



Nonprofits:
We're Here to
Help YOU

Board Basics

Roles & Responsibilities of the Nonprofit Board

THURSDAY, MAY 19, 12PM – 1:15PM | FACILITATOR: LINDA RICH

Jewish Community Council of Greater Coney Island's

NonProfit Help Desk

We focus on *small and emerging nonprofits*, offering:

Workshops * Training * Consulting

2,500 organizations have worked with us, benefiting from support in:

- financial management
- fundraising
- governance
- human resources
- management and operations
- marketing and social media
- strategic planning
- technology





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Board Basics:

Roles & Responsibilities of the Nonprofit Board

May 19, 2022

Objectives



Help build better boards by:

- Understanding roles, responsibilities, and how boards work
 - of the board collectively
 - of board members as individuals
- Introducing best practices

Board Size

POLL

How many board members
does your organization have?

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How many board members
does your organization have?

**Enough for deliberation and diversity of thinking, and to do the work.
Odd number. Minimum 5, 7 can work.**

“Fiduciary” Duty



- Duty to act in the interest of another
- Promotes interests, protects assets, ensures legal compliance

The board exists to represent the interests of the “owners.”

Whose interest? **Who owns a nonprofit?**

Mission as Owner

The mission is the owner for whose benefit resources are deployed.

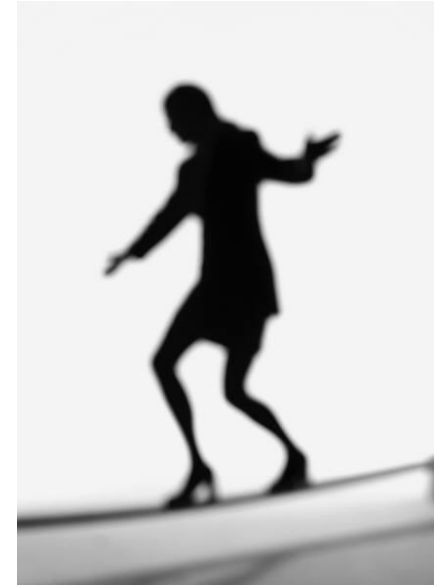
The “bottom line” for a nonprofit is the degree to which its mission is achieved.



Role of the Board

A guiding force that drives the organization toward ever-increasing achievement of the mission, while keeping it under prudent control.

- adapted from Bob Garratt



The chair enables the board to fulfill its role.

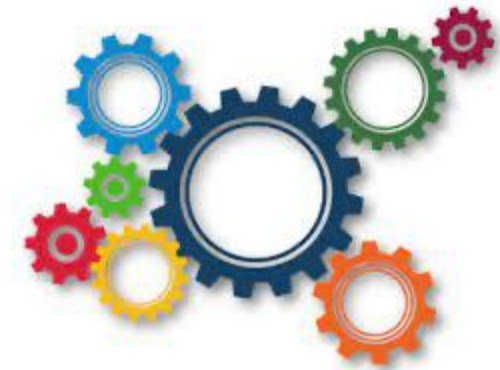
The board operates as a whole, not as individual members.

Governance

Steering, controlling, and influencing from a position of authority

Board of Directors: the governing body of a nonprofit

The systems, guidelines and processes by which an organization is controlled and operates, and the mechanisms by which it, and its people, are held to account.



Outputs

	Produces...
Governance (board)	<ul style="list-style-type: none">▪ Minutes▪ Policies▪ Mission statements▪ Strategic plans
Management (staff)	<ul style="list-style-type: none">▪ Programs, Services, Events▪ Information & Education▪ Newsletters & Press Releases▪ Satisfied clients▪ Safe, clean facilities

Small Nonprofits



Trustees should focus on the strategic direction of the organization, and avoid becoming involved in day to day operational decisions - *except in the case of small organizations with few or no staff.*

- John Carver

When the organization is small, boundaries may exist between different *roles* rather than different *people*. It's important to be clear about which hat one is wearing.

