



Working Together for Optimal
Nonprofit Performance

Board Service Orientation

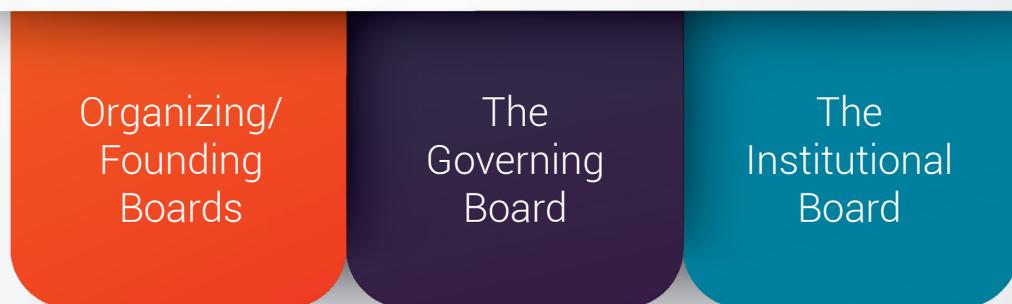


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BOARD PASSAGES: THREE STAGES IN A NONPROFIT BOARD'S LIFECYCLE



Boards are not – and should not – be static. To be effective, they must change and evolve as their organizations change and grow. Many years ago, Karl Mathiasen III wrote a paper for BoardSource in which he identified three different and quite distinct types of nonprofit boards that develop as their organizations grow and change. While recognizing that various permutations of the three exist, that the board maturing process is not inevitable – organizations may develop differently or boards may stop at one stage or another – and that each board is unique, he noticed that these three very broad types of boards appear and reappear on a regular basis in the nonprofit world.

What follows are brief descriptions of the three nonprofit board types identified by Mathiasen. We present them as food for thought only – not as necessarily best board practice. Do you agree with them? Do they stand the test of time? Do some or all of the characteristics of each hold true in your experience or have other types and characteristics surfaced? Do you recognize your own board in any of them?

STAGE 1: ORGANIZING/FOUNDING BOARDS

A. Organizing boards that follow the leader:

- Small in size
- Homogeneous — composed of people the leader knows well and trusts and whose interests are akin to the leader's.
- Strong commitment to the vision of the leader
- Board meetings are informal and operational in style. The members listen to reports, advise, and offer encouragement.
- Generally not task oriented. Members will agree to take on tasks (without questioning whether this is an appropriate board task) but often do not follow up, knowing that the leader will pick up and complete what they neglect to do.
- Do not usually play a significant role in fundraising. They expect the leader to do this.

B. Organizing boards that lead or control the organization:

- Members have played a role in creating the organization.
- Composed of determined individuals who share a passionate commitment to the mission.
- Small in size.
- Homogeneous — composed of like-minded individuals.
- Board meetings are informal and operational in style.
- Task-oriented — willing to do even mundane tasks to get the organization up and running.
- Strong sense of ownership of the organization.
- Participate in fundraising.
- May be apprehensive about hiring staff due to the members' sense of ownership.
- Transition to working with staff can be difficult as board members continue to serve as volunteer staff members, thus working for and supervising the executive.
- Staff leaders may have to wait for some time before they are trusted, making significant staff leadership difficult and frustrating at times.

Transition to Governing Board

As organizations grow, organizing/founding boards — whether following or leading — begin to experience strains.

Following boards and staff may experience the following:

- Board members find themselves being asked to do more, such as get more involved in fundraising, chair committees, engage in planning, oversee finances, etc.
- The founder or executive director realizes that he or she needs help in managing an increasingly complex organization and that the board must become more engaged.
- The board is reluctant to change its role or relationship to the leader, resulting in tension as the transition to a new board phase begins.

Leading boards and staff may experience the following:

- The board cannot cope with all the tasks and assignments that come with an enlarged organization and begin to look more and more to staff to get the work done.
- Staff, and particularly the executive director, demand more responsibility and more of a role in setting the organization's course.
- Staff increasingly resent the board's direct involvement in the organization's day-to-day work.
- Board members find that they are expected to do any non-governance-related work under staff supervision.
- The board struggles to define what its new role should be.

A transition to a governing board usually does not begin in earnest until organizing/founding members begin to leave the board and new members join the board. This results in the board becoming less homogenous, which in turn, can lead to tension between old and new members. New members wonder what the older members have been doing; old members ask who these new people think they are. New members are impatient to change the dynamic; old members view the pace of change as accelerated. The transition period is often also marked by a call for more systems, clearer definition of staff and board roles, and more “business-like” practices.

STAGE 2: THE MIDDLE STAGE: THE GOVERNING BOARD

- The board shifts from performing operational staff-like tasks (leading board) or from relative inactivity and cheerleading (following boards) to the gradual assumption of the governance of the organization and responsibility for its well-being and longevity.
- The board helps plan and execute the organization's work, develops and approves policies, oversees the organization's finances, and is accountable for the organization's integrity.
- A new and more balanced relationship between the board and staff develops and a sharing of power and authority begins.
- The board chair and executive director emerge as the principal leaders and accept responsibility for ensuring the work of the board and staff gets done.
- The board gradually becomes larger, though the growth may not be very intentional at first.
- The board may become more diverse.
- Committees become essential to effective board functioning. Nominating or governance committees, development, and finance committees are often the first to be formed.
- The staff accepts its accountability to the board.
- The board accepts responsibility for ensuring the organization has the resources it needs to operate and increasingly participates in fundraising.
- The staff leader finds that building a governing board requires a substantial amount of time, as he or she supports committees, is involved in the orientation of new members, develops a partnership with the chair, and meets with other board members to understand their views and interests.
- It usually takes three years for a board to develop a strong, new workable dynamic. It is helpful if there is a strong board chair who takes board development seriously, if founders agree to depart, and if experienced board members are added to the board.

Transition to the Institutional Board

As the governing board dynamic takes hold, the board becomes more self-aware and more open to additional, subsequent transitions — sometimes under the encouragement and guidance of a strong executive director or legacy funder. It may, for example, perceive that it must get even more involved in fundraising to support a new strategic plan, which in turn means that it needs to expand the board to marshal more resources and to extend the organization's outreach. The transition to an institutional board is usually less painful and traumatic than the initial transition from an organizing or founding board to a governing board, as it is not reorienting its work completely.

