Georgetown University
Center for Public & Nonprofit Leadership

Governing the Nonprofit Organization

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Essays on Excellence

Lessons from the Georgetown Nonprofit Management Executive Certificate Program

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Introduction

Boards of Directors are groups of people, and they experience all of the struggles and have all of the needs that are typical of groups. They need structures and systems. They need skillful facilitation of meetings. They need clarity of decision-making procedures and rules. They also need an occasional therapy session.

The successful nonprofit organization is one that both understands, and manages, the needs of the board. The effectiveness of the board, and the partnership between the board and the chief executive officer, are essential to the organization's ability to successfully accomplish its mission.

When the board is not effective, the organization struggles and falters in accomplishing its mission. The CEO and staff spend inordinate amounts of time focused on "repairing" the board. Their energies are diverted from programs and services, thereby lessening the impact the organization could have on the needs it was established to address.

In the Georgetown University Nonprofit Certificate Program, we often encounter organizations that are wrestling with these challenges. Repeatedly, when we talk with board members about nonprofit governance, several key questions surface — questions that, if not adequately addressed, potentially can impede the board's — and the organization's — effectiveness.

What is the board supposed to do?

Board members need and want to know what is expected of them.

How is the board supposed to function?

Board members need to understand governance models and principles, as well as the difference between their governance role and their support role.

What is the board's relationship with the staff?

Board members need to see the relationship with the chief executive and staff as a partnership that is an essential factor in the success and effectiveness of the organization.

How does the board accomplish its work?

Board members need to know the basic rules for meetings, planning and organizational action.

What is the Role of the Board?

Most board members, in my experience, are honestly interested in supporting their organization. When they fail, it is not because they lack motivation or interest or commitment. It is because they do not know their roles and responsibilities or how they can effectively contribute to the organization, either as an individual or as part of a group.

Invariably, when a Board of Directors reaches out for help, common questions emerge: "What am I supposed to do?" "What are our responsibilities as a board?" "What is the best way for me to contribute?" "How can my skills and talents be best utilized?" "What decisions are we supposed to make and what decisions is the CEO supposed to make?"

Similarly, there are common complaints: "I have been on the board for a year and I still don't know what I should do…" "I came to the board thinking that I could really help by…. ..But I have not been asked to do anything, or what I have been asked to do is not what I want to do." "I don't know what the purpose of the board is, or how we add value."

The first task, then, is to clarify the role of the board and its members. Once the board members know what to do, they will find it easier to create the structures and systems to support their work.

The Board's LEGAL Obligation is to GOVERN
The Board's MORAL Obligation is to SUPPORT

GOVERNING ROLE

Boards of Directors are guided by nonprofit laws and statutes and are required to fulfill fiduciary responsibilities, as defined by the laws of the state in which the organization is incorporated. Such legal requirements customarily are detailed in the organization's by-laws. Notwithstanding the contents of the by-laws, all boards in the United States have the legal obligation to govern.

Understanding what it means to govern, and then implementing that understanding, is the board's foremost legal obligation.

An effective board governs by establishing or affirming the mission and the vision of the organization and determining the most strategic approaches to ensure that the mission is implemented successfully.

Boards are most effective when they focus on the big picture and on the big ideas. The CEO and staff often are so intent on program implementation and addressing operational issues that they need to be able to count on the board to "see the forest from the trees," to guide and inform strategic discussions and actions, and to consider the global implications of key decisions. Board members, therefore, are essential participants in strategic thinking and planning exercises and must be invited to bring their perspectives when the organization reviews or revises the mission and determines its strategic approaches.

An effective board governs by providing oversight of programs, finances and the chief executive. Boards are most effective when they determine the performance areas where success is critical and the desired outcomes for each area.

Boards determine the expected results for the organization's programs and the impact that programs should have on community needs. Boards determine performance indicators and benchmarks that define more specifically the desired impact, and that facilitate the board's monitoring and oversight tasks.

In overseeing finances, boards determine budget assumptions, give strategic guidance to the development of the budget, and approve the budget. Boards regularly review the organization's fiscal position. They select and maintain a relationship with the audit firm, and they develop investment and reserve policies. Boards also supervise and evaluate the performance of the chief executive, and they regularly assess their own performance.

Effective governance is a systematic and collective effort. When it governs, the board as a group is the only and final authority. The CEO and staff need to abide by the decisions made by the board. Individual board members, be they officers or holders of special titles or positions, do not have any authority as individuals. Only the board as a whole has the authority to govern.

