

Nonprofit Board Essentials: Roles & Responsibilities Of Effective Nonprofit Boards



Session Objectives

Gain a clearer understanding of roles and responsibilities of nonprofit boards and individual board members, including

- The different “Hats” board members wear
- Best practices for board governance



**“Working” Boards,
“Governing” Boards,
“Fundraising” Boards,
Oh My!!!**



Private vs Nonprofit Boards

Private Boards:

Board members represent the shareholders

Profit is the bottom line

Paid board members

Chair and CEO the same person

Nonprofit Boards:

Board members represent the public

Mission is the bottom line

Volunteer board members

Board Chair and ED/CEO separate

Fundraising responsibilities



Chairperson

Vice Chair

Secretary

Treasurer

Executive Director/CEO

Committee Chairs

Board Leadership Positions

Typical Board Committees

- Executive Committee
- Financial Committee
- Audit Committee
- Fundraising Committee
- Governance Committee



Committee Charters

- Every committee needs one
- Record the purpose of the committee in a charter: What is it responsible for achieving? What are its deliverables?
- Identify to whom the committee is accountable.
- Agree on meeting logistics and responsibilities



Term Limits: Pros

- Bring new ideas and new perspectives
- Avoid stagnation, tiredness, boredom, and loss of commitment
- Avoid the perpetual concentration of power
- Provide opportunities to change and improve group dynamics
- Provide a respectful and efficient mechanism for the exit of passive, ineffective, or troublesome board members
- Enlarge your circle of committed supporters as members rotate off the board
- Enable the board to easily adjust its membership to reflect the organization's changing needs



Term Limits: Cons

- Potential loss of expertise or insight
- Potential loss of organizational memory
- Need to dedicate more time to the identification, recruitment, and orientation of new board members
- Need to dedicate additional time to building the cohesiveness of the board as members rotate on and off the board

The downside of term limits can be mitigated by good governance practices.



Roles and Responsibilities of...

The Board

- Setting Organizational Direction
- Ensuring Necessary Resources
- Providing Oversight

Individual Board Members

- Duty of care
- Duty of loyalty
- Duty of obedience
- Ambassadors for the Organization
- Volunteers for the Organization



Three Hats Board Members Wear



Legal Hat



Ambassador Hat



Volunteer Hat



Legal Hat



Duty of Care: Use your best judgment, actively participate

Duty of Loyalty: Avoid conflicts of interest, put aside personal interests for the good of the organization

Duty of Obedience: Stay true to the Mission, obey the law, act ethically



Responsibilities of Individual Board Members



- Actively Participate
- Be Informed
- Promote the Organization
- Safeguard Ethics and Values



The Board vs Board Members

Governance	Support
Board acts as one body	Board members act as individuals
Staff acts under direction of Board	Board acts under direction of staff
Legal oversight	Acting as ambassadors
Policies	Volunteering
Financial oversight	Fundraising
Efficiency and impact	Giving advice



Board Role 1: Set Organizational Direction

- Developing the organization's vision
- Developing and maintaining a focus on mission
- Philosophical and strategic (long-term) planning
- Not necessarily tactical (annual, operational) planning



What outcome do we want?

- Enhancing operations and prioritizing initiatives
- Creating or launching a major new initiative
- Planning and implementing structural changes to the organization
- Addressing new, major demands on the organization
- Creating new organizational values and desired behavioral changes



Strategic Planning Questions

Mission: How well are we achieving our mission? What impact so we want to have? How could we have a greater impact?

Financial: Are our operations financially viable? How can we ensure the long-term financial stability of our organization?

Administrative: Do we have the capacity to support our programs and services? What would it take to increase our organizational capabilities?

People: Do we attract, develop and retain have the right staff and board members to support our programs and services? Are we effectively managing our volunteers?



