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# Perspectives - Alice Korngold of Korngold Consulting

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# THE ROOFTOPS PROJECT



## Perspectives

### Alice Korngold of Korngold Consulting

**Alice Korngold** of Korngold Consulting LLC presents her views to **Professor James Hagy**, Director of The Rooftops Project, on optimizing the match between not-for-profit organizations and prospective board member volunteers.

*Alice Korngold is the President and CEO of Korngold Consulting LLC. She consults to leading corporations, professional services firms, foundations, and boards of directors of global, national, and regional nonprofits in the areas of corporate social responsibility, leadership, development, nonprofit board governance, strategic planning, and philanthropy. She is also the Founder and Executive Director of the Global Board Leadership Academy, a new training initiative which will have its first Academy workshop on January 11, 2013 on the campus of the NYU School of Law. She is the author of LEVERAGING GOOD WILL: Strengthening Nonprofits by Engaging Businesses (Jossey-Bass, a Wiley imprint, 2005).*

**RTP:** You feel strongly that the match between organizations and prospective board members should be thoughtful and deliberate, based on both a shared passion for the organization's mission and the skills and background that the volunteer brings.

**Alice:** Yes. As you know I have trained and placed several hundred businesspeople, business executives, on nonprofit boards. There are typically two questions when someone tries to figure out what organization he or she might want to join. The first is: "What issue might I be most passionate about?" The second question is where they can add the most value in terms of what they bring to the table.

Most people ask me, "Alice, where can I be most useful?" and that depends on what the organization is facing in terms of its particular strategic and financial issues at a given time. I often help them learn, and the organization

share, what the organization is dealing with at a particular time. Finding out and understanding what those issues are can suggest where you can add the most value, whether it is a match with your skills and expertise, and whether you have a strong personal interest in helping.

**RTP:** Many real estate professionals, whether they are lawyers, or architects and designers, or contractors, or real estate brokers, may be transactional or project focused. In the life of a not-for-profit, real estate projects may ramp up for a particular period of time, and then in between there may be only smaller projects or nothing. How can a real estate industry professional think about where she might best benefit an organization when she is not sure whether that organization might have an event, a project, or a transaction coming along that might use her resources in the best way? Is that important, is it not important, or should she join for the general benefits that she might bring to the organization?

**Alice:** First, I love that with The Rooftops Project you are focusing on real estate as an industry and a skill set that is valuable to not-for-profit organizations. It is such a major element of the formula for nonprofits. For most organizations there are real estate issues, whether they are renting, or buying, or sharing. It is odd that it has been in a way an unappreciated area. It seems that it should be obvious, but it hasn't always been. So the attention and education that you are providing add huge value.

I think someone with a real estate background has a whole variety of skill sets, all of which are highly relevant to an organization in developing and growing: strategic view, organizational development, negotiation, relationship-building, financial skills, legal skills. And if you are passionate about the mission you might very well be interested in fund-raising, which is valuable to any organization.

**RTP:** So it is not necessarily important to find an organization that the very next day is going to be building a building, or buying or selling, or leasing just because that is what you do in your day job?



**Alice:** No. It is important for someone with a real estate background to think about their skills and expertise more broadly than very specifically real estate. And if you are with a business or a firm that is small or medium-sized, that can be highly relevant, too. You and the organization can relate to each other better, sometimes more than someone from a larger company.

**RTP:** Let's look at it from the organization's perspective, then. What if the organization does see a major physical asset event coming along? It is going to lease, or build, or renovate. The organization doesn't have board members with that day-job expertise on the board. Organizations may sometimes be inclined to create board positions for those professionals in order to get the benefit of their experience for the task. Others may be reluctant because it is a one-time event, albeit an important one.

**Alice:** Here again, I think it is important for an organization to look at board candidates more broadly. Sure, real estate skills and expertise can be useful to have on your board. Real estate is a key part of your overall strategy, not just issues related to the finance, but the location, the aesthetic feel to your space in terms of clients and how they are welcomed, treated, received. Many aspects related to real estate are part of the vision, the revenue model, and the strategic and financial success of your organization.

