Fear, Tradition, and Serendipity: The Unacknowledged Drivers of Governance Strategy

Eric C. Martin  
*Bucknell University, ecm018@bucknell.edu*

Judy Millesen  
*College of Charleston*

Follow this and additional works at: https://digitalcommons.bucknell.edu/fac_journ

*Part of the Social and Behavioral Sciences Commons*

**Recommended Citation**


This Article is brought to you for free and open access by the Faculty Scholarship at Bucknell Digital Commons. It has been accepted for inclusion in Faculty Journal Articles by an authorized administrator of Bucknell Digital Commons. For more information, please contact dcadmin@bucknell.edu.
Fear, Tradition, and Serendipity: The Unacknowledged Drivers of Governance Strategy

by Judith L. Millesen and Eric C. Martin

For meaningful organizational change to take place, boards must be aware of the real drivers behind board action (or inaction). Without this kind of self-assessment, boards may well find themselves stuck on a path to nowhere.

Editors’ note: This article was adapted from “Community Foundation Strategy: Doing Good and the Moderating Effects of Fear, Tradition, and Serendipity” (Nonprofit and Voluntary Sector Quarterly 43, no. 5, 2013), with permission.

Nearly every nonprofit is faced with the responsibility of balancing the needs of multiple stakeholders, and nonprofits do this with varying degrees of insight and success. As one example, community foundation leaders must successfully balance the expectations of donors, grant recipients, and community simultaneously. All of these

Judith L. Millesen is a professor and MPA director at the College of Charleston. Her research makes a strong link between theory and practice, and focuses on nonprofit administration and capacity building in the sector, with special interests in board governance and community philanthropy. Eric C. Martin is an associate professor in the Managing for Sustainability program at Bucknell University’s Freeman College of Management. His work focuses primarily on international development assistance, cross-sectoral and interorganizational relationships, and nonprofit strategy and decision making.
Our data suggested that inertia tended to be related to fear or tradition. Fear manifested in two ways—fear of alienation or fear of the unknown. Tradition was closely associated with the notion that “we have always done it this way.”

Drawing on conversations that took place in the boardroom and subsequent interviews with board members discussing those conversations, we focused on two types of decisions: those that led to inertia and those that preceded change. Our data suggested that inertia tended to be related to fear or tradition. Fear manifested in two ways: fear of alienation or fear of the unknown. Tradition was closely associated with the notion that “we have always done it this way.” When boards participated in decisions that resulted in change, we found that quite often change was a result of serendipity—being in the right place at the right time—or what boards described as “visionary leadership.” Interestingly, serendipity did not always result in change. Sometimes, even when there was a fortuitous event, board members engaged familiar tactics to thwart efforts at change (because of fear and tradition). And they used what we describe as “hedging tactics” to avoid painful decisions, or post hoc justification to rationalize the lack of bold maneuvers.

We argue that although the board is presumed to take a leadership role in setting organizational direction by balancing multiple competing expectations, these kinds of strategic discussions rarely take place. This is not to suggest that the board does not affect decision making; in fact, quite the opposite is true. What we found was that more often than not, even though board members might not be wrestling with competing expectations or envisioning a potential future, these groups spent a great deal of time justifying inertia or rationalizing serendipity. This finding is actually quite consistent with Graddy and Morgan’s assertion that board decision making results in either adaptive strategy in the form of a proactive response to environmental stimuli (serendipity) or inertia (strategy that is constrained by fear or tradition).5

Our study builds on previous work by providing insight into how board members interpret these elements, advocate the significance of their interpretation, and use those interpretations to inform decision making.
commitment to “doing good” that is often moderated by fear, tradition, and serendipity. Even though our data come from a study of community foundation governance, the findings apply to all nonprofits, particularly if the leadership is open to considering how these same drivers might play out in their own boardrooms.

The Research

We gathered data for this project in two stages. We started with BoardSource self-assessment data, collected from a representative sample of forty-five community foundations from across the country, that evaluated board performance vis-à-vis thirteen specific responsibility areas. We then recruited fifteen organizations (representative of size and geographical considerations) from that initial study for more intense observations and interviews with CEOs and at least five members of each board.

Drawing on these data, we focused our analysis on developing a better understanding of board decision-making processes, particularly those choices regarding role preference and strategy. Our data show that a conservative, risk-averse desire to “do some good in the community” retrospectively justified most decisions. Factors such as fear and tradition profoundly influenced strategic direction irrespective of any focused planning efforts, which meant there was often very little strategic movement away from the status quo. When community foundations were engaged in community leadership activities, board members were quick to credit an individual “leader” or a serendipitous event.