Board Role 2: Provide Oversight

- Program
- Financial
- Risk management
- Legal and moral oversight
- Evaluation of Chief Executive
- Evaluation of the Board



Board Policies

Basic policies:

- Conflict of Interest
- Whistle Blower
- Record Retention



Board Role 3: Ensure Resources

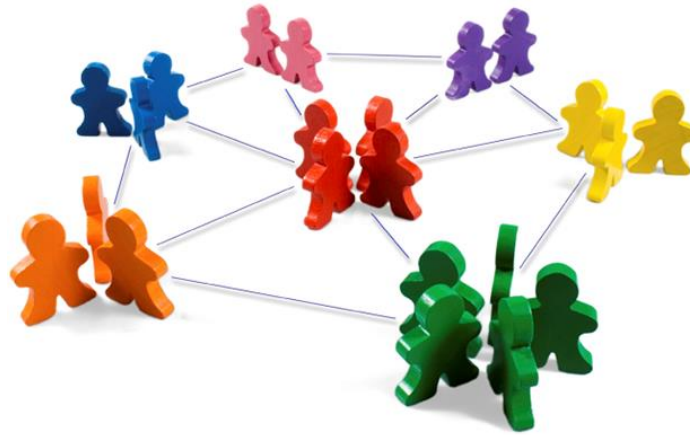


- Identify resources needed
- Establish policies for how these resources will be acquired
- Determine how board members will participate in resource development

