

# AN EXECUTIV

**YOU'VE BEEN ASKED TO JOIN A BOARD OF TRUSTEES. HERE'S HOW TO MAKE SURE THAT YOU PUT YOUR TIME, MONEY AND EXPERTISE IN THE RIGHT PLACE.**

PAGE 1 OF THE BUSINESS SECTION ANNOUNCED YOUR NEW promotion this morning. The phone is ringing off the hook, bouquets of flowers are arriving, and pink message slips are piling up. One of them is from the executive director of a local charity, asking you to return her call. After congratulating you on your new position, she invites you to join her organization's board of trustees.

Her call probably will be the first of many requests from nonprofit groups. One of the consequences of increased visibility is greater demand for your time and money. Do you want to help the homeless, comfort the sick, raise money for a new library? "You reach a point where you have to ask yourself, 'Which ones should I accept?'" says Marsha B. Congdon, Oregon VP and CEO of US West Communications in Portland and a member of four nonprofit boards. "I try to pick things where I can make a difference."

A growing number of career women are finding themselves in the position of being able to make a difference in their communities. They also recognize the career benefits of serving on a top board: new leadership skills and a broader network of influential contacts.

What's more, with social problems becoming more pronounced and President Bush calling for voluntarism as part of his "thousand points of light," many companies are encouraging employees at all levels to be active in community organizations. For senior managers, that often means that board membership is almost de rigueur. "Volunteering now is part of the career path," says Susan Ellis, a Philadelphia-based consultant who helps charities and companies set up volunteer programs.

"Being on a board provides a window on a new world," says Katharine Darrow, a VP at the New York Times Company and a member of four nonprofit boards. "You meet new people and get to know their concerns. And you develop skills and broaden yourself." Eight years ago, when Darrow was asked to join the board of trustees of the University of Chicago, her alma mater, she was general counsel at the Times. "By serving on the financial-planning committee, I developed skills in financial analysis that have helped me in my new position," she says. Today Darrow is in charge of the company's broadcast group and information services.

Because joining a board can be rewarding both personally and professionally, any philanthropic urge should be tempered with pragmatism: You want to put your money and your time where they count. "Part of being on a board is contributing to its financial well-being," says Brooke W. Mahoney, executive director of New York's Volunteer Consulting Group, Inc., which brings together nonprofits and people who care about the causes they champion and have the skills they need. You must be prepared to ask friends and associates to donate money and buy tickets to charity benefits. And you have to be willing to attend meetings on weekends and after long days in the office. So before you pick up the phone to make a commitment to an organization, evaluate the group's offer and its cause as carefully as you would a job offer.

## HOW TO DECIDE

"A woman who's invited to be a trustee should ask to meet the organization's executive director and sit down and discuss the role she is inviting you to undertake," advises Mahoney. "She's like an orchestra director bringing together all these people with different specialties." A director should have job descriptions for members of

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her board and choose people with expertise in different areas. "That way you don't find a board with 14 dentists on it," says Mahoney.

This is the time for the group to spell out its expectations and your responsibilities, answering the questions: Why are you being asked to join, and how much time will it take? Does the group want your hands-on skills, your corporate affiliation, your professional advice?

A corporate-communications expert at a large publishing company was asked to join the board of a group that helps disadvantaged women. When she asked what her responsibilities would entail, she was told that they wanted her advice on public-relations matters. As the conversation continued, it dawned on her that the group expected her to use her professional contacts to get press coverage. She saw that as a conflict of interests.

When Congdon arrived in Oregon from Loveland, Colorado, to assume her new position with US West, the Oregon Symphony asked her to join its board of trustees. "I had played the oboe in a college symphony and was delighted to join," Congdon says. But she eventually resigned, deciding that she wasn't needed. "The symphony was doing well and already had a mandate in place. I couldn't make a difference."

## CHOOSING A CHARITY: A CAUTIONARY TALE

Once you are asked to join a board, you will receive literature describing the organization's goals and work. Perhaps you'll like what you read; the group has a good reputation and impressive names on its board of directors. That, however, doesn't mean you should jump to join the board. Charities have been criticized for spending inordinate amounts on lavish benefits. Other groups champion causes that may conflict with your company's image. Your getting attached to the wrong organization could be embarrassing to you and your firm.

