The Chronicle of Philanthropy www.philanthropy.com July 16, 2012

# Damage Done by a Culture of Deference: Leadership Lessons From the Penn State Tragedy

*By James E. Canales*

The child-abuse scandal that unfolded at Penn State University over the past decade and half is a tragedy of epic proportions. Nobody can disagree with that after the report last week by the former FBI director Louis Freeh provided clear evidence that the crimes committed by Jerry Sandusky could have and should have been averted.

What is particularly distressing in reading the 267-page report is how the lessons nonprofit leaders should have learned from previous scandals continue to go unheeded.

Once again, we learn that the board was uninformed and disengaged; we read about a patent disdain for transparency; and we discover a culture that—in discouraging any dissent—created the preconditions for precisely these tragic events.

The key takeaway of the report for nonprofit leaders and boards is the patent lack of oversight—some of it perhaps intentional—by the leadership of the institution, from the board to the administration.

Or, as Kenneth C. Frazier, a Penn State trustee put it: “We, the Penn State Board of Trustees, failed in our obligation to provide proper oversight of the university’s operations. Our hearts remain heavy, and we are deeply ashamed.”

These events afford an opportunity for leaders of organizations dedicated to the common good to ensure that all nonprofit organizations have the policies, systems, and cultures in place so a tragedy of this magnitude never occurs again.

To do this, we must banish the culture of deference that is too often found in our boardrooms.

Too many nonprofit managers are unwilling or afraid to challenge the board. Or, as demonstrated in Mr. Freeh’s report, too many trustees are too willing to bow to a nonprofit’s president and most-respected staff member (in this case, to the university president and his colleagues-including a revered football coach).

At Penn State, questions from the board were discouraged, even viewed as meddlesome, and it suggests that the trustees’ allegiance was not to the institution, as the law requires, but to its leader.

To guard against this culture of deference, nonprofit leaders—both board members and executives—must actively shape a culture of partnership. Following are steps each side can take to do that. Boards must:

- **Ensure that the identification, selection, and orientation of new trustees expands, rather than narrows, the experience and perspectives of the board.**

Gender, ethnic, and racial diversity are all important, but diversity is also about getting people with different experiences and skills at the table.

Too often, we have seen the downsides of boards with many overlapping relationships on other boards or in other social settings, which can limit trustees' willingness to ask tough questions and hold the CEO accountable. We must go beyond our circles of comfort in identifying new trustees.

- **Conduct periodic performance reviews of the CEO and insist on a robust process for feedback and discussion.**

While this is common sense, repeated throughout all the handbooks and advice about good governance, it is not as prevalent a practice as it should be. Let's even assume that the board possesses immense confidence in and support for its CEO (as appears to have been the case at Penn State). I would argue that such a circumstance makes a formal review process even more important.

Reviews offer an opportunity for candid, open, and vigorous discussion about how the board and CEO can and should be working together more effectively, and to the extent there may be concerns about how powerful the CEO has become, a review helps to clarify roles (the CEO does report to the board, after all) and can create opportunities for dialogue.

- **Ask informed, constructive questions and insist on answers.**

The Freeh report makes clear that inquiries from trustees were not welcome as news about events uncovered in the grand-jury investigation become public. Trustees have every right—indeed, they have an obligation—to ask questions, to understand issues, and to be informed. And when information is not forthcoming, they must insist on answers.

If such questions are viewed as intrusive or inappropriate, then the board should have processes in place for the management to raise such concerns openly and forthrightly.

CEOs should take the following steps

- **Shape board agendas to foster open and candid discussion, encourage constructive input and questions, and help the board add value.**

CEOs should approach each board meeting with the question: What can the board do to help our institution at this time?

As CEOs, we should articulate clearly what we need and want from the board and frame discussions in a way that helps us get what we need.

While educational sessions to inform the board are important, we need to be sure that board meetings are not so packed with presentations and reports that there isn't time and space for open discussion of the critical issues facing the organization.

- **Demonstrate respect for the board, and if you believe the board is not measuring up, work actively to do something about it.**

Many CEOs talk about "managing" their boards. Boards should not be managed; they should be engaged. And CEO's have an obligation not just to find ways to get the board involved but to demonstrate respect for trustees in their interactions with other staff.

CEOs who believe their boards do not deserve respect or are incapable of adding value should figure out how to fix that. Work with your board leaders to press them to conduct a self-assessment, expose your board to what are widely considered to be best practices, and help the board to identify new trustees that set the right standard.

• Encourage the board to meet in routine executive sessions without the CEO, and not only when CEO compensation is discussed. This practice has the advantage of not making executive sessions anomalous, and it provides the board regular opportunities for conversation about issues or questions that the chair might later bring to the CEO.

Of course, it requires that the chair manage and lead the discussion in a way that can be productive and useful and that the chair or someone else fills the CEO in on what was discussed soon after the session.

Routine executive sessions also have the benefit of providing yet another tangible sign of a constructive relationship between a board and a CEO.

When operating at their best, boards and CEOs are partners, working in unison toward a shared vision for organizational success.

Neither sees the other as an impediment or obstacle; each views the other as a critical ingredient to success, and both understand who is responsible to whom. If this is not the case at your organization, now is the time, spurred by the events at Penn State, to understand why this is so and how to make it better.

This investment of time and effort today to ensure a strong, collaborative partnership between the board and CEO will bring enormous payoffs in the long term. More important, it may actually ensure we have indeed learned the lesson this time.

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