- Dan Hotchkiss

Legal Responsibilities of Trustees



Duty of Care

Exercise the care, skill, caution, diligence of a prudent person

Duty of Obedience

Be faithful to the mission, not act in any way that is inconsistent with it

Duty of LOYALTY

*“Undivided allegiance,” act in good faith, in the best interest of the organization, **not** derive benefit, avoid conflicts of interest, even appearance of impropriety*

- BoardSource

Individual Board Members

Contributions

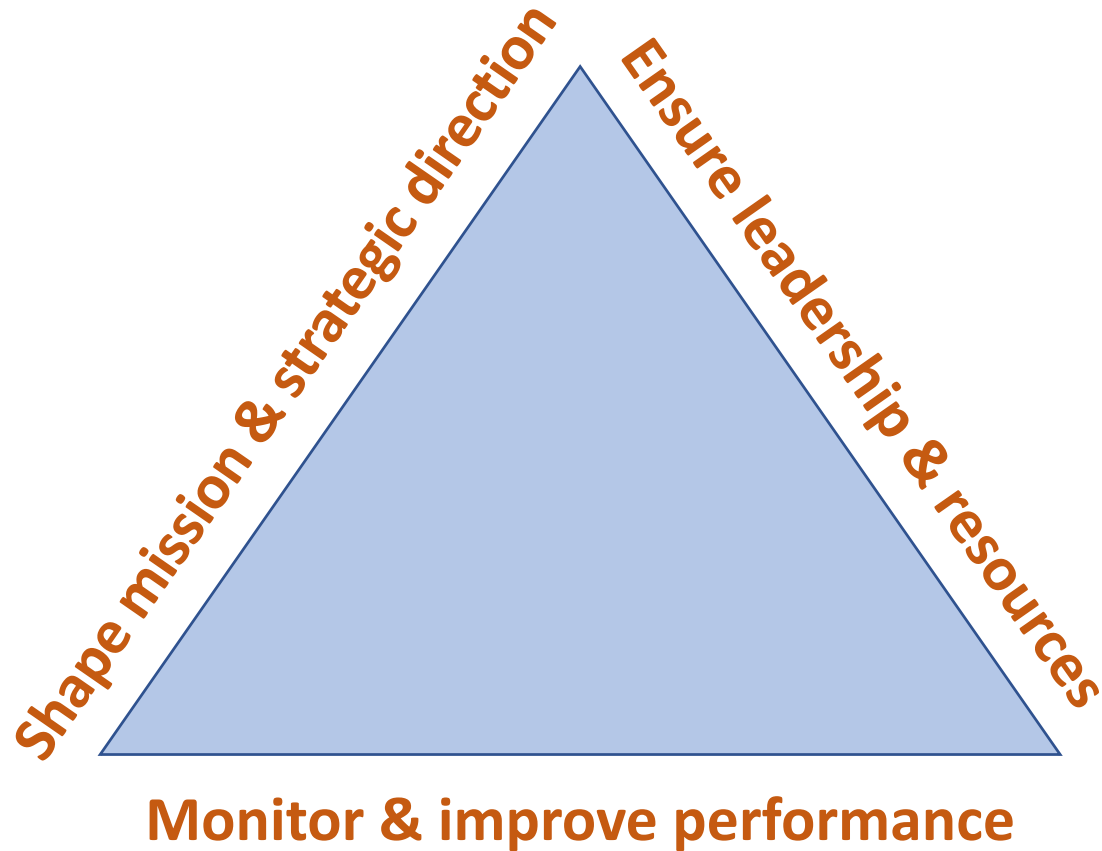
- Time
- Talent
- Treasure



Expectations

- Attend & participate
- Serve on committees
- Know the organization
- Be an ambassador
- Maintain confidentiality
- Promote good meetings
- Volunteer

Board Responsibilities - McKinsey

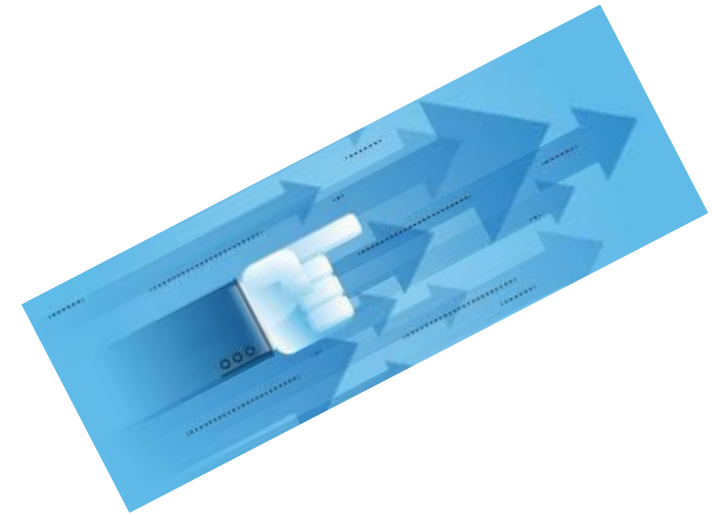


Direction
Resources
Oversight

Board Responsibilities:

1. Shape mission & strategic direction

- Mission, vision, values
- Strategic direction
- Strategic plan
- High level goals/strategies



Board Responsibilities:

2. Ensure leadership & resources

- Hire the ED/CEO
- Effective board leadership
- Fund/Fundraising
- Public standing
- other



Chair-ED/CEO relationship: partnership, mutual respect, mutual support

Board Responsibilities:

3. Monitor & improve performance

- Measure progress against goals
- Monitor & strengthen programs & services
- Financial health, budget, cash flow, reserves
- Evaluate ED/CEO performance (at least annually)
- Risk management/Audit
- Controls & procedures
- Legal & ethical integrity
- Board effectiveness



Oversight

Management: using delegated authority to get things done, day-to-day

Oversight: monitoring and evaluating - performance, compliance, risk

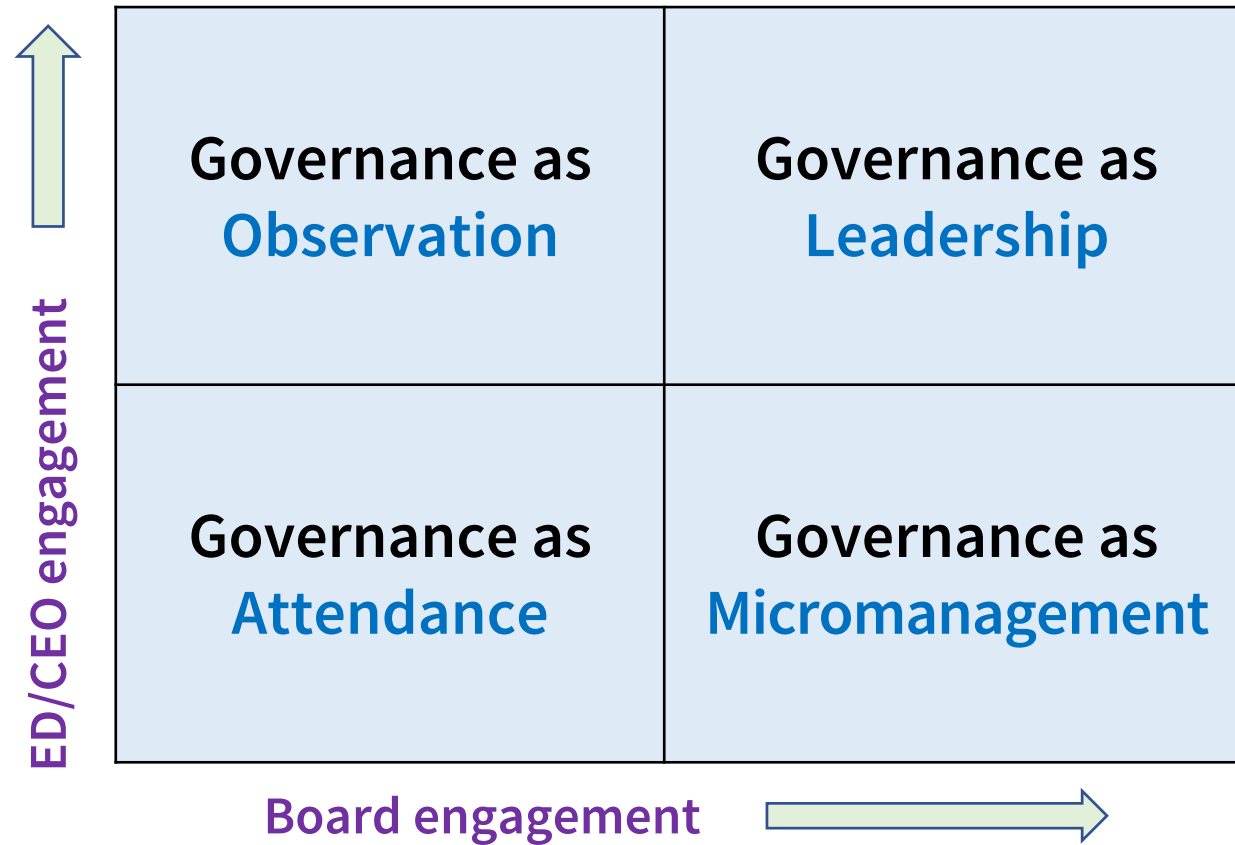
The board oversees by:

- delegating power
- defining expectations
- holding accountable



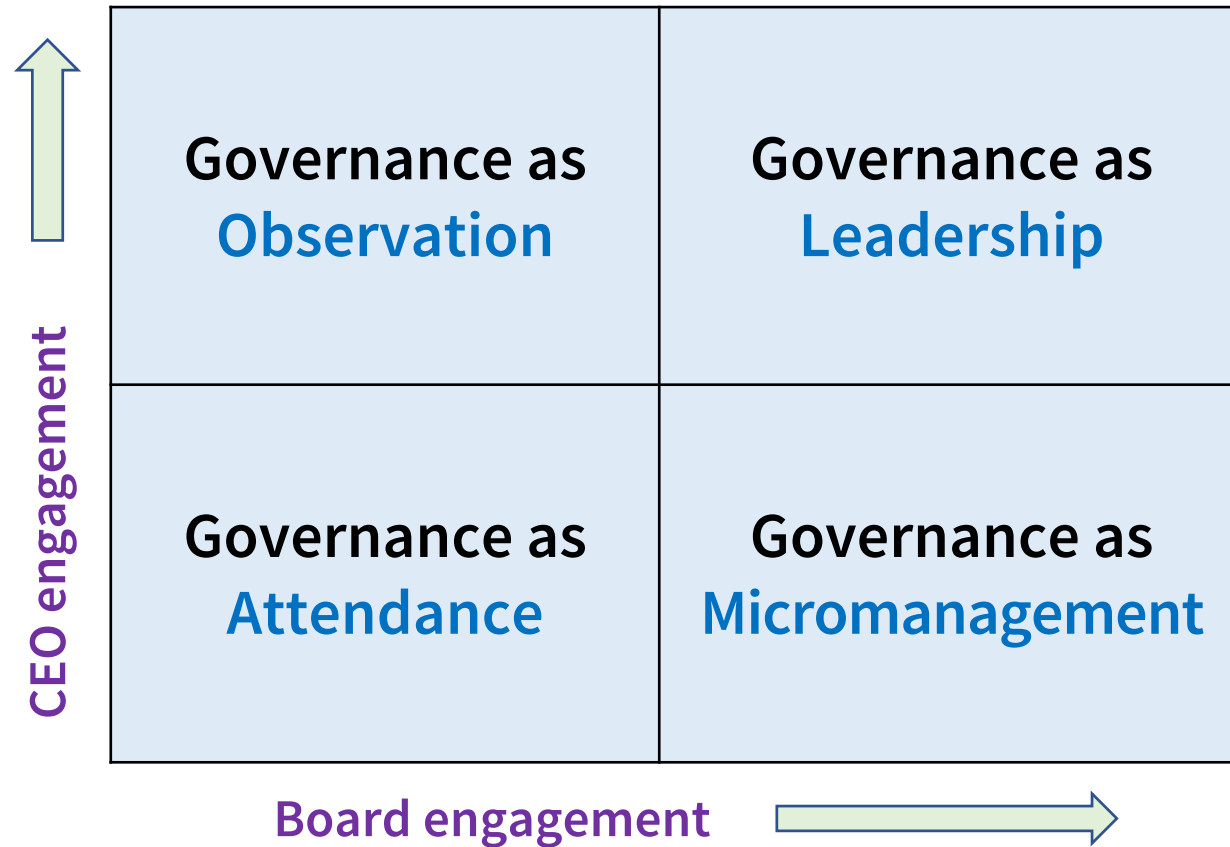
The board as a whole oversees, not individual members

Engagement Matters



Source: Richard Chair, et.al, "Governance as Leadership"

Engagement Matters



CHAT

How do you know that board members are engaged?

What do they do that demonstrates engagement?

