

10
THINGS
EVERY
BOARD MEMBER
NEEDS
TO KNOW

A Winning Board:

Steps That Bring Out
the Best

Revised, 2010 By Terrie Temkin

Mission

Our mission is to foster effective risk management practices and the overall development and advancement of nonprofits through unique, creative initiatives.

Ten Things Series for Nonprofit Boards

Welcome to this series of short briefing papers for nonprofit board members. Whether a seasoned leader or first-time trustee, there is a continual need to revisit the expectations and demands of the critical board member roles in steering, supporting and safeguarding nonprofit organizations. In this series, First Nonprofit Foundation has identified topics of particular interest to board members and will provide digests of time-tested wisdom, emerging thought, and the insights of highly experienced practitioners. We trust these papers will succeed in helping nonprofits to develop and advance. As always, we welcome your comments and suggestions.

A good board is a victory, not a gift.
Cyril Houle

One of the early governance experts, Cyril Houle, once said, “A good board is a victory, not a gift.” That sentiment is truer today than ever before. Today’s nonprofit environment places increasing demands on those charged with governing. For example, in 2007 we saw the emergence of thirty-three principles for good governance and ethical practice – the result of the work done by the Panel on the Nonprofit Sector in an effort to self-police the sector rather than submit to outside regulation. We also saw a redesigned annual 990 reporting form crafted by the IRS to ensure more transparency. More recently, we were faced with the Great Recession, which has made fundraising tougher even as nonprofits see increased demands for service. For nonprofits, trends and expectations morph almost continuously. It would be virtually impossible for a board to come together just “knowing” what to do – let alone knowing how to do it well. Even the most experienced directors are finding that the rules are different now.

This booklet was designed to help those of you who serve on boards earn victory status day after day, regardless of how significantly the environment shifts. The ten steps in this booklet will help your board remain strategic and nimble. Rather than focus on either external requirements or the latest fads in governance thinking, it highlights ten proven practices that will keep your board running effectively and efficiently even as greater demands are placed on it. They are:

- 1. Make Sure Your Bylaws Support Maximum Effectiveness***
- 2. Set Expectations and Set Them High***
- 3. Recruit the Right People***
- 4. Inculcate People with the Organization’s Vision and Values***
- 5. Educate, Educate, Educate***
- 6. Design Meetings that Engage the Board in Important Issues***
- 7. Encourage Critical and Strategic Thinking***
- 8. Listen to the Community***
- 9. Focus on Accountability***
- 10. Use Committees Wisely***

Let’s look at each.



1.

Make Sure Your Bylaws Support Maximum Effectiveness

Your bylaws should be reviewed periodically (consider every three to five years) to determine if changes are warranted. There are several conventions typically found in bylaws that actually prevent a board from being strategic and nimble. If they exist in yours, you may want to rewrite these sections. The key trouble points are board size, the executive committee, quorums, attendance, and term limits.

Size

Nonprofit bylaws generally specify the number of people that are to serve on the board. This is as it should be. However, there are two ways in which size criteria are often stated that can hinder effectiveness, limiting the board's flexibility in recruiting the members it needs or creating a board whose size (large or small) does not fit the needs of the organization.

If your bylaws specify a given number of directors – for example, twenty – you may want to replace that number with a range, such as seventeen to twenty-three. Why? The range gives greater flexibility and allows you to get the very best people in place.

If you have a set number – let's use twenty from above – what happens if you can only find eighteen good directors? Conversely, what can you do if you have a full board, you find you have the need for a specific skill, and you have identified the perfect person with that skill? In the first case, you end up scrambling for bodies to fill slots. Weak recruits usually hamper your effectiveness, not maximize it. In the second case, you have no flexibility to involve the individual you need.

A range gives the board the latitude it requires. When the pool of candidates is strong you can bring more people on, but you are not forced to bring on people that you know from the start won't complement your board.

It's equally important to look at how small or large your bylaws say your board can be. A number of organizations, especially emerging organizations, have adopted the legal minimum as determined by state law. That number – typically three – is generally too small for your board to be of any real help to the organization. A great many other organizations, especially those that expect their boards to raise funds, have a tendency to look to large boards for the deep-pocket reach that large membership can bring. Trouble is, when the board is too large it becomes easy for people to disappear in

the crowd and abdicate their responsibilities. It also becomes more difficult to hold substantive discussions.

According to BoardSource's Nonprofit Governance Index 2007, the average board size nationally is now sixteen. The same report notes that board members and executive directors judge boards of fifteen to twenty-two as more effective than boards that are either smaller or larger. This range allows a sufficient number of people to share responsibilities, yet it is not so large that people get either excluded or lost.

Still, there is nothing magic about this range. There are times for a smaller board and times for a larger board. Smaller boards can be light on their feet but shallow in connections, while larger boards can be ponderous but offer deep roots in the community (and hence more opportunities to find donors and other resources). What's important is that the organization think through and choose the range that works, and then put in place appropriate mechanisms to ameliorate the weaknesses and capitalize on the strengths of the choice.

The Executive Committee

Generally, bylaws call for the officers of the board to make up an executive committee, which is to meet when critical business must be done and there is no time to call a general board meeting. This can be a useful committee, but, contrary to assumptions, it is not necessary, nor is it always even desirable. The problem is that often the executive committee becomes the de facto board. It may meet as or more frequently than the full board and decide which issues are even brought to the full board and which are handled behind the scenes. Moreover, when bringing issues to the full board, it may preordain the response it expects.