STAGE 3. THE MATURE STAGE: THE INSTITUTIONAL BOARD

- Often larger with some members who have the capacity to give or to open doors to funders and donors.
- Often prestigious and attractive to movers and shakers within the community.
- Clearly accepts the role of fundraising and often has a development committee or advisory groups to increase the organization's fundraising outreach.
- More diverse as it recognizes the need to provide the broadened public oversight and visibility that the

BOARD PASSAGES: THREE STAGES IN A NONPROFIT BOARD'S LIFECYCLE

- organization requires to thrive.
- Board activities such as financial oversight, governance, and policy planning continue to receive board attention but principally from committees.
- Accountable for reaching its own goals, targets, and expectations, just as staff and the executive are.
- Pays attention primarily to major organizational issues and concerns, assuming that a professional and sophisticated staff will follow plans and operate the organization in a responsible manner. Major issues include approval of the budget, review of the audit, examination and approval of the organization's goals, and evaluation of the organization's programs and leadership.

CONCLUSION

Mathiasen concluded his paper by noting that an orderly rotation of board members is key to a board's health. Bylaws should specify the length of terms and the consecutive number of terms a board member can serve. There are losses as well as gains in this process but change is essential to enabling the board to keep up with the times and serve the organization well as it grows. Only with fresh insights and a constant source of new energy can boards move reasonably easily through the phases necessary for the organization's growth and development.

BoardSource would add that regular board self-assessment is also key to a board's health. We recommend that all boards assess their performance every other year and then craft and implement a board development plan that addresses any challenges that surfaced in the assessment.

Essential Qualities for Every Board Member¹

Recruiting new members to a nonprofit board can be a difficult task. The board must not only be composed of diverse individuals with a wide range of experiences and skill sets, but members also must have the correct qualities. Those are some pretty strict requirements.

Before you set out to recruit new board members, you must know the qualities that a qualified candidate needs to possess. None of these qualities is optional. The individual must have all of them to be considered. In his book “Making a Difference,” Howard Berman lists the seven qualities you need to look for during the recruiting process:

- **Integrity:** Demonstrating a zero tolerance for unethical behavior, both for themselves and their colleagues.
- **Independence:** Having no unique business, financial or personal relationships — or hoped-for relationships — that create even the perception of a conflict of interest.
- **Mature Confidence:** Speaking out and actively participating in board and committee deliberations.
- **Corporate Manners:** Recognizing the difference between productively participating in discussions and counter-productively dominating deliberations through the volume or length of comments. Must be able to work with other members to create workable compromises.
- **A Sense of Context:** Making relevant, informed comments focused on the specific aspect of the issue being considered. Must be able to stay on topic.
- **Courage:** Willingness to do the right thing/make the right decision even if it is difficult or unpopular (i.e., no fence sitting).
- **Commitment:** Understanding that being an effective board member requires the time, the heart, and the standards to make the enterprise successful.

¹Adapted from *Making a Difference*, by Howard Berman

WHAT DOES BOARD SERVICE ENTAIL?

How the three main roles of the board relate to the 10 basic responsibilities of nonprofit board members:



Sources: [Board Fundamentals](#), [Ten Basic Responsibilities of Nonprofit Boards](#), [Leading with Intent](#), [Legal Responsibilities of Nonprofit Boards](#)

The three legal duties of a nonprofit board member:

Care

Pay attention to the organization's activities and operations

Loyalty

Put the interests of the organization before personal and professional interests.

Obedience

Comply with applicable federal, state, and local laws; adhere to the organization's bylaws; and remain the guardians of the mission.

How current boards rate themselves on the ten basic responsibilities:

Responsibility	CEO	Chair
 Mission	A-	A-
 Financial Oversight	B+	B+
 Legal/Ethical Oversight	B+	B+
 CEO Support	B	B+
 Strategy	B-	B
 CEO Evaluation	B-	B
 Monitors Performance	B-	B
 Community Relations	C+	C+
 Board Composition	C	C+
 Fundraising	C	C

CHECKLIST

of Board Roles and Responsibilities

Basic board roles and responsibilities are the foundation for a successful board. BoardSource has designed this checklist so you can quickly remind yourself of your key responsibilities. It's also a great board orientation tool! Can you check all the boxes?

ESTABLISHING IDENTITY AND DIRECTION

- Has the board adopted or revised a strategic plan or defined a strategic direction for the organization within the past three years?
- Does the board ensure that the organization's mission, vision, and values are reflected in the organization's programs?
- Are the organization's strategic priorities adequately reflected in the annual budget?

ENSURING THE NECESSARY RESOURCES

- Has the board adopted policies related to funds to be pursued and/or accepted in support of the mission?
- Does the board expect all its members to be active participants in fundraising efforts?
- Does the board's composition reflect the strategic needs of the organization?
- Is the board confident that the chief executive's skills and other qualities represent a good match for the organization's strategic needs?
- Does the board seek and review information related to the organization's reputation?

PROVIDING OVERSIGHT

- Does the board contract with an outside auditor for the annual audit?
- Does the organization have up-to-date risk management policies and plans?
- Does the board monitor progress toward achievement of goals related to the organization's programs?
- Does the board have a clear understanding of the organization's financial health?
- Does the chief executive receive an annual performance review by the board?
- Are all board members familiar with the chief executive's compensation package?

BOARD OPERATIONS

- Does the board regularly assess its own performance?
- Are organizational and board policies regularly reviewed?
- Do committees and task forces actively engage board members in the work of the board?
- Do board meeting agendas focus the board's attention on issues of strategic importance?
- Do board members have easy access to information needed for effective decision making?

[Source: Nonprofit Board Fundamentals](#)

What are the responsibilities of individual board members?