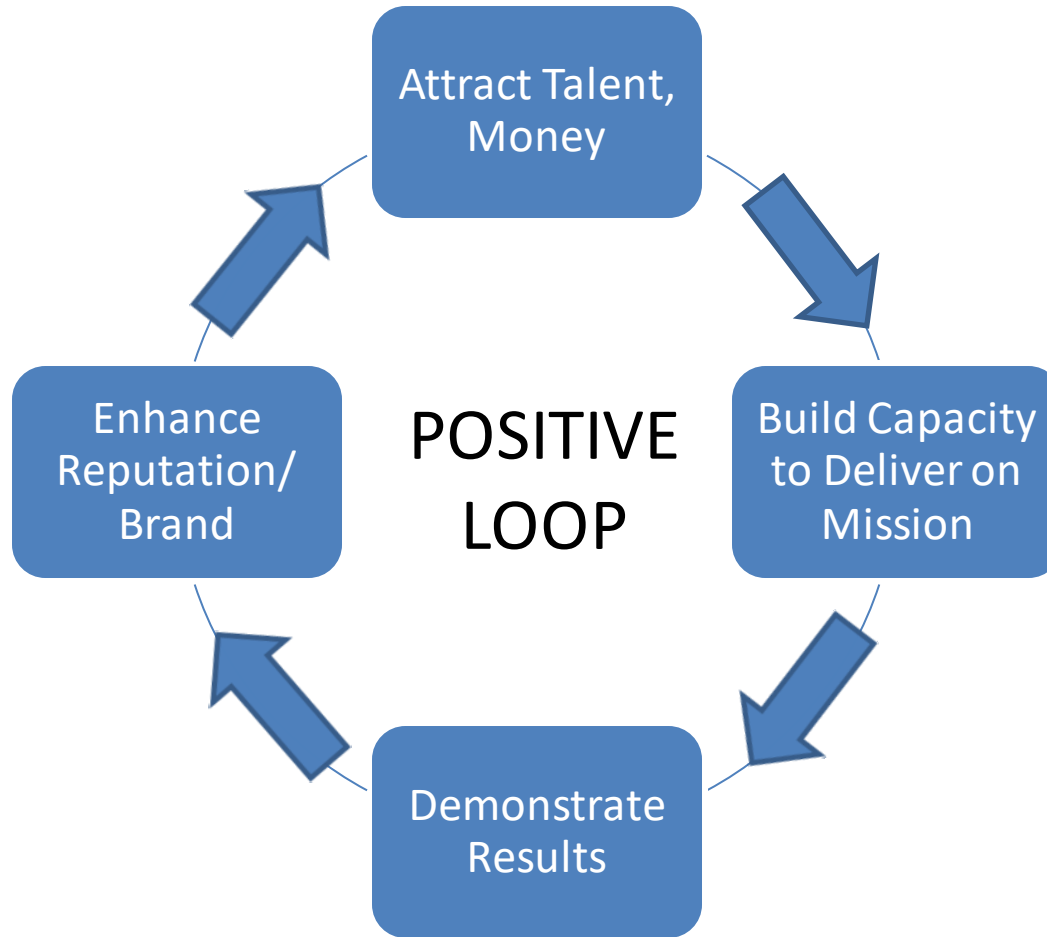


Board Role 3: Ensure Resources with a Positive Public Image

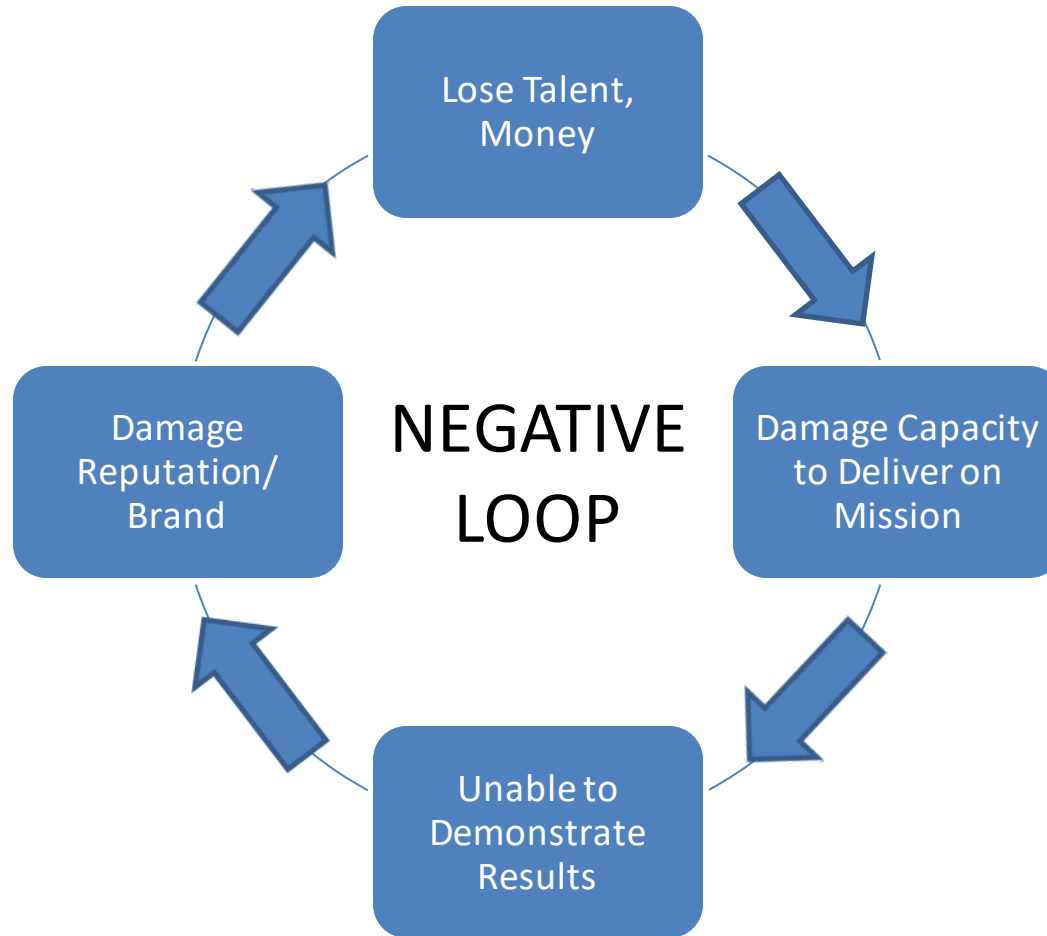
- Accurate image and positive reputation will influence organizational resources
- Success depends on external relationships
- Board needs to ascertain that stakeholders are kept informed



Momentum-Building Cycle



Momentum-Building Cycle



Board Role 3: Ensure Adequate Financial Resources



The full board participates in various ways:

- ✓ Help develop a fundraising plan
- ✓ Monitor progress and outcomes
- ✓ Create fundraising and donor recognition policies
- ✓ Ensure fundraising methods adhere to ethical standards
- ✓ Support the organization's solicitation efforts

It is always the board's responsibility to ensure adequate resources for the organization to remain financially viable



Individual Board Member Participation in Fundraising

- Make meaningful contribution
- Identify, evaluate, and cultivate prospects
- Make introductions
- Organize and attend special events
- Attend face-to-face solicitations
- Write or sign appeal letters
- Thank donors



Why 100% Board Member Giving?