Our findings are based on a sample of community foundations; however, as we allude to earlier, based on our experience we find that our insights are applicable across a broad spectrum of nonprofits and NGOs. While community foundation boards certainly face unique complexities, we suspect readers will recognize familiar patterns and similar behaviors, thus making our recommendations important to board members and executive directors serving many different types of nonprofit organizations.

As public institutions with a long-term commitment to specific geographic areas, community foundations are uniquely positioned to engage members of the community in philanthropy, develop a thorough understanding of community needs and nonprofit capacity, and lead strategic community-based efforts. But while that might be true in theory, organizations struggle when faced with competing interests and conflicting worldviews among important stakeholders.

Jennifer Leonard argued that community foundation growth and flexibility relate to the foundation’s ability to balance needs among donors, recipients, and the community. She further asserted that most community foundation decision-making processes implicitly favor one or two of these basic elements of mission—such as donor services, grantmaking, or community leadership—resulting in “disparate fundraising strategies and rates of growth,” particularly when investment strategies conflict with donor-service strategies or grantmaking strategies.6

Rebecca Wolfe noted that there was tremendous pressure from the field urging community foundations to assume a community-focused leadership role and promote social justice.7 More-recent research supports the notion that community foundations take on these leadership roles by serving as knowledge brokers, facilitating the exchange of information across sectoral and organizational boundaries; coordinating collaboration among multiple stakeholders to formulate grassroots solutions to community problems; accessing necessary resources by connecting government and funding to community needs; and proactively involving private philanthropists by soliciting new money and by asking donor-advisors to direct their gifts to existing community needs.8

Because community foundations enjoy what Mariam Noland referred to as a “special double trust: a promise to respect and honor thousands of generous benefactors while advancing new visions for communities,” it is essential that we understand how board decision-making strategies reflecting a particular mission-related orientation have the capacity to influence community capital.9 Graddy and Morgan echo this call for
Tradition emerged as a way to manage fear and influence strategic direction in ways that sometimes stagnated efforts at meaningful change—particularly when the board became complacent.

Findings

Board Decision Making and Inertia

Although board meeting minutes and individual interviews expressed both a desire to plan and actual engagement in planning processes, we noticed very little movement away from the status quo. Our interview data suggest that fear and tradition were frequently used to explain this inertia. Fear commonly played out in two ways. First, fear of alienating existing or potential donors was a dominant consideration. And second, fear related to uncertainty was often at the heart of stories shared by board members when they talked about not really knowing how to do something. Tradition (or adhering to the status quo) seemed like a perfectly reasonable way to manage both types of fear and legitimize adherence to the status quo.

Alienation. Many respondents expressed concerns about alienation. This manifested in two ways: fear that some might say, “You guys are too controversial, I’m not going to put my money in here,” and fear about what might happen if the organization took on an issue that was “too heated.” Consider this comment,

We have to be careful not to get too politically charged on one thing or another. We had a proposal come before our board for trying to take a leadership position in community planning—growth issues, transportation issues, air quality, water quality, development and so forth. . . . After six to eight months of discussing this and talking about how we’re going to do this, our board backed down and said “No, we’re not going to do it because we could get into trouble.” We could be viewed as anti-growth, pro-growth or something bad and it would damage our young reputation, our future ability [to raise money]. We can’t afford that.

Uncertainty. How uncertainty influences decision making might best be understood by sharing an example of how board members talked about what the foundation was expected to accomplish with its grantmaking. Board members questioned whether it was better to grant small sums of money to many causes or to invest substantial amounts of money in one or two major issues. “Are we really making long-term changes to the community or just moving money around?” asked one board member. Another questioned, “Do we want to continue spreading bread crumbs or do we want to smack ’em in the head with a loaf of bread?” We were told, “This conversation has been going on for years and we still have not resolved it.”

CEOs expressed similar concerns. For example, one chief executive asked, “How do we help the board emerge from a reactive grantmaking mode?” She explained that although the board expressed an interest in proactively learning more about community needs and leading change, it was stifled by its long-time involvement in reactive grantmaking procedures. These kinds of responses demonstrate how tradition was used as a way to justify the status quo.

The Rationalizing Power of Tradition. Tradition emerged as a way to manage fear and influence strategic direction in ways that sometimes stagnated efforts at meaningful change—particularly when the board became complacent—either after an unresolved debate about possible courses of action or by simply choosing not to engage and to continue with familiar practices. Yet, for both alienation and uncertainty, the end result was often inertia, or adherence to the status quo.

