



## “On Board” with Term Limits?

Written by Korin Crawford

### Article Highlights:

- Boards may take years to learn to function effectively together.
- Term limits often function as a proxy for board vitality.
- A culture of performance requires engagement, openness, trust, and an ability to manage differences.

The debate on nonprofit board term limits has been raging for decades and there is still no settlement to this issue. Some evidence suggests that term limits are highly preferred for nonprofits, such as the BoardSource Nonprofit Governance Index of 2012, where 83 percent of nonprofit boards have term limits.

While terms limits tend to be considered a good proxy for board vitality, my perhaps contrarian argument against term limits can be distilled into two key points: (1) boards are teams, and teams take time to gel, and (2) cultivating a culture of performance creates board vitality without the negative effects of mandating turnover.

### Background Context

The line is clear between those who support the use of term limits and those who don't. Proponents argue that term limits are a healthy way to infuse the board with new ideas and new energy. With term limits, some say, a board has a regular opportunity to expand its constituency, broaden its thinking, ensure it has the range of skills and experiences it needs, and guard against burnout. When a new candidate is found, it can be easier to add him or her to the board if there are term limits. Term limits also provide a graceful way to rotate ineffective members off the board.

Critics of term limits say that these policies may deprive a board of expertise, institutional memory, or a major financial supporter. Others worry about the loss of engagement when a trustee leaves the board, especially if he or she has been particularly generous to the institution. They also point out that term limits result in the need for constant recruitment of new board members, putting a strain on the Governance Committee.

### Teams Take Time (T3)

In my view, boards are teams and in today's increasingly complex business environment, effective governance teams need years to learn to function together. Bruce Tuckman's<sup>1</sup> theory of group development – the *Forming, Storming, Norming, Performing* model – succinctly describes the phases that are

necessary for a team to grow, to face up to challenges, to tackle problems, and to deliver results.

- ❖ *Forming*: In this stage, individuals are gathering information and impressions, focusing on routines, team organization, who does what, when to meet each other, etc.
- ❖ *Storming*: In this stage, enough initial trust has been developed between team members that they start to feel comfortable expressing discontent and challenging others' opinions.
- ❖ *Norming*: In this stage, all team members take the responsibility and have the ambition to work for the success of the team's goals.
- ❖ *Performing*: In this stage, high-functioning teams grow as a unit, develop broad and deep organizational knowledge, and govern effectively.

Boards and board committees are constantly evolving, cyclically progressing through these stages of group formation, and it can take several years to develop effective governing teams.

It can take eighteen months to two years for new board members to really feel like they have a handle on an organization's affairs, followed by three to five years working on specific governance committees and tackling critical organizational issues.

Economic cycles form the backdrop of this experience, where it is helpful to have not just one or two, but a majority of board members with enough institutional memory to govern an organization through good times and bad times, times of crisis and relative calm.

Within this process, there is a certain amount of natural turnover on boards. In some cases this is not enough; it is true that there are lots of complacent boards. But mandating turnover makes it very hard to build teams. I firmly believe that board members need to get to know each other beyond the surface level if they are going to work together in a crisis.



"Instead of creating a structure that forces out good board members, create a culture that rewards the behavior you desire and discourages the behavior that you do not want."

### A Culture of Performance

In a time where committed, consistent performance is increasingly hard to come by, imposing formal term limits will have the unfortunate effect of forcing out board members who continue to contribute at a high level. As an alternative to utilizing mandatory turnover as a proxy for board vitality, a direct focus on board member performance, metrics, and disciplined rotation of leadership within the board can achieve the vigor that all organizations seek.

Key elements of such a culture include:

- ❖ *Engagement*: Board members are engaged with the mission. They make their presence felt, measurably contribute (financially and functionally) to the organization, and are accountable for annual goal achievement.
- ❖ *Openness and trust*: The board has built an environment of trust, where candor and "speaking the unspeakable" is the norm. Board members have group-level permission and encouragement to engage in creative conflict in the name of achieving the organization's mission and financial goals. Similarly, leadership does not hesitate to have difficult conversations with non-contributing board members.
- ❖ *Managed differences*: conflicts are constructively addressed and unfulfilled commitments are exposed. Alternatives and options are examined without predetermined outcomes.

In practice, I have found that a culture of performance stresses effective, well-defined terms without explicit tenure limitations. This sets in motion a process of natural selection of high performing, dynamic board members and more organic participation. In this situation, when board members have contributed what value they can to an organization, they happily seek other opportunities with the support of the organization which they serve.

A practical way to encourage a culture of performance is for board members to evaluate their own and each other's commitment to the organizations which they serve each year. High performance boards retain the performers and stand ready to hold candid conversations with non-contributing or disruptive members.

Instead of creating a structure that forces out good board members, create a culture that rewards the behavior you desire and discourages the behavior that you do not want. No organization can argue with this goal. The truth is, we all know a high performance board culture when we see one, whether terms limits are in place or not. While term limits seem to provide a tempting way to promote this board vitality, more foundational habits are required in order to actually achieve a vibrant board culture.

<sup>1</sup> Bruce Tuckman is a Professor Emeritus in Educational Psychology at the Ohio State University and has carried out research into the theory of group dynamics. In 1965, he published one of his most notable theories, called "Tuckman's stages of group development."

## About the Author



### Korin Crawford

Founder & CEO of Ekology Infrastructure

Korin Crawford is a serial technology and real estate entrepreneur, and he has founded or held senior positions at four venture/investor backed startups since 2000. Mr. Crawford offers a unique combination of capabilities as software engineer, entrepreneur turned real estate investor/developer. He has developed neural network-based enterprise software, consulted for infrastructure development projects totaling over \$1 billion in cost, and he has owned, developed and managed his own residential real estate portfolio. Prior to founding Ekology Infrastructure, Korin was Founder and Principal of Concepts Ventures LLC – owner, developer, and manager of residential real estate and consultant for a variety of real property and infrastructure development projects. Most recently, Mr. Crawford was the lead investor and project manager for a \$4.5 million, 9-unit townhouse development project in Oakland CA. In addition, Crawford has served on the Board of Directors for two affordable housing development companies. Korin holds an MS and BS in Electrical Engineering from Stanford University and Duke University, respectively.

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