- Attend all board and committee meetings and functions, such as special events.
- Be informed about the organization's mission, services, policies, and programs.
- Review agenda and supporting materials prior to board and committee meetings.
- Serve on committees or task forces and offer to take on special assignments.
- Make a personal financial contribution to the organization.
- Inform others about the organization.
- Suggest possible nominees to the board who can make significant contributions to the work of the board and the organization
- Keep up-to-date on developments in the organization's field.
- Follow conflict of interest and confidentiality policies. A conflict of interest policy ensures that there is an ethical process in place to avoid self-dealing in decision making.
- Refrain from making special requests of the staff.
- Assist the board in carrying out its fiduciary responsibilities, such as reviewing the organization's annual financial statements.

Personal characteristics to consider

- Ability to: listen, analyze, think clearly and creatively, work well with people individually and in a group.
- Willing to: prepare for and attend board and committee meetings, ask questions, take responsibility and follow through on a given assignment, contribute personal and financial resources in a generous way according to circumstances, open doors in the community, evaluate oneself.
- Develop certain skills if you do not already possess them, such as to: cultivate and solicit funds, cultivate and recruit board members and other volunteers, read and understand financial statements, learn more about the substantive program area of the organization.
- Possess: honesty, sensitivity to and tolerance of differing views, a friendly, responsive, and patient approach, community-building skills, personal integrity, a developed sense of values, concern for your nonprofit's development, a sense of humor.

What do Good Board Members do?

1. Believe in and actively advocate for the organization's mission and vision.
2. Understand the organization's services and programs.
3. Regularly attend and participate in board and committee meetings.
4. Prepare for board and committee meetings by reviewing agenda and advance materials.
5. Serve on committees or task forces and offer to take on special assignments and leadership positions.
6. Focus on the good of the organization and the group, not a personal agenda.
7. Make a personal, meaningful financial contribution to the organization annually.
8. Use personal and professional contacts and expertise for the benefit of the organization.
9. Inform others about the organization and solicit their support.
10. Recruit others to serve on the board.
11. Participate in the fundraising activities of the organization.
12. Keep up to date about issues of importance to the organization.
13. Follow conflict of interest and confidentiality policies.
14. Refrain from making special requests of the staff.
15. Understand and ask questions about financial reports.
16. Focus on governance not management.
17. What you say you will do.
18. Agree to step down from Board position if unable to fulfill the expectations.



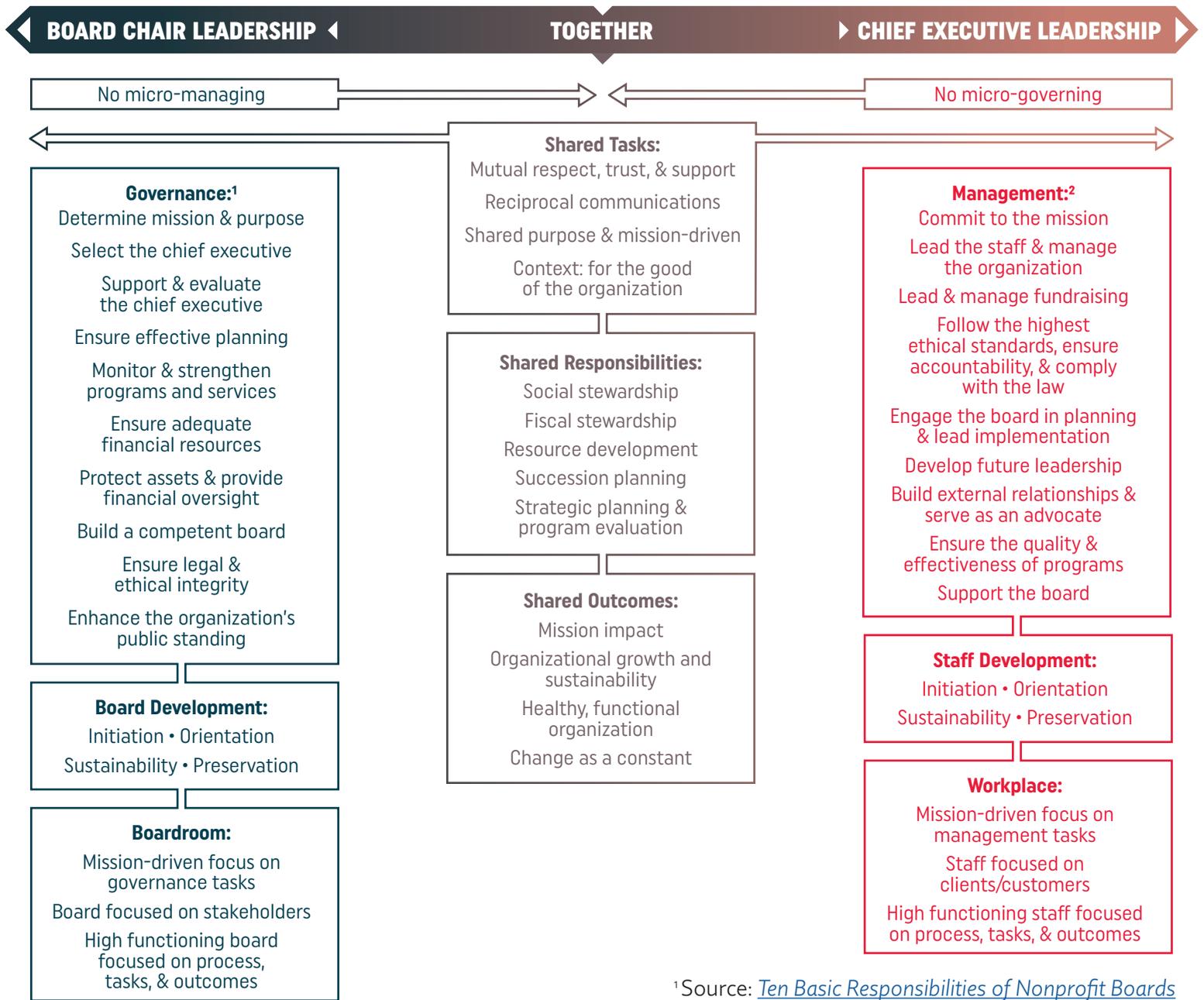
Effective governance takes time, flexibility, intention, and attention.