Most importantly, the role of the board is to help envision an organization's greater potential and to help create and achieve the organization's revenue model. Ideally you need a group of people who can do that together and bring a variety of perspectives. You want people who are passionate about what you are doing and connect with it.

**RTP:** What would you do with someone who had very deep technical skills in a narrow area useful to the project, whether a contractor, an architect, a lawyer, or somebody else, but either because of his time constraints, or his skills, or his contacts, was going to be limited in the focus of his contribution? Would you put him on the board, or find a different place for him?

**Alice:** Being on the board is a major responsibility as you know. If someone is interested or best suited to a specific role, I would say involve them on a project basis, or in an advisory council capacity. In fact, I serve on an advisory council to an organization that I am very passionate about. This is an organization I am excited about. They pull me in from time to time to draw on my experience and I am happy to provide that. There are about a dozen of us who play that role, and it is a nice way for me to contribute without taking on other responsibilities. And it is a great way for the organization to benefit as well, drawing on people's experience.

Or just involve someone on a project basis. It can be very rewarding for the individual. "I helped this organization to accomplish something very meaningful on behalf of its clients and the community. I went in, I used my skills and expertise to help them do this, and then I stepped back." For many people that is rewarding and useful to the organization.

**RTP:** Do organizations always know what they need?

**Alice:** No.

**RTP:** So what do you do about that?

**Alice:** I think this is an important conversation to have with the CEO of an organization and a board leader or two. It is very important to meet with the CEO. I think in most organizations that is the first conversation. But I would not join the board without having a conversation with the board chair or the chair of the nominating committee as well.

Ask the organization about their mission and their core programs, and have a visit on-site. Real estate people, especially, may see things with a different perspective.

**RTP:** What else should be part of this exploratory conversation?

**Alice:** It is important to understand the revenue model. Where do the funds come from? Government funding, private philanthropy, fees for services? Try to get a view of what the opportunities and threats are. That will help you understand how and where you might be useful. Once you understand those questions, you can start thinking in your mind, "Ah, this is something I know about, or I don't know about; this is an area where I have expertise or I have relationships." You can make that diagnosis yourself, start making suggestions and comments, and test the reactions.

If you say, "Oh, perhaps I can help in this way or that way, or I know these people or those people," and you get a positive and enthusiastic reaction, you will know that your participation will be appreciated, valued, encouraged. If you don't get that kind of reaction, I would be concerned that perhaps this is not a board that is going to be open and excited about your participation. This conversation is important to have in advance so that you don't wind up on a board where you are not going to be able to engage or add value.

**RTP:** Is it possible that this needs assessment will cause you to conclude that the organization needs something different than what you offer? You go in with a real estate bias, and you realize that they need software, or human resources, or finance, or some other discipline than what you hoped to offer them? Is that a possible outcome to that meeting?

**Alice:** It is possible. You want to bring value that they will want and appreciate. If that is not the case, it is best to find out before you join a board. There are too many cases of people joining a board and being disappointed later. If you do have these conversations in advance, you can improve your chances of finding a board that is excited about you and where you can make a difference. You can find a board that is exuberant about having you join.

**RTP:** What about a volunteer that has lots of relevant subject matter expertise and enthusiasm but little capacity to give financially? Is that a worthy person to have on the board? Is it problematic? I know that many, perhaps most, organizations have stated expectations or at least aspirations for their board members on the giving side. What if you have someone on your board who is a fantastic contributor, but not financially?

**Alice:** This varies depending upon the organization. Some organizations have a minimum stated financial contribution and it is important to find that out right up front. In some cases it is rigid and clear, and that's it. Some have a minimum, but that is waived in the case of someone who brings particular expertise that is valued so much. In those cases, an organization would still require some financial contribution. The third category is organizations that do not have any kind of a minimum financial requirement. But I think any



board that has given any thought to board governance does require everyone to give something. I am a big believer that boards should have 100 percent financial contribution of some sort to demonstrate commitment. Often outside funders also expect this. So those are the three categories: where it is rigid, where there is a minimum but there is a little flexibility, and where there is no minimum set but where something is expected.

