

## **The Question of Board Size**

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Like many things in life, the issue of the ideal size for a Board of Directors for a non-profit organization seems to be less a matter of how big it is and more a matter of how you use it; all reports emphasize that there is no magical number for ensuring Board effectiveness when considering the size of a Board of Directors.<sup>1</sup>

Board Source, an organization established in 1988 as the National Center for Nonprofit Boards by the Independent Sector and the Association of Governing Boards of Universities & Colleges, focuses on improving nonprofit effectiveness by strengthening nonprofit boards. Its 2010 annual survey of 978 chief executives and 780 board members of a wide variety of non-profit organizations across the United States found a correlation between Board size and perceived effectiveness. They report that Boards that have 15 – 22 members are rated more effective by chief executives and repeatedly report better governance practices. The survey found that the average board size for charities was 16.4, and across all non-profits, the larger the budget, the larger the Board: 13.9 for organizations responsible for budgets of less than a million, 16.7 for organizations with 1-9.9 million budgets and 18.1 for organizations with budgets over 10 million. There has been a trend in reducing Board size; throughout the 1990s, the average board size was 19, however in the past decade, the average has declined from 17 in 2004, to 16 in 2007, to 16 in 2010.<sup>2</sup> However, in the end, Board Source observes that each board “needs to find its own sweet spot and *form a team whose main objective is to govern a stellar organization*. Ultimately, the size becomes a secondary issue.”

In a quick survey of Canadian think-tanks, a significant variation in Board size is apparent: The Tamarack Institute, which has a budget of roughly \$1 million has 6 Board members; the CD Howe Institute which has a budget of \$3,400,000 has a Board of 35 members and the Fraser Institute, which has a budget of approximately \$12,800,000 has 48 members, plus a number of trustees and an advisory board.

Aiming for ideal in board size starts by realizing that function drives structure. Board Source advises that a board should ask some of the following questions when it discusses its own ideal size:

1. How does everybody feel about our size? Too small? Too large?
2. Realizing that satisfied board members are more productive, how can we adjust to or compromise the preferences of everybody?
3. What do we need to get accomplished and do we have the right people on board to get the work done? How does the size of our Board contribute to or impact our ability to accomplish what we need to?
4. How does our mission or mandate affect the size of the board?
5. How can we find the right size perfect for group dynamics without sacrificing culture of inquiry?
6. What are our criteria to judge the suitability of our board at this phase of our life cycle?<sup>3</sup>

There are also a number of factors to consider when discussing board size; some of the advantages and disadvantages of larger and smaller boards are broken down in Appendix 1:

Effective Deliberation and Discussion:

The board should have enough members to allow for full deliberation and diversity of thinking on

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<sup>1</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>2</sup> [http://www.boardsource.org/dl.asp?document\\_id=884](http://www.boardsource.org/dl.asp?document_id=884)

<sup>3</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

governance and other organizational matters.<sup>4</sup> Board size affects discussion and deliberation. Board Source reports that 47% of large boards surveyed have meetings that allow adequate time “to a great extent” to ask questions, compared to 55% and 58% respectively for medium and small boards.<sup>5</sup> The Council on Foundations reports that “with many people at the table, it can be difficult for everyone to engage in the meetings.” A few members may dominate the discussion, while quiet members fade into the background, undermining the value of having a large Board. It also feeds the danger of a “herd” mentality developing where the majority blindly follows a few board members who take the lead.<sup>6</sup>

#### Ensuring Diversity of Perspectives, Skills and Experience:

Boards should ensure that members collectively have the full range of knowledge and experience necessary to inform their decisions, and, if not, provide opportunities for the board to confer with outside experts or advisory groups on specific matters.<sup>7</sup> Larger boards provide more opportunity for diversity and a culture of inclusiveness--the larger the board, the greater the range of view-points and ideas, which can lead to more thorough and thoughtful consideration of the issues; it also opens more seats for different skill sets, experience and professions in the boardroom.<sup>8,9</sup> A diverse board that reflects the diversity of the community it serves makes for a more responsive and effective board. Diversity demonstrates a board’s connection to the community and broadens the board’s perspective on the economic, political or social problems you are working to resolve.<sup>10</sup> Boards with fewer members have fewer skills and experiences to bring to the table. A board that’s too small can become insular, missing the perspectives needed for informed and effective decision-making.<sup>11</sup>