Source: Richard Chair, et al, "Governance as Leadership"

Bylaws

- “Operating manual”
basic rules & procedures for the board/organization
- Required by law [most States]

Covers things like:

- Holding board meetings, quorum
- Adding and removing officers/directors
- Standing committees
- Other organizational formalities

Skinny
Up-to-date



One Voice (Board Holism)

- The authority of the board is held and used as a body.
- Board members, as individuals, have no authority unless the board gives it to them.
- In public, board members must respect and support the legitimacy of board decisions, even if they personally disagree.

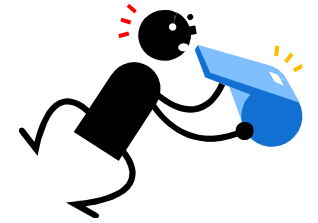
Meetings: Role of the Board Chair

Maximize performance of the board as a whole & of individual members.

- Works with ED/CEO to create an agenda focused on:
 - what's most important
 - what can be accomplished in the time available
- Helps the board set meeting agreements, and reminds the board of those agreements in meetings
- Sets the tone of the discussion
- Encourages participation



Meetings: Role of Board Members



Individual board members also have the responsibility to help meetings be more effective.

They can suggest:

- Sending a topic back to committee for more work before voting
- Returning to a topic if the discussion has strayed
- Reminding others of meeting agreements
- Asking a helpful/focusing question
- etc.

- Governance Matters

Board's Role in Fundraising

Individual board members:

- Make a personal financial contribution
- Attend and participate in fundraising events
- Reach out to personal/professional networks
- Serve as a resource to ED/CEO and director of development



Board's Role in Fundraising

CHAT

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How does your organization specify board members' expected financial contribution?



“Executive”



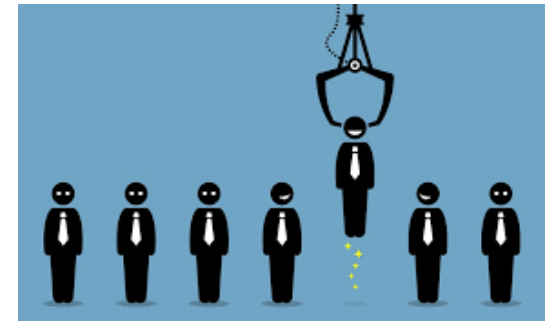
- Executive Director/CEO
- Executive Committee – smaller decision-making body
- Executive Session
- Non-Executive/Independent Board Members (not on staff)
- Executive Board Members (on staff, ex officio - do not vote)

Executive Session



- Use for confidential matters
- Non-Executive Board members only -- no staff/guests
- Keep separate minutes, distribute to NE board members only
- Example: personnel matters about individuals
- Check your bylaws for any special rules

Recruiting Board Members



Your needs:

- Skills & abilities
- New ideas & perspectives
- Reflect the community served
- Diversity
- etc.

Their needs:

- Further your cause
- Give back
- Gain skills/experience
- Novelty
- Networking
- Meaning
- etc.

Blue Avocado: Focus on what people will *do* rather than what people *are*

Recruiting Matrix

	Director A	Director B	Director C	Director D	Director E	Director F
YEARS ON BOARD						
GENDER/ AGE						
Female						
Male						
21-35						
36-50						
51-65						

	Director A	Director B	Director C	Director D	Candidate A
Skills/Experience					
Fundraising					
Legal...					
Industry					
Healthcare					
Finance...					
Resources					
Community					
Diversity					
Attributes/Style					

Also see NYC Comptroller’s Office
best practice in board matrices

Recruiting Matrix

[illegible]

Recruiting Sources



- Networks
- Social media
- Your volunteers
- Your donors
- Staff
- Corporations
- Professional groups
- Idealist.org
- LinkedIn Board Connect
- Board Member Connect
- BoardnetStrong (previously boardnetUSA)
- BoardAssist
- Volunteer Match

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CHAT

Recruiting
board members:
What sources
have you used
that worked?