An example:

The board of an organization that prepares high school students to go to college is developing a strategic plan. The organization has assisted several hundred students in entering college, but has not maintained contact with the students after they entered and, therefore, does not know if they have graduated. A major question the group chooses to address is whether the desired result of the organization's efforts is for the students to enter college or to successfully graduate from college. Answering that question is a governance responsibility because it determines a key aspect of the mission and potentially shapes the strategic approaches to the mission.

After much deliberation, the board decides that college graduation is the desired result. This decision is seminal in the development of the organization's programs, because it requires additional services, staff and resources not only to assist students in their high school studies, college entrance examinations, and college and scholarship application processes, but also to track them after they have entered college and to support them while in college.

Once the mission is revised and the expectations for the program outcomes clarified, the board determines measures of success for the programs. Given the organization's resources and track record, how many students should enter the college of their choice? How many of those should graduate? Once the board has determined such outcomes, the CEO presents regular reports on accomplishments. The board has fulfilled its legal obligation to establish mission and strategies and to provide program oversight.

SUPPORTING ROLE

Many board members understand that governing is only a limited way to add value to an organization. Board members typically want and need to assist the organization in the accomplishment of its mission. Boards encourage their members to provide this support in numerous ways.

Boards provide organizational support through fundraising.

Effective boards support the organization by helping to raise the funds that ensure organizational success. Not all boards assist in fundraising. National boards of professional societies that depend on member dues for support, for example, are often not engaged in fundraising. However, the majority of the 1.5 million boards in the United States consider fundraising to be one of their major support functions. In order to be effective in fundraising, boards develop or adopt fundraising plans and strategies, set expectations for individual board member giving, have realistic assignments for board members' participation in fundraising activities, and ensure that individual board members are trained to fulfill fundraising responsibilities.

Boards provide organizational support in many ways other than fundraising.

Effective boards provide needed advice to the staff in many areas, including accounting, legal, program development, human resources, risk management, public relations and advocacy. Effective boards encourage individual board members to be involved in program activities as volunteers. When board members see the programs, clients and activities of the organization from the ground up, they are more likely to understand the real value of the organization, its strengths and areas of needed development, and they tend to support it more generously, more effectively and for a longer time.

Effective boards are the ambassadors for the organization in the community and advocate publicly for the organization's cause.

When board members fulfill support functions, they often do so as individuals or in small groups (committees, task forces) and they act as volunteers, consultants or advisors for the organization and its staff. When board members fulfill the support function, they work at the direction and discretion of the CEO.

The challenge is that sometimes board members confuse their "support" role and their "governance" role.

They expect that their "support" ideas and recommendations will hold "governance" authority. They think that the staff ought to implement their suggestions, only because they are board members, without regard to the value or virtue of the suggestions. They forget that the board only has authority when it acts as a group in fulfilling governance functions. When individual board members fulfill the support function, they must be willing to trust the wisdom of the CEO and staff, even on matters that might be very close to the heart and expertise of the board member.

Boards have the final say on the WHY and the WHAT and they determine the DESIRED RESULT. The CEO and staff have the final say on the HOW, the WHO, the WHEN and the HOW MUCH.

An example:

A university professor of English as a second language was recruited to be on the board of an organization that teaches English as a second language to recent immigrants using volunteer instructors. The professor quickly was appointed as the chair of the program committee and became very involved in reviewing the curriculum, lesson plans, materials used in each classroom and the teachers' evaluation process. The professor's evaluation of the teaching quality revealed that the volunteer instructors' teaching abilities varied widely. Some teachers were very skilled and their students showed much progress, while others struggled greatly and their students were not learning as fast and as well. The board member told the CEO that an instructor's evaluation process needed to be developed and the board member would be happy to be the evaluator, spend time in each classroom and give the instructors (and the CEO) feedback about their proficiency in teaching.

The CEO disagreed. The instructors are all volunteers, the CEO said, and they should not be evaluated as though they were "real" teachers, it would discourage them from continuing their engagement with the organization. This stringent and academic process would make it even more

difficult to recruit and retain volunteer instructors, which were the backbone of the program. The board member countered that the quality of the program was what mattered, and the CEO was jeopardizing it. Moreover, the board member had been asked to join the board to add expertise to the program, and now that the expertise was provided at great cost of time and effort, the CEO would not accept the advice.