#### Ensuring Accountability:

When part of a large team, individual contribution tends to get diluted. Not coming to a meeting does not seem such a big deal when there are tens of other peers who will do it. A board member in a large board needs to remain well tuned to the personal liability and expectations that automatically come with board service.<sup>12</sup> Board Source found that as board size goes up, attendance goes down. 90% of small boards have average attendance of 75% – 100%, compared to 73% of large boards and only 29% of large boards are prepared “to a great extent” for meetings, compared to 39% for small and medium boards.<sup>13</sup> “The larger the board, the more members defer to someone else to take on responsibility,” said Wayne Carmello-Harper, president and CEO of the Community Foundation of Calhoun County. Members of large boards may feel less ownership or accountability for the work.<sup>14</sup>

#### Encouraging Engagement and Productivity:

The smaller the board, the more likely members will experience a feeling of unity, common purpose and ownership as every member can be active and engaged, which makes for a more rewarding experience. Board members tend to know each other better, which may make their work together more fruitful. “We’ve found that a board of three helps us be more efficient in our work and speedy in getting things done,” said Tom Teeling, executive director of the John & Susan Dewan Foundation. “With a smaller board, there’s no bureaucracy.”<sup>15</sup>

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<sup>5</sup> [http://www.boardsource.org/dl.asp?document\\_id=884](http://www.boardsource.org/dl.asp?document_id=884)

<sup>6</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>7</sup> [http://www.boardsource.org/dl.asp?document\\_id=884](http://www.boardsource.org/dl.asp?document_id=884)

<sup>8</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>9</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>10</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>11</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>12</sup> [http://www.boardsource.org/dl.asp?document\\_id=910](http://www.boardsource.org/dl.asp?document_id=910)

<sup>13</sup> [http://www.boardsource.org/dl.asp?document\\_id=884](http://www.boardsource.org/dl.asp?document_id=884)

<sup>14</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>15</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

#### Ease of Scheduling:

Small boards can be flexible in terms of scheduling meetings and setting agendas. Most states now allow boards to hold meetings and conduct official business by phone or other electronic communication. With fewer people's schedules to accommodate, small boards may meet more frequently both in person and by phone to take care of matters as they arise.<sup>16</sup>

#### Manageability:

Most foundation staff would say smaller boards are easier and less expensive to manage. Their meetings require less staff time to coordinate (scheduling, preparing briefing books, etc.) and to facilitate the volume and flow of board activity.<sup>17</sup>

#### Sharing the Workload:

With a larger group, the needed work is easier to accomplish than with just a few people who get burned out by the load. It is also easier to structure a bigger number of individuals according to their interests, skills, and the basic needs of the board.<sup>18</sup> A board that is too small may lack the people power to appoint committees and properly perform the board's job. "A smaller number means each member accepts too much of the workload," said Peggy Ogden, president & CEO of the Central New York Community Foundation.<sup>19</sup>

#### So, Is Resizing the Option?

Board Source advises organizations that are considering resizing that, "Often we try to fix our board problems with structural changes — increase or shrink the size of the board or add or delete committees. And often the culprit is not the structure but the processes, the people, the habits and how we tolerate them. By changing the frame we try to fix the problem with the wrong tool." They recommend first conducting an analysis of processes before considering resizing the board; a gap analysis (draft a board profile to see which attributes and characteristics your board already possesses and which it would like to add—the missing links serve as the guide to your recruitment efforts in the future. Include traits and qualities that describe professional and personal capacities, abilities and willingness to get engaged and meet your board's expectations.) "If the analysis clearly shows that resizing can improve the function and efficiency of the board, then, by no means, make that a priority." In Appendix 2, Board Source identifies a number of issues that could be addressed by increasing or decreasing board size.

