

On **M** Board **A**

Students at Wharton spend a school year serving on **nonprofit** boards, bolstering their MBA training with insights into the not-for-profit world.

by **Nien-hê Hsieh**
and **Sadaf Kazmi**

While business student **Chris Donohue** was serving on the board for the nonprofit Empowerment Group, the organization received two substantial grants. The Empowerment Group is an organization that accelerates growth in distressed urban communities by promoting local entrepreneurship, and these grants allowed it to dramatically expand its training programs. Donohue, an MBA student at the Wharton School at the University of Pennsylvania in Philadelphia, was serving on the group's board of directors as part of a new program at Wharton.

He was asked to analyze the results of the Empowerment Group's training programs in terms of performance costs, graduation rates of participants, and numbers of new businesses opened as a result of the programs. Instead, Donohue suggested an alternative approach—evaluate participants' performance three years *after* they completed their training with the Empowerment Group. As an MBA student, Donohue was able to offer the organization's board members a new perspective and encourage them to look past shortsighted metrics to a more long-term view of success.

“My ability to look at the organization's mission through a long-term lens helped the board think about the ultimate goals of the program and how to achieve them,” he says. In return, Donohue received a valuable educational experience that he never would have received in the classroom.

As members of the group that launched Wharton's Nonprofit Board Leadership Program (NPBLP) in 2005, we have heard many similar stories that illustrate how much business students can offer—and how much they can learn—when they serve as visiting board members for nonprofit organizations. Donohue was one of ten students who participated in that first year. Many other Wharton students served on committees for fund raising, strategic planning, and marketing of the program. Prior to authoring this article, Sadaf Kazmi served as student advisor of the program, and Nien-hê Hsieh became faculty advisor.



We, as well as all of the student participants, are committed to the NPBLP's three primary goals: to engage Wharton MBAs in the nonprofit community, to instill in them a lifelong interest in community service, and to enrich their leadership development. So far, we believe the program has achieved its objectives while letting students experience the joys and difficulties of serving on a nonprofit's board of directors. More important, participating students have developed a new set of business skills to serve them well once they embark on their careers.

Setting the Parameters

Before launching the NPBLP, we studied similar programs at schools around the U.S. to learn how they were organized. We knew we had to answer five key questions:

■ **How should the program be administered?** At many schools, the board fellowship program is administered by a university center or initiative, but we wanted the NPBLP to be a student-run organization. Wharton has a strong tradition of encouraging students to initiate and drive their own programs with the support of the MBA administration, and we wanted to keep the NPBLP within that tradition. We also had limited funding, which meant we would be unable to pay for a support staff to develop and maintain relationships with local nonprofits.

Therefore, we reached out to several local organizations, including the Nonprofit Center at LaSalle University. The Nonprofit Center operates BoardCorps, a program that trains individuals to be effective nonprofit board members and then matches them with appropriate organizations. We saw that this program could serve as a model for us, and we knew that we could take advantage of LaSalle's strong community presence in Philadelphia. In addition, the Nonprofit Center was willing to work with our student group to create a new model at a reduced consulting rate and with a quick turnaround time.

■ **How should the program be funded?** Many student groups work with Wharton External Affairs to solicit funding from individuals and corporations, but we weren't sure donors would be interested in such a new program. Instead, for the first year of the program, we secured a small amount of seed funding through the Wharton Graduate Association, which administers all MBA clubs and activities.

■ **Should the program be extracurricular or for-credit?** Most similar programs around the country are extracurricular, although some are tied to academic activities. We decided against a for-credit program. We didn't want boards to have to define consultant-like projects for participating students or prepare

formal, detailed evaluations of their work, because we were afraid such requirements would limit the number of boards willing to take on students. We also felt an extracurricular program would offer students and nonprofits more flexibility.

