



COUNSEL & CAPITAL
Investing in Biblical Priorities

Board Service: An Honor or a Duty?

by Randon Samelson

Harry Truman understood the weight of responsibility when he said, "The buck stops here." In organized Christian outreach, "the buck stops" with the board of directors. However, in spite of its critical nature, board service is too frequently viewed as an honor rather than a duty. Ready or not, this concept is changing.

Last year the seventh largest U.S. corporation, Enron Corporation, collapsed and the fallout has been devastating. To date, it includes suicide, billions lost, criminal proceedings, and a congressional investigation focused on board conduct. Could this type of wreckage occur in the Christian community? Unfortunately, it already has.

Prior to Enron, Arizona Baptist Foundation (ABF) collapsed with a fallout that was eerily similar. It has been reported that five former foundation officials have been indicted and more than 13,000 investors have lost an excess of \$570 million. Some Christians believe this is an isolated failure without effect on broader Christendom. Wrong again.

The longstanding freedom from government intrusion will now change. The size, shape, and scope are all that is at issue. We could expect the Securities and Exchange Commission or equivalent institution to require performance standards and accountability that nonprofit Christian boards have all too often failed to provide. In addition, increased attention from the Internal Revenue Service would not be surprising. Furthermore, the ABF incident has demonstrated the willingness of at least one state attorney general to indict individual directors of Christian organizations. The history of the consequences when Christians and the government develop even mildly adversarial positions has not been healthy for believers.

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If the Christian community reacts promptly, wisely, and diligently, there may be a solution that will both forestall the most egregious intrusions, and most importantly, dramatically advance the effectiveness of the parachurch community. Consider this three-part solution:

1. Awareness coupled with education and training. We must — we absolutely must — become aware that board service is a sacred trust. Christians readily accept that CEOs and pastors are "called" by God to serve. Further, these leaders are often trained and tested in both formal academic settings and the fire of real-life leadership. Yet these leaders report to a board of directors who, though zealous and well intended, are seldom trained or educated in issues of board governance. "It is not good to have zeal without knowledge" (Prov. 19:2). Serious threats require seriousness of purpose. It is time to train and educate our directors.

2. Adoption of best practices. We must adopt best practices. The Bible is filled with examples of the harmful consequences for the people of God when leaders failed to "get it right." The former president of ECFA, Clarence Reimer, once observed that "in its twenty year history, the ECFA was found a failure of an organization can invariably be traced to some problem with the board." Christians should not need any additional incentive to perform properly. Unfortunately, in addition to the longstanding problem of inadequate board performance, the Christian parachurch community now faces a new threat.

In spite of Enron, WorldCom, and others, for-profit board conduct is dramatically better than in the nonprofit sector. The sad reality is that SEC oversight and the potential of financial ruin or jail has generally fostered better board performance. For example, far too few Christian ministries have a nominating committee for the selection of board members. When there is a committee, it typically functions casually or in response to the wishes of the CEO or an influential director. Independence, seriousness, and professionalism are words seldom applied to the nominating function. Further, very few Christian boards have a governance committee, designed to evaluate and improve board performance. Compare this with the Intel Corporation, one of the world's most successful and important organizations. Intel has both a nominating and a corporate governance committee. In addition, the corporate governance committee is the largest committee of the board. The Christian community would be well served by dramatically increasing the emphasis placed on the functions of both governance and nominating committees.

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Nevertheless, the world's answers are insufficient. Jack Welch, former CEO of General Electric, recently observed that the problem at Enron "is about values." While correct, his observation begs the question: whose values? The world's values change and are not grounded in absolutes. Therefore, as close as Mr. Welch was to an important part of the solution, he missed the bull's-eye. Adopting God's values is critical.

3. Acceptance of the Bible as the authority on the topic of governance. We must accept that the Bible is not silent on governance. God's Word is fully sufficient on all matters. Scripture is replete with commands, admonishments, inferences, and life examples that enable us to frame an enduring value system even for board conduct (2 Tim. 3:16-17). Here are several examples:

Vision and a plan. Most Christian parachurch ministries are vision-rich and planning-poor. It is the responsibility of the board to ensure that vision is yoked with a realistic and credible plan. In Genesis,

Joseph was inspired by God to translate Pharaoh's vision into an understandable form and develop a plan to capture its reality. The result of combining a vision and a plan was the preservation of the Hebrews. Furthermore, for those who have planned properly, many boards fall victim to William Bowen's comment that it is "surprising how frequently plans that were adopted are not tracked even in the most rudimentary fashion."

Evaluation. To properly "know the condition of your flocks" (Prov. 27:23), a board needs reliable information. Nevertheless, many Christian ministries do not regularly secure independent financial audits. Fewer routinely order legal audits to ensure the organization is in compliance with various governmental regulations. Fewer still order occasional operational or governance audits to get an independent perspective of the efficiencies of the ministry operation. In addition, reliability is enhanced when the board chooses information providers whose character and experience have been well demonstrated.

Transparency. "Nothing in all creation is hidden from God's sight. Everything is uncovered and laid bare before the eyes of Him to whom we must give account" (Heb.4:13). Sadly, since the fall, mankind has been prone to concealment (Gen. 3:8-12). A board and all its committees should commit to model openness and transparency — continually creating complete and accurate impressions. For instance, failure to practice timely disclosure increases the chance that others may focus on the organization's perceived "cover-up" and that will become the issue rather than the merits of important decisions.

The board is the ultimate human authority of a Christian organization. The Bible is filled with examples of a connection between consequences and the conduct of authority. We should not unintentionally invite the government into the Christian boardroom because we choose to check our common sense or courage at the door.

It is time to view board service as a duty, not an honor. Let's get trained and educated, selectively incorporate best practices, and apply the Bible in conducting the affairs of His enterprise.

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