One of the most illustrative examples of the interplay between fear and tradition is in the realm of donor services. Community foundations in this study attracted resources in a number of ways, including planned gifts and bequests; donor-advised gifts; scholarship support; contributions to special interest or initiative funds; pass-through funds; gifts of appreciated assets or real estate; and managing endowment funds for local nonprofit organizations. Yet, in spite of Leonard’s claim that “few community foundations have examined how their implicit preference for any of
How exactly and under what conditions do nonprofit boards develop strategy that is responsive to trends in the community or in the field? We found that serendipity and leadership play important roles in determining a particular course of action.

Adaptive Strategic Decision Making
Graddy and Morgan argued that strategy is adaptive when it is responsive to environmental changes. How exactly and under what conditions do nonprofit boards develop strategy that is responsive to trends in the community or in the field? We found that serendipity and leadership play important roles in determining a particular course of action. Board members provided stories about how “being in the right place at the right time had a profound influence on the way we now do business,” or how having a “visionary leader” was essential to community foundation “success.”

Serendipity. Several board members talked about significant charitable gifts that mobilized their organization around a particular course of action. For example, in one community, a donor provided the funding needed to purchase a building, with the condition that the community foundation agree to share the space with the local Chamber of Commerce and the United Way. In the end, the close proximity resulted in collaborative efforts not previously experienced. In another community, visibility “skyrocketed” because the “environmental trust fund put a lot of money through the foundation” to coordinate the construction of a community park. The board member noted that prior to this
Perhaps it is somewhat serendipitous to be in the right place at the right time or have a visionary leader who can clearly articulate a strategy for the future. Yet, more often than not, it is probably an evolutionary process prone to periodic setbacks and common traps.

Leadership. There was also some evidence to suggest that what board members called “visionary leadership” made a difference in strategic decision making. Our data certainly suggested that visionary leadership made a difference. For example, we found one community foundation that successfully institutionalized board structures and processes in ways that continually emphasized the importance of focusing on mission and strategic direction. The committee structure and quarterly meeting agendas were organized around the organization’s three strategic goals. The board chair explained that the board participated in two annual retreats, “Where we think strategically and move our vision down the road so that all the activities can converge on that vision. . . . Are we doing what we said we wanted to do and is there anything else that we would like to do? . . . We answer these kinds of questions to make sure that we have accountability to the vision.”

Perhaps it is somewhat serendipitous to be in the right place at the right time or have a visionary leader who can clearly articulate a strategy for the future, particularly one that encourages board members to conquer their fear and stretch beyond familiar practices to take on new roles or engage in innovative practices. Yet, more often than not, it is probably an evolutionary process prone to periodic setbacks and common traps. As one board member offered, organizational philosophy influences whether an organization challenges the status quo, and adopting this philosophy takes time.

When Serendipity Results in the Status Quo: Hedging and Post Hoc Rationalization

Even when board members may have every intention of embarking on a strategic planning process that sets a new course of action, things like fear and tradition can sometimes limit implementation. As a result, little meaningful change takes place. Every so often, a serendipitous event or a dynamic leader moves an organization closer to an articulated vision for the future. Yet even then, our data suggested that the board must consciously insulate itself from two very common diversionary tactics that impede this evolutionary process.

The first is a delay, or hedge, where the board spends so much time either debating potential courses of action or “scurrying about” that, when pressed for a decision, there is no way the board can process all the information and decide on a new course of action. The board simply cannot be sure it understands the implications for all stakeholders, and as a result, the choice is to not act. It just seems more practical to do things the way they have always been done to be sure there is no harm.

Conversations around the topic of the community foundation’s role provide an illustrative example of the hedge. Many board members were familiar with trends in the field regarding community foundation leadership, yet many were unclear about how best to fulfill that role. For example, while we heard some board members express concerns about “taking sides” on issues or advocating one position over another, we heard just as many board members argue that taking a leadership role in the community was about bringing hot topics into the open and convening those with the resources and skills necessary to address those concerns.

We do have data to suggest that some community foundations led convening efforts; however, more often than not, the leadership efforts seemed to die off after the convening was complete, leading us to ask whether such convening
was really meant to catalyze change. Leadership seems to demand not only recognition of a problem and identification of those with the resources to address the problem but also some effort at mobilizing action around solutions.

Over the years, we have heard similar rumbles from board members in many different settings. Although the specific topics may differ, unresolvable debates regarding strategic direction thwart efforts at meaningful change.

