

## Austin Habitat for Humanity: Rebuilding Momentum and Trust

*"We should focus on repairing houses, before increasing our home building goals," was what Austin Habitat for Humanity Executive Director Michael Willard heard from his staff and board of directors during a strategic planning meeting in 2004 when the team was setting organizational goals for the coming years. "I didn't move here just to repair houses," Willard responded. "I came here to build houses." After several years of low home construction and tension between the board of directors and the previous executive director, the organization was at an impasse. The board of directors had recently fired the previous executive director and hired Michael Willard, former Habitat for Humanity International associate director of U.S. affiliates, program enhancement director, vice president of human resources and most recently as senior director of special projects and initiatives. As the new Austin Executive Director, Willard needed to set the pace for service to fulfill the Austin Habitat for Humanity mission to build simple affordable housing for low income families, and he was ambitious in his goals. But would his team keep pace with him?*

### Habitat for Humanity

Habitat for Humanity International describes its mission: "to eliminate poverty housing and homelessness from the world, and to make decent shelter a matter of conscience and action." Habitat invites people of all backgrounds, races and religions to build houses together in partnership with families in need.

Millard and Linda Fuller founded Habitat for Humanity International in 1976 in response to a lack of affordable housing in America. Since then, Habitat for Humanity affiliate organizations have built more than 225,000 houses around the world, providing more than 1 million people in more than 3,000 communities with shelter.<sup>1</sup> The international headquarters for the organization is located in Americus, Georgia, and provides training, information, and other support to its affiliates. In exchange, affiliates are asked to "tithe" 10 percent of their overall fundraising contributions to the international organization to support Habitat affiliates in parts of the world that cannot raise sufficient funds to construct homes.

Habitat for Humanity and its affiliates are nondenominational Christian organizations that are "dedicated to eliminating substandard housing and homelessness worldwide and to making adequate, affordable shelter a matter of conscience and action. Habitat is founded on the principle that every man, woman, and child should have a simple, decent, affordable place to live in dignity and safety."<sup>2</sup>

Although each affiliate organization is autonomous from the international organization, they share the same general mission and goals of providing affordable housing in the communities they serve. They are also judged under the same criteria: *How many homes can they construct per year?*

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<sup>1</sup> <http://www.habitat.org/how/factsheet.aspx> accessed on May 9, 2007.

<sup>2</sup> <http://www.habitat.org/how/christian.aspx>

## **Austin Habitat for Humanity**

In Austin, Texas over 58,000 people live in substandard or overcrowded housing.<sup>3</sup> The Austin Habitat for Humanity (AHFH) affiliate was established in 1985 to help address the shortage of affordable housing in the city. In the 20+ years since its founding, the organization and its volunteers have constructed nearly 200 homes in and around Austin.

According to Michael Willard, the current executive director of the Austin affiliate, securing the land for the homes is usually the most difficult part of the process. In Austin, land prices have increased dramatically since Habitat built its first house in the city. In its first years lot prices were between \$5,000-\$6,000; by 2004 lots located in Austin had risen to \$25,000.<sup>4</sup>

In 1998, the board of directors began to address high land prices by approving the purchase of a tract of land to establish a subdivision of 24 homes. Between 2000 and 2002, the affiliate experienced what it calls a “land crisis” when it was not able to secure any land in the city for new homes. In response to that crisis, Austin Habitat for Humanity is purchasing more large tracts of land that may be developed into subdivision areas to accommodate multiple homes rather than purchasing small plots of land for single houses. The organization has also started looking outside the center of Austin in surrounding communities because the city is expanding, more jobs are moving to the outskirts of the city, and land may be cheaper and more readily available.

### ***Business Model***

Habitat for Humanity affiliates are probably most recognized for their construction services. A bulk of the volunteers, over 6,500 a year in Austin alone, seek out the organization for the opportunity to use or learn home-building skills. The organization offers three other important services to families who purchase Habitat for Humanity homes: mortgage support, social support, and a store selling recycled and new building materials.

#### *Mortgage Support*

In addition to constructing homes, local affiliates serve as mortgage companies, offering families who purchase the homes a 20- to 30-year no-interest loan. To be considered for home ownership, families must be willing to take the required classes, volunteer for 400 hours of service, meet low-income guidelines, and demonstrate a need for better housing.

#### *Social Services*

AHFH supports its families not only helping construct a house, but in building skills for homeownership success. Families take in-house classes on financial management, home repairs, and other topics relevant to homeownership. Local businesspeople, bankers, and construction experts volunteer to teach these classes at the Austin Habitat for Humanity office.

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<sup>3</sup> From Austin Habitat for Humanity website. See also <http://www.caction.org/faqs/Housing.pdf>

<sup>4</sup> Michael Willard explained in 2007 that there’s been a 400% increase in land prices since he began at the organization: in 2007 a lot in East Austin commanded a price of \$200,000.

*Earned Income*

Finally, Austin Habitat for Humanity established two programs that provide its clients with affordable building materials and home furnishings, as well as extra income for the organization. Through the DeConstruction Program, the organization contracts to salvage building materials from homes that are being remodeled or demolished. The salvaged materials are then sold at the Habitat ReStore. The AHFH ReStore, the first of its kind in the country and now a model for over 250 ReStores, sells recycled and new building materials at reduced prices.<sup>5</sup>

In 2005, Austin Habitat for Humanity operated a budget of just under \$5 million, up nearly \$700,000 from 2004. In 2005 and 2004, AHFH “tithed” \$19,615 and \$15,000 to the international office, respectively.

In leading an agency that provides multiple services to its clients – from construction to financial to social support, as well as retail operations – the Austin Habitat for Humanity executive staff and board of directors are pulled in a variety of directions. According to Mitchell Gibbs, a long-time staff member at AHFH who has worked with three executive directors during his tenure. “There’s really not a day off for the executive director.” Executive directors must put in their time at the office during the week, help build houses on Saturdays, and, because the organization is tied to the Christian community, many directors feel like they must be involved in the faith community on Sundays. “It’s all Habitat all the time,” Gibbs explained. In addition, the executive director essentially has 21 bosses -- the members of the board of directors each have different ideas about how to manage the organization and different ambitions for organizational excellence.

*AHFH Board Leadership*

Prior to 2004, the relationship between board and staff was hierarchical and managerial. The board of directors had considerable input about the management of the organization, programs, and daily operations. Board members were required to sit on committees to oversee staff – for example, Gibbs worked with board members on communication and media issues. Staff members, alternatively, were expected to provide weekly reports to board members who monitored their programs. According to Carol Drennan, the former president of the board of directors and interim executive director, the board was even involved in hiring and firing procedures at the staff level.

This hands-on board was largely made up of previous volunteers who had constructed houses and rose in the ranks of the organization. As more professionals who had not previously been involved with AHFH joined the board of directors, they pushed for a board of directors that was more involved in the organization’s policy rather than daily management. Drennan and other members of the board were eager to make this transformation. They knew they needed to gain the support of the current executive director, Patrick Welch, in order to make the transition successful.

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<sup>5</sup> By 2007 there were 400 RE-Stores.

In November 2003, with Drennan at the helm of the board, a group of directors began pushing the 21-member board to shift its governance style from hands on to a more policy-centered board. For example, the group wanted to cut out board/staff committees and formally extract the board from the organization's everyday operations. Taking a step in this direction, the group began recruiting board members who had experience on other nonprofit organization's boards of directors and in the governance style of leadership.<sup>6</sup>

Board issues aside, the organizational operations were experiencing tough times. AHFH had become inconsistent in its home production, lagging behind its goals, but Welch could not offer the board an explanation why. Additionally, there was a strategic plan in place that had been approved in 2003 but it wasn't being monitored or updated regularly, and the organization was not meeting the performance goals in the plan. For example, the 2003 plan set 2004 goals to serve 245 families, conduct 20+ workshops, build 24 homes and select 35 partner families.<sup>7</sup> In reality, AHFH only served 182 families, built 13 homes, and selected 12 families that year.

A combination of the former executive director's inability to help the board transition into a new governance role and his poor record of home construction led the board to discussion about how to proceed with the situation. After a number of discussions, in both executive board sessions and over e-mail, the board decided to ask Welch to leave the organization.

### *2003 Transition Challenges*

The transition process began in late 2003. As Mitchell Gibbs remembers, the vice president of the board walked into the Habitat office in the middle of the week and asked Welch to resign. Within a few hours of the conversation, Welch met with his management team to apprise them of the situation. The vice president stayed in the office until Welch cleared out of his office and left the organization for good. Drennan resigned as the president of the board and became the interim director of AHFH as the board of directors began their search for a new executive director.

Following Welch's departure, Gibbs said staff members had a great deal of anxiety about their job security at the agency. To attempt to address the anxiety, Drennan held an all-staff meeting two days after Welch left the organization. She told the staff that Welch's termination did not reflect how the board of directors felt about the staff.

Nevertheless, Gibbs said there was a great sense of loss. Without any warning or real explanation, Welch had been asked to leave and the immediate aftermath left little room for grieving this loss. The board also held a meeting with the staff after Welch resigned so that staff members could express their frustration and concerns.

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<sup>6</sup> One of the key advocates of this change was an attorney knowledgeable about the John Carver model for policy governance and began to promote structural change in alignment with Carver's approach. For more information about the Carver model see [www.carvergovernance.com](http://www.carvergovernance.com)

<sup>7</sup> United Way Area Application 2004

Once Drennan stepped into the interim executive director position, she immediately established an “invisible wall” between the staff and the board of directors. Staff members and board members were to have minimal interaction as Drennan required information between the two bodies to be passed through her. Gibbs said the abrupt change was difficult for many staff members to deal with because many of them had strong relationships with board members. For instance, Gibbs said he had worked with the vice president with the board on several issues and activities and felt like adding that extra step of communicating through Drennan created more mixed messages and confusion about authority, responsibility, and action assignments. Although the staff was required by Drennan to funnel all communication to the board through her, many board members still called staff members directly for reports.

Gibbs noted that another problem about the abrupt shift was that there had not been a clear “sense of the board.” Each board member continued to have his/her own agenda and vision for the organization and wanted things done a certain way. The resulting confusion and mixed messages put the organization even further behind in its program execution.

Drennan’s four-month tenure as the executive director intensified a contentious relationship between the staff and the board of directors. “The relationship got a little rocky,” she admitted. She attempted to deal with the touchy situation by inviting staff input on organizational matters during her time as the executive director. However, Drennan said she realized that all of the employees would not be open to the shift in board governance. She discussed the situation with long-time employees and explained the proposed changes. Mostly, she said she wanted to make the point that staff members were going to be held accountable for their projects; something she didn’t think was being done under Welch. As a result, several long-time AHFH employees, who Drennan described as entrenched in how the organization operated under Welch, decided to leave the agency. “In a lot of ways, that helped everything,” she said.

Meanwhile, the board of directors continued to change in character. Veteran board members were replaced by new members of the community who had experience on nonprofit boards of directors that practiced the governance model of oversight. According to Drennan, these members brought new skills to the organization, including expertise about conducting executive staff searches and hiring procedures. The board was ready to form a search committee for a new executive director.

To further involve the staff in the changes of the organization, the board invited staff members to interview and work with the final candidates for executive director and make recommendations to the board about who was best qualified for the post. Gibbs said the staff appreciated the opportunity to weigh in on the board’s final decision. The board reviewed several candidates and the staff worked with two finalists. In the end, the board of directors concurred with the staff’s recommendation to hire Michael Willard as the new executive director.

In March 2004, four months after Carol Drennan took over the leadership post at AHFH, the board of directors extended an offer to Willard for the position of executive director. Willard had worked for Habitat for Humanity International for 10 years in a number of roles,

most recently as the vice president of human resources. He brought his young family to Austin ready to dig into a community, after working on a more global level.

When Willard started at the agency, he recognized the troubled relationship that had developed between the staff and the board of directors. By that time, the board had shifted into primarily a governance role. However, there was still “a lot of distrust between the board and the staff when I got here... The board had expectations... They didn’t want the goals [they had established] to slip and the board started asking questions when they did,” he said. On the other hand, the staff didn’t trust the board partly because it had terminated Welch without notice. Additionally, the board was requiring the staff to provide detailed reports about their projects and work – returning in some ways to the micromanagement of prior times - until Willard established himself as the liaison between board members and staff members.

Willard also acknowledged the need to get the organization back on track and establish achievable goals. Although the staff gave him its vote of confidence during the interview process, he organized a staff retreat early in his first year to allow the staff to express themselves and their feelings about the previous four months.

Even though Willard wanted to repair the relationship between the staff and the board of directors, he was determined to respect the board’s commitment to clearer lines of separation between the two areas of the agency. Willard is now the main mechanism of communication between the staff and the board. Staff members no longer attend monthly board meetings unless they need to report something directly to the board. Willard, in an effort to keep his staff, apprised of the board’s agenda, now holds staff meetings following the board meetings to review the outline of the discussion of the board meetings. No staff member feels that he/she should have regular communication with any member of the board, Gibbs said. After working with Willard for over two years, Gibbs acknowledges that the shift in board governance was ultimately a positive change, however difficult the process was.

### **The Challenge**

As Willard settled into his position and addressed some of the problems between the staff and the board, he turned his attention to forging a new strategic plan for the organization. Through a grant from Habitat for Humanity International, AHFH was able to engage in an organizational assessment and planning process led by Habitat for Humanity consultants and the Greenlights nonprofit consulting service. Willard formed a committee of both staff members and board members to gather ideas for a strategic plan.

During the process, the committee discussed AHFH’s SWOT (strengths, weaknesses, opportunities, and threats) by looking inward and comparing itself to other Habitat for Humanity chapters. “It [was] beneficial because it helped us assess where we were and put us in perspective in terms of where we need to be going,” Willard said. The assessment led to a set of discussions within the planning committee and with key AHFH stakeholders to reaffirm the organization’s mission, vision, and values and set the program of work for the immediate future.

The stage was set for thinking more boldly when the Board, staff and community members gathered at the El Buen Samaritano Church hall in November 2004 to review findings from the assessment, and explore strategies for the future with key stakeholders (including homeowners, donors, volunteers and the staff and Board). The group discussed challenges and began to focus on setting goals. Conversation initially focused on problems – too many of the houses that had been built recently were experiencing warranty problems and in need of repair, land prices were making it difficult to budget for growth, and church involvement was beginning to be problematic. The group was eager to identify and encourage solutions, and the spirit of the meeting was positive, but cautious.

The challenge to Willard was clear – he had to establish an effective and efficient team, build the will of the group, and demonstrate success. From his perspective, he had to create a shared vision which was more ambitious than just righting the wrongs and neglects of the recent past. He needed to create a can-do spirit throughout the organization. And for his own career and aspirations, he needed to create an organization that could begin to accelerate construction of new homes – the fundamental measure for Habitat for Humanity success.

*How should Willard proceed to build organization excellence and ambition?*

Appendix 1: Organizational Chart Austin Habitat for Humanity 2004