Consistent focus on:

1. **Mission:** A clear, concise, and compelling mission unifies and motivates the board and staff to achieve meaningful results.
2. **Leadership of the board and the organization:** Look at any high-performing organization and you will find it led by a board chair and chief executive committed to a constructive partnership built on a shared understanding of mission and vision; reciprocal communication; and mutual respect, trust, and support for each other and the partnership.
3. **Strategic Plan:** The strategic planning process charts a future course and then drives the actions that move the organization forward. It informs the board's structures, aligning committees and task forces with strategic objectives and shaping their work, timetables, and checkpoints. And it guides the leadership prospecting process.
4. **Streamlined structure:** When aligned with the strategic priorities of the organization, an efficient structure allows board and staff to apply their skills in concert to fulfill the mission.
5. **Composition of Board and Staff:** With the right people in the right positions, working on the right mission, success is within reach.
6. **Board meetings:** As the boardroom is the formal place where the board acts on its authority, a focused, well planned, and effectively executed meeting is the crux of decision making.

THE BOARD CHAIR & CHIEF EXECUTIVE PARTNERSHIP

The partnership of the board chair and chief executive provides a structure for accomplishing the tasks of the organization. Governance and management complement and support each other — together focused on mission through different perspectives and actions. The partnership itself is critical in providing a communications headquarter for sharing information, addressing issues, and planning next steps appropriate to the individual and collective responsibilities.



¹Source: [Ten Basic Responsibilities of Nonprofit Boards](#)

²Source: [The Nonprofit Chief Executive's Ten Basic Responsibilities](#)

ARE YOUR BOARD COMMITTEES WORKING WELL?

Perhaps it's time to revisit your board structure.

No board's committee structure should be set in stone. Every board should pay close attention to the needs of the board and the organization and make sure its work groups are meeting those needs. Frequently reevaluating your board's committee structure and keeping it flexible allows your board to address structural issues as they occur or even before they start.

In this resource, we suggest some questions you might ask the board to determine if your board structure is working, as well as some guidance on how to structure your board.

ARE YOUR BOARD COMMITTEES WORKING WELL?

1. Do your board members feel their participation in committees provides them with a way to contribute to the board's work and use their expertise that regular meetings do not?
2. Are committee assignments distributed evenly across the board so that every member has a chance to be involved in committee work?
3. Do your board committees foster, rather than hinder, board-staff interaction and cooperation and deepen the board's understanding of the issues that have an impact on the life of your organization?
4. Do all of your work groups have an objective? A life span?
5. Are any of your board members confused about your committees' roles?
6. Are any of your committees duplicating another committee's work or the staff's work?
7. Has a standing committee that had important work to do in the past now completed its objective and taken on work that may not have been sanctioned by the board to occupy its time?
8. Does your board have so many committees that your board members are being stretched thin and having to attend too many meetings?
9. Are there committees that are too large or too small to be effective?
10. Are there standing committees that could be turned into task forces with a specific objective to be accomplished within a specific time frame?
11. Are your board committees focused on policy and strategic work? Or are they involved in operations, which is usually the staff's responsibility?
12. If you have an executive committee, are all board members comfortable with the role it is playing? Does anyone feel the committee is acting in place of the board?



ZERO-BASED COMMITTEE STRUCTURE

To prevent their board committee structures from becoming cumbersome, some boards use a zero-based committee structure. This works well because it forces boards to constantly reevaluate their work groups. Here's how it works:

1. The board starts each year (or every two years) with a clean slate of **NO** committees.
2. At the beginning of the year, the board determines its **organizational strategy and priorities**. The board then establishes standing committees and task forces based on its current needs. These groups are formed with the understanding that the group will disband once its objective is met or when the board decides the group should disband at its next annual review of committees.

ARE YOUR BOARD COMMITTEES WORKING WELL?

KEEP IT SIMPLE; KEEP IT FLEXIBLE

The easiest way to keep the committee structure simple and flexible is to limit the number of standing committees to the bare minimum and to supplement these with a few less permanent work groups.

- **Make sure each committee has a significant amount of ongoing and important work to do.** If a committee does not have enough work to do, it should be disbanded.
- **For short-term or special projects, rely on task forces, but create them with care.** Make sure they relate to the organization's mission, strategy, and priorities; have a reporting structure; have no liability issues; and the work cannot easily be handled by one board member working with staff.
- **Keep the committee structure out of the bylaws,** except for the description of the executive committee, if you have one. Instead, include a phrase in the bylaws that says the board may establish and disband committees as needed to support its work.
- **Give each work group an objective.** The purpose of each work group should be explained in writing. Each charter should explain its role, what it is responsible for achieving, and to whom it is accountable. The full board should agree on the objective.
- **Lay some ground rules** and determine lines of communication on how committees will work with the board.

What information should board members have?³

As board members, we often have a vague feeling that we should know more about the organizations we're serving, but we don't really know what to ask for. For one thing, we don't want to be deluged with tons of material that we know we won't be able to digest. Staff are also often dissatisfied with what information they give to us. A common complaint: "The board says they want to know more, but when we send them information they don't even read it!"

Here's a suggestion for what written documents the board should have. Some of this same information should be presented and discussed at board meetings.

Compliance, financial & legal oversight

- **By-Laws:** The rules that govern the internal management of an organization including how directors are elected, how meetings of directors are conducted, and what officers the organization will have and their duties. By-laws should be reviewed and updated by the board periodically.
- **Form 990:** Reviewed by the board president before submission and distributed to full board annually. Federal Form 990 is required for nonprofits with revenue of \$25,000 or more per year. Nonprofits with revenue less than \$25,000 are required to file an e-postcard with the IRS every year and can lose their 501c3 status if they fail to do so. Board members should know that the form has been filed, and what it says to the public about the organization.
- **Audit,** if the organization has one: Copy of full audit to board president, treasurer, and Finance Committee. Board members are aware they can ask for full copy.
- **Monthly or quarterly financial statements,** showing year-to-date income and expenses compared to budget, to the Finance Committee and the full board. Organizations will choose their own appropriate set of financial reports.
- **Salaries, benefits and perks for the top staff** (such as the top five paid staff or the director-level staff), and a salary rate chart showing the range of salaries for each category of employee-annually.
- **Directors & Officers (D&O) Liability Insurance,** if the organization purchases it. Proof of purchase should be distributed to the full board annually. D&O protects the personal assets of board members and the chief executive provided no fraud or negligence has occurred.

