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
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?
Board Size

How many board members does your organization have?

POLL

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

<table>
<thead>
<tr>
<th>Governance (board)</th>
<th>Produces…</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>▪ Minutes</td>
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<td></td>
<td>▪ Policies</td>
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<td></td>
<td>▪ Mission statements</td>
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<td></td>
<td>▪ Strategic plans</td>
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<tr>
<td>Management (staff)</td>
<td>▪ Programs, Services, Events</td>
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<td></td>
<td>▪ Information &amp; Education</td>
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<td></td>
<td>▪ Newsletters &amp; Press Releases</td>
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<td></td>
<td>▪ Satisfied clients</td>
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<td></td>
<td>▪ Safe, clean facilities</td>
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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

- Monitor & improve performance
- Shape mission & strategic direction
- Ensure leadership & resources

Direction
Resources
Oversight
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
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

- Governance as Observation
- Governance as Leadership
- Governance as Attendance
- Governance as Micromanagement

Source: Richard Chair, et.al, “Governance as Leadership”
Engagement Matters

<table>
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<tr>
<th>Governance as Observation</th>
<th>Governance as Leadership</th>
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<tbody>
<tr>
<td>Governance as Attendance</td>
<td>Governance as Micromanagement</td>
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</tbody>
</table>

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
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.
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

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“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

<table>
<thead>
<tr>
<th>Skills/Experience</th>
<th>Director A</th>
<th>Director B</th>
<th>Director C</th>
<th>Director D</th>
<th>Candidate A</th>
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</thead>
<tbody>
<tr>
<td>Fundraising</td>
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<tr>
<td>Legal...</td>
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<tr>
<td>Industry</td>
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<td>Healthcare</td>
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<td>Finance...</td>
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<tr>
<td>Resources</td>
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<tr>
<td>Community</td>
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<tr>
<td>Diversity</td>
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<tr>
<td>Attributes/Style</td>
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</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Committees</th>
<th>Gifts &amp; Reach</th>
<th>Demographics</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years</td>
<td>Ex Aud Fin Gov Nom Dev</td>
<td>Financial Capacity Capacity to Cultivate Org Affil Influ w/ specific Stakeholders Race Ethn Gend Generation Polit Affil Geography</td>
<td>Engage ment Attendance</td>
<td></td>
</tr>
</tbody>
</table>
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
Recruiting Sources

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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

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

“What gets measured gets managed.” - Drucker
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

<table>
<thead>
<tr>
<th>MESSY</th>
<th>GROWING</th>
<th>HEALTHY</th>
<th>THRIVING</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board Diversity</strong></td>
<td>Board has no diversity of skills nor reflects the community it serves</td>
<td>Ad hoc board recruitment. Reactive based on current needs. No overall plan.</td>
<td>Developed composition matrix for the ideal board. Works to achieve it.</td>
</tr>
<tr>
<td><strong>Board Responsibilities</strong></td>
<td>Board responsibilities are not defined. No orientation or onboarding process.</td>
<td>Primitive orientation process. Either no committees or committees without goals/clear charge.</td>
<td>Regular discussions and training regarding the role of the board. Onboarding process.</td>
</tr>
<tr>
<td><strong>Leader Relations</strong></td>
<td>The board chair and ED actively sabotage each other.</td>
<td>ED feels compelled to do everything on her own and brings &quot;completed&quot; products to the board</td>
<td>Clear points of synergy around some aspects (board recruitment, some aspects of fundraising)</td>
</tr>
</tbody>
</table>

Nonprofit Leadership Lab (Joan Garry)
Final Thoughts

• Don’t wing it – prepare & document

• Board as resource, not rubber stamp

• Less micromanagement, more macrogovernance