Consider the case of the Creo Society, a New York charity that raised money through cultural events. By last year the Creo Society had such a good reputation that it was able to throw what was considered the charity benefit of the year: a black-tie gala at the United Nations General Assembly that included the 20th-anniversary production of *Hair*. Prominent New Yorkers bought tickets ranging from \$250 to \$5,000 to attend the fund raiser for UNICEF and a

new charity called the Creo Fund for Children with AIDS. Total contributions came to \$829,000.

But soon after, the Creo Society admitted that just \$74,000—9 percent of the total receipts—would go to the two charities; the rest would pay for extravagant expenses and a \$90,000 fee for the event's organizers. A chagrined Patty Hearst Shaw immediately dissociated herself from the Creo Society. Two board members resigned. The New York Better Business Bureau's Philanthropic Advisory Service began investigating. The advisory service later issued a report rebuking the Creo Society and its board for questionable financial reporting and use of funds.

To many, the Creo fiasco was symptomatic of a deeper problem in the world of philanthropy. "There is a lot of social climbing going on," says Nancy Hoving, a contributing editor of *Connoisseur* magazine and wife of the editor. "A lot of people are just looking for someplace to wear their gowns to." Hoving speaks from bitter experience. Her husband previously was the director of the Metropolitan Museum of Art, an institution that has great cachet in the charity world. A longtime board member of the Citizens' Committee for Children, a New York advocacy group, Hoving saw many philanthropists ignore *her* charity because it lacked a chic image.

## PUTTING CHARITIES UNDER SCRUTINY

Before you accept a position on a board or agree to let it use your name and title for fund-raising purposes, it is important to ask some hard questions about its financial management and practices. No single government agency is responsible for monitoring nonprofit groups. Each state has its own reporting requirements, some of them quite minimal. No federal laws limit the amount a charity can spend on fund raising, and the Supreme Court has overturned state laws that set fund-raising limits.

BY PAMELA KRUGER

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Request a copy of the organization's latest financial statement. According to the voluntary guidelines issued by the Council of Better Business Bureaus' Philanthropic Advisory Service, a charity with an annual income of over \$100,000 should have an audited financial statement available. This is an independent evaluation of a charity; it lends credibility to the organization and shows how successful the organization has been in meeting its goals. "I expect the group to be thoroughly professional in its mission and account for every penny," says Arden Davis Melick, director of corporate communications at Quantum Chemical Corporation and a member of three nonprofit boards.

Examine the charity's annual report to see if the description of its accomplishments matches what is stated in the audit. Do the expenses seem too high or low for what was accomplished? How much is being spent on program services as opposed to fund raising and personnel? The advisory service recommends that at least 50 percent of funds be spent on programs and not more than 35 percent of contributions on fund raising.

Look over the fund-raising letters the organization sends out. Does the financial statement back up what is said in the appeals? Do the letters, for instance, claim the money will be spent on one purpose while the financial statement shows another?

Ask the organization for articles of incorporation, bylaws and information about any past or current legal problems. Depending on your state's reporting requirements, the organization may keep files of its history and finances in the state attorney general's or secretary of state's office.

You also may want to find out about the other board members. What is their background, and how active are they? "No executive has time to join a board and be part of the furniture," says Marsha Congdon of US West. "Be judicious and pick things that are important to you, where you can make a difference." William F. Buckley, Jr., and Steven Rockefeller, Jr., were on the Creo Society's board, but according to the advisory service's report, they were only marginally involved in the charity's affairs. An active board usually meets six to eight times a year; the Creo board had just one meeting in fiscal 1987, according to the report.