**RTP:** Are the waivers of financial contributions visible or invisible?

**Alice:** Usually it is not visible. Usually it is a quiet thing, typically where you are bringing something to the table that is valuable and really needed. The main thing is to have that conversation in advance about what the board needs and expects.

And it is very important to understand the whole package, by the way. Not just what the annual gift is, but is there also a golf outing; is there also an annual gala, and what's that? Find out the whole package of what is expected financially.

**RTP:** In an ideal world, that would come up naturally. But if it doesn't, who should initiate that conversation?

**Alice:** If it isn't raised by the organization, I think the candidate should ask straight up-front. This just needs to be known and understood from the beginning. Ten years ago people were very uncomfortable with this conversation. Today people are much more comfortable. When I work with candidates and organizations, it is judgment free; it is just "here's the deal." It needs to be up-front.

**RTP:** I am talking increasingly to people in their "second lives," people like me in a way, who volunteer for many organizations rather than a few because they have time. And as a result when they are asked to fundraise beyond their own contribution, they find themselves in a circle of sorts—I don't know if it is a virtuous circle or not. They ask people for a little bit of money for a charity, and the following week those same people ask them for the same amount plus a hundred dollars more for their own favorite charity. When they look at it at the end of the year, they could have just written the bigger check themselves rather than just exchange money within their own contacts who are supporting each other's organizations. Is there an intelligent way to think about that?

**Alice:** If you ask someone for money, it is pretty understood that you need to prepare to give to that person's charity as well. It is a pretty "even Stephen" kind of arrangement.

**RTP:** So is it better to just write the big check yourself and stay home, or is that reciprocity a useful part of the process?

**Alice:** That is a real personal choice. It is about lifestyles and relationships. If you enjoy going to events, meeting people, learning about different issues and causes, it is a social thing, it is a learning thing, it is a fun thing. And it is depends on the size of your pocketbook. And it could be somewhere in between.

**RTP:** Do events have a purpose beyond raising money? I assume they promote visibility, enthusiasm for the mission. Otherwise, if you could give \$1,000 and save them the \$100 for the dinner, you would, right? The donors' or volunteers'

time is valuable too. So if they come, just eat their rubber chicken, and go home, that is a missed opportunity?

**Alice:** Right. You learn so much from the well-planned events. They should be highly educational and very inspiring and meaningful. Most of the time when I go, I am overwhelmed. Although I am in the nonprofit industry myself, I am amazed every month at the organizations I discover and that are doing very powerful, meaningful work. I am inspired by the people that I meet and the ways in which they contribute, not just financially, but the creative ways. I really love that.

You also hear different speakers who see the organization from different perspectives. You might hear from clients, or from donors who are giving for different reasons. That is eye-opening, to see the organization through the eyes of donors who are giving for different reasons. And you see new meanings in the work of the organization. It is inspiring. It gives new meaning to life.

Thanksgiving morning I was working on a blog post for Fast Company in order to help promote an organization that I love and believe in. I was interviewing people in other countries for the post. These were people who contributed to the organization. I was doing this Thanksgiving morning before the meal. I was so elated and inspired by these people and it made me appreciate the holiday all the more. Going to events has a similar beauty to it.

Alice Korngold's Thanksgiving Day article can be found on the Fast Company website at [www.fastcompany.com/3003361/globalgiving-e-gift-cards-gift-keeps-giving](http://www.fastcompany.com/3003361/globalgiving-e-gift-cards-gift-keeps-giving).

**RTP:** Tell me your views, if you have any, about board size. There is this ongoing dialogue that you and I have talked about before, in which some organizations choose to have large boards with lots of people and the perceived benefits of that. Then there is the contrary view that smaller boards may fill their fiduciary obligations better than big boards filled with volunteers who have something to contribute but may not be active in the full range of board oversight responsibilities.

