

# Nonprofit Board Governance: Senior Leader Warning Signs to Watch For

By Rob Faulk, Partner, and Nathan Davis, Senior Manager

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Many nonprofit organizations have questions about what good board governance should entail. In the [first article](#) in our series on nonprofit board governance, we discussed the goals and responsibilities of nonprofit boards and provided guardrails and directions for board members. In our [second article](#), we explained the warning signs of poor nonprofit board governance and shared tips and tools to help if your board starts to get off track.

It's also vital to address the board's responsibility to oversee the organization's CEO/senior leader. What happens if the organization or board realizes that the senior leader may be at risk of compromising the organization's behavioral standards? What steps should the board take to identify potential problems and correct any issues? In this third and final article in our series, we address what the board's relationship with the senior leader should look like and explain warning signs that can indicate a possible issue.

## Elements of a Healthy Relationship Between the Board and Senior Leader

There are three keys to a healthy relationship between a nonprofit board and the senior leader: accountability, openness and transparency, and mutual respect.

- **Accountability** – All people, in all walks of life, should have accountability for their actions, and your senior leader is no different. A good senior leader will recognize the need for accountability and will not question or feel threatened by it. Work with your senior leader to set up consistent accountability check-ins to make sure he or she is setting and striving toward goals that further the organization's mission, as well as other key performance indicators. Ensure that accountability extends beyond the organization's goals and mission to include the leader's behavior and interpersonal interactions with subordinates, donors, and ministry beneficiaries.
- **Openness and transparency** – In nonprofit organizations, every action needs to be above

reproach. Nothing should be hidden from the board and there should be a strong flow of communication between the senior leader and the board. This will also help the board identify the warning signs we discuss below as well as areas where the senior leader may need some soul care. Explore what your leader is learning from time with God, and if that time is refreshing and a source of strength. Your board chair may want to consider having regular (though not necessarily frequent) check-ins on the leader's spiritual life and the state of his or her soul.

- **Mutual respect** – Although mutual respect may seem like a basic element that doesn't need to be stated, it is a vital component of a strong working relationship. Boards must respect boundaries and not try to do the senior leader's job, while leaders must respect the board's authority and recognize that the board's role is to help and support them and the organization. And when conflicts arise, both the senior leader and the board should work to see the other's point of view.

Now that we've covered what a healthy nonprofit board and senior leader relationship looks like, let's examine 10 warning signs of leadership issues that boards should be on the lookout for.

## 10 Leadership Warning Signs to Watch For

1. **Lack of humility.** Without humility "there can be no true abiding in God's presence... without this no abiding faith, or love or joy or strength," the Christian minister and author Andrew Murray noted. "Humility is the only soil in which the graces root; the lack of humility is the sufficient explanation of every defect and failure."<sup>1</sup> That is why a lack of humility is the first leadership warning sign your board should watch for.

The measure of your leader's humility will almost certainly provide a gauge of how their soul is doing. Does your leader seem to have a servant's heart, with an increasing desire to serve others? Or does it seem like the leader is becoming increasingly

- focused on his or her own agenda, authority, or benefits received from the position?
2. **Too much control.** Because of our fallen, sinful nature, all leaders have to deal with some level of power hunger in their lives. This power hunger can manifest itself in many different ways, but watch for signs of an imbalanced power structure, such as your senior leader beginning to associate only with other “power” people, name-dropping, expressing loyalty only to themselves, or competing with other C-suite leaders within your organization. Consider whether the senior leader is comfortable bringing other leaders into board meetings (as appropriate), or if the senior leader seems to be isolating other leaders from the board.
  3. **Resistance to accountability.** Just as a culture of accountability between the board and the senior leader is crucial to a healthy relationship, resistance to accountability is a leadership warning sign. Everyone can benefit from having a group of people to meet with consistently and with whom they can discuss life honestly. To whom does your senior leader hold themselves accountable in their personal lives? Does your leader have friends, mentors, or other leaders he or she regularly meets and shares with?
  4. **Insufficient transparency.** If the senior leader is not transparent with the board and others within the organization, there likely are deeper issues that need to be addressed. If the senior leader is vague or avoids communication with the board or other leaders within the organization, the board has a responsibility to investigate why communication is not open.
  5. **No clear expectations.** Without clear expectations and key performance indicators, the senior leader may head down a path that does not align with the organization’s goals or mission. The board is responsible for setting expectations for the senior leader. This should include job performance metrics as well as standards of behavior and conduct consistent with biblical standards of leadership identified in passages such as 1 Timothy 3, Titus 1:6-9, and others.
  6. **Inadequate financial transparency.** Financial transactions should never be hidden from the board. The board should increase its oversight of the organization’s financial transactions if your organization and senior leader cannot produce timely financial reports, there are large discretionary accounts without appropriate oversight, or personal expenses or expense reports without adequate documentation are reimbursed.
  7. **Significant travel alone.** Many senior leaders travel alone from time to time as part of their duties in running the organization. However, boards need to be on the lookout for a significant increase in solo travel. Significant temptations exist for individuals who travel alone, especially if they are working hard, tired, under unusual stress, or lonely.
  8. **Poor relationships with staff.** Listen to C-suite leaders and others who raise concerns about the senior leader to the board. The other leaders interact with the senior leader frequently and likely have a thorough knowledge of that individual’s behavior and work style. Be very careful, however, to ensure that such communication, and the board’s response, is conducted in the proper context so that it does not undermine the senior leader’s authority or diminish the board’s reputation and standing.
  9. **Family problems.** Discussions about family and personal life may occur naturally during conversations with your leader. While you should be careful to not overstep boundaries and inappropriately pry into his or her personal life, you may learn of stresses and pressures your leader is experiencing. Being aware of these challenges can help you be prepared to address any issues that are taking place.
  10. **Self-interest.** The Christian scholar and author Dallas Willard wrote that “The blind pride of putting oneself at the center of the universe is the hinge upon which the entire world of the ruined self turns. When we are lost to God, we are also lost to ourselves.”<sup>2</sup> If your senior leader places self-interest before the needs of the organization, or even before what is important to God, it should be seen as a major warning sign.

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### How to Help Your Leader Remain Healthy

Leaders of nonprofits can experience many stresses and pressures that can lead to unhealthy and sometimes even unbiblical behavior. Proactive boards should consider providing their senior leader with access, at no cost to the leader, to some or all of the following resources periodically or on an ongoing basis:

- Professional and career coaching
- Personal counseling

- Marriage and family counseling
- Personal financial planning services

The board should also ensure that the leader is being fairly compensated to avoid unnecessary financial pressures that can create incentives or justification for unhealthy behavior.

We hope you have found this board governance series to be informative and helpful. Successfully implementing the recommendations in these articles is an important step in achieving nonprofit board health and ensuring that your board is making a positive contribution to the organization.

Please [contact us](#) with any questions about board governance at your organization or if you would like to discuss how we can assist you.

#### **Additional Resources:**

[Nonprofit Board Governance: Goals and Responsibilities](#)

[Nonprofit Board Governance: Warning Signs to Watch For](#)

[Planning for Success: Key Factors for Nonprofit Executive Compensation](#)

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<sup>1</sup> Andrew Murray, *Humility: The Beauty of Holiness* (Radford, VA: Wilder Publications, 2008).

<sup>2</sup> Dallas Willard with Don Simpson, *Revolution of Character: Discovering Christ's Pattern for Spiritual Transformation* (Colorado Springs: NavPress, 2005).