³Adapted from Board Café, published by CompassPoint Nonprofit Services.

- In executive session, documents related to legal actions, lawsuits, or settlements

Strategic information

- Occasional articles about the “industry”-whether childcare, wetlands management or civil rights-articles that talk about trends in funding streams, changes in approach that are moving into the field, including articles that praise competitors/colleagues in the field.
- Articles (from journals or written internally) about the funding and political environment in which the organization works.
- Periodic reports on program work, statistics, and impact.
- Annual updates on clients/patrons/members: who used our services or facilities? To what degree did we reach our intended audiences?

Information that supports board cohesion and leadership

- Brief bios about board members, and updates on their professional accomplishments, personal news, and other volunteer activities.
- When reporting on an item, show specific ways that board members can help (if the item is a city council hearing, asking board members to attend and speak; if the item is a large donation, asking board members who know the donor to make a thank-you phone call).
- Appreciation for individual board members.
- Appreciation for the board as a whole in its governance work (such as evaluation of the executive director).

Every Board's MUST-HAVE DOCUMENTS

Even the most organized, responsible, and amiable board needs to document its activities, internal rules, and processes. Some of the documentation is legally required while some is simply helpful to have. Some documents should be available to the public while others must be kept confidential. Some serve as guidelines for decision making while others are part of the record keeping. For a board that takes its fiduciary role seriously, written rules simply are part of necessary risk management. Here are the various documents to which your board needs to pay attention.

DOCUMENTS THAT SERVE AS GUIDES FOR BOARD ACTION:

ARTICLES OF INCORPORATION

- Legal document that outlines the general purpose and structure of the organization and its intent to operate exclusively with a nonprofit purpose.
- Filed with the state when the nonprofit is incorporated; need to be refilled if any key issues change.
- Usually follow a form and contain a minimum of detail because they are cumbersome to change.
- Must not contradict state nonprofit incorporation statutes.

BYLAWS

- Significant written rules that establish the governance structure of a nonprofit
- Define the duties, authority/limits, and principal operating procedures for the board and board members
- Include the highest-level board policies
- Should not contain overly detailed procedures or restrictions as changes must be approved by the membership or full board
- Should be reviewed for fine-tuning every few years

POLICIES

- Some apply to the organization, such as whistleblower and gift acceptance policies
- The chief executive is responsible for personnel policies and office procedures but the board should ensure that they exist and are adequate.
- Some supplement the bylaws and guide board practices and oversight procedures, such as investment, internal controls, and executive compensation policies
- Some direct staff operations, such as personnel policies.
- Operating guidelines for board and staff

BOARD PROCESSES

- Explain how to implement a policy, e.g., a separate document that explains step-by-step how to remove a board member or resolve a conflict.
- Serve as standard operating procedures.

JOB DESCRIPTIONS & CHARTERS

- Expectations for individual board members, officers, committees, task forces, and the chief executive

AGENDAS

- Guide the board's official business meetings

Resource:
[The Nonprofit Policy
Sampler](#)

DOCUMENTS THAT RECORD BOARD DECISIONS & ACTIVITIES

- Meeting minutes
- IRS Form 990 — All nonprofits must indicate whether the board has approved certain policies and followed specific processes when making governance decisions. The laws do not require any policies but no board should be comfortable reporting that it does not have conflict-of-interest, whistleblower, or document-destruction policies.

BoardSource®

Protecting Yourself from Liability

When you agree to serve on a board of directors, you are accepting legal responsibility and liability. While you need to take this responsibility seriously, there is no need to panic. There are many ways to reduce your risk, mostly by asking good questions and paying attention regarding the following:

- Does the organization have **directors and officers insurance**? D&O is liability insurance payable to the directors and officers, or to the organization itself, to cover damages or defense costs in the event they suffer such losses as a result of a lawsuit for alleged wrongful acts while acting in their capacity as directors and officers for the organization.
- Are there sufficient **financial controls** in place? These might include:
 - An active Treasurer and Finance Committee that presents timely, current financial reports to the board at every meeting.
 - Financial policies outlining spending limits, check signing privileges, and more.
 - An annual operating budget approved by the board.
 - An annual audit conducted by an independent auditing firm. You should have the opportunity to review the audit when it is complete.
- Has the **990 been filed**? The 990 is the organization's annual tax filing document. You may view any nonprofit's 990 for this and past years online at www.guidestar.org.
- Do you receive your **board packet at least 7 days prior to the board meeting**? Your board packet includes information designed to help you make sound decisions as a board member. If you receive this information at the board meeting, you do not have enough time to review it to ensure a sound decision.
- Does the board have **term limits** for directors and officers? Consistent rotation in leadership is essential to prevent complacency and ensure fresh decision-making.
- What are the **lines of authority** and responsibility? Understand the organization's policies regarding contract signing, spending limits, and assumption of debt or liability. When can the executive director sign a contract and when does it need to be signed by the board? Policies differ significantly depending on the size of the organization, but you should know the policies and ensure they are followed.
- Is there a **Conflict of Interest policy in place**? This policy should be reviewed and signed by each board member every year.
- Is the board aware of the **salaries of the top four paid staff** in the organization? These salaries must be publicly disclosed by the organization in its 990, and each board member should be aware of them.

Board Members and Personal Contributions⁴

Many boards spend considerable time setting up fundraising plans and defining the board's role in securing adequate resources for the organization. Personal contribution is an essential part of that discussion. Each board should determine its own personal giving policy. For boards that raise funds, the target should be to reach 100 percent board member participation.

Why should board members give?

Board member giving is natural and necessary. Here are some rationales:

- Board members of most charitable organizations are expected to participate in fundraising. An appeal is particularly convincing if a board member uses him or herself as an exemplary donor.
- The board is responsible for providing a sound financial basis for the organization. By personally contributing, a board member recognizes this responsibility and demonstrates a commitment.
- Nearly 90 percent of American households contribute to charities. A board member should designate his or her own organization as one of the main recipients of his or her generosity.
- Many foundations only contribute to organizations where every board member is a contributor.

