Understanding Governance
Developing and Improving Boards

Session 4

Key Point

• Managing voluntary arrangements requires a sensitivity to the reasons for affiliation and the point in which negatives may out-weigh the positives for volunteers

In Class Discussion Question

• How does board make-up comprise the “culture” of an organization?
• How does board make-up define the “leadership” of an organization?
• What personal and collective attributes are most desired for boards?
• How can a successful ED/Staff be harmful for the board?

Why do People Join Boards?

• Altruism and concern for the greater good
• Status and or visibility
• Expand horizons and increase contacts
• Professional growth at the governance level
• Develop business and leadership skills
• Influence and power
• Pressure from peers

It Takes Commitment to be a Director/Trustee

• Educated in the rules
• Perform to the best of one’s ability in accordance with the “best practices”
• Attend and participate
• Commitment to be prepared
• Commitment to uphold the duties of a board

General Requirements for Board Membership

• Board is comprised of individuals from the community who:
  – Share a common vision and view of the mission and purpose of the organization
  – Accept the responsibility that the Board is accountable for the organization's direction, actions, and policies
• Members of not-for-profits are generally motivated by a desire to serve the community and personal satisfaction of volunteering.
General Requirements for Board Membership

- Some portion of Board members include representation from the community or population served
- Board members should use their skills and training for the benefit of the organization
- Act in good faith and in the best interest of the organization
- NFP board members in general may not receive compensation
- Keep all information confidential

The Board Building Cycle

- Identify needs of the board.
- Cultivate board membership
- Recruit
- Orient
- Engage

The Board Building Cycle

- Educate
- Rotate
- Evaluate board and self
- Celebrate
- Continue the cycle

Recruiting and Retaining the Board

- Spend time on recruitment and retention
- Be honest
- Build relationships

Recruiting and Retaining the Board

- Look for skills
- Engage new members
- Follow sound board practices
- Develop effective communication processes

Building Successful Boards Requires Effective Recruitment

- Recruitment should follow a well-developed plan. The bylaws define who will select new board members and the process to be followed
- Most organizations designate a nominating committee to recruit and select new members. However, all board and staff members should be looking for candidates year round
Building Successful Boards Requires Effective Recruitment

- The nominating committee, with assistance from the board chair and executive director, must identify the skills needed on the board.
- Once the nominating committee compiles a list of the desired skills and characteristics, it can compare the nomination list with the skills and characteristics of the current board members. This process will pinpoint the gaps existing on the current board and help target the search for candidates.

Building Successful Boards Requires Effective Recruitment

- Potential board members may be found in the immediate circle of organizational consumers as well as civic, business, and human services organizations. Others may be identified through professional groups that lack representation on the current board (i.e., an accountant or early intervention specialist). While it can be helpful to have influential community members on the board, these individuals must care about the services offered by the organization.

Building Successful Boards Requires Effective Recruitment

- It is best to contact potential board members personally. The board chair, a member of the nominating committee, or the executive director, can invite the candidate to a meeting to discuss potential membership. A follow-up packet of materials (including responsibilities/job description) is sent after the call to provide the candidate with additional information about the organization. Sending these materials will also send a message about the organization’s professionalism.

Building Successful Boards Requires Effective Recruitment

- When meeting with individual candidates, the organizational representatives will discuss the specific contributions that each can make to the organization. Having a job description available during this meeting will help clarify the specific role the individual is being asked to fill.

Building Successful Boards Requires Effective Recruitment

- It is important to be specific about the reasons for approaching potential board members. This will allow individuals to understand what is being asked of them and whether they have the time and energy to fulfill that request.

Board Training

- KNOWING THE ORGANIZATION
- The organization’s mission
- The organization’s history
- The organization’s strengths
- The organization’s weaknesses
Board Training

- The organization’s vision and strategic plan
- The organization’s finances
- The organizational structure
  - Board
  - Committee
  - Staff

Board Training

- The organization’s customers/clients
- The organization’s products and/or services
- The organization’s competitors
- Key strategic alliances

Board Manual

- Articles of Incorporation
- Bylaws
- Guidelines for Evaluating the Board
- Guidelines for Evaluating the CEO
- Code of Ethics
- Organization Chart of Board
- Organization Chart of Senior Staff
- Description of the Roles of the Board

Board Manual

- Board Charter
- Charters for All Committees of the Board
- Board Calendar for Next 12 Months
- Prior Year’s Board Meeting Agendas and Minutes
- Auditors Letter for Prior Year
- Description of Key Strategic Alliances
- Basic HR Policies
- Copies of Directors and Officers Insurance Policy

Making A Balanced Board

- Determine adequate size for the organization
- Determine representation of various constituencies holding positions on the board
- Establishing a priority list in terms of skills, personal or professional networks

Keep the Board Fresh

- Use staggered term limits
  - New ideas infused
  - Encourage diversity
  - Rotate off those members who are ineffective, burnt out or troublesome
- Evaluate
  - Board meetings
  - Board effectiveness
Board Development

- **Truism**: An organization is as strong as its Board.
  - Choose people who can help you
  - Go beyond friends and family
  - Movers and Shakers of community make good Board Members

The 4 D’s of Board Members

- **DOER** – an active participant
- **DONOR** – a person who believes in the mission and organization, but is able, at the present time to contribute monetarily

The 4 D’s of Board Members

- **DOOR OPENER** – a person who does not have a lot of time or income to contribute to the association. However, they are willing to share their network and/or rolodex to help identify other potential leaders.
- **DEAD WOOD** - warming a seat but not much else

Succession Planning

- Applies to a change in board leadership as well as ED transition
- Planning should begin before a change is underway
- Term limits to allow new ideas to surface
- Develop new chairs by having them serve as vice chairs or on the executive committee

Board Trends

- Board members confront severe time pressures
- Few board members aspire to leadership roles
- Most board members prefer time-limited, concrete tasks

IRS Hot Buttons for Boards

- Conflict of Interest
- Excess Benefit Transactions
- Political Activity
Resources

- www.boardsource.org
- www.boardcafe.org

Additional Resources


Additional Resources

- Alliance for Nonprofit Management www.allianceonline.org
- Authenticity Consulting- Free Management Library www.managementhelp.org

Sources

- www.nonprofits.about.com
- The Board Building Cycle by Sandra Hughes, Berit M. Lakey and Marla J. Bobowick, National Center for Non Profit Boards, 2000
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- Non Profit Board Answer Book by Robert C. Andringa and Ted W. Engstrom, Board Source, 2002