

Why Business Leaders Should Serve on a Nonprofit Board

7 min read



If you have not yet served on a nonprofit board of directors, then you might not realize the many advantages that experience in nonprofit leadership can lend to your position (and the positions of the up-and-coming leaders working beneath you) as a leader in the business world.

Key Takeaways

- **Think More Strategically:** Serving on a nonprofit board is the perfect way to expose yourself or potential leaders in your business to situations that can help develop strategy and forward-thinking.

- **Benefit From Diversity:** Korngold's study found that 78% of the board members included in the study reported listening more carefully to people with viewpoints that differed from their own.
- **Get Comfortable With Fundraising:** You'll also develop your skills in delivering an elevator pitch and, in turn, become a better advocate to potential investors on behalf of your own business.

In fact, it's possible you might even have the opinion that the time spent serving on a nonprofit board would be wasted time that could be better spent focused on the work you do in your own business.

This perspective, however, is deeply flawed. While you might not feel like you have a minute to spare, choosing to dedicate some of your time to serving on a nonprofit board (and choosing to allow those in leadership positions within your company to serve, as well) is actually time very well spent.

In her 2018 Better World Leadership Nonprofit Board Leadership Study, Alice Korngold, President and CEO of Korngold Consulting, LLC, found that serving on nonprofit boards can help develop individuals [1]. This development leads to positive behavior changes and increased effectiveness and productivity in the office. Additionally, nonprofit board membership helps to create higher performing, inclusive teams through increased diversity. The study found that after just two years spent serving on a nonprofit board:

- 68% of participants reported **feeling more confident**
- 69% thought they had become **better leaders**
- 65% felt ready to take on **more responsibility**
- 69% described themselves as **more useful**
- 55% felt that they had become **better qualified** to receive a promotion

- 64% had found **more meaning** in their work

According to the study, the longer you serve, the more impactful these benefits become [1].

Your time serving on a nonprofit board would not only be going toward a good cause, but you would also stand to gain countless benefits and potentially encounter new opportunities serving on a nonprofit board – and that's why we believe that all business leaders should also be nonprofit leaders.

Business Leadership and Nonprofit Boards: Top 10 Benefits of Serving on a Nonprofit Board of Directors

1. Think More Strategically

If you're already running a business, then you're probably well-accustomed to thinking about business strategy. Individuals in your company, however, who are poised to move into leadership positions in the future or who are new to leadership might not be used to viewing the decisions they make through a forward-thinking, strategic lens.

Serving on a nonprofit board is the perfect way to expose yourself or potential leaders in your business to situations that can help develop strategy and forward-thinking. Nonprofit board positions are working positions, which means it is the responsibility of the board members to make decisions that lead and direct the nonprofit.

By serving on a nonprofit board, you can gain or improve your ability to make decisions, think critically, and solve problems as a part of a greater ability to plan strategically for future success.

2. Develop Leadership Skills

A nonprofit board's responsibility is to lead and direct the nonprofit. Nonprofit board members naturally develop essential leadership skills. While serving on a nonprofit board, members increase their emotional intelligence, becoming better listeners, more empathic, and more appreciative of different experiences. As a result, board members improve their team leadership qualities, communication skills, and the ability to resolve conflicts and build consensus while working with many different board members who come from different backgrounds and different viewpoints.

Read More: [Upgrade Your Management: 5 Steps to Establishing Effective Leadership Teams](#)

3. Enjoy Opportunities for Professional Development

In addition to developing leadership skills, nonprofit board memberships can also help you develop professional skills. While you already have certain professional skills that will be valuable to the nonprofit and your position on the board, you will likely also have opportunities to serve on different committees within the board. As a result, you'll have the opportunity to learn new professional skills – from finance to marketing, sales, event planning, and human resources – and gain real experience developing them.

4. Make Important Connections

Professionals from all sorts of industries serve on nonprofit boards. Additionally, nonprofits work with long lists of donors, volunteers, and other benefactors. As a board member, you'll be working with these people and organizations, too. As a result, you'll have the opportunity to greatly expand your network. As you continuously make new connections, you'll gain new business contacts, potential clients, vendors, and opportunities.

5. Improve Financial Management

If you struggle to understand and implement good financial management practices in your own business, then you'll have the opportunity to learn and improve these skills while serving on a nonprofit board.

Nonprofits almost always run on very tight budgets which require them to keep overhead costs at impressive minimums. As a result, you'll learn budgeting, budget evaluation, and the skills to more effectively evaluate, develop, and implement sound financial practices in your business.

6. Benefit From Diversity

Korngold's above-mentioned study also found that 78% of the board members included in the study reported listening more carefully to people with viewpoints that differed from their own, and 85% also said that their service on nonprofit boards led to an increased appreciation of the perspectives and opinions of people from different backgrounds.

But why is increased diversity important to your business?

Read More: [Businesses With Workplace Diversity Have 19% Higher Revenue. Here's Why...](#)

Diversity is good for business. In fact, one study that looked at 600 business decisions made by 200 different teams found that, when it came to making important business decisions, diverse teams outperformed individuals 87% of the time. ^[2] Additionally, diversity in business has the power to promote innovation, expand the talent pool, increase employee retention, improve problem-solving, and even help you tap into new markets [3].

7. Identify Your Strengths

Nonprofit organizations thrive by tapping into the many talents, skills, and knowledge sets of their various board members. While serving on a nonprofit board, you'll be asked to identify your professional strengths and put them to work. Additionally, you'll have the opportunity to discover talents you didn't know you had while serving on different committees and helping out with various projects.

8. Positive Public Relations

Serving on a nonprofit board simply looks good. Although it might not seem like the most altruistic reason to join a nonprofit board, it can be a powerful one. Nonprofit board members have the opportunity to be seen giving back to the community while showing off their dedication to a good cause. If anything, serving on a nonprofit board with a cause that everyone can get behind is good optics for you, as a business leader, and for your business in the community.

9. Get Comfortable With Fundraising

Nonprofit board members are often tasked with reaching out to their own network of potential donors and/or a list of the organization's past donors to continue asking for contributions. At first, many nonprofit board members feel awkward asking people for money. After some time, however, you will come to see that asking people for donations is actually gifting them with the opportunity to help out and make a difference in the community.

Read More: [What Nonprofits Can Learn From the Best Well-Run Businesses \(and Vice Versa!\)](#)

As you practice and improve, you'll also develop your skills in delivering an elevator pitch and, in turn, become a better advocate to potential investors on behalf of your own business.

10. Intrinsic Rewards

Perhaps, this goes without being said, but it is worth mentioning. Serving on a nonprofit board can be highly fulfilling due to the great intrinsic rewards that come with this kind of work. To ensure you're fully able to enjoy these benefits, do your research when deciding on which nonprofit you want to serve. Choose one that with a cause that resonates with you or with a mission that could have a potentially positive impact on your own business endeavors. When you care about the cause you're serving, you'll gain invaluable benefits and feel good about the work you're doing.

Business Savvy on the Nonprofit Board: Advantages of Outsourced Accounting for Nonprofits

Nonprofit organizations must operate on a tight budget that's comprised of complicated categories of funds – such as restricted and non-restricted dollars. This means that having a solid back office to support the success of a nonprofit is essential to smooth operations, budget adherence, financial health, and mission impact. For most nonprofit organizations, staffing the bookkeeping and accounting department with full-time financial experts is, most often, financially out of reach.

As a business leader, however, you are likely already familiar with the benefits of outsourcing non-core business functions to professionals outside of the organization, and nonprofit organizations stand to benefit from all of the same advantages of outsourcing. When outsourced, smart, efficient, and effective accounting for nonprofits suddenly becomes affordable. When done well, outsourced accounting not only becomes affordable but can also become a vehicle for more efficient operations, maximized ROI, and mission success.

[1] <https://www.alicekorngold.com/studies/>

[2] <https://www.peoplemanagement.co.uk/article/1742040/diversity-drives-better-decisions>

[3] <https://online.uncp.edu/articles/mba/diversity-and-inclusion-good-for-business.aspx>



Frustration from inaccurate financials ends
HERE.