■ **How long should the program be, and who should participate?** For our first year, we decided to start with only ten students who would serve on selected boards from September through May. Since most Wharton MBA students participate in summer internships outside of Philadelphia, this timeline allowed us accommodate their travel schedules, particularly for those who took internship positions abroad.

We also decided to open the program to second-year MBA students only, although students were recruited during their first year. This gave students an opportunity to determine whether they realistically could make the substantial time commitment required.

■ **What role should NPBLP students play on their boards?** We decided that Wharton program participants should function as "visiting board members," rather than full members. That meant they would be able to serve on committees, participate

Models for Nonprofit Board Programs

Before launching Wharton's Nonprofit Board Leadership Program (NPBLP), we studied similar programs at other top schools. Research was conducted by the Social Impact Management Initiative, an umbrella organization run by Wharton MBA students. While the programs mentioned here represent just a sampling of such programs, we found considerable diversity among them, particularly in the three general areas of administration, cohort size, and for-credit or not-for-credit status.

■ **Size and duration:** The Haas Board Fellows Program at the University of California-Berkeley involves about 50 students over an eight-month period. The Board Fellows Program at the Stanford University Graduate School of Business also runs for eight months and involves more than 80 students and 60 organizations.

Most programs are smaller. About 30 students participate in the programs at the Tuck School of Business at Dartmouth, the Fuqua School at Duke University, the Kellogg School at Northwestern University, and the University of Michigan. Georgetown University's McDonough School pairs ten students with ten organizations in its Board Fel-

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—Bryce Goodwin, MBA student

in discussions, and work on projects, but wouldn't be allowed to vote on board issues. In addition, as visiting board members, they would be relieved of the legal responsibilities that a regular board member undertakes. And they wouldn't be required to make financial gifts, as most full-fledged members are.

Training and Preparation

Fifty-one students applied for ten spots in the inaugural NPBLP. We evaluated applicants on three measures: their history of commitment to and interest in nonprofits; their ability to articulate, in a short statement, why they wanted to participate; and the diversity of their backgrounds.

In April 2005, our chosen participants attended a kickoff training session conducted by LaSalle's Nonprofit Center. The session gave participants a chance to meet each other, introduced them to their responsibilities as visiting board members, and helped set their expectations for the experience. The training session helped students understand the mission-critical nature of nonprofits, according to MBA student Bryce Goodwin. "If you don't 'get' the mission,

you won't understand the organization or be able to lead it effectively," he says.

At the kickoff session, participants also learned more about how they would be paired with a nonprofit. First, students were asked to specify issues that they were most passionate about, so they could be placed on a board that coincided with their interests. We also let them know we would place each student with an organization that fit certain criteria: a minimum size, a minimum budget, a stable board, and an existing committee structure. Our aim was to avoid situations where Wharton students were placed on boards in extreme flux, where most of their time would be spent trying to define basic organizational structure. Another consideration was purely logistical—we had to take into account the organization's location, since most of our students did not have cars.

Using all this information and considering the hundreds of local organizations in its network, personnel at LaSalle's Nonprofit Center spent the summer conducting interviews with all participants and matching each participant to two or three suitable organizations. Once students selected their organizations and met the executive directors, they took responsibility for setting up times to meet board members and attend meetings.

lows Program. In addition, some programs extend beyond the school year. For instance, Tuck's program involves a 15-month term of service.

■ **Administration:** At a number of schools, the board fellowship program is supported by an initiative or a university center—which might not even have nonprofit management as its primary focus. The University of Michigan's program is supported by the Nonprofit and Public Management Center. Tuck's program is supported by the Allwin Initiative for Corporate Citizenship, and Fuqua's program is supported by the Center for the Advancement of Social Entrepreneurship.

■ **Credit:** Not all board fellowship programs are extra-curricular. For instance, at Kellogg, students first must take a board governance class, then a yearlong seminar on advanced board governance. Both courses are for credit.