Such controlling executive committees may justify their behavior with arguments that the full board doesn't know enough, doesn't care enough, or lacks the discretion to deal with certain sensitive problems. Left out of real decision-making, the other directors often feel increasing resentment and begin to withdraw from the board. This encourages further power grabs by the executive committee to make up for the non-participating directors – and a tragic cycle of member apathy and executive committee power hoarding ensues. Besides losing the input of bright individuals when this happens, the organization faces a potential legal problem since it is the entire



board and not just the executive committee that is charged with the duty of care – the duty to make the best informed decisions possible for the benefit of the organization.

Consider, therefore, doing away with the executive committee. If the board is small enough you don't need it anyway. You can always call the group together or hold a conference over the phone if an emergency situation arises (provided your bylaws allow phone meetings). And, if you recruit carefully and make expectations clear, you should not have to worry about confidentiality issues. At the very least, be sure your bylaws are very clear about the types of (limited) issues the executive committee is charged with tackling.

Quorums

One of the most ingrained conventions is setting a quorum at 51 percent. There are three problems here: first, there is nothing sacred about this percentage. Second it communicates that board members can miss half your meetings. Finally, the use of such a number potentially allows important decisions to be made by a relatively small number of people.

Here's the story on a 51 percent quorum. Let's say your board is made up of sixteen, like the national average. Nine people would constitute a quorum. If you make decisions by majority vote, just five people could determine the course your organization takes.

Consider significantly increasing your quorum. Rather than making it more difficult to get a large enough attendance at meetings to conduct business, a lofty quorum actually makes it easier. People begin appreciating their value to the board and start showing up on a regular basis.

Attendance at Meetings

A too-small quorum and a power-clutching executive committee are tangled with another issue – attendance. Nine times out of ten bylaws include a clause similar to “Anyone that misses three consecutive meetings without an excuse will be considered to have resigned.”

This phrase has the potential to negatively affect your board's effectiveness and efficiency. Let's say your board meets monthly. A person who misses three meetings misses the equivalent of one quarter of the year's meetings. Whether or not the absences are

excused, the board is losing out on valuable input it needs to make the best decisions possible and the individual is abusing his or her duty of care. The situation is grossly aggravated if the meetings missed are consecutive. In such a case the person is likely to have missed so much that he or she has too little knowledge to make decisions. Of course, that presumes that he or she even remains interested enough to continue on the board.

Life happens. Not everyone can make every meeting. However, it is more beneficial to openly communicate the expectation for attendance at all meetings and deal with the occasional absence than to give tacit approval for missing meetings. Therefore, this section might be rewritten in your bylaws to read something like, "Attendance at meetings is critical. As such, all board members are expected to be at all meetings. Someone who expects to miss more than a single meeting in a year should either turn down the invitation to serve at this time or step down as the situation unfolds. Someone who misses more than a single meeting in a year who does not step down voluntarily will be considered to have resigned." When you can count on your colleagues being in attendance the effectiveness and efficiency of the board goes up.

Term Limits

Is your board one of the over 30 percent that, according to the Nonprofit Governance Index 2007, does not set term limits in its bylaws? If so you might want to reconsider. True, your organization can lose dedicated workers (and important organizational memory) when terms expire and members leave the board. Moreover, frequent board turnover can mean you always have people in the midst of a serious learning curve. However, the continuous infusion of new blood is critical to keeping any board and organization moving forward. An added benefit is that term limits can clear the deadwood you've been too timid to trim – or provide a graceful exit for someone who has lost energy.

Regarding the length of terms you choose, consider that people's interest in a single organization seems to last between six to seven years. Two three-year terms or three two-year terms tend to work well. In fact, according to the Nonprofit Governance Index 2007, 70 percent of those organizations utilizing term limits set a single term at three years, 43 percent of all boards allow two terms, and 19 percent allow three terms. Pick a solution that works for your board.

Of course, some board members are extremely valuable, due to connections to the community, deep knowledge of the organization, a founding role that's still relevant, or other attributes – and this is one of the arguments against setting term limits. The use of term limits does not mean you have to lose such individuals from the organization. You might ask them to serve on a committee, raise funds, function as your liaison to other community organizations, and so on. If they continue to maintain their interest and energy level, they can be brought back onto the board after a designated time off, typically one year. People should be encouraged to look at their time off the board as a sabbatical – a time to reenergize and to learn new things or gain new experiences that can ultimately help strengthen the organization they love. A person who does not come back would probably have been emotionally lost to the organization if they stayed in their position, and that would negatively affect everyone and the organization.

2.

Set Expectations and Set Them High

One of the greatest blocks to achieving a winning board is the lack of clear expectations. How can people be expected to do what they don't know they are supposed to do? Before recruiting new board members, you should decide what it means to be a member of your board. For example:

- Will there be a financial commitment? If so, is that to be a give, a get, or a give and get?
- Will everyone be asked to bring in the names of ten potential donors?
- Will they then be expected to cultivate those potential donors?
- Will everyone be expected to host a parlor party in their homes?
- Will they be asked to jot a personal note on mailings that go out of the office, such as appeals, invitations to events, and cultivation letters?
- Will people be expected to participate in organizational activities such as fund raisers, educational programs, or open houses? If so, to what degree?
- Will everyone be expected to participate on one or more committees? If so, what does "participate" mean? Do people merely have to show up or must they take on responsibilities outside the meetings?
- Will board members be expected to come to meetings having read their board packets, met with their committees, and written up and submitted their reports?
- Will they be asked to speak about the organization at networking meetings, such as those held by the Rotary Club?
- Will they be expected to build a relationship with the media or write letters to the editor of your local paper on issues of concern to your organization?
- Will they be expected to participate in a statewide or national legislative day?