Tension, confusion and pain ensued, for both the CEO and the board member. Their communication became more and more difficult and eventually stopped. The board member brought the issue to the board chair, who understood the difference between the governance authority bestowed upon the board as a group and the support function fulfilled by individual board members. The board chair explained that no matter how valuable the professor's opinions and ideas, in this matter (the HOW of the program) the CEO had the final say, and the board member must "let go" and accept that program decisions will be made by the CEO.

If the program proved unsuccessful and the desired outcome was not reached, the board could take action in its evaluation of the CEO and use its governance authority to hold the CEO accountable to fulfill the established program outcomes. But as long as the goals were met and the results successfully accomplished, the board members did not have the authority to change specific programs' aspects.

Stories such as this can end well, or poorly. Many board members leave board service disappointed that their contributions were not appreciated, and many CEOs feel micro-managed and worry that their professional and managerial skills are not trusted. To prevent this negative ending, boards must facilitate the partnership between the board and CEO, and ensure smooth cooperation between them. The foundation of this relationship is the clear understanding by both board and staff of the difference in the board's governing and supporting roles and the parameters of authority for both of those functions.

How is the Board Supposed to Function?

Once boards understand their obligation to govern and how that obligation is manifested, they should select a governance model best suited for their history, culture and practices. Following are examples of governance models and their implications for organizing meetings and agendas and for structuring the relationship with the CEO. (See Table 1 on page 6.)

What is the Relationship Between the Board and Staff?

Once board members and the CEO understand each other's parameters for decision making, they are ready to begin working together, and the ideal model for this collaboration is a partnership. Neither the board nor the CEO are in full control all of the time. Power is shared according to the model of governance adopted by the board. To ensure that the partnership is effective, the following four elements must be present at all times:

1) Shared Expectations — board members, the CEO and key staff members must clarify roles and responsibilities for and with each other. They should share what they expect of each other and their understanding of the critical indicators of program and organizational success.

2) Cooperative Planning — board members, the CEO and key staff together should prepare and review regularly the strategic plan. The CEO and staff should prepare an operational plan yearly and the board should review and adopt the plan. Together, they should develop a contingency plan.

3) Collaborative Evaluation — board members and the CEO should evaluate programs and outcomes together. Board members regularly should assess their own performance and the performance of the CEO.

4) Effective Relationships / Open and Honest Communication, Trust and Respect — This is the foundational element for an effective partnership. If the board and the CEO do not trust each other or respect each other's role, they won't plan together, share expectations, or evaluate programs together. If they do not communicate openly and honestly, the partnership collapses.

Table 1
Board Types

	Policy Boards	Traditional Boards	Focused Boards
Philosophical Approach	• Formulate policies. • Determine final outcomes. • Determine executive limitations.	• Listen to CEO recommendations. • Approve and monitor, support successful implementations of tasks and programs.	• Discover issues that matter. • Solve problems with CEO and staff.
Parameter of influence	Long term	Short term	Long term and short term
Relationship to CEO	Separate Boards set limitations and monitor against policy criteria. CEO has authority on everything else.	Directed Board directs the CEO or CEO directs the board.	Partnership Board and CEO set policy and implement together. Responsibilieties are decided by the issues.
Committees	Established to do the work of the board, not to help the staff do theirs. Customary committees: financial and program oversight.	Established to oversee and assist the work of the staff. Customary committees: standing committees following administrative functions, ie., executive, finance, fundraising, program.	Established to focus on priorities. Customary committees: Ad-hoc focusing on priorities. Board structure mirrors strategic goals.
Meetings	• Infrequently scheduled.	• Regularly scheduled; driven by etablished routine.	• Irregularly scheduled; driven by goals and priorities.
Agendas	Determined by model: • Reports from CEO and staff; • Discussion about accomplishments of outcomes; • Discussion about future expected results.	Determined by: • Executive Committee • Committee reports • Old business • New business	Determined by board and CEO: • Different topics according to priorities; • Agenda supports participation and action by board members.
Evaluation	Focus is on results and outcomes.	Often missing from board activities. When done, focus is on services and customers.	Focus is on evaluating the accomplishment of established priorities and goals in cooperation with CEO.