A board's main responsibility is fiduciary: It approves budgets, fund-raising campaigns and the organization's overall financial plan. Board members are liable for an organization's actions. Often nonprofits will have indemnity insurance, which pays legal expenses if the board or a member is sued. If the nonprofit doesn't have this insurance, you may want to take out an individual policy. Some corporations also offer an indemnity-insurance policy for employees who volunteer as board members at nonprofits. But board members who don't attend meetings or conduct adequate research before making decisions are putting themselves—and everyone else—at risk, because the insurance company pays only if board members are proved to have been diligent.

## CONTROVERSIAL CAUSES

Corporate leaders traditionally confined their volunteer activities to charities like the local museum or the United Way—well-established organizations that had a genteel membership. "Ten years ago it would have been seen as shocking for a corporate leader to be on the board of a homeless shelter," notes consultant Susan Ellis. "The higher the executive was in the corporation, the more likely it was that her charity was 'clean'—a museum or organization like that."

But in the past decade, Ellis says, the range of charities that executives are active in has broadened dramatically. "There still is the potential that someone higher up will be irritated by your work," El-

lis says. "But that doesn't mean you shouldn't join a group if you feel strongly about an issue."

Cheryl Wilson of Coopers & Lybrand was on the board of Planned Parenthood for four years. Although the managing partner of her office had recommended her for the vacancy, she says she accepted the board post knowing that the organization's prochoice stance made it controversial. "But as a board member," she says, "I was Cheryl Wilson, the individual." She was discreet. For instance, she didn't invite to Planned Parenthood affairs clients who she thought might object to the organization.

If you want to join a controversial group or let it use your name, you may want to clear it with your company first. Most companies have a list of charities that they donate money to, as well as a set of goals they hope to accomplish by giving to nonprofit groups. If an organization meets your company's goals or has received donations from your company, you can feel secure about affiliating yourself with it, advises Jeanette Lerman, vice president of corporate communications for Unisys and a member of several nonprofit boards.

## MANAGING YOUR INVOLVEMENT: OFFICE PROTOCOL

One advantage in choosing a charity of which your company wholeheartedly approves is that the company then will be more inclined to pay expenses, ranging from taxis and lunches to indemnity insurance. It also may make matching contributions and provide material support by lending equipment or offering meeting rooms. Normally a charity expects you to pay your own tax-deductible expenses, which can be quite substantial if you have to travel to meetings.

Suzette Brooks was a first-year associate at a Park Avenue law firm when she founded New York Cares, an organization that finds volunteer jobs for young professionals. Brooks's firm, Proskauer Rose Goetz and Mendelsohn, agreed to allow her to spend two hours a day on charity business. The firm also let her hold evening meetings in its conference room. "I was fortunate. They were very good to me," says Brooks, who now is executive assistant to the New York City commissioner of finance. Would the firm have been as charitable if Brooks had been involved with, say, an animal-rights group? "Who knows?" Brooks says. "Some law firms are uncomfortable with any kind of controversy."

Depending on the corporate culture of your company, it may be acceptable to ask colleagues and clients to buy a table at your charity's next benefit. Most executives say it is inappropriate to seek contributions from subordinates, though even that can be done if handled delicately. Lerman organized an office outing of 200 employees to a concert by the local symphony, an organization of which Lerman is a board member and which is supported by Unisys.

Except by special arrangement, volunteer work should be done on your own time. Meetings usually are held once a month after work hours, during mealtimes or on weekends, and the rest of the work is done by telephone. "It isn't that onerous," says Lerman. "You just sort of weave it into your daily life."

Seventeen years ago, young Marsha Congdon was on the board of the Midwest chapter of the March of Dimes. "I had just gone through a divorce, was a single mother trying to support a kid, and I was trying to finish college," she recalls. Another board member took her aside and told her that his company had a great management-training program. "He asked me to come and talk to them. I had never thought of it, but I went and was hired." Congdon has been with the phone company for her entire career, rising through the ranks from management assistant in Fargo, North Dakota, to Oregon VP and CEO of US West in Portland. And during that time, she has continued to volunteer, always picking causes that allow her to make a difference to the community.

A pragmatic approach to philanthropy will ensure that volunteering is a completely rewarding experience—resulting in new contacts, enhanced business skills and the satisfaction of knowing you have helped a worthy cause. ■