These programs, along with the NPBLP at Wharton, can serve as starting points for any school considering launching similar relationships with nonprofits at their own schools. Establishing such a program takes a great deal of planning, a wide network of community contacts, dedicated students, and a passion for the nonprofit world. Nonetheless, students who participate learn very quickly how to apply their skills in the real world—and how those skills can make a difference.

Terms of Service

When students returned to school in the fall, they began their board service. They quickly began to see how their educational experiences at Wharton could pay off in the boardroom.

Goodwin, for instance, found himself utilizing completely different skills than he had for other classroom projects. "When the Mazzoni Center, a local health center, started the process of hiring a CFO, I jumped at the chance to help," says Goodwin. "I wanted to use all the concepts I'd learned in my finance classes. But the most interesting thing I contributed was my hard-earned knowledge of the interview process, because I had been on so many interviews for a full-time job after graduation."

Another student, Nicole Casciello, drew on what she'd learned in her marketing and management classes to aid the fundraising efforts of the Alice Paul Institute, which promotes women's leadership and equality. It was clear to Casciello that the institute's best strategy was "getting its name into the mainstream." She not only suggested options such as developing PR, advertising, and word-of-mouth campaigns, but also helped board members develop a marketing brochure to promote site rentals for weddings, meetings, and other events as a way to raise additional funds.

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The time commitment for students' board participation, over and above their school assignments, was substantial. During their board terms, students averaged about two hours per month at board meetings. Most also spent between two and ten hours a month doing research, considering strategy, or developing materials to take to meetings. A few also spent another two to three hours participating in committee meetings. Even so, students noted that the additional skills and knowledge that they gained from their boardroom experience was well worth the extra time and effort.

Improving the Experience

To make the students' time on nonprofit boards even more valuable, the NPBLP held additional training sessions during each academic quarter. These sessions provided a forum for participants to brainstorm solutions to problems they were facing on their individual boards. Session content was largely driven by input from participants, who asked questions about decision making, finances, board transition, and fund raising.

These sessions also featured speakers from inside and outside the university who had expertise in leadership and nonprofits. Wharton's Leadership Program, for example, led a training session on group decision making. In addition, faculty from Penn's School of Social Policy and Practice, which had recently launched a new master's program in nonprofit management, provided additional resources.

Finally, the NPBLP executive board established a formal feedback mechanism through which organizations could evaluate the performances of the Wharton students. Each

participant was paired with a mentor who served as the student's primary contact and evaluated the student's work on the board. LaSalle's Nonprofit Center solicited feedback from these members as the program progressed, which helped provide a sense of accountability for program participants.

Plans for the Future

Interest in the NPBLP was high during its pilot year. For the 2006–2007 academic year, we want to build on this interest to ensure the long-term success of the program. We plan to host more events that will allow participants to bond so they feel comfortable going to each other with issues they face on their boards.

We also hope to move the entire NPBLP program in-house, so that all training and relationships with nonprofits will be managed directly through Wharton, while tapping into the expertise of the broader Penn faculty and staff. While the program will continue to be student-run, we will look at how we might restructure the organization. We also are working with the Wharton MBA administration to find external funding to finance the expansion, hoping to interest corporate and alumni donors in the program.

We feel certain this program will continue to engage students. Nonprofit board service offers students a way to give back to the community while contributing to their personal definitions of success. In addition, such service lets them participate in the broader dialogue regarding the role of business in society as they consider topics such as corporate philanthropy, corporate social responsibility, sustainable business, and social impact management. Given the size and complexity of many nonprofit organizations, nonprofit board service also offers students a chance to develop skills that that will be directly transferable to the for-profit world.

Programs like Wharton's NPBLP also provide a benefit to nonprofits, who have some concerns about whether the pipeline will deliver sufficient numbers of qualified board members and leaders. This concern has been intensified because many of today's nonprofit leaders are baby boomers who are preparing to retire. If business schools encourage their MBA students to serve on nonprofit boards, they can play a central role in preparing the next generation of leaders who will organize the nonprofit community. [Z](#)

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