

# A Board's Number One Priority: Talent Strategy



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Decades of high-level nonprofit and corporate board work, including eBay, have taught The Bridgespan Group's Chairman and Co-founder Tom Tierney many things. Heading the list is that the only thing more important than strategic clarity is having the talent to execute the strategy for lasting impact.

In this third and final interview of a series with leaders who have crossover board experience, Bridgespan alumna Kathleen Yazbak, of [Viewcrest Advisors](#), asks Tierney about his board work. Below he shares what he believes are key qualities and priorities defining an outstanding board. He also offers some practical suggestions for ways boards can set goals with an eye toward serving their organizations over the long term.

## From your experience, what should boards, for-profit or nonprofit, do to help their organizations be successful?

I'm going to agree with [Len Schlesinger](#) and say that for any kind of board it's first and foremost the development, retention, and succession of talent. What that translates into is the best organizations are thinking about how to develop their executive director or CEO. And they're asking about the next generation of leaders, looking through the lens of developing the capabilities needed to deliver on strategy.

We know that organizations are better off developing their own talent than bringing it in from outside. We also know that having an "A" team that plays well together is absolutely critical. If you have an A team that doesn't work well together, it's like having a B team, which no organization strives for.

The second is strategic clarity, knowing what success looks like and how to achieve it. In corporate settings, it's easier to gain clarity because the market and customers give you feedback. There is a tangible consequence for corporate boards not attending to strategy; their competitors advance. It's easier to make a widget than change a life, but for nonprofits, market signals are muted. You could continue on a path of mediocrity and survive. Nonprofits need to be intentional; we call it a [Theory of Change](#) rather than a strategy, and an organization needs to be constantly testing against it.

As a board member in the social sector, you'll know if you have effective strategy if, first, it drives your resource allocation and, second, it provides clear ways to judge progress. I say "judge progress" because some of the most important goals can't be easily measured.

The best nonprofit boards are exceptionally strong, governed entities and fiduciaries for their organizations' missions and resources. Exceptional boards also have a shared passion that manifests outside the boardroom as well as inside, as zealots for the cause, culture carriers, or fundraisers. A corporate board may not pull at a board member's heart strings. Inspired nonprofit board members care deeply, and this is a force multiplier that can motivate talent.

## On what should nonprofit boards spend more time?

Investing in talent. I suspect that if you track board agendas to look at how they are spending time, you'll see an underinvestment in CEO performance, retention, and succession. The more nuanced issue here is that in order to have a substantive conversation about these topics, you have to have a set of standards and practices that let you know who is on track and who isn't, as well as a culture that encourages that kind of clarity.

In the technology world, there's an expression about leaders who don't "*scale*." These may be good people, but they have reached a point where they can't move the organization forward, and they are asked to leave.

How often do you see this happen in nonprofits? Rarely. Just because somebody cares deeply for the mission doesn't mean that he or she should remain there indefinitely. Making change means engaging in healthy conflict, something many nonprofits are reluctant to do. It's easier to avoid the pain and confrontation; it's easier to promote someone due to tenure. But this can be corrosive to the culture of an organization because, by and large, [people and organizations needs evolve](#).

What's true of leadership—that there be an explicit, multiyear talent strategy—also holds for boards. Corporate boards frequently place term limits on board membership and act with great intentionality when it comes to building and refreshing the board itself. One highly productive nonprofit board I know sets very strict term limits. It doesn't matter who you are, what you've done, or how big a donor you are; when your term is up, you're out. This creates vitality as you continually refresh.

It also amplifies the role of the board chair. The independent chair offers a fabulous opportunity to reinvigorate a board and guide agenda setting. I completely agree with Len that donors can have disproportionate power, especially when leadership sees them as a meal ticket. Board meetings that find leadership “selling” the organization’s success in order to capture more funding don’t allow for enough of the fundamental governance work to occur. A board member is a board member and a donor is a donor, and they shouldn’t be confused.

## Should nonprofit boards spend more time on measuring outcomes?

The gateway to measuring outcomes is strategic clarity. You have to know what success looks like before you can usefully measure anything. Assuming you know what success looks like and how you’re going to achieve it, you can develop a set of indicators to tell you how you’re doing. [Measurement as learning and adapting](#) is more useful than measurement as scorekeeping.

On the corporate side, there are short-term and long-term financial and nonfinancial outcomes. Top corporate boards look hard at long-term progress, such as market share, or customer loyalty, or new product development relative to competition, in addition to short-term financial metrics.

On the nonprofit side, the financials are easy to measure, but that doesn’t necessarily mean they’re conclusive. For example, a nonprofit board may report that the organization had its best year of fundraising ever. But what does that say about the organization’s ability to attract talented program leaders, expand their service-delivery geography, or other strategic metrics that aren’t a function of short-term financials?

You can put lots of data on a scorecard, but once you’ve gone past the short term, you always find “talent” on the list. As board chair, I spend many hours a month on what could be considered executive leadership development with the CEO and other members of the senior management team. Every board should have a performance review process, an annual review, and a perspective of the organization’s overall talent—not just for the CEO but one or two levels down, too. The next generation matters greatly.

## What other advice would you pass along to nonprofit board members?

First, know that in the social sector excellence is self-imposed and performance will never exceed the goals you set. If you want to be an outstanding organization and deliver high-impact programs, you have to set high strategic standards. In the corporate world, if you don’t innovate you’re dead. Your customers will eventually defect. In the social sector, that’s not necessarily the case, so you have to commit to continuous improvement.

Second, my tactical advice would be that when deciding how the board should allocate its time, 80 percent should go toward issues that are most important to the organization's long-term impact, and talent strategy to deliver that impact. Site visits, guest speakers at board meetings, and happy talk from clients all feel good. But boards don't exist to feel good; they exist to help an organization add value not found elsewhere.

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