In a solid partnership, where there is mutual respect and healthy communication, board members ask the CEO questions such as: *What are you worried about? What keeps you up at night? What do you think is needed in this situation? How could we best approach solving this problem? What are your dreams for the future? What are some of the obstacles we would need to overcome so that your dreams will come true? What do you need from us? As a group and as individuals?* And the CEO responds with comments such as: *I need your perspective, your advice, your objectivity. I need you to keep my feet to the fire, because I am so often caught up in the minutia of managing the day to day affairs, that I may forget our key goals. I am interested in knowing what you think are our priorities.*

In a weak partnership, Board members make comments such as: *What have you done since the last time we set goals? Why is there a gap between what we said we would do and what was actually accomplished? Why are our competitors better funded than we are? Why are you focusing on this particular project? Where is the report we asked about?* And CEO responses may be: *We really need additional funds and I can't raise all the money alone.*

You did not do what you said you were going to do. I have been really busy. I do the best I can with the limited resources we have. I am not sure I know what you need from me. We don't have the resources we need to support the work of the board. I know you mean well, but….

These latter conversations indicate that board members are not getting the information they feel they need to provide oversight and guidance, and the CEO does not feel understood or supported. The expectations for program success are disparate, as well as the board's level and quality of involvement.

How Does the Board Accomplish It's Work?

Once board members understand their role, they need to focus on structuring their work. They need to organize their meetings effectively, develop the leadership skills of all board members (not just the officers or the members of the Executive Committee) and address the inevitable challenges of managing a group of individuals. Personalities, expectations, culture, practice, habits, past history… many factors contribute to the success or difficulties of board life.

Let's examine some best practices in how boards work and add value to their organizations.

Meetings and Communications

Effective boards are organized and their leaders conduct meetings that are purposeful, productive, necessary, well-managed and capably led. Board members receive appropriate information before the meetings and come to the meetings prepared to take action.

Meeting frequency: There is no prescribed or ideal number of board meetings. Boards must meet frequently enough to fulfill all of their legal and moral obligations, but not so often that meetings are no longer effective. For community-based organizations, the trend seems to be five or six meetings a year (every other month) with committee meetings in the off months. For national or international organizations, the trend is one or two meetings a year in person, with other meetings conducted via conference call or other electronic means.

Decision making: The most important outcome of board meetings is the decisions made by board members. Boards should agree on a decision-making process that is conducive to effective closure on issues and that fits the culture of the organization. There are three formally approved decision making processes:

- Robert's Rules of Order;
- The American Bar Association Modern Rules of Order;
- Roberta's Rules of Order.

Boards should study these methodologies, discuss the implications of each, and decide which is best suited to the organization. The decision is then documented in the board manual. (See Chart 1 on pages 8 and 9.)

Electronic communication: Whether through email, web sites, chat rooms or listservs, electronic communication has become essential in facilitating board communication and decision making. Effective boards are competent in using the necessary electronic tools to facilitate communication with each other, the CEO and the staff.

Quality communication: Poor communication among board members and between board members, the CEO and the staff is one of the major causes of organizational ineffectiveness. Regardless of the method of communication, board members should communicate with each other, the CEO and the staff openly, honestly and in a timely manner. Board members should avoid at all cost the creation of "cliques," develop processes for sharing concerns and expectations, and be transparent with each other and the community at large.

Collective Welfare

Effective boards create a sense of inclusiveness among members and recognize group achievements regularly. Holding a yearly retreat is common practice and facilitates board members' dealings with one another, giving them the opportunity to know each other better in a more relaxed atmosphere. Spouses and partners may be invited to share a meal with the board before or after the retreat, furthering the group's integration. The more board members know each other, the more they are likely to trust each other, the better their decisions will be and the more the organization will gain from their involvement.

Effective boards consistently focus on renewing themselves — developing and cultivating leadership and ensuring smooth succession. The same board members, going to the same meetings year after year, serving on the same committees, approaching issues in the same manner, end up making the same decisions, which tends to stymie organizational growth. They also tend to burn out after a few years.

The current trend is to have board members serve two three-year terms, allowing each member to serve a total of six years before leaving the board. During those six years, the board member needs to be given the opportunity to grow in leadership positions within the board, from committee member to committee chair, to officer, to board chair, as suits his or her interest and availability.

Chart 1
Procedures for Conducting Board Meetings

Adapted from Robert's Rules of Order **1**

Organizations using parliamentary procedures (Robert's Rules of Order) follow a fixed agenda. Here is a typical example:

- Call to order
- Roll call
- Minutes
- Officers' reports
- Committee reports
- Special orders
- Unfinished business
- Announcements
- Adjournment

Board members participate by stating the decision they would like to make prior to discussing its merit. Their proposed decision comes in the form of a motion.

A motion is a proposal that the board take action on some issues.