Best Practice: A-B-C Issues

A Issues: Top Priorities

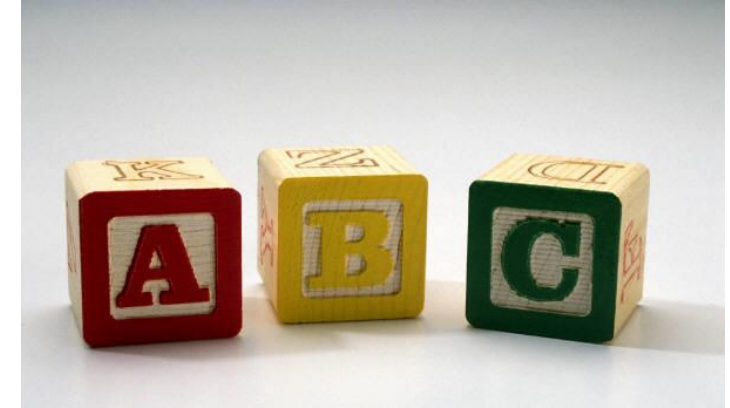
Require board input/decision
Advance planning and preparation
Relatively few

B Issues: Informational

Work already done by staff or committee, they take the lead
Board informed as a courtesy Ask: Could we delegate authority?

C Issues: Relatively Unimportant

Are not the work of the board
Keep off the table - do not bring to the board



Best Practice: Consent Agenda



Includes:

- Minutes, reports, correspondence, etc.
- Non-controversial changes/approvals: procedure, policy, contract
- Other pro-forma approvals required by law or policy

At the meeting:

- Board chair: *“Does anyone want to move an item to the discussion agenda?”*
- If any member requests it, an item is moved.
- Board chair: *“Without discussion, then, the consent agenda is ready for a vote. Those in favor of adopting? Opposed? All items on the consent agenda are adopted.”*



Best Practices: Orientation, Training, Retreat

The board should establish a systematic process to ensure members:

- Are **aware** of their legal and ethical responsibilities
- Are **knowledgeable** about the programs and activities of the organization
- Can carry out their **oversight** functions effectively.

- Independent Sector

Orientation of new board members, assigning mentors, ongoing education, annual board retreat, self-assessment

These are responsibilities of the governance committee.

Best Practice: Board Self-Assessment

every 1-3 years, communicates expectations, focuses attention

“What gets measured gets managed.” - Drucker



- **Work** - meeting effectiveness, priorities, strategic issues, etc.
- **People** - skill deficits, suggested profiles of new members
- **Expectations** - are they clear? financial, committee service, etc.

Best Practice: Terms & Term Limits

Balance continuity with openness:

- 2-5 year terms
- Staggered: 1/3 rotate every year
- Permit re-election once/twice
- Avoid lifetime appointments



Best Practice: Board Committees

Have the right small group:

- Investigate issues, identify options
- Develop proposals
- Implement delegated decisions
- Advance issues between meetings

Standing Committees:

Executive, Finance, Fundraising, Governance, etc.

Committee Charters

Zero-based

Outsiders can serve on board committees as appropriate

3 Committee Model:

- Internal Affairs
- External Affairs
- Governance

Effective Committee Work



- Treat it like any other management function
- Reports are in writing, clear on purpose:
 - Request for feedback
 - Progress report, FYI /no response needed
 - Recommendations for board action
- Circulated prior to board meeting

More Best Practices



- Board job descriptions or contracts/agreements/covenants
- Directors & officers liability insurance
- Top 3 Causes

Officers

Typically:

- **President/Chair**
- **Secretary** – minutes, compliance with bylaws, etc.
- **Treasurer** – budget, finance committee
- **Vice President/Chair** – as necessary



If paid staff: ensure that ED/CEO, board chair, and board treasurer are held by separate people. If no paid staff: ensure that board chair and treasurer are held by separate people.

- Independent Sector

Healthy Nonprofit Boards

	MESSY	GROWING	HEALTHY	THRIVING
Board Diversity	Board has no diversity of skills nor reflects the community it serves	Ad hoc board recruitment. Reactive based on current needs. No overall plan.	Developed composition matrix for the ideal board. Works to achieve it.	Board diverse in skills and reflective of the community it serves
Board Responsibilities	Board responsibilities are not defined. No orientation or onboarding process.	Primitive orientation process. Either no committees or committees without goals/clear charge.	Regular discussions and training regarding the role of the board. Onboarding process.	Board is clear on responsibilities, takes them seriously, and executes effectively
Leader Relations	The board chair and ED actively sabotage each other.	ED feels compelled to do everything on her own and brings "completed" products to the board	Clear points of synergy around some aspects (board recruitment, some aspects of fundraising)	True partnership between board chair and ED

Final Thoughts



- Don't wing it – **prepare & document**
- Board as **resource**, not rubber stamp
- Less micromanagement, more **macrogovernance**