



Governance – Using Progressive Term Limits and the Emeritus Issue
Trustees are a great asset, provided you select and support them diligently.

The governance structure of non-profits tends to be the mirror opposite of for-profit organizations. It is a simple reality that those long-term board directors in non-profit institutions usually shape the policies and direction of their organizations. Having an effective governance strategy for selecting and rotating board governors is a great way to ensure that the non-profit institution has the right set of committed and unconflicted talent serving as directors.

Typical Tenors	For-profit Companies	Non-profit orgs (Institutionalized)	Non-profit (founding family-majority)
CEO tenure	6 – 10 years	10 - 20 years	+20 years
Board tenure	+20 years	9 years (maximum)	No real limit

N.B. – A non-profit Board is not considered “institutionalized” if the founders retain a Board majority.

Progressive term limits protect the institution:

Board member terms are best staggered, (similar to the US Senate, only a 1/3rd of Trustees seats should become open each year.) This ensures stability and thoughtful transitions. Having three 3-year terms seems quite tidy but can make for an untidy mess. You expose yourself to “social loafing”, disruptive actions, and perhaps embrace too much risk with a new, un-tried Trustee.

As an alternative, one could implement progressive terms: initially 1Y term, then 2Y, and finally a 3Y term (you’ll know after 3 years if a director is good.) The rationale is that you could identify a new Trustee’s poor participation or lack of commitment early on, and this structure offers you a convenient (non-confrontational) way to limit damage to the institution. Also, try to avoid the romance of focusing only on the well-credentialed. You need to understand why a person is joining and if the new person also serves on another Board with one of your current Board members. This may result in a conflict.

A typical bylaw provision allows the “firing” of a Trustee at any time. In real life, most Boards simply plod ahead and refuse to face the friction of a contested exit that often requires near-unanimous agreement on ejecting a current director. A real-life anecdote is instructive. A Trustee missed 5 of 7 meetings and was considered “effectively” resigned. The Board woke up one day to a scathing press release that the Board member was “resigning in protest” about a sensitive issue.

Emeritus Status:

In a word, don’t! It’s better to have an annual dinner with current and past Trustees. Emeritus is an active designation and holders believe it confers power/access/voice in current decision-making. Emeritus may demand to see current minutes, etc. It is better to honor completed, past service. Moreover, ex-Trustees often simply want access to the library or email address. This can simply be approved by the Board and arranged by staff. Moreover, emeritus has often been given to large donors and this tends to annoy past Board members who served well but simply don’t have a thick wallet.

Want to learn more? Please contact Chris Cutler, Tom Donahoe, or Safia Mehta at 917-287-9551.