Members can:

Present motions	make a proposal:	*I move. . .*
Second motions	express support for discussion of a motion:	*I second*
Debate motions	give opinions on the motion:	*I think*
Vote on motions	make a decision:	*Aye - Nay*

Then members vote:

By voice, by show of hands, by roll call, by ballot, by general consent.

Adapted from Modern Rules of Order by the American Bar Association **2**

All too frequently, the adoption of "traditional parliamentary rules" leads to confusion, disagreement, and disruption. This is not surprising because traditional rules (most commonly known as Robert's Rules) were developed to manage formally structured debates. According to General Henry M. Robert, "Parliamentary Law refers originally to the customs and rules for conducting business in the English Parliament."

Significant authority is given to the Chair of the Board (when the Modern Rules of Order are adopted), who needs to conduct the meeting with fairness and good faith toward all board members who are entitled to participate.

Determine the principles and procedures the board will use to deliberate.

- Ensure that all pertinent points of view are considered.
- Expect that the Chair is capable of molding different approaches and opinions into a general consensus.
- Maintain the dignity of the meeting, by giving the right to speak to one board member at a time (subject to reasonable time limitations) and by not tolerating inappropriate language.
- Present issues for discussion in a manner that is understood by all.
- Discuss issues after adequate information and education has been provided for each board member on such issues.
- Document clearly and in writing the decisions of the board.

If board members agree on a course of action by a clear consensus, the Chair may state that the issue is resolved by consensus, or by the "sense of the meeting." The Chair's statement is recorded in the minutes as the decision of the meeting.

If the board members do not agree on a course of action by a clear consensus, the rules of motion and voting procedures will be used, according to a "simplified" Robert's Rules of Order process.

Chart 1 continued
Procedures for Conducting Board Meetings

Adapted from Roberta's Rules by Alice Cochran* **3**

All variations of parliamentary procedure had — and still have — the following assumptions:

- Tight control is necessary to get results.
- Decisions must be always be made by voting.
- Motions (solutions) are made before problems are clearly understood.
- The Chair has ultimate decision-making power.
- Voting has to be a win/lose proposition.
- The agenda is fixed: old business, new business, etc.
- The language of roles is from the military: sergeant-at-arms, presiding officer.
- You need to be an expert at "the rules" to run a good meeting.

Roberta's Rules supports the following principles:

- People tend to support what they help create.
- Starting with a solution is a backward approach to decision making.
- Win/win solutions are possible.
- Reaching consensus isn't always possible, but working toward it is worthwhile in most situations.
- Creativity is more often a result of chaos than control.
- Everyone in the group has something to offer to the outcome, and should express it.
- The collective wisdom of the group is tapped through structured discussion and/or dialogue.

Proposals

Instead of writing a motion, have the subgroup working on an issue create a proposal. A proposal emphasizes full disclosure and getting an agreement on the problem before attempting to agree on a solution.

Simple Proposals

The five steps to presenting a Simple Proposal are:

- State the suggestion verbally.
- Clarify the need (problem), check for objections then check for agreement.
- Invite anyone to speak for or against the proposed solution.
- Make any modifications and check for understanding.
- Check for any objections; check for general agreement.

Note: "general" agreement doesn't mean 100% or unanimous agreement and is defined by the group in advance.

A Structured Proposal:

When situations increase in Complexity or Controversy (or those which may be confusing) then a Structured Proposal should be prepared in advance of any discussion by the group. This should be done by more than one person (to strengthen the proposal) or written by a person on behalf of a team, task force or sub-committee with their support.

- should be done for any issue that is complex or controversial;
- includes information about the current situation (the problem) and the propose future situation (the solution);
- is presented by more than one person -- the more the better;
- is written and circulated in advance;
- gives everyone a chance to ask questions for clarification, advocate for or against (within a specified time limit) and suggest modifications;
- is approved or disapproved by the group's pre-determined decision-making method.

When the terms of board members are first established, it is wise to assign terms of different length to board members. By staggering the terms, the organization avoids the departure of all board members at the same time. For example, if a board has 12 members, four will be assigned a one-year term, four a two-year term and four a three-year term. When the first class of board members completes the one-year term, their term is renewed for three-more years, so they, in effect, can serve four years. The second class serves five years, and the third class serves six years. After this rotation is in place, all new board members are given three-year terms.