A second common diversionary tactic is post hoc rationalization to justify decision making, which can be seen most clearly in the area of board recruitment. Board member attitudes regarding board recruitment converge around the notion that to be effective, the right people need to be in the right place at the right time. These board members seem to understand that just because individuals have great wealth or specialized areas of expertise, that does not mean those resources will be deployed in support of the organization’s mission-related goals and objectives. They claim that board recruitment goes beyond inviting influential community members to lend their name to the letterhead—it involves intentional strategies that align individual interest with organizational priorities.

The problem is that even though board members profess to be strategic in their recruitment efforts, according to recent findings from BoardSource the demographic composition of nonprofit boards of all types lacks diversity; and as our data indicate, the rationale offered to explain this homogeneity is also quite similar across the sample. For example, several board members (serving on different boards) explained their board’s decision to stop looking for demographic representation because the community was not diverse. In these instances, the decision was to seek out geographic diversity or to identify recruits who could contribute to the current or anticipated work with particular skills or connections. Consider this comment:

There is constant pressure to find trustees, which is always a struggle on any board . . . there’s the issue of minority [representation] . . . we have not had a lot of success in finding them. Anyway, just to weigh a vote because of someone’s orientation, color, or whatever, it’s not a good thing. It doesn’t strengthen the board. It may look good, but what you need is hard-working people no matter what color they are or what gender they are.

A different board member offered:

It takes a lot of expertise [to serve on this board] and that’s why I feel like board members ought not to be solicited from ethnicity, gender, community residence as much as they should be for their expertise in knowing the bigger vision and how to strengthen the community. But there are a lot of people on this board, and I’m sure there are on every board, that feel like you’ve got to represent the Hispanic, represent the Black, represent the women, represent the poor, represent the rich, represent the hospital, you know, that kind of thing, and I think you get too bogged down in the little trees where you can’t see the forest anymore.

Although board members could articulate the benefits of a diverse board, they did not engage in practices that would ultimately result in board diversification. Instead, they justified their decision-making process, arguing that the community was not really diverse so the board did not have to be either.

Although board members could articulate the benefits of a diverse board, they did not engage in practices that would ultimately result in board diversification. Instead, they justified their decision-making process, arguing that the community was not really diverse so the board did not have to be either.

At a time when American communities are struggling with major social issues due to divisive political rhetoric, increased unemployment, and poverty, nonprofit organizations are in a unique position to coordinate and lead change.
Leaders must encourage practices that discourage the responsive, passive nature of boards, so that these practices do not become institutionalized.

Yet many nonprofits operate in an environment where adhering to tradition has historically resulted in significant charitable gifts. It is no wonder decision making is constrained by fear of alienating powerful community members who control access to those resources. We saw these conservative, low-risk behaviors play out in board recruitment efforts, grantmaking strategies, and community leadership initiatives.

So, how might we combat the negative effects of board decision making that tend to result in adherence to the status quo? We offer three suggestions. First, capitalize on serendipity. Serendipity is fine, yet being in the right place at the right time should not be interpreted as being strategic. In fact, most of the people we talked to referred to these types of fortuitous situations as somewhat opportunistic. When not carefully thought out, these kinds of opportunities could be problematic and a burden for the staff, even though they may be a source of substantial administrative funding. However, although serendipity might not be a strategic stance, what the board does in response to these kinds of opportunities and threats could very well be strategic. The lesson for board members here is clear: boards must work closely with the staff to fully understand the operating environment, so that when change moments present themselves, the foundation is poised to act.

Second, do not allow visionary thinking to be thwarted by fear and tradition. Prudent decision making is a key aspect of governance. While careful balancing of competing board roles may not be the norm, prudent alignment of assets is an important aspect of “doing good.” At issue is whether the board will continue to justify and rationalize past practices, or if the board will encourage action that positions the organization to deploy its resources (broadly defined) in ways that meaningfully align institutional strengths and leadership activities with significant issues facing each community.

And finally, leaders must encourage practices that discourage the responsive, passive nature of boards, so that these practices do not become institutionalized.

It is true that, historically, nonprofit boards have been expected to be risk-averse, status quo stabilizers that take their fiduciary responsibility seriously, so that future generations can benefit. Yet, so often, nonprofit organizations are promoted as change agents that should find innovative solutions to the most pressing local problems in ways that create real and dramatic change. Nonprofits seeking to take on a leadership role need not wait for a catalyzing event to mobilize people around a common purpose. Perhaps a bit of serendipity and a focused effort to overcome the fear of alienation and the desire for stability anchored in tradition could spur the change they want to see. Leaders might consider overtly addressing these fears, traditions, and serendipitous events by making them the subject of future strategic discussions.

Notes
2. Ibid.
5. Ibid.

To comment on this article, write to us at feedback@npqmag.org. Order reprints from http://store.nonprofitquarterly.org, using code 250103.