



YOUR MONEY

Before Joining a Board, Size Up the Job and the Mission

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Wealth Matters

By PAUL SULLIVAN

IN the last five years, Keith T. Banks, the president of U.S. Trust, a private wealth management division of Bank of America, has done what many of the firm's wealthy clients do: He has joined nonprofit boards. He's up to four. Yet the boards he sits on are not only different in mission, but also in size and expectations for trustees.

He is on the board of advisers of Columbia University Medical Center and the board of overseers for Columbia's Business School, where he earned his M.B.A. He is also a member of the board of New York's Lincoln Center, which honored him at its spring gala last month, and a director of the Police Athletic League, which similarly acknowledged him two years ago.

"Each one has a different structure and infrastructure," Mr. Banks said. "I'm comfortable in a more formal structure like Lincoln Center, but also the Police Athletic League, where the board isn't as big, there aren't as many committees and it's more hands-on."

This is not always the case. Board service is something the well heeled and well known either want to do or are recruited to do. The experience should be fulfilling for them and beneficial to the organization. But there

are times when it is neither.

Sometimes it is the nature of the board itself — it's too big and trustees feel detached, or it's too small and trustees feel they are doing too much. Other times the organization is not what it seemed to be, or the mission and expectations, beyond donations, were not clearly outlined.

This works both ways. A nonprofit group can just as easily be let down by a trustee who does not add much value to the board — or worse, distracts from the work of others.

“I call them the well-intentioned volunteer,” said Hugh Anderson, managing director of HighTower in Las Vegas, who has been active in nonprofits for 25 years. “They want to be helpful, but they don't understand the true value and responsibility of a board member.”

In this season of nonprofit galas and the board meetings that go with them, how can someone being courted by a board determine if it is the right fit? How can a board know that the person it is courting will add value beyond a donation?

It stands to reason that bigger organizations have more trustees, but the size of a board matters in determining what is going to be expected of a trustee.

A bigger organization, like Lincoln Center, is going to have a large, professional staff and rely on its board for fund-raising and their expertise. Mr. Banks, for example, also sits on the finance committee.

Yet this professionalism can have its limits. “A lot of our clients respond well to working with other highly influential people,” said Jim Coutr , a partner at the Philanthropic Initiative. “The flip side of working with the highly professional staff is it can feel very hands-offish. They can feel less control and less activity.”

A smaller organization is going to require a more hands-on approach because it does not have a large staff to act on the trustees' suggestions. But that greater commitment can mean that individual trustees feel like they're having a direct impact.

Whatever they choose, Mr. Coutr  said, trustees need to enter into

board service as an opportunity to learn. “Social change is not easy,” he said. “It’s incremental at best.”

Todd M. Morgan, senior managing director at Bel Air Investment Advisors, was chairman of the capital campaign at Cedars-Sinai Medical Center in Los Angeles in 2004. He wanted to come up with a different way to get people to make large donations, short of the very largest gifts that got something named after them. He created a “black card,” modeled on the American Express Centurion Card, that gives big donors a higher level of attention and convenience should they need medical care. At the time, the donation needed to get the card was \$250,000.

“It made people feel special and that they were getting something very worthwhile for their investment,” he said. “They were easy sells. The black card was an investment in the future.”

Yet Mr. Morgan was also on the board of the smaller Jewish Federation of Greater Los Angeles. He received a call from a rabbi and Holocaust survivor who needed \$400 for his heart medication and was wondering if there was an emergency fund. Mr. Morgan sent him the money when he found out there was no such fund.

Then he decided to set up his own fund within the federation to help other Holocaust survivors in Los Angeles. In the last decade, he has given just under \$3 million, which has helped 2,000 Holocaust survivors, according to Jewish Family Services of Los Angeles, which administers it.

“I think my money is more impactful going to the survivors who have a finite period to live,” he said. “I can feel more personally than I do when I give to the hospital. But they’re both important.”

Mr. Banks said the institutions he was involved with had different missions — from the arts to helping poor children through sports — but the challenges were the same.

“For every nonprofit, the No. 1 task at hand is having access to funding,” he said. “No. 2 is you have to make sure that as board members you are good stewards of that institution.”

It sounds simple, but challenges abound.

There is the time commitment. “Showing up is three-quarters of the battle,” Mr. Anderson said.

Russell P. Pennoyer, who raises money for private equity deals, says he has 25 meetings a year for the investment committee of the William T. Grant Foundation, which supports educational research. But it is just one of the nonprofit boards he sits on. He has been a member of the board of the New-York Historical Society for the last decade and is president of the board of the Achelis and Bodman Foundations, which makes grants across a wide range of causes, including the arts and education, to health and public policy.

When asked about the time commitment, he said he thought more about the impact his board service had on the organizations. “With the Grant Foundation, we put a lot of time into managing the portfolio and we have a good record to show for it,” he said. “Watching the New-York Historical Society go from a tomb that no one visited to a hopping place, where the galleries are full, the lectures are full — to have had a very, very minor role in that is great.”

It’s not always the time that cause trustees to fail at their job. Some simply don’t understand what is required. Mr. Pennoyer said he saw this in the private school world, having served on the board of St. Bernard’s School, an elementary school in Manhattan that he and his sons attended.

“People become trustees because their kids are students in the school, but they have trouble separating their role as a parent and a trustee,” he said. “You need to look at the bigger picture and not think that your child had a rough day or got too much homework or got the wrong teacher.”

To prevent this problem, organizations need to do more to manage trustees, said Leslie Lenkowsky, professor of philanthropy at Indiana University School of Public and Environmental Affairs.

Trustees who are on boards for purely social reasons are easy targets of derision. Mr. Anderson said, “People who are just looking to hobnob make me grow cold.” But he said every board needed socially connected people who could place their connections at the service of the

organization.

“There are connectors in the world, and if that’s the role they play, then wonderful; they’re doing the job they need to for the organization,” he said.

Mr. Banks said that he went into board service optimistic and, so far, had not been disappointed. “The bottom line for me is if you find the right board that has a mission that is consistent with your values and is structured in a way that you feel like you’re bringing something to it, it’s immensely rewarding,” he said. “But you need to look and see what you’re getting into.”

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