**Alice:** There is a study that was published in the *Harvard Business Review* that suggests that the ideal size of a group for decision-making is seven.\* I think whether or not that is so, we all know that the larger the group is, the less likely it is that people will feel compelled to attend. A nonprofit board needs a certain number of people to fulfill the work that needs to be done and to build relationships. But whatever the right number may be, each board member holds a precious seat and everyone at the table needs to be adding value. A nonprofit cannot afford to have someone at the table who is not participating. Once you get past a certain size, perhaps 15, the number of people who feel really, really compelled to be there begins to diminish.

**RTP:** What do you think about people who contribute in meaningful ways but never manage to make the board meetings?

**Alice:** Build an advisory committee. Again, I think you can make an advisory committee very exciting. There is another group, GlobalGiving, where I actually co-chair the New York Leadership Council. It is a group of extraordinary people. We meet a few times a year, we have the best time, we give money, we raise money, we have meetings with very important people, we hold events, we are



devoted to the organization, but we do not have governance responsibilities. It allows the organization to keep the board small. It can add value, but it doesn't have to be a board.

**GLOBALGIVING** You can find a description of GlobalGiving's New York Leadership Council and the organization's work at [www.globalgiving.org/aboutus/nyleadership.html](http://www.globalgiving.org/aboutus/nyleadership.html).

**RTP:** You had noted in your book, *LEVERAGING GOOD WILL*, which has been out six or seven years now, a trend which has become even more acute: the preference of funders, primarily governmental funders but also private funders, not to fund administrative costs. There is also the reality of score-keeping based on administrative costs being a low percentage of dollars raised or spent. But I have increasingly heard funders focus on lower and lower contributions to administrative costs, even sometimes indicating that they will fund zero to administrative costs. Are you seeing this?

**Alice:** It is a terrible problem. I was hoping it was getting better, not worse. It is ridiculous for funders to think that organizations can function without funding administrative expenses. It is not possible.

**RTP:** That is one of two trends. The other is the emphasis on governance and oversight. But that costs something, too.

**Alice:** Absolutely. I tell executive directors that it needs to be part of their jobs to work with their boards, to spend time with their boards, to help develop them and to be supportive of them. If the board is going to be effective, it needs time and attention. But that is administrative and fundraising, which is overhead. The Nonprofit Finance Fund has been trying to move the needle on this for a long time.

**NONPROFIT FINANCE FUND** Information and resources from the Nonprofit Finance Fund may be found at <http://nonprofitfinancefund.org/>.

**RTP:** In your book, you advocate for board seminars as an important tool in board development and effectiveness. While these seminars can essentially be trainings or retreats internal to one organization, you believe that workshops involving a mix of people from diverse organizations can be beneficial, too. Tell me about that and the mission and objectives for the Global Board Leadership Academy in this context.

**Alice:** I do two things. I train and place people on boards, and then I also consult with boards. I think people appreciate clarity with respect to the role of the board. Again, the role of the board is very much centered around envisioning the organization's greater potential and creating the revenue model for success. My training is very much focused around those areas.

**RTP:** Is it enriching to have not-for-profits of different sizes, large and small, and different missions, in the same room at trainings, or is it more effective to have similar-sized organizations or organizations with similar missions? Does that matter to the experience and to the skills you are developing in your programs?

**Alice:** I think people particularly appreciate a training program where they can come together, meet each other, and learn from each other's experiences as well. Our first Academy program for example, which we are planning for January 11, is for business executives who serve on boards and business executives who are preparing to serve on boards. There will also be executive directors and CEOs from nonprofits who are participating.

I think the principles of governance are similar no matter what the size of the organization there is, and we will cover the topics from a range of perspectives. The panelists come from a variety of organizations. The Nonprofit Finance Fund will do a session on revenue models, comparing for-profits and nonprofits, talking about myths in nonprofit funding and ways for identifying and choosing nonprofits.

There is also an ulterior motive to the program on January 11 and other similar programs we run. Since there are businesspeople who are interested in serving on boards, or who are serving on boards but who might be interested in their next board, it is an opportunity for potential board candidates and CEOs of nonprofits to meet. It is highly interactive, so there are potential matches that may come out.

