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On Board For Term Limits

By Mark Hrywna

Richard Buery admits he has a hard time getting rid of people. But that's a good thing. "It's a testament to how great our organization is and how great our work is," said the president and CEO of Children's Aid Society (CAS) in New York City.

Until this year, there were no term limits for board trustees of the 150-year-old charity. On average, board members served for about 15 years, with two who had served 39 and 34 years, respectively.

One of the strengths of Children's Aid Society, said Buery, is that there are board members who know so much about the organization's work.

"They're very dedicated. We have trustees who have been on the board for a long time. Now the experience is great; it's good to have that experience. But we also know that to have a real governing body that can have critical conversations about the future, you can't have 50 people in the room." He cited research that if there are more than seven people, a conversation will start to lose value.

Buery last year worked closely with the board chairman and the chair of the governance and nominating committee to address board size, expectations for board giving, and refine the committee structure. The board's governance and nominating committee outlined a series of initiatives beginning in September 2010 that were intended to "develop the capacity of the board and increase its effectiveness." The committee made a presentation to the Executive Committee in early December, followed by a formal recommendation to the board later that month. The full board unanimously approved term limits before year's end, making trustees elected to the board after Jan. 1, 2011 subject to no more than four, three-year terms.

"There's no urgency about this, we're going to do it organically and we've found term limits are a good way to do it," Buery said. "The last thing we'd want is everyone to step down at once, we'd lose our DNA that way."

According to the BoardSource Nonprofit Governance Index 2010, 70 percent of nonprofit boards have term limits.

The Internal Revenue Service (IRS) has endorsed term limits, according to Bruce Hopkins, a partner in the Kansas City, Kan., law firm of Polsinelli Shalton Flanigan Suelthaus. "It's certainly recommended in many quarters, but there's ongoing debate whether it's appropriate or not. Limits can force new blood on a board, which can be a good thing but sometimes organizations lose people who are competent, who can serve and want to serve, but can't. There's a valid debate on both sides of the issue," Hopkins said.

Though he's found term limits to be quite common among charities, Hopkins doesn't favor them. "I think an organization ought be able to manage itself without forcing people off the board. Sometimes through, groups get stuck and can't remove people who they want to. It's a matter of considerable debate."

CAS had 37 members on its board of trustees (including three Trustees Emeriti). During the past year, three trustees rotated off the board and another was added, bringing the total to 36 (including six Emeriti). The number of voting trustees was reduced by four since Trustee Emeriti do not vote.

“What we’ve tried to do is to build and make sure we have the resources and institutions, so as people come off, there’s a way to keep them engaged in the organization,” said Buery. “Stepping off the board doesn’t mean the 30, 40 years of relationship with the organization ends. It just means that we find different ways to keep you connected and make sure we don’t lose the wisdom and experience on which we rely,” he said. The new term limits, Buery said, still provide enough time for people to learn the place, be connected, and to be able to make a meaningful contribution. “But not so long that we don’t have the opportunity for new folks to come on.

“The great thing about 33 people is there’s a diversity of ideas, knowledge and experience. The hard part is it’s hard to have a conversation with 32 people, so we don’t want the board to get bigger, and our task is to bring new people on without significantly increasing the size of the board,” said Buery. “If anything, we’d love to get down to 30 or 25 people, over time we think that might be our sweet spot in terms of having diversity of experience, but also having small enough room where you can have a real conversation about what’s happening,” he said. His advice to other nonprofits? “Don’t be afraid to have those conversations.”

“We brought in a consultant, and one of the great things about bringing in a consultant to facilitate some of these board conversations is that nobody needs to be the bad guy -- no staff member, no board member. Someone who comes in, doesn’t know anybody, doesn’t care about anybody -- only cares about the truth -- who can really ask tough questions and introduce best practices from their experience to the board,” said Buery. “It’s made a great difference. It’s an ongoing process but it’s really been a good one.” NPT