Welcome!

Governance Matters! Leadership Skills for Board Members

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Presenter:

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Objectives

- Identify essential leadership skills that board members need to be effective and orient members to tools that can help recruit members.
- Understand the importance of assessing your performance as a board and how that links to the long-term sustainability of the organization.
- Learn how to optimize board performance including the use of committees, and how to use and structure committee work to achieve the organization's objectives.

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SEI

- SEI was founded in 1996 with the mission to improve the lives of people by helping organizations realize their potential
- Work almost exclusively with nonprofit and public health and human service organizations
- Extensive work with nonprofit boards throughout the Western United States

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Agenda

- Welcome, Introductions and Intended Outcomes
- Characteristics of Effective Boards
- Use of Committees and Board Recruitment
- Assessing your Board
- Planning to grow your Leaders
- The Future of Boards

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The Key Takeaway

- The role of a board is to make strategic decisions that help to create exemplary nonprofit organizations.

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Why Boards Matter

- "With $1.2 trillion expended annually in the nonprofit sector, one in ten Americans is currently employed by nonprofit organizations. "—Horatio Alger Association of Distinguished Americans, Inc. "Governing Effective Nonprofits in the 21st Century
- Between 2001 and 2011, the number of nonprofits increased 25 percent. Their growth rate now exceeds that of both the business and government sectors.—Urban Institute

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Boards in the 21st Century

- "While the concept of governance remains the same for all nonprofits, factors such as size, level of staffing and geographic scope influence the principles of governance as well as leadership styles."
- As the sector has grown, so has the need for effective board members. Boards are now governing organizations that face increasing pressure and scrutiny. Governance Matters!

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Board Roles and Responsibilities

- **Determine the Organization's Mission and Purposes**
- **Engage in Strategic Planning**
- **Approve and Monitor Organization's Programs and Activities**
- **Ensure Adequate Financial and Human Resources**
- **Ensure Effective Fiscal Oversight/Ensure Sound Risk Management Policies**

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Board Roles and Responsibilities (cont'd)

- **Select and Support the Chief Executive and Review Performance (when staff exists)**
- **Understand the Relationship Between Board and Staff (when staff exists)**
- **Enhance the Organization's Public Image**
- **Carefully Select and Orient New Board Members**
- **Organize and conduct itself so that the Board Operates Efficiently in accordance with Sturgis Parliamentary Procedure and bylaws**

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Board Infrastructure

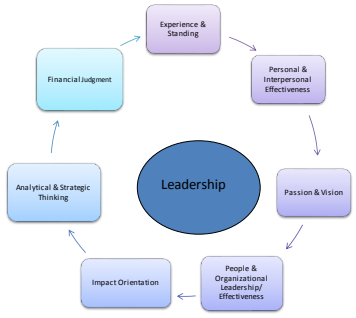
- Appropriately sized board holds regular, productive meetings following agendas agreed upon by board chair and members;
- Yearly meeting calendar set and distributed in advance;
- Meeting agendas and materials sent in advance;
- All meetings start and end on time;
- Consistent attendance highly valued;

Board Infrastructure (cont'd)

- Decisions recorded in official meeting minutes;
- Members sign written contract detailing roles and responsibilities;
- Formal committee structure clearly designates board-level vs. committee-level decisions;
- Written descriptions of committee roles and responsibilities;
- Focused committees result in more efficient board meetings.

Elements of Board Leadership

Individual Elements of Leadership



Elements of Leadership

- Organizations should not recruit board members like a version of Noah's Ark and you need one of everything.
- Optimally, recruitment should be not just for technical skills, but also broader intellectual assets.
  - How does the person think?
  - What curiosity do they display?
  - How likely are they to challenge others?
  - How willing would they be to grapple in a collaborative way?

Governance as Leadership: A Conversation with William Ryan

What Makes a Good Board

•share a passion for and commitment to the nonprofit's mission

•are willing to roll up their sleeves when necessary to help with the practical work

•have strong ties to their communities

•are diverse -- in age, gender, race, religion, occupation, skills, and background, and

•are willing to support efforts to raise money.