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<sup>16</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>17</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

<sup>18</sup> [http://www.boardsource.org/dl.asp?document\\_id=910](http://www.boardsource.org/dl.asp?document_id=910)

<sup>19</sup> [http://www.cof.org/files/Documents/Governing\\_Boards/Board%20Briefs/BoardSize.pdf](http://www.cof.org/files/Documents/Governing_Boards/Board%20Briefs/BoardSize.pdf)

## Appendix 1

Advantages and Disadvantages of Small and Large Boards:

<b>Small Boards</b>	
<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• Board members feel more ownership and responsibility for the work.</li> <li>• Communication and interaction may be easier and more flexible.</li> <li>• Board members know each other as individuals, creating unity.</li> <li>• Every person's participation counts.</li> <li>• Board members may gain more satisfaction from their meaningful involvement.</li> <li>• Fewer staff are required to support the administrative functions of the board.</li> </ul>	<p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• Small numbers limit opportunities for diversity and inclusiveness.</li> <li>• Fewer skills and perspectives are represented at the table.</li> <li>• Fewer people are available to serve on committees; heavy work load may create burnout.</li> <li>• For public/community foundations fundraising becomes a burden on the shoulders of a few.</li> <li>• The board has less continuity in times of leadership change.</li> </ul>

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<b>Large Boards</b>	
<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>• Larger numbers allow for more opportunities for diversity and inclusiveness.</li> <li>• More seats allow for inclusion of legal and financial advisors, community leaders and funding area experts.</li> <li>• Work can be shared among the group; more people are available to serve on committees.</li> <li>• Fundraising may be easier because there are more people on the board with more connections.</li> <li>• More board members helps maintain institutional memory in times of leadership change.</li> </ul>	<p><b>Limitations:</b></p> <ul style="list-style-type: none"> <li>• Members may feel less individual responsibility and less ownership of the work.</li> <li>• Large groups may hinder communication and interactive discussion.</li> <li>• Cliques or core groups may form, deteriorating board cohesion.</li> <li>• Some voices may not be heard; a few active board members may dominate proceedings. Feeds danger of herd mentality where a few lead and the rest follow.</li> <li>• Bigger boards may not be able to engage all members, which can lead to apathy and loss of interest.</li> <li>• Meetings are more difficult to schedule; more staff time is needed to coordinate board functions.</li> </ul>

<sup>20</sup> [www.cof.org/files/documents/...boards/board%20briefs/boardsize.pdf](http://www.cof.org/files/documents/...boards/board%20briefs/boardsize.pdf)

**Appendix 2:**

Issues that could be addressed through a reduction or increase in board size:

<b>Down-sizing may be helpful if:</b>	<b>Increasing the board size may be helpful if :</b>
<ul style="list-style-type: none"> <li>- Your board seems to grow regularly without a special effort and decision to do it</li> <li>- Board members have lost their common connection due to sheer volume of peers whom they do not know</li> <li>- Many of your board members have no other duties but to come to meetings</li> <li>- Many of your board members no longer come to meetings as they feel their contribution is not actually needed</li> </ul>	<ul style="list-style-type: none"> <li>- There is clear burnout in the air — too much is expected of each member</li> <li>- Your board is missing key expertise that is needed on a regular basis</li> <li>- You have a truly mini-board and no staff; individual board members are needed to wear multiple hats</li> <li>- Your board is expected to be the main fundraising power and you feel additional contacts and community leaders would advance this objective</li> <li>- Your bylaws require a certain size for the board — and that requirement has been assessed as appropriate</li> <li>- Any outside mandates require a certain size of a board before your organization can be accredited, receive needed funding or other valuable benefits</li> </ul>

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<sup>21</sup> [http://www.boardsource.org/dl.asp?document\\_id=910](http://www.boardsource.org/dl.asp?document_id=910)