Be as specific as possible. Consider what your organization needs from the board if it is to be successful. For instance, while many organizations are content with a give or get, if your organization is looking to the board to bring in a large amount of money, a give and get will better help you achieve your goal. And, remember, the generation of this list of expectations is not just an exercise. Nor is it a list for “the new people.” You must personally be willing to commit to each of the expectations as well.

Don't be afraid to set the bar high. Study after study has shown that people live up – or down – to our expectations. We even have a name for this behavior: self-fulfilling prophecy. Too often we are afraid to demand too much of our fellow board members. We excuse ineffectiveness and inefficiency because board members are volunteers. We decide for the weak board member that he or she won't have time to take on a specific task, so we never bother to ask. Or, we step in and do the person's job to ensure that it gets done.

People are quick learners. If someone is going to do their work for them, why should they step up to the table? However, it is just as easy to create an atmosphere of high expectation and get top notch performance. The easiest way to do that is through constant reminders. Begin by spelling out the list of expectations the first time you meet with any potential board member. Whenever you decide to bring someone onto the board, review the list of expectations with him or her and ask if the person is comfortable with the terms of service. When someone accepts a position on the board, write a welcome letter that reiterates the list of expectations. If you use a board commitment letter, that too should list the expectations. And, of course, your orientation program should include a section on board expectations.

People will not shun hard work if they feel the reward is there. Consider the Marines. People join the Marines knowing that boot camp will be hell and that their assignments will be the toughest, most dangerous in the armed services. But, they will also be awarded a unique level of respect because everyone knows how difficult it was to earn the title of Marine. The more difficult it is perceived to be to join your board, the harder people will compete to be among the chosen.

The higher the expectations, the more reward there is just in being a part of this “elite” group of individuals.

Tied to this, of course, is the need to be clear about the consequences of not meeting the board’s expectations – and then following through with those consequences. If someone is shirking a responsibility, a gentle reminder of the expectations is certainly appropriate. This might come from whatever peer observes the problem. For instance, if the person is not doing the assigned committee work, the committee chair might bring it up. However, if the behavior continues, the board chair should take the individual aside and have a serious conversation about each board member’s role and the need for this person to meet the expectations he or she agreed to upon accepting a board seat. If the person continues to avoid responsibility, it is important to remove that person from the board – sooner rather than later. If one person fails to carry out a task and then continues to get the same rewards as everyone else, it won’t be long before everyone on the board is shirking responsibilities.



3.

Recruit the Right People

Jim Collins, author of *Good to Great*, is noted for saying that success requires having the right people on the bus. Certainly this is true of your board. But getting the right people doesn't happen by chance. And, it doesn't happen by recruiting only the people you already know – your friends, relatives, or business acquaintances; the people who sit on all the other boards in the community; the people of “affluence and influence.” (In fact, one recent study by board experts Bob Herman and Dave Renz of the University of Missouri-Kansas City found that having “big names” on the board does not equate to increased revenues.)

But how to get the right people on the bus? Begin by determining the organization's needs in the coming years in relationship to its vision. Where do you see the organization in three years? What specific jobs must be done to get you there? What skills, experiences and characteristics will be required if you are to succeed? You want to be looking for those. If you recruit with only today's challenges in mind, the people you find will be obsolete by the time you identify, cultivate, recruit, orient, and engage them!

After determining what skills you need to achieve your vision of the future, develop a written recruitment plan. Spell out what you will expect of those you will recruit and codify it in written job descriptions. Think about the types of people that might want to take on the different jobs you've identified. Pinpoint where you might find these kinds of people and figure out how or through whom you might best connect with them. Determine how you will cultivate them so that they will be responsive to your invitation. Look at it from their perspective – determine how you would answer the question of why your organization is worthy of their support and what you can offer them in return for their service. Consider, too, how you will approach “the ask.” Remember, for instance, to specify what you will be expecting of them if they say that they will serve.

Yes, recruiting the right people takes a lot work and time. However, if you create a plan and commit to working it you will find the quality of your recruits greatly increased.

Recruitment is a year-round process. While you might want to appoint a committee to develop the recruitment plan as well as meet and vet potential candidates, everyone on the board should play a part in

identifying future leadership for your organization. It is important to help each other look beyond the “usual suspects.” Since the vast majority of boards won’t attract the community’s top movers and shakers, stop obsessing about this and focus on finding people with the skills, experiences, and characteristics you identified in your recruitment plan. Remember – the usual suspects have shown to be no more “productive” than the unusual ones.

To find the skills you seek, set up informational meetings with an array of people. In most communities, you can begin with clergy and real estate agents. These are individuals who know what the people they deal with everyday are interested in. They may know someone who fits your profile. Contact the human resources and community affairs departments of local corporations that have a business interest in your mission or have supported your issues (if not your organization). Ask if they can recommend people within the company who fit your profile. Build relationships with the media or government staff that cover or have an inherent interest in your issues – for example, housing or the arts. But don’t ask them to join your board; ask who they go to in the community for reliable information about your mission and your issues. See if they’ll introduce you to those people. Go online and check out local blogs that cover your issues. Meet the bloggers and see who they recommend as appropriate for your board.

Many boards create a referral form to facilitate the identification process. The form should include the potential’s name and contact information, why he or she should be considered for board service and the name and contact information of the person referring the individual. As soon as the referral form comes into the organization’s office, the person should be placed on the mailing list for cultivation purposes. By the time the committee meets to put forth a slate for the coming year, you should have a broad pool of candidates from which to draw. Those that have been most responsive to cultivation efforts, who perhaps have volunteered or supported your fund raising efforts, should be at the top of the list.