Traits

- Mission driven
- Visionary
- Motivating and inspirational
- Analytical
- Objective

Behaviors

- Dependable
- Honest
- Engaged
- Effective communicators
- Courageous

Reflection

"The single biggest way to impact an organization is to focus on leadership development. There is almost no limit to the potential of an organization that recruits good people, raises them up as leaders and continually develops them." — *John C Maxwell: The 17th Irrefutable Laws of Teamwork (2001, 185)*

Board Assessment Process and Tools

- Jointly developed by McKinsey & Co. and Social Ventures Partners (SVP); adopted by several SVP affiliates. OCAT online
- Results from the Assessment can guide the development of the board's plan by identifying strengths and areas to grow.
- Based on best practices and research over 40 years of sustainable nonprofit organizations.

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Core Financial & Legal Responsibilities of the Board

- Board's role extends far beyond basic legal and fiduciary responsibilities;
- Board is actively involved in preparing and reviewing multi-year financial plans, reviews financial statements at least monthly,
- Defines and monitors CEO/ED performance targets, reviews salary for appropriateness, and is attentive to CEO/ED's professional development. (when staff exists)

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Elements of Fiscal Management

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What is Strategic Planning?

- Steiner: "A collective process to make decisions and direct action that guides an organization from what it is to what it will become."
- Peel: "A colossal waste of time and paper."

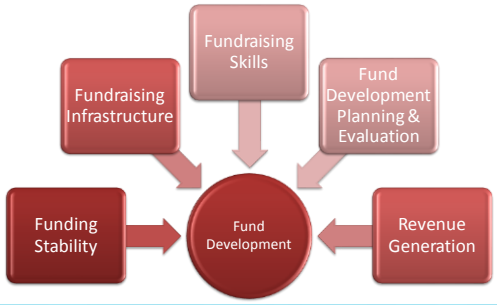
Strategic Planning

- Strategic planning has a long and illustrious history
- Sets the direction for the organization
- Acts as a communication and management tool
- Gets everyone on the same page of knowing where you are going and what strategies to use to get there

Board Strategic Direction

- Complete buy-in on mission/vision, which drive major strategic discussions
- Well documented process to facilitate board's regular review of mission/vision
- Active involvement in strategic planning—reviewing, assessing and updating the plan
- Sets goals to monitor program performance against mission.

Elements of Fund Development



Board Participation in Fund Development

- Majority of members embrace fundraising as a core board role and responsibility;
- Each board member makes a regular donation to the organization that is personally significant;
- Realistic and appropriate fundraising goals and plans are in place;
- Board feels strong ownership for goals, is actively fundraising, and has achieved measurable progress towards goals.

Board Composition & Commitment

- Broad variety of fields of practice and expertise drawn from all relevant constituencies (nonprofit, academia, corporate, government, etc.);
- Make-up closely reflects organization's stakeholders and community, includes functional and program content-related expertise, and high-profile names;
- Proven track record of investing financially in the organization;
- Outstanding commitment to organization's success, mission, and vision.

Using Committee to Maximize Productivity

Committees help maximize the board's productivity in several ways…

•**Helping the board handle complex issues.**

•**Matching board members with particular expertise to appropriate areas.**

•**Engaging with issues more deeply and consistently than the board as a whole could.**

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Using Committee to Maximize Productivity

Committees help maximize the board's productivity in several ways…

•**Dividing the board's workload.**

•**Attracting and involving newcomers.**

•**Serving as a training ground for new board members.**

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Characteristics of Effective Committees

•Clearly defined tasks to be accomplished,

•Established time lines,

•A committed chair who has the time to pursue the task and prepare concise reports on the Committee's activities and recommendations,

•Committee members who, likewise, are committed to the task and are willing to expend the time to accomplish the task,

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Characteristics of Effective Committees

•Time for the Committee to meet face to face as needed (other business can be conducted by mail, fax, e-mail, or conference call).

