



BOARD WORKS

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◆ TERM LIMITS – A GOOD IDEA?

By: Rick Stiffney

Is it a good practice to have term limits for board members? I get this question frequently, and one can make a strong case both for and against term limits.

Several years ago I was working with a not-for-profit board as a strategic planning consultant. As we got acquainted, I could not help but notice that the mean age of the board seemed to be about 70. I asked board members to introduce themselves, including information about their length of service with the board. The responses began – 10, 20, 15, 35 years. I soon inferred that the board likely did not have term limits.

I had positioned myself in the room so that the last person to introduce herself was the one that I had presumed to be the oldest – perhaps 90 years old. When her turn to speak came, she looked at me and said, “Sonny, I’ve got a question for you. How old do you think I am?” Well I am aware enough to know that, with older women, one should always guess low. I said “83.” She replied, “Got you fooled! I’m 94. And I’ll bet you want to know how long I have been on the board?” I said, “Sure do.” She retorted, “You’re supposed to be the smart one. You figure it out. I was appointed when I was 20 years old!” This woman had served effectively for 74 years! She was still serving effectively.

On another occasion, a board chair adamantly asserted that no organization should be hamstrung by corporate bylaws that establish term limits. He believed that the organization’s board that he was chairing was very well served by members who had significant continuity and deep corporate memory.

From my experience during the last decade, I estimate that more than 85 percent of the not-for-profit boards I have served have bylaws that set some kind of term limit. In most cases, bylaws provide for three or four terms of three years duration, thus creating a nine- to 12-year cycle of board service. In rare cases, I have encountered bylaws that provide for only two terms of three years each to create a six-year cycle. In my judgment, six years is way too short a cycle. In today’s complex funding environment, some board members can use this amount of time to become familiar with an organization’s funding sources.

Most bylaws require that once members complete a full cycle of service, they must give up their board seat for a year before being eligible for re-appointment or election.

So, do I counsel organizations to incorporate term limits into their bylaws or not?

In general, I do favor term limits for these reasons:

- Limiting the number of terms a board member can serve creates an ongoing dynamic for change through the addition of fresh perspective. Adopting term limits means the board must remain alert to talented potential board members and be able to recruit them.
- Term limits can counteract the tendency for the board and CEO to become so comfortable with each other that they fail to detect problems and, even more importantly, fail to name or address them.
- Finally, it’s often difficult to evaluate candidly the contribution of individual board members when their time for reappointment comes up. Across the years, with no term limits, a relatively weak board will likely continue to be weak because the organization has no built-in opportunities to strengthen its board.

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Additional Perspectives on Term Limits

By: Lee Snyder
MHS Alliance Board Chair

As a CEO, I worked with boards whose members had and did not have term limits. With Rick Stiffney, I definitely see the merits of the term limits model, and he makes a persuasive case for this approach.

However, I can also see how a new CEO especially might benefit from working with an experienced, wise, and seasoned board. The new CEO who has a board without term limits does not have to deal with the time-consuming burden of constantly finding successors to board members.

I was once CEO of an organization whose board included unusually strong leaders and a happy constellation of experts among its members – who were not constrained by term limits. Within this large board, however, one sub-group was appointed by representative constituents, which led to the periodic infusion of new blood.

Large boards potentially could have a similar variety of configurations that would work effectively, but I am not proposing such a model that would blend both term limits and longer-term appointments. I suspect a blended model would just be too confusing.

For further information or to suggest topics for future issues of Board Works, please contact MHS Alliance at Emily@mhsonline.org.

◆ TERM LIMITS – A GOOD IDEA?

So, if your organization does have term limits, the board needs to enforce them. It can cause hard feelings if you make an exception for one individual and not another. Former board members who still have a passion for the organization and something to contribute can be invited to serve on an advisory committee, task force, or subsidiary board.

I acknowledge that those who oppose term limits can make some solid arguments against them. Here are the major arguments against term limits:

- In some communities, the pool of qualified individuals to serve on a board is quite small.
- Term limits can prematurely end the service of someone who could otherwise continue to make outstanding contributions.

- Too much change can thwart board leadership, disrupt continuity, and lead to a loss of corporate memory, resulting in an organization that makes decisions and does planning with little sense or regard for the past and becomes overly dependent on executive leaders.

On balance, I believe that term limits contribute to generally stronger and more effective boards.

◆ FOR DISCUSSION

What do you think? Here are some questions to help you reflect on term limits in relation to boards that you encounter or serve:

1. How does your current practice regarding term limits strengthen the board?
2. What limitations do you see to your organization's policy regarding term limits?
3. What might you do to help all board members contribute to the organization in optimal ways?
4. As a board member, would you feel free to raise the question of term limits with other board members and your CEO? Why or why not?

OUR BLOG

To talk with Rick about this or other topics, visit <http://mhsalliance.wordpress.com/>.



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