When finalizing the slate, be sure that it includes people of different ages with different values, work styles, and emotional intelligence. Look for people who can demonstrate cultural competency. If you are

concerned about ethnic or racial diversity, be sure to bring on enough people of any one ethnicity or race to create a critical mass. There must be sufficient force behind any suggestions that are meant to express the ethnic or racial viewpoint. Even then, realize that nobody – and no three or five people – can speak for an entire culture!

4.

Inculcate People with the Organization's Vision and Values

If you follow the advice above, you'll soon get the right people on your bus. But once there, you've got to get them singing the same song! Smart boards actively instill their vision and values in their members. This starts during initial cultivation efforts and continues from there, never ending. Vision and values are proven motivators. When people buy into why you do what you do and what you expect to accomplish, they'll work hard to support you.

Your organization probably already has documented its vision and values – perhaps during a strategic planning process. If so, pull them out and review them at length until they feel a part of each individual. Contrary to popular belief, these should not change every time you do a new plan – your values should be your values and your vision should be your vision until it becomes a reality. Compare them against the criteria below. If they do not measure up, it may be time to rewrite them.

Vision

Begin by making sure that your vision is compelling. A compelling vision lets people glimpse into the future to actually see in their minds' eye how the community – not the organization – has become a better place due to your efforts. Such a glimpse is only possible if the language you choose paints a vivid picture of the future you envision.

Compare, for instance, a food bank that imagines a future where no child will go to bed hungry with a food bank that foresees a future where it is known as the community's preeminent food

pantry. Both are pictures of a successful future, but the second food bank makes the common mistake of focusing its vision on itself rather than the community. While many people appreciate the need to help an organization succeed, what motivates them to roll up their sleeves or take out their checkbook is the ultimate good they will be doing – not the idea of helping an organization become better known or more self-sustaining. This is true even among fellow board members. They may appreciate the value of visibility and sufficient funding, but those things won't excite them to work as hard as will the opportunity to prevent children from going to bed unfed.

Values

When exploring the organization's values, think through what makes your organization unique. Being honest and having integrity are important, but the values of honesty and integrity should be a given across organizations. So what are we looking for? If you are on the board of the food bank noted above, some of your organizational values might be:

- Cost should not prohibit anyone from access to the food necessary to sustain him or her.
- Every human being has a right to three nutritiously-balanced meals daily.
- Food provided by the food bank will always be fresh – not someone's discards.

Your vision and values should be found everywhere. Consider framing them and putting them around the boardroom, including them on your meeting agendas, displaying them prominently in the board manual, posting a different value on the back of the tent cards used for name identification at each meeting, and printing them on the back of directors' business cards.

Then, make it part of the organizational culture to use the vision and values as a decision screen each time the board must come to agreement on something that involves the expenditure of any type of resource. Such a process ensures that the board stays true to its beliefs. This is important because often organizations are presented with opportunities that are emotionally appealing but might not be in line with what the organization is all about. For instance, our food bank is approached by the fanciest restaurant in town. The chef wants to donate all prepared foods that are left over at the

end of the night. He estimates that he can feed ten people a day, every day. As generous as this is, if one of the organization's values specifically states that someone else's leftovers – discarded food – is inappropriate, the board would have to turn down the offer. While people may not be happy about the decision, the screen makes both the decision and the refusal easier and defensible. The decision reinforces the organization's value system. And who knows? Perhaps, impressed by the clarity of the organization's values, the chef will return with an alternate proposal.

5.

Educate, Educate, Educate

As mentioned earlier, the board has a duty to make the most informed decisions possible to benefit the organization. Without sufficient knowledge, such informed decision-making is impossible. As a board member, you are not in on the day-to-day operations of the organization. How can you feel comfortable that you have the knowledge you need? That you even know enough to ask the right questions?

The answer: Board education. It starts with the initial cultivation. The organization should send potential leaders periodic updates, copies of media articles about the organization, and other news. Education gets a major push during orientation, at which time the history of the organization, its mission, vision, values, norms, staffing, and so on are explained. But it cannot end there. Such education must be continuous.

The best boards spend some time at every meeting learning more about the organization and its environment – information that will help the board do its job better, keep it motivated and engaged, and assist it to advocate on the organization's behalf. Providing such education may require just a few minutes, but it could also consume the entire meeting, depending on your objectives and how you communicate the knowledge you wish to share.

But what should the board educate itself about? Specifics vary, but all boards need education in three basic areas: governance, mission, and the community.

Governance

To be an effective board member, you need to know the latest trends in governance, your legal roles, and your responsibilities as a director. You need to know how to read nonprofit financial statements, how to solicit and how to advocate on behalf of the organization. If your organization uses Robert's Rules of Order you need to understand the protocol. This is an area where the stakes are high, where the greatest pressure from the public exists for accountability. The board must know what is expected of it and how best to proceed.

Mission

Knowing how to govern is only helpful if you know something about what you are governing. It is not enough to memorize the mission statement. You have to have a deep understanding of the implications of that mission. The organization's current statistics, evaluation results, future needs, issues – and what the current research says about those issues – all should be part of the board education about the mission.