•Resources based on a budget developed by the Committee, adequate to accomplish the task(s).

•When applicable, a community volunteer can be, appointed as liaison to the Committee, to act as both advisor and advocate.

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Types of Committees

•Standing—charged with specific scope of work related to the business of the board. Generally have a chair and several board members. Meet regularly and report back to the board. May be authorized with explicit decision making responsibilities. (Ex: Finance)
•Ad hoc—committee that is convened to address a specific issue or for a particular purpose. Will meet until the purpose of the committee is accomplished. (Ex: Fall fundraising committee)

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Types of Committees

•Executive—charged with making decisions on behalf of the Board in times between meetings. Can also set the agenda for the board including a consent agenda

•Finance—charged with developing, reviewing and managing to the annual approved budget. Reviews financial statements in-depth and insures internal controls are in place and followed.

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Types of Committees

•Development—charged with implementing a development plan to diversify funding and increase community support. Often takes the lead in a signature event.

•Volunteer—charged with recruiting, orienting and retaining a volunteer base to support the mission of the organization. May include actual supervision of volunteers.

Types of Committees

•Programs—charged with evaluating the programs offered by the organization including an evaluation of and revision to program design.

•Board development—charged with recruiting, orienting and retaining board members to govern the organization. May include nomination of officers as part of its duties.

Board Recruitment and Development

•Most board performance problems can often be traced to the casual or haphazard way that some organizations go about recruiting, selecting and orienting board directors. In many organizations, board recruitment and nominations activities are really ad hoc in nature. From: Create the Future

Steps for Board Recruitment

- **Establish year-round committee**
- **Link recruitment to the strategic plan.**
- **Profile the current board.**
- **Focus the recruiting priorities.**
- **Develop a written board director job description.**

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Board Development & Self Evaluation

- Recruitment committee meets year-round;
- Annual assessment of board composition results in targeted recruiting of new members with specific skills and attributes;
- Formal process for new member orientation;
- Written policy on member tenure;
- High level of commitment to ongoing training and skill development;

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Board Development & Self Evaluation (cont'd)

- Clear process for performance evaluation against goals set by the board;
- Results used to make improvements;
- Formal process for evaluation of individual directors;
- No collective tolerance for low performing members.

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Making Organizational Improvement a Continuous Process

- Commit to re-assessing annually
- Link assessment results to annual budget so resources are allocated to internal development needs
- In strategic plan review, think through organi-zational implications and capacity building needs related to long-range strategies
- Include capacity building in fundraising efforts

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Thoughts about the Board of the Future

- *What Every Nonprofit Board Needs to Know*, interview with Alnoor Ebrahim, faculty chair of the Governing for Nonprofit Excellence Program at Harvard Business School in Forbes magazine (Sept 2012) noted:
- Our societal problems – of poverty, climate change, health, education, and human rights — are too complex and systemic to be solved by any single type of entity or organizational model.
- The bigger challenge lies in creating organizational ecosystems that involve nonprofits, for-profits, hybrids, and government, operating collectively for social impact.

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Thoughts about the Board of the Future

- *Boards are facing two challenges right now:*
- The first is creating a culture that values both performance assessment and learning from failure.
- Few board members are willing to challenge their CEO and senior management on whether the organization is achieving its mission, or how it might better do so.
- But if we're ever going to solve the most difficult problems facing our society, we need nonprofit boards to be relentless in pushing their organizations to measure their progress, to be honest about failures, and to learn from them.

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Thoughts about the Board of the Future

- *Boards are facing two challenges right now:*
- The second challenge is increasing revenues and operations in an economy where funding is in decline but the need for services is greater than ever.
- Most nonprofits report that their fundraising has not recovered from the economic downturn, yet there is very high demand for their most basic services including meals and food pantries, shelter, health care, and job training.
- Not surprisingly, boards are under pressure to step up fundraising. But unless they've already invested substantial energy in building long-term meaningful relationships with donors, they are likely to come up short in this moment of great need.

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