- Demonstrates personal commitment
- Gives board members confidence to ask others to give
- Encourages other funders to give
- Creates board member “ownership”

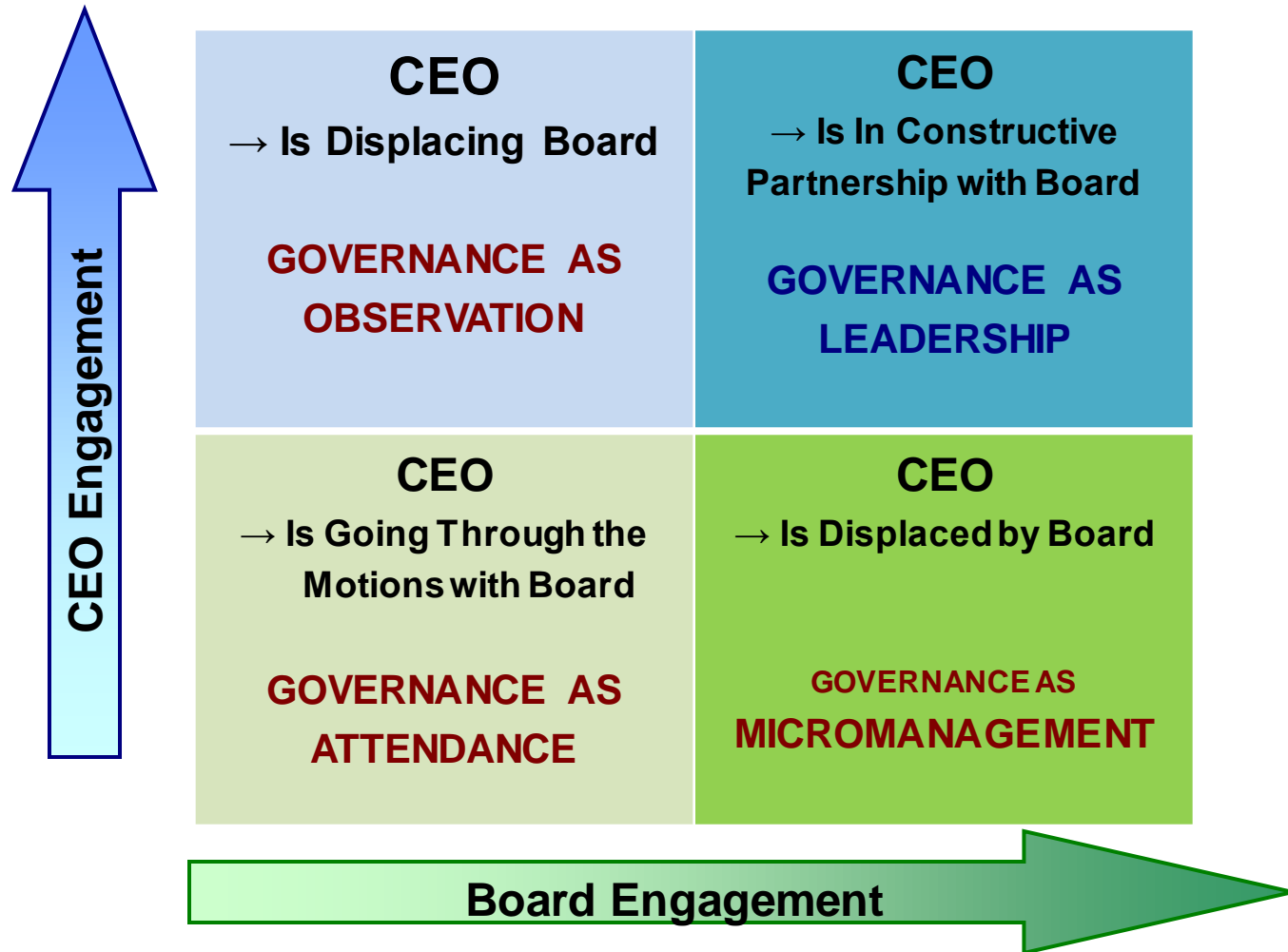


Board Role 3: Ensure Human Resources

- The Board has 2 management responsibilities:
- Manage the CEO
 - Select
 - Support
 - Evaluate
- Manage themselves



Ensure CEO & Board Engagement



Characteristics of an effective **Board-Executive Partnership**

- Shared understanding of mission
- Clear roles and responsibilities
- Open and honest communication
- Mutual respect
- Two-way evaluation



Clarifying Expectations

Board Members

Board Member Expectations

Board Member Commitments

Board Evaluation

Recruitment/Development
Plan

Executive

Job Description

Performance Expectations

Annual Review

Succession Plan

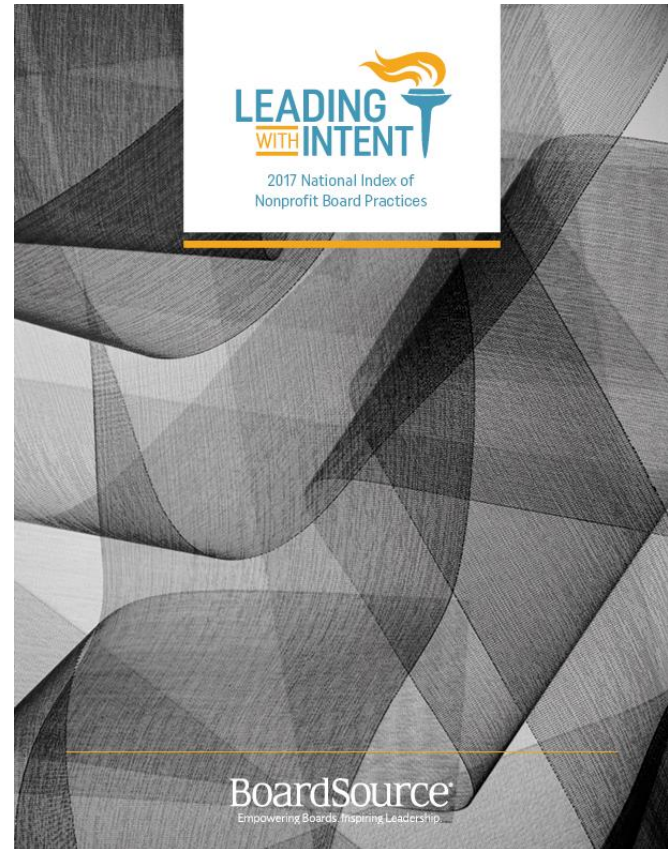


The Board Building Cycle



Leading with Intent 2017

- Board Source Survey
- Biennial study of board composition, culture, and performance.
- First data collected in 1994.
- Available for download at leadingwithintent.org.



Key Findings

- **Board Advocacy:** Boards are starting to embrace their roles as advocates for their missions, but stronger leadership is still needed.
- **Board Engagement:** Strong understanding of programs is linked to stronger engagement, strategy, and external leadership — including fundraising.
- **Board Assessment:** Boards that assess their performance regularly perform better on core responsibilities.
- **Board Impact:** Chief executives and board chairs agree that the board has an impact on organizational performance, and that two particular board characteristics matter most:
 - the board's understanding of its roles and responsibilities, and
 - the board's ability to work as a collaborative team toward shared goals.
- **Board Diversity:** Boards are no more diverse than they were two years ago and current recruitment priorities indicate this is unlikely to change.