Let's look at an example. Boards of nursing homes often concern themselves with beds – the number of beds that are full, the number of beds dedicated to Medicare vs. private pay, the average daily cost of care per bed. However, a nursing home today is not about beds. And, if boards want community support, they have to understand that what the community is concerned about is caregiving. Therefore, a director who can speak to the home-like setting provided to one's parents will be more successful than one who speaks to the terrible impact of the loss of government funding. More successful yet will be the director who can speak to the psychological, social, and economic impact on caregivers, their children, spouses, and employers when there isn't competent, reliable help to which to turn for aging parents. After all, most of us want to know the impact of an issue on us. Directors that understand that and can provide specific success stories that make the abstract concrete will accomplish much for the organization.

Community

Your organization does not exist in a vacuum. Becoming knowledgeable about such things as changing community demographics, pending legislation that could impact your organization, and trends in volunteerism and giving – think about the effect of baby boomers and the great transfer of wealth – will allow you to better understand how your organization is impacted by the community and how your organization impacts the community in return.

Education about governance, mission, and community can be creatively presented. Consumer stories, tours, and videos put the board in the middle of the organization's mission. Presentations by industry experts, legislators, and peers with specialized knowledge can expose the board to valuable information about issues and the community. Quizzes and games make memorizing talking points and organizational stats fun. Get these items on the agenda with enough advance notice so that staff has time to gather the data you need, make arrangements for A-V equipment, or help you identify appropriate resources.

Many boards circulate journal articles, booklets, or books that can be read on board members' own time. Some boards have even formed (or joined existing) reading groups – similar to other popular book clubs – simply to focus on issues relevant to governance or their organization's particular focus.

Other techniques include seeking training opportunities such as sending directors to a conference. Moreover, there are training resources in many regions. For example, most states have nonprofit associations, and most of those associations offer training opportunities for board members. Similarly, local United Ways, community leadership programs, volunteer centers, universities, and prominent foundations may offer programs open to board members.

Be sure that there is a line in your budget for board education. Without that, the transfer of knowledge won't happen. Finally, the education you present is most likely to have a lasting impact on you and your colleagues if it is ongoing and consistent, relevant to your mission, in line with your organizational strategy, able to demonstrate a relationship between cause and effect, and mandatory.

6.

Design Meetings That Engage the Board in Important Issues

You recruited well and your board is made up of smart, dynamic people with the skills and characteristics you know you need. Are you negating what these individuals could provide your organization by having them do little more than sit around a table, listen to reports, and cast the occasional vote?

People need to feel useful. If you asked each director why he or she said yes when asked to join your board, you would probably hear some variation on the theme, “I want to make a difference.” Making a difference requires getting involved and sharing one’s talents. Some simple changes to your meeting agenda can dramatically increase involvement and, ultimately, the effectiveness of your board.

Begin by eliminating as many reports as possible at your meetings. Reports, by nature, focus on the past. You want your board to focus on the future. Ask that all reports be written in advance and included in the board packet. Yes, this means that people will have to read their packets prior to the meeting. But once they see that meeting time will not be used to rehash what’s in the packet and that they will be making decisions based on the reports, the culture will shift. People will start coming to meetings prepared.

Consider adopting a consent agenda if you haven’t done so already. The consent agenda is designed to allow for a single vote on a large number of routine agenda items, saving precious meeting time for substantive work. The approval of minutes and most reports can be handled in the consent portion of the agenda. Most directors will feel comfortable with this single vote approach if reports are submitted using a format that calls special attention to any recommendations, specifying for those recommendations the rationale, pros and cons, costs (including staff time), and the degree to which the recommended action moves your organization closer to its vision. For those directors who remain uncomfortable about a vote without discussion on a specific item, the consent agenda allows for individual items to be pulled out of the single vote portion of the meeting and allotted time for give and take.

Eliminating reports and adopting a consent agenda will typically free up at least an hour of board meeting time. Use this time for board

education and in-depth discussion of the organization's critical issues – the exact area where board members can make a difference. For instance, are you considering a collaboration? Is the organization facing a deficit? Are you looking to what the future holds for your organization? These are not topics that can be quickly raised and dismissed. Delve into them. Solicit questions and opinions. Come up with several different options. Explore what each option might mean. Don't worry about time. Directors look at their watches when they are bored. When they are engaged in finding solutions to situations critical to an organization about which they care deeply, time becomes meaningless. They are there for the long haul.

Finally, you can better engage board members by adopting a meeting protocol relevant to your needs. While Robert's Rules of Order have stood the test of time, there is nothing sacred about them. If they are not working for your board, either because no one really understands them or because your board is small and they were designed for large organizations, come up with a protocol that works for you. You don't have to start from scratch. There are a number of meeting protocols available. Consensus building is one, as described by Lawrence Susskind and Jeffrey Cruikshank in *Breaking Robert's Rules: The New Way to Run Your Meeting, Build Consensus, and Get Results*. Another protocol, specifically geared for nonprofit boards, is *Roberta's Rules of Order*, which you can learn about in the book *Roberta's Rules of Order* by Alice Cochran. Among other things, this approach puts the discussion before the motion. This allows for the best motion to come to the floor before a vote. With Robert's Rules, if someone thinks there is a better solution, the current motion must be defeated before there can be discussion on other options.

7.

Encourage Critical and Strategic Thinking

There is a saying, “Your greatest competitor is not your competition. It is indifference.” Unfortunately, it doesn’t take much to manifest indifference. If you neglect asking the hard questions, exploring the ramifications of traveling down a projected path, analyzing rewards in relationship to their costs, or planning for contingencies, you are guilty of indifference. The antidote is building a culture of critical and strategic thinking.