Giving policies

The board must draft a fundraising and personal giving policy. A strong leader during the decision-making process - a sensitive peer who is in a good position to make the case - can help find a consensus among board members. As the decision affects each board member individually, it is necessary to create a policy that can be enforced. To avoid any misunderstandings and false expectations, every board candidate should be familiar with these policies.

How much is enough?

It is probably not a good idea to ask each board member to make an equal contribution. Some board candidates might find the amount too high; therefore the policy would eliminate valuable prospects from joining the board. Others may have considered contributing more but a lower suggested amount could change their minds. The policy could set a range, suggest a minimum amount and/or encourage each member to give generously according to his or her means. One set of guidelines may not be appropriate for every board.

⁴Sources: *Speaking of Money: A Guide to Fund-Raising for Nonprofit Board Members*. Video. BoardSource, 1996. Available at <http://www.boardsource.org> or by calling 800-883-6262.

Worth, G. George. *Fearless FundRaising*. BoardSource, 2003. Available at <http://www.boardsource.org> or by calling 800-883-6262.

The Nonprofit Governance Index. BoardSource, 2000. Available at <http://www.boardsource.org> or by calling 800-883-6262.

Additional options

Some boards tie fundraising and personal giving closely together. Each board member, for instance, is asked to bring in \$5,000. It is up to the individual board member to raise the funds or make a personal contribution. This is sometimes referred to as a “Give and Get” policy. Many performing arts boards, besides setting a base contribution level, want board members to purchase season tickets and bring guests to performances. In other types of organizations, board members could be asked to buy memberships for others, subscribe to the organization’s journals, or purchase publications as gifts. Board members could pay their own registration fees for conferences. They could support special events financially by purchasing auction tickets or donating items to an auction or a sale.

How to make board members deliver

Some boards ask their members to pledge a certain amount for the year or have them sign a letter of intent. The board chair or the chair of the development committee keeps track of the contributions and contacts any member who seems to have forgotten the pledge. Vigilant board chairs share the track records of individual board members with the rest of the board, thus increasing the ‘public’ pressure. When 100 percent of the board members have fulfilled their promises, the entire board celebrates. As long as there is a policy in place, there must be a method of making it work.

Statistics

According to a recent BoardSource survey, 48 percent of nonprofit organizations have a policy requiring board members to make a personal contribution on an annual basis. Thirty-six percent of the respondents indicate that they have reached 100 percent participation. In the arts and cultural organizations it is more common to find required annual contributions (58 percent). Twenty-nine percent of those organizations having a policy report a minimum amount of \$684 on the average.

The Strategic Board Agenda⁵

Board meetings can be mind-numbingly boring. Worse, they can be frustrating. Not frustrating in a table-thumping, vein-popping fashion, but frustrating in that participants often feel a muted sense of wasted opportunity without being able to identify the cause. The root of the problem can be found in the excerpt below from a hypothetical nonprofit board meeting agenda:

TYPICAL BOARD AGENDA

- I. Executive Director's Report: Technology plan update
 - II. Finance Committee Report: Analysis of overall agency profitability; Analysis of new program profitability; Cash flow report; Proposed change in insurance agency
 - III. Nominating Committee Update: Report on new candidates
 - IV. Program Committee Report: Documentation of need for new program
- II. Increase profitability: Analysis of overall agency profitability (Finance); Proposed change in insurance agency (Finance)
 - III. Development of Information Systems: Discussion of new technology plan (Executive Director); Consideration of capital investment needs (Finance)

The repetitive nature of this agenda, consisting entirely of reports and updates, is obvious. For a board member seeking to use skills and knowledge to advance the cause, it is depressingly flat. The homogeneity of the agenda obscures any signals about what is important and what is not. There is no indication how this meeting relates to any other meeting or to the overall mission of the organization. No one has much fun with this type of agenda, and very little is likely to get accomplished. Now look at the revised agenda below

STRATEGIC AGENDA

- I. Expand Educational Program into East Side: Documentation of need (Program Committee), Analysis of program profitability (Finance), Potential board member from East Side (Nominating)

This kind of strategic agenda planning has two advantages. First, it draws board members away from the inherently backward-looking nature of reports and updates and involves them in future-oriented discussions and debate. The first agenda compartmentalizes material, while the second makes it easier to see the linkage between the items and the overall purpose

A second advantage is that it creates a sense of momentum and teamwork toward a common goal. The goals board members worked so hard to identify during their strategic planning retreat show up exactly as crafted on every board meeting agenda. Members know that they will be able to engage in the dialogue, and the back-and-forth nature of committee material makes it easier for them to engage in the discussion because there won't be long stretches of time when they are expected to be passive listeners.

⁵Adapted and reprinted with permission from Thomas A. McLaughlin, author of *Nonprofit Mergers and Alliances: A Strategic Planning Guide*.

Dashboarding for High Impact Organizational Performance⁶

Board meetings can be mind-numbingly boring. Worse, they can be frustrating. Not frustrating in a table-thumping, vein-popping fashion, but frustrating in that participants often feel a muted sense of wasted opportunity without being able to identify the cause. The root of the problem can be found in the excerpt below from a hypothetical nonprofit board meeting agenda:

What is a dashboard?

A dashboard is a snapshot of organizational performance. It is a digital or written report, usually one page, that shows key measurable outcomes for your organization. It is an easy, quick way to capture your organization's level of performance by focusing on the key indicators driving your organization.

What does a dashboard accomplish?

- Keeps your strategic plan alive.
- Aligns strategies and organizational goals.
- Increases shared understanding of desired outcomes.
- Measures and improves organizational performance.
- Helps the organization identify and correct negative trends.
- Reduces board micromanagement by focusing on the big picture.
- Streamlines reports and meetings.

How do you use a dashboard?

- Monthly or quarterly Board meetings;
- Leadership or Management Team meetings;
- Staff meetings.

How do you create shared understanding of desired outcomes?

- **In what context?** Usually done through a strategic planning process, or in a facilitated session with key organization leaders.
- **Create Key Performance Indicators:** Financial and non-financial metrics used to help your organization define and measure progress toward organizational goals. Key indicators needs to be
 - Specific
 - Measurable
 - Achievable
 - Result-oriented and Relevant
 - Time-bound
- **Set goals** for the metrics you have chosen. Without goals, you will have nothing to measure your progress against.

⁶Sources: *The Nonprofit Dashboard: A Tool for Tracking Progress*, Lawrence M. Butler, www.dashboardinsight.com and www.boardsource.org.

What are key measurable outcomes for your organization?

- Consumer satisfaction
- Media “hits”
- Donor contacts
- Profit/Loss
- Employee satisfaction
- Grants submitted/funded
- New/Renewed/Lost Members
- Board Member participation in fundraising
- The possibilities are endless, but you only need to choose a few key indicators. The indicators that really measure achievement of your mission and strategic plan.

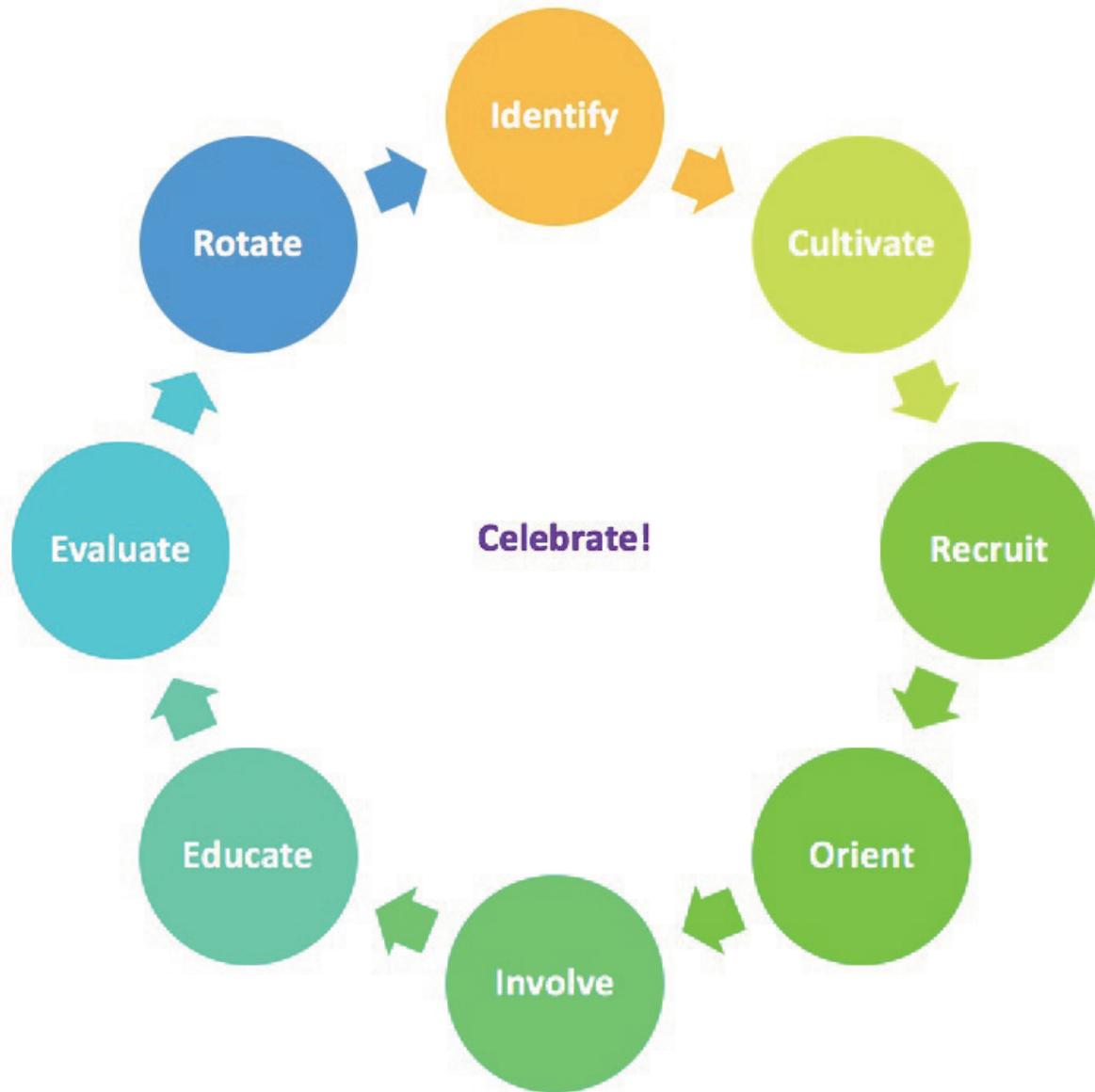
If you could only measure five things in your organization in order to know if you are succeeding, what would they be?

Important points to consider when setting up your dashboard:

- Ensure proper measurement tools are in place and assigned to key staff (i.e. financials, employee satisfaction survey, customer satisfaction survey, etc.).
- Create a streamlined process for getting data to the person who will produce the final dashboard report. Typically this data would come from several sources/ departments in the organization.
- Although visual charts are a great way to look at data, make sure you don’t create a report that takes too much time to do each month/quarter.

The dashboard does not take the place of traditional reports, which should be available to the board, but rather helps board members identify trends and problems, focus on the big picture, and avoid lengthy reporting sessions when possible.

The Board Building Cycle⁷



⁷Source: *The Board Building Cycle: Nine Steps to Finding, Recruiting and Engaging Nonprofit Board Members*, BoardSource.

Step One: Plan to do continuous board building on a year-round basis by establishing a standing “Board Development” Committee whose responsibility is the establishment, performance and perpetuation of the board itself.

Step Two: Identify the needs of the board: the skills, knowledge, perspectives, connections, etc., needed to implement the strategic plan. What do you have? What is missing? Identify sources of board members with the desired characteristics.

Step Three: Cultivate potential board members. Ask current board members, senior staff, and others to suggest potential candidates. Find ways to connect with those candidates, get them interested in your organization, and keep them informed of your progress.

Step Four: Recruit prospects. Describe why a prospective member is wanted and needed. Explain expectations and responsibilities of board members, and don’t minimize requirements. Invite questions, elicit their interest, and find out if they would be prepared to serve.

Step Five: Orient new board members both to the organization – explaining the history, programs, pressing issues, finances, facilities, bylaws, and organizational chart – and to the board- describing committees, board member responsibilities, and lists of board members and key staff members.

Step Six: Engage all board members. Discover their interests and availability. Involve them in committees or task forces. Assign them a board “buddy.” Solicit feedback. Hold everyone accountable. Express appreciation for work well done.

Step Seven: Educate the board. Provide information concerning your mission area. Promote exploration of issues facing the board. Hold retreats and encourage board development activities by sending board members to seminars and workshops. Don’t hide difficulties.

Step Eight: Rotate board members. Establish term limits. Do not automatically re-elect for an additional term; consider the board’s needs and the board’s performance. Explore advisability of resignation with members who are not active. Develop new leadership.

Step Nine: Evaluate the board as a whole, as well as individual board members. Examine how the board and chief executive work as a team. Engage the board in assessing it’s own performance. Identify ways in which to improve. Encourage individual self-assessment.

Step Ten: Celebrate! Recognize victories and progress, no matter how small. Appreciate individual contributions to the board, the organization, and the community. Make room for humor and a good laugh.

Basic Nonprofit Board Meeting Procedures

Robert's Rules are used by many nonprofit boards for discussion and decision-making. Full use of Robert's Rules as utilized by a legislative body would be cumbersome for most nonprofits; however, limited use of Robert's Rules may be helpful in maintaining order and moving decisions along quickly and efficiently.

*** Note of Caution:** Don't get carried away with parliamentary procedure. There are always one or two board members who think that the board must follow Robert's Rules perfectly and who want to argue about the subtleties and details. This is unnecessary! It is much more important that boards have good strategic dialogue, that everyone has input and say, their people get their concerns and questions addressed, and that the board makes good decisions. Boards have the discretion to use any meeting procedure they choose, and to alter those procedures according to what works for their organizational culture. The important thing is to be efficient, fair, and strategic.

The following is a pared-down usage of Robert's Rules that may be helpful:

Board Chair: The chair of the board typically facilitates the board meeting, but may grant this role to another facilitator (like the vice chair or a paid facilitator). The chair has the discretion to run the meeting as s/he sees fit, provided s/he follows the organization's by-laws.

By-Laws: The by-laws of the organization outline all of the rules of how the board operates and should be read by all board members prior to participating in a meeting. The chair should be particularly familiar with the by-laws and should probably bring a copy with her/him to the board meeting.

Quorum: A board meeting must have a quorum in order to vote on any matter, even convening the meeting. The definition of quorum is determined by the organization's by-laws (51% of board members present is standard, but some boards have different quorum rules). Some by-laws allow proxy voting, which means an absent board member may elect to give his/her voting powers to another board member who will be present and vote on his/her behalf.

Calling to Order and Adjourning: The chair calls the meeting to order at the set time, when a quorum is present. No motion is necessary to convene the meeting; however, the chair typically calls for a motion to adjourn at the closure of the meeting. A second is needed. The time is recorded in the minutes for both calling to order and adjourning.

Non-Members at a Board Meeting: Non-members or ex-officio members of the board may participate in discussion or present reports at the discretion of the chair, but may not make motions or vote.

Executive Session: The board may choose to go into executive session, meaning only voting members of the board may be present. Executive sessions should be rare. It is most likely to occur when the board is discussing a confidential matter like the evaluation or compensation of the executive director.

Making and Voting on a Motion:

Step 1: Motion is stated. Motions may be made by any voting member of the board other than the chair.

Step 2: Motion is seconded by any voting member of the board.

Step 3: Secretary ensures that the motion has been recorded properly in the minutes, along with the names of the board members making and seconding the motion.

Step 4: Board chair calls for discussion, questions and comments on the motion. During this time discussion should stay focused on the motion that is on the table.

* Board members may propose a “friendly amendment” to the motion on the floor, i.e. “I can approve the motion if we add a \$5,000 spending limit.” Chair may ask the member making the motion if this amendment is acceptable. If so, the Secretary alters the motion and reads it back to the group. If the board member making the motion does not agree to the friendly amendment, the Chair proceeds with the motion as-is.

Step 5: Board Chair calls for a vote on the motion. S/he may ask the secretary to read the motion at this point for clarification. Chair asks “All in favor” and board members voting affirmatively raise their hands and say “aye.” Chair asks “All opposed” and board members voting no raise their hands and say “nay.” Chair asks for any abstentions and all those abstaining raise their hands. Votes are recorded by the Secretary.

Step 6: Board Chair states the outcome: “Motion passes.” “Motion fails.”

Minutes: Meeting minutes should be brief and need not reflect every discussion that occurs. The only items that must be noted in the minutes are:

- The date and time.
- A list of who is present.
- A record of motions, seconds, and whether or not the motion carried.
- **A record of any abstentions or recusals due to conflict of interest**
- Reports submitted may be attached as part of the record.

Resources

Organizations

Alliance of Arizona Nonprofits,
www.arizonanonprofits.org

Association of Fundraising Professionals,
www.afpnet.org

ASU Lodestar Center for Philanthropy and
Nonprofit Innovation, www.lodestar.asu.edu

BoardSource, www.boardsource.org

Grassroots Institute for Fundraising Training (GIFT),
www.grassrootsfundraising.org

Pima County Public Library Grants and Nonprofit
Information Center, [http://www.library.pima.gov/
research/grants](http://www.library.pima.gov/research/grants)

Planned Giving Roundtable, www.cfsoaz.org

Southern Arizona Chapter, Association of
Fundraising Professionals, www.afpsoaz.org

Periodicals

Chronicle of Philanthropy, www.philanthropy.com

Grassroots Fundraising Journal,
www.grassrootsfundraising.org

Books

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Jenkins, D. (2003). *501(c) Blues: Staying Sane in the Nonprofit Game*. Pray, Montana: Fandango Press.

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