Orientation and Education

Effective boards ensure that their members have the knowledge necessary to understand and interpret the organization's context, culture, strategy, markets, technology, and performance. The annual retreat can provide orientation for new board members and exchange of information among existing board members and between board members, the CEO and the staff. But boards should use a portion of every meeting to learn more about the organization, each other and the community. There is nothing more dangerous than empowering a board to make substantial decisions

and not providing members the information necessary to make such decisions in a responsible, knowledgeable and strategic way.

STRUCTURES AND COMMITTEES

Like any other working group, the board needs structures to operate efficiently. Most boards have committees or task forces that work to fulfill both governance and support functions. Governance structures are less flexible and more permanent than support structures. For example, the board probably always will have a Finance Committee but may not always have a Public Relations Committee. The key is to shape the board structures to fit the needs of the organization and maintain flexibility as needs, opportunities and challenges change.

Standing committees usually are established to fulfill governance functions. Examples include the Finance Committee, Strategic Planning Committee, Program Oversight Committee, and the Committee on the Board (sometimes called the Board Development Committee, or the Governance Committee). Sometimes the standing committees are mandated in the by-laws.

Ad-hoc task forces are committees that are organized to fulfill short-term tasks, or to support the organization in non-governance arenas, such as fundraising, public relations and marketing, advocacy, volunteer management, special events, program development or other areas where the CEO needs board involvement and assistance. Given that these task forces are not "standing," they can be structured according to the needs of the board and the organization and could have very short or very long lives.

What about the Executive Committee?

For a small board (25 members or fewer) an Executive Committee is not needed. With the ease and speed of communication, it no longer is necessary for effective governance to create and maintain a small group of board members who discuss issues and make decisions apart from meetings of the full board. When important matters must be handled between board meetings, an email can reach five or 19 board members and a decision-making process can be developed with ease.

When Executive Committees discuss matters prior to board meetings, prepare agendas and make recommendations, the board members who are not on the Executive Committee often feel "out of the loop" about organizational and board matters and they tend to become disengaged and unmotivated.

For a larger board (25 to 300 members), an Executive Committee often is in place. In many such cases, the Executive Committee acts as the board, and the board members who are not on the Executive Committee see themselves, and are seen by the Executive Committee, as advisory rather than governing members. However, the legal and fiduciary responsibility for the organization rests with the board as a whole. All of the board members (whether they are Executive Committee members or not) are responsible and can be held legally liable for the actions of the board. Frequently, the non-Executive Committee members are very uncomfortable being held responsible and liable for decisions they did not make. This dynamic often compels boards to downsize and create advisory councils and other non-governing bodies ("Friends of…" "Honorary Members," "President's Council"), that allow committed individuals to contribute to the organization without having the personal legal responsibility that accompanies board service. The downsizing creates smaller boards that do not need an Executive Committee.

ACCOUNTABILITY

How does the board ensure that board members will do what they say they are going to do?

Critics may say: *"He said he was going to raise some money, and he never did…" "She said that she would open some doors with influential people in the community, but that never happened…" "They talked about researching trends in preparation for strategic planning, but the staff did all of the work…"*

But board members may say: *"After all, this is a volunteer job…" "Board time is 'B' time. 'A' time is work and family. So, if I don't do my board work, I have some very good reasons…" "I had no idea that serving on this board involved this much time and required this much money."*

Effective boards hold their members accountable without offending or irritating them by:

- Clarifying expectations prior to inviting someone to board service;
- Appointing committee or task force leaders who are skilled at holding their members accountable;
- Providing time during meetings for board members to report on the results of their assigned work;
- Contacting board members who have been lax in their assignments, checking on status of the work and offering support and assistance.

DOCUMENTS

Structures are supported and informed by written documents such as by-laws, a board manual, accurate minutes, accurate and up-to-date written policies and board action plans.

Increasingly, organizations are moving away from detailed and specific by-laws, to by-laws that cover the minimum legal requirements, such as the minimum number of board members needed (three), the minimum number of meetings required (one a year), the board's obligation to organize itself to fulfill its responsibilities (no mention of specific committees), method of corporation dissolution, method of amending the by-laws, and so forth.

Information previously included in the by-laws now appears in the board manual, allowing much more flexibility in documenting how the board organizes itself, the size of the board and the structure of work. A comprehensive board manual, reviewed and used regularly by board members, ensures that board members are aware of board structures, policies and plans, and are in a position to modify them as the needs of the organization change. (See Chart 2 on page 12.)

Minutes are the official and legal documentation of the decisions made by the board during its meetings. They should reflect the decisions and give a brief context for the discussion preceding the decisions. Names of the individual board members who supported one position versus another should not be quoted, and even when a board uses Robert's Rules of Order and someone offers a motion and someone else seconds it, their names should not be included in the minutes. Board meetings should not be recorded electronically, nor should the minutes provide verbatim transcription of the proceedings.

The Secretary of the Board should approve the minutes, by verifying that they contain a true and accurate documentation of the decisions made by the board during its meetings. Another individual, either a staff person or a board member, should actually take the minutes and present them for approval to the Secretary.

It is helpful to take minutes of committee meetings as well.

How Does the Board Add Value?

Boards whose members duplicate, compete with or simply review the work of the staff are not effective, fulfill neither their legal nor moral obligations, and do not add value to the organization.

To add value, boards should:

- Discover and determine the issues the organization must handle;
- Provide leadership in thinking and actions;
- Create a forum in which the CEO can explore ideas in a safe and secure environment;
- Determine priorities;
- Encourage experimentation and push against resistance to change; and
- Monitor progress and assess results.

Increasingly, board members are expected to demonstrate and account for the value of their service and actions. The public, the media, and those who receive services from nonprofit organizations no longer hesitate to be public with their expectations of board performance. These increasing demands occur as board members find they have less time in which to volunteer service. Organizations must continually find creative ways to use board members' time efficiently. Electronic communications, video and teleconferencing and use of other technologies can help in this regard, as long as board members are adequately prepared to use these tools.

Chart 2
Board of Directors Table of Contents

Welcome
Letter from the President of the Board and the CEO welcoming the individual board member to service.

Purpose of the Manual
Explains the function of the manual and makes suggestions on how it should be used.

Charter
Explains the mandate for the organization and the board. This document should include a statement of any controlling legal provisions, commitments to outside groups, or any other factors that may define or limit the board's authority.

The Mission and Values Statement
Mission statement for the organization. A statement of philosophy and values regarding services provided by the organization.

The Articles of Incorporation

The By-Laws

Directors and Officers Insurance Policy
The actual policy should be included in this section.

The Role of the Board

The Board Member's Individual Responsibilities

The Role of the Officers

The Role and Function of the Executive Committee

The Role and Function of Committees
Includes committee members' duties and responsibilities.

Committee Assignments
A directory listing the Committee Chair, members and staff support. Included in this section is a form letter from the Board Chairman, asking new board members to express their preference for committee assignment. A form is enclosed for the board member to complete and return.

The Board Directory
Includes name, title, home and business address, home and business phone, (some lists include name of spouse and office assistant), term of office for each board member and each officer, and board responsibility (committee chair, officer, other special assignments).

Staff and the Organizational Management Structure
Includes a directory of staff names and titles, a description of their responsibilities, and indication if staff is assigned to support the work of specific committees. An organizational chart is included in this section, as well as other management information as prepared by the CEO.

Board Member Biographies

Annual Plan of Work and Schedule
Includes a statement of goals and objectives for the organization and the board, an annual calendar of activities, including dates and locations for each board and committee meeting, and other dates for special events related to the organization and the board.

Minutes
Minutes of the board and of committee meetings.

Policies
Board policies.

Financial Information
Includes audited financial statements for the past three years, the previous year's budgeted and actual statements of revenue and expenses, and current fiscal year budget. This section also delineates board member responsibilities pertaining the financial status of the organization.

Information Packet
Contains organizational brochure and other materials describing the programs offered by organization, the annual report, fact sheet, news releases and/or relevant articles, publicity materials, bibliographies, list of videos, documentation about the programs deemed useful in the board member's orientation. This packet should include a history of the organization, and any special studies or background information.

Strategic Planning
Includes any data or document relevant to the board's planning effort. If a Strategic Plan is available, it would be included in its entirety along with information for the board on its review process.

Fund Raising Plan
Includes the organization's fund raising plan, including discussion of the role of the board and the expected involvement of individual board members in ensuring the success of the plan.

Program Evaluation and Goals and Objectives
Includes goals and objectives for the following year, and evaluation of the accomplishment of goals and objectives for the past year.

Major Board Actions
Summarizes major board actions and decisions from past year(s). All documents should be dated. It is recommended that a select committee of the board, guided by the Board Chairman, be invited to comment on the form and content of the manual and be involved in reviewing it at least once yearly, or when major changes occur in the composition or structure of the board and in the operations of the organization.

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Boards also can add value by bringing diverse perspectives to the organization. In the future, the generational, cultural, racial and ethnic diversity of boards will increase. This will require fluidity, flexibility and responsiveness, but will add creativity in thinking and structures. As the world gets smaller and communication easier, boards will use the diverse perspectives of their members to make better decisions, to reflect more fully their constituencies and to meet their needs even more effectively.

In the future, several trends will impact the way boards function and operate.

As boards grow smaller, new groups will be created to help organizations accomplish their mission. Many tasks and functions that support organizations do not require the direct work of the board. Support groups may help with fundraising and resource development, program development, marketing and public relations, advocacy, and other tasks, freeing the board to focus its energies on matters of governance and strategy. These groups will need support and management, creating work for the CEO and the staff. Organizations will need to weigh the advantages and disadvantages before adopting this approach.

Meetings will become less frequent and less "in person," as boards grow in understanding the difference between governance and support. Board members will require less "face time" with each other, communicate electronically more often and, thereby, decrease the number of meetings. The cost and difficulty of air travel, rising fuel costs and congestion in large cities all play a role in decreasing the number of face-to-face meetings boards are willing to schedule.

In such an environment, maximizing the value of board members' time together, whether in person or "virtually," becomes an job of increasing importance for the nonprofit organization.

About the Author

Michela M. Perrone, Ph.D., is President of MMP Associates, a consulting firm established in 1993 to support the successful development and increased effectiveness of organizations, boards and CEOs in the United States and Europe. She is a Senior Associate for Board Source (formerly the National Center for Nonprofit Boards), a consultant and trainer for the Washington Council of Agencies, the Maryland Association of Nonprofits, and Innovation Network. Previously, Perrone served for 15 years as president and chief executive officer of the Kennedy Institute in Washington D.C. She has consulted with hundreds of organizations in the U.S. and abroad in governance, board development, and strategic planning.

Michela M. Perrone, Ph.D.

To Learn More

JOURNALS

Board Source (formerly the National Center for Nonprofit Boards) publishes *Board Member,* bi-monthly for its members (membership $139 a year).

Board Café, monthly on-line newsletter issued by Compass Point, in San Francisco. Subscribe at www.compasspoint.org/boardcafe/index.php.

Independent Sector, *The Nonprofit Almanac in Brief,* facts and figures on the nonprofit sector. Free at: www.independentsector.org/pdfs/inbrief.pdf.

BOOKS

Andringa, Robert, *Nonprofit Board Answer Book,* BoardSource, 1997.
Discusses all aspects of board life in an easy to find question/answer format.

Carver, John, *Boards that Make A Difference,* Jossey Bass, 1997.
Describes the policy governance model for boards, a good governance model for large, national or international boards.

Chait, Richard; Holland, Tom; Taylor, Barbara, *Improving the Performance of Governing Boards,* Oryx Press, 1996. Discusses the competencies of effective boards. Includes a self-assessment guide.

Chait, Richard; Ryan William; Taylor, Barbara, *Governance as Leadership,* BoardSource, 2005. Develops the concept of the board exercising fiduciary, strategic and generative responsibilities equally. Good commentaries on all three modes of governance.

Compass Point, *The Best of Board Café.* Practical, short articles from the Board Café Good information, common sense, practical and appropriate for boards and executive directors.

Dayton, Kenneth, *Governance is Governance,* Independent Sector, (301) 490-3229.
Booklet capturing the groundbreaking speech by this former head of Dayton-Hudson clearly defining what is management and what is governance.

Houle, Cyril, *Governing Boards: Their Nature and Nurture,* Jossey Bass, 1989.
A classic text on boards. Discusses the human potential, the structure, relationship with the executive director and staff, board operations and external relations.

Masaoka, Jan, *All Hands on Board: the Board in All-Volunteer Organizations,*
Booklet available from www.compasspoint.org/bookstore.

Robinson Maureen, *Nonprofit Boards That Work,* Wiley and Sons, 2001. Comprehensive discussion on the role of the board, its desired structure and the substance of its work

Tyler Scott, Katherine, *Creating Caring and Capable Boards,* Jossey Bass, 2000.
Focuses on trustees' leadership and the education and preparation needed to help boards exercise effective governance.

RESOURCES

Cochran, Alice, *Roberta's Rules of Order,* Jossey Bass, 2004.

Robert, Henry, *Robert's Rules of Order,* Morrow Quill, 1979.

Tortorice, Donald, *The Modern Rules of Order,* American Bar Association, 2005.