How can you build a culture of critical thinking? When sharing your expectations, let people know that on your board, challenge is the norm. Assure them that you need them to ask “why,” “why not,” “why does it matter,” “why now” and “what will happen if we do/do not move forward with this?”

Constantly remind other board members that you want them to probe, to refuse to accept statements at face value, to be independent-minded. Thank each other for bringing unique perspectives, experiences, and skills to the boardroom. Value disagreements as an opportunity to seek creative new approaches. Take time to focus on how any recommendation will affect the organization in terms of such things as potential, risk, staffing, cost, image, stakeholder needs, and competition. The board – and the organization – must feel safe enough to try something and fail. Let people know that everyone recognizes that hindsight is 20-20 and that the important thing is that decisions are thought through thoroughly before being implemented.

One technique that helps build an atmosphere where questions are welcomed is to assign a different director to serve as “organization skeptic” at each meeting. This person’s job during that meeting is to be sure that if no one else is thinking out loud about the ramifications, potential pitfalls and alternatives, these issues get raised. As a board you might generate a set of questions and give this list to the designated skeptic. Besides making sure ideas are well thought out, this technique does two other things. First, it gives people an idea about the types of questions that will help bring about better decision-making. Second, it minimizes the irritation caused by the one maverick that always questions the group. Too often, that person does raise crucial concerns that could protect the organization from making a less than optimum decision. Unfortunately, nobody listens. They long ago grew tired of the maverick voice that they perceive as only wishing to hold up the process.

A second critical thinking technique is the generation of multiple options. Anytime you look at only a single possibility, you are limiting your potential for choosing the best means of moving forward. When your agenda features a significant issue for discussion, provide background information, and ask everyone to come to the meeting prepared with a written list of possible approaches. At the point in the agenda where the issue comes up, go around the room and ask each person to give you one of his or her ideas. Keep moving around the room until all the ideas are out. (You can also take a few minutes at the meeting prior to discussion to have people jot down their ideas. This ensures everyone does some thinking, though it doesn't allow for the same level of careful thought.) Then take a few minutes to brainstorm additional ideas, encouraging people to piggyback on others' ideas, all the while prohibiting judgments until all ideas are out.

The value of this process is that it includes everyone. Some of your quietest directors may have some of the best ideas; some people need more time to figure out how to articulate their ideas; and some people are only comfortable when they have time to think through ideas thoroughly before stating them. Once you have a plentiful list of options, encourage people to ask for clarification on any idea they do not understand. Then define your criteria for determining the most successful solution. Such criteria will answer the question of how you will know that the solution you have chosen will solve the problem. At the very least, these will include those things mentioned above – potential, risk, staffing, cost, image, stakeholder needs, and competition – and the degree to which the solution fits the organization's mission, vision, and values. By taking the time to look at multiple options against criteria for success, you dramatically increase the potential for improved organizational effectiveness and efficiency.

Of course, strong critical thinking skills are essential to a board's ability to think strategically. Strategic thinking is about looking at the big picture and making the best decisions possible to ensure turning the organization's visionary dream of its desired future into reality. It is probably the most important task of a board. If a topic doesn't have the potential for such significant impact, it probably isn't worth the board's time. This last statement is important to remember when your board veers into discussions about the brand of copier the office should purchase or whether tuna fish or egg salad should be served at the next function.

Strategic thinking is not the same thing as strategic planning, though strategic planning should involve strategic thinking. The goal of strategic planning, which occurs within a given and limited timeframe, is to determine clear goals that are to be accomplished within an arbitrary period of time. Strategic thinking involves assessing the potential ramifications of all potential options on the whole system – the organization, its primary and secondary stakeholders (including constituents and clients), and the community. It requires a constant and ongoing process of gathering and evaluating data, looking at the data in relationship to such factors as current and future needs, mission, vision, values, goals, budget, staffing, risk, image, and so on. Decisions about such things as collaboration, competition, mergers, expansion, mission shift, major programmatic changes, possible dissolution, and even staying the course are clearly strategic. But, virtually any situation can have a strategic impact if the board thinks through how to maximize the opportunities and minimize any potential negatives presented by that situation.

8.

Listen to the Community

Convention has the work of the board being done in the boardroom. However, some of the most important work it can do is actually outside the four walls. As a director you have been entrusted with the responsibility of ensuring that the organization “gets things right” to the benefit of the community. But how can you know what the community wants or needs? How can you know your decisions are the right decisions?

Relying on the chief executive for direction is not the answer. An interesting study by Rebecca Kissane and Jeff Gingerich found a significant gap between what chief nonprofit administrators considered the needs of the community and what residents felt was needed. The more educated the chief administrator and the more colleagues affirmed his or her perceptions of community issues, the wider the gap! You and your colleagues must take responsibility for hearing the true wants and needs. That means you have to get out into the community, ask questions, and listen.

The fact that you are of the community and have your own networks helps. You will learn things that others will not in the course of everyday living. The key is bringing that back to the boardroom. One technique for doing that is the “BTW Talk” or, for those whose e-mail shorthand is limited, the “By the Way Talk.” This involves setting aside fifteen to twenty minutes at each board meeting for directors to bring up what they’ve learned since the last meeting that could have an impact on the organization.

Here’s how the BTW Talk might work for a community food pantry. Since the last board meeting, one board member had lunch with a friend in commercial real estate and learned that one of the county’s largest employers of semi-skilled laborers is leaving the community. Another member saw a notice in her American Express newsletter that Bill Shore, founder of Share Our Strength, is coming into town to speak at a convention. Each shares their information at the meeting during the BTW Talk segment of the agenda. The board realizes that the organization will certainly be called upon for increased services as a large population with few job options is suddenly laid off and that the organization will need more money to pay for the additional services. A creative board member suggests that Shore could be asked to

participate in a fund raiser while in town. Another says that he will ask a philanthropic chef in town to serve as honorary chair. The chair of the fund development committee agrees to grab the plan and run with it.

At first blush it may seem like this would never happen in real life. The fact is, both challenges and opportunities are always in the air – the key is getting them out where people can recognize them. And the key to that is making the BTW Talk part of your board culture so that everyone keeps their organizational hat on between board meetings.

There are other techniques for gathering information from the community. You can, as a board, conduct surveys, interviews, or focus groups with stakeholder groups. If you don't feel comfortable facilitating these yourself, you can be an observer or analyze the data from the survey. You can also hire a facilitator trained in large-scale organizational change models who is used to gathering information from numerous community representatives at a single event. It is important, however, that if you do use one of these approaches, you get a good sample of the entire community.

If you are truly interested in meeting the needs and wants of the community, you might consider giving some of the actual governance responsibility over to it. A new governance framework has come out of the Board Governance Affinity Group of the Alliance for Nonprofit Management. It's called Community Engagement Governance and it calls for sharing the responsibility for critical decision-making among all stakeholder groups. Whether or not you are ready to take this step, it is vital to get outside the protected bubble of the boardroom to hear what the community expects of your organization.

9.

Focus on Accountability

The byword of today is accountability. Individual donors want to know that their money is achieving results, not just paying for the provision of programs. Clients are becoming more assertive – demanding that their specific needs be met. Funders such as the United Way demand the measurement of outcomes. The IRS is changing Form 990 to better assess that nonprofits are doing what they say they are doing. And everyone looks to the board to oversee the actions and activities of the organization and assure them that their expectations will be met.

While oversight may not be the most exciting aspect of board service, and accountability is a tremendous responsibility, there is no better way to ensure organizational effectiveness. This section will focus on your duty to be accountable for both the organization's performance and the performance of the chief executive, the board and individual directors on the board.

Organizational Performance

There are a number of factors you must oversee to determine how well the organization is performing in relationship to the community's expectations. First, you must be able to assess the fiscal strength of the organization and make sure that if it is not already on firm financial ground, you put methodologies into place to turn the situation around. Or, if all operational needs are being met, that any excess dollars are either wisely invested or spent in line with the vision. This means that you must have confidence in the numbers you are seeing and in your own ability to understand and interpret those numbers.

Because so many people are uncomfortable with numbers, some nonprofits are requiring tests that demonstrate proficiency at reading financial statements before anyone is brought onto the board. Others are providing training for everyone so that no one feels singled out. A lot of organizations today are using dashboards – a single page of graphs or charts that instantly reveals the state of the organization. Much like a dashboard on a car lets you know as you fly down the highway the level of gas in your car, whether the engine is overheating and whether you are going too fast, a bar chart that shows expenses being significantly higher than revenue lets even the most numbers-phobic know that they should voice a concern. Of course, you still have to have a basic understanding of financials, because you have to specify what information you want

to receive on your dashboard. Because of the importance of this aspect of your governance responsibility and the potential for legal consequences if the public's money is not being spent wisely, some organizations are asking that all directors sign a form at the beginning of every board meeting attesting to the fact that they have read and understand the financials. (For a sample dashboard, see the First Nonprofit Foundation booklet, *Strong Partners: Building an Excellent Working Relationship between the Nonprofit Board and its Chief Executive.*)

Risk management is a second area you must oversee. Does your organization work with a vulnerable population? You might want to insist that background checks are run on all staff and volunteers. Does the organization serve food to clients or the public? You must consider how to minimize potential health hazards. Does the organization have adequate insurance? Has it put in place a disaster preparedness plan? It is your job to ask the questions and make sure there is appropriate follow-through. (For more on risk management, visit the web site www.nonprofitrisk.org, and see also the First Nonprofit Foundation booklet, *Risk Management: Your Role as a Board Member.*)

Policies and procedures help the organization protect its assets by spelling out protocols for such things as handling money and accepting gifts that may end up costing more to accept than those gifts are worth. They are also helpful for managing risk, such as through conflict of interest, whistle-blower and records retention policies. Third then, is your responsibility for writing, reviewing, and modifying policies and procedures, as well as holding staff and other volunteers to them. There are numerous sample policies and procedures available on the web that can serve as templates to ensure you don't forget to cover important concepts.

Fourth is overseeing the overall movement of the organization toward the fulfillment of its vision. This requires monitoring progress of both the operational and strategic plans. It involves taking a big-picture look at programming and determining if it is in line with the direction you have previously set. (It does not mean getting involved with the day-to-day operations of the organization's programs.)

Performance of the Chief Executive

You undoubtedly rely heavily on the chief executive to run an effective organization and to keep you well informed. However, in the end, the board is responsible for the health and welfare of the organization. It is incumbent upon you and your colleagues to take your supervisory role of the chief executive seriously. Therefore, when discussing reports you receive, you must demand that they focus on results – not action steps or satisfaction levels. When looking at financials you want the confidence that the numbers you are getting are the ones you need to make accurate assessments of programs and staff. When meeting with the chief executive about the objectives for the coming year, against which he or she will be evaluated, you have to make sure that the list that emerges is focused on outcomes that bring the organization closer to its vision. And, of course, the evaluation process itself must be both scheduled and completed.