**GLOBAL BOARD LEADERSHIP ACADEMY** Information about the Global Board Leadership Academy is found at [www.korngoldconsulting.com/boardleadershipacademy.html](http://www.korngoldconsulting.com/boardleadershipacademy.html). You can follow Alice Korngold's work and writing at [www.korngoldconsulting.com](http://www.korngoldconsulting.com).

**RTP:** How should organizations that are resource-constrained rank board training against their other needs and opportunities?

**Alice:** I think it is important for nonprofits to educate their boards about issues related to the work of the organization and to understand best practices in the field so that the board members have a context. In many cases the issues are very complex and the funding sources are very complex. The better educated the board members are, the better the decisions are that they can make. And it is in the interest of organizations to provide training to their board members about good governance practices. That is why I am doing this. There is so much demand and interest, for quality training and training designed for businesspeople in particular.

**RTP:** Is there a natural progression to board service and the experience gained?

**Alice:** I see board service as its own career path over your lifetime. Most people like to serve on a series of boards as an opportunity to grow and learn about different fields. For a company, it is a real opportunity to encourage their executives and professionals to serve on boards, first as a form of leadership development. Second, if you think about a company's CEO, CFO, and other executives serving on a plethora of boards, then you have people on your team who may gain exposure to a whole host of issues, whether it may be energy renewal, housing, economic development, climate change, or other themes that are important to strong and healthy communities and the world and that are highly relevant to your business. Imagine how much more productive your business strategy discussions are when you have that experience in your room because of the board service among your team.



**RTP:** And I suppose they may also grapple with more mundane things like human resources, or conflict resolution, all of the issues that every organization faces? For a nonprofit that has fewer internal staff more of those things, for better or worse, may engage board members as problem solvers?

**Alice:** Absolutely. And your people are on boards of directors, so they are seeing the world through the eyes of a governing board, and the issues of ethics, accountability, transparency that go with that. These board members can return to your company and can imagine what your company's board of directors is dealing with and what their issues are.

**RTP:** Your book points out that an organization that is challenged may still be a worthy target of volunteerism and a worthwhile learning experience where you can make a contribution. What if you volunteer with an organization that is challenged and the challenges are too much to be overcome. Is this still a valuable learning experience?

**Alice:** Everything is a learning experience. I have seen people I have placed help some organizations to go out of business and find a home for the valuable programs within another organization. That can be a worthy effort as well. A volunteer in that situation may then choose a next board post with an organization that is more robust or with a larger board. We are in a very dynamic economy. The financial challenges change, the revenue opportunities change, executive directors and CEOs come and go, and that changes an organization's fortunes. It is all a learning experience.

**RTP:** I am seeing funders sometimes nudge organizations toward merging, whether because they are resource constrained or perhaps because there are four similarly focused charities in one geographic area and a funder may believe it would be better if there was one more focused organization. An organization may be thinking about merger and acquisition, or may not be interested but still need to make the assessment because it is being encouraged by a donor to at least consider it. Are there opportunities for executives to contribute to that process?

**Alice:** Exactly. Or to assess among several choices which is the right merger, which is the right home. And, by the way, that often invariably involves an assessment of the real estate assets, too.

**RTP:** What is on the minds of nonprofit executives that is particularly urgent today?

**Alice:** Nonprofit executives are deeply concerned about having effective boards. And that the people that are on their boards are truly active or get off the boards. A CEO often cannot fire a board member as a practical matter. They need board leaders who are ensuring that their board members are active and effective. And that boards help organizations be financially successful. There are many very effective CEOs that are having to carry too much by themselves.

Boards are definitely becoming more self-aware, self-conscious, and seeking to become more effective. The trend is extremely positive and it would be good for it to continue in that direction. I also think it is excellent that business people are seeing the benefit and value of serving, and wanting to be more purposeful in choosing a board where they will really commit themselves.

\* Marcia W. Blenko, Michael C. Mankins, and Paul Rogers, the authors of "Decide & Deliver: 5 Steps to Breakthrough Performance in Your Organization," *Harvard Business Review*, January, 2011, at <http://hbr.org/2011/01/stat-watch/ar/1>.



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