://www.washingtonpost.com/blogs/light-on-leadership/post/the-nonprofit-sectors-haircut/2011/03/18/gIQAzQ0RSI\\_blog.html](http://www.washingtonpost.com/blogs/light-on-leadership/post/the-nonprofit-sectors-haircut/2011/03/18/gIQAzQ0RSI_blog.html)
- Jenkins, Garry, *"The Powerful Possibilities of Nonprofit Mergers: Supporting Strategic Consolidation Through Law and Public Policy"*, 74 Southern California Law Review 1089, 2001  
[http://www-bcf.usc.edu/~usclrev/html\\_articles/074403/074403.html](http://www-bcf.usc.edu/~usclrev/html_articles/074403/074403.html)