Performance of the Board

The board should also set goals for itself that will help move the organization closer to its vision. These might include a financial goal that has emerged from discussion of the budget or an educational goal that came about as a result of reading this booklet. They should be operational wherever possible, with measurable outcomes and due dates, and they should be in writing so that they are easier to track. At specified times, such as quarterly, you should look at the goals and see where you are as a board in accomplishing each. In addition, you must assess the success of the board at accomplishing the tasks the directors take on at board meetings. One of the easiest ways to do this is to adopt action minutes. This is a format for recording minutes that highlights each responsibility to come out of the meeting, the individuals who will be held accountable for completion, and the deadline. Follow up at future meetings requires only looking back at the minutes and asking for a progress report.

Performance of Individual Board Directors

As a board member, you should have a set of personal goals that will help move the board closer to the accomplishment of its goals. For instance, if the board as a whole took on the responsibility for bringing in \$250,000, each board member might take responsibility for bringing in \$10,000 of that. The simplest way to ensure

accountability here is to have each director list their personal goals in writing at the beginning of the year and review their progress, in self-reflection or with the board chair, throughout the year. As is apparent when looking at the techniques specified above, it is still valuable to do an annual evaluation of the chief executive, the board as a whole, and of each director. There are numerous evaluation forms from which to choose, as a quick Google search will attest. You might want to adapt one against which to assess the board. However, for each director it is probably most effective to use your list of expectations against which to measure how well everyone has performed.

10.

Use Committees Wisely

Between accountability, compliance requirements such as ensuring that the annual Form 990 and payroll taxes are filed and that organizational funds are invested wisely, the need for strategic thinking, and the hands-on work of the board, much is asked of you. And, as the trend toward smaller boards continues, leadership must be sensitive to just how much one small group can do. Turning to committees allows the organization to increase its outputs dramatically, especially if non-directors are permitted by your bylaws to fill committee seats.

All committees should have a purpose and defined outcomes – and often a timeframe. Think carefully about what committees you really need. Just because every organization has a marketing committee does not mean that your organization has to have one. Or, just because you've always had a personnel committee does not mean there should continue to be one if you have a person on staff that handles personnel. While serious personnel issues will make their way to the board, staff is responsible for day-to-day operations. You do not need committees that mimic or oversee staff responsibilities. There are enough tasks that only the board can handle. Put your efforts there.

Think, too, how long – realistically – it will take for a committee to accomplish its purpose. If a committee can do what it has been asked to do in just a few meetings, put together an ad hoc committee. Let people know you expect the job to be done quickly and that they are only committing to the period it takes to do that job. There is no reason that every committee must be ongoing. In fact, the quickest way to kill interest is to have people come to meetings that have been called without something important to accomplish. BoardSource, the international organization dedicated to building strong nonprofit boards, suggests only two standing committees are really necessary: finance and governance.

A true benefit of using ad hoc committees brought together to handle a specific job is that you can realistically go after and get experts who may have little or no current experience with your organization, but whose input could add immeasurably to the result. People today are looking for the opportunity to make a difference in an episodic volunteer experience. Give them a good experience and some of these people will

stay on to do other work for you. Those that prove to have exceptional leadership ability might eventually be tapped for board service.

You might consider putting all potential directors on committees first to see how they perform. There are many people who sound great on paper and who talk a good game, but do nothing once they are in the position. You can save a great deal of frustration by insisting on seeing how committed they are to the cause.

Throughout this booklet we have been focusing on increasing effectiveness and efficiency – on creating a winning team. While having a clear purpose and bringing the right people to the table will definitely help ensure the effectiveness and efficiency of your committees, there are some other steps that will work for you as well.

Set Clear Committee Expectations

First – as has been said elsewhere in this booklet – be clear about your expectations of those serving on each committee. You’ve told them about the desired outcome and the time you expect the task will take. Tell them about the skills you expect them to utilize on the organization’s behalf, any of their contacts you expect them to share, or any money you expect it will cost them to be involved with this project.

State the Committee’s Goal or Goals

While the board or board chair may have convened the committee for a specific purpose, the committee members should come to an agreement on the specific problems or issues to be tackled during the life of the committee. This way everyone starts on the same page. You might want to revisit this periodically, and especially if someone new joins the committee, to ensure that everyone agrees that what you are doing is still appropriate.

Align the Discussion with the Organization’s Mission

Limit your discussions to topics that fit the organization’s mission, vision, values, and priorities. You might want to appoint a “mission caller” – someone whose responsibility is to bring the committee back if conversations stray.

Respect People’s Time

Demonstrate that you respect people’s time. Give committee members sufficient notice of meetings and try to avoid making last

minute changes to the schedule. Send out agendas and preparatory materials ahead of meetings so that they can come ready to work. Begin and end your meetings on time.

Share the Work Equitably

Assign tasks as evenly as possible. While it may be easier to task the same handful of people that do everything else, doing so guarantees that you limit participation, leadership development, and potential productivity. Of course, you will have to build in accountability measures and consequences to ensure the work gets done.

Diligently Seek Full Participation

Solicit and then listen to everyone's input. Don't just accept their comments at face value. Make sure you understand what they are telling you. Feed back the comments in your own language, applying your interpretation. Ask questions. Probe. It helps to assume that even the most off-the-wall ideas make sense to the people who expressed them. Instead of rejecting such ideas out of hand, ask for clarification. Finally, don't assume that silence means agreement in situations where decisions are being made. Silence is often a good indicator of disagreement. Ask people to tell you how they are feeling about the proposed decision. It is always better to bring conflict out into the open while there is the opportunity to resolve it, rather than having to face passive aggressive behavior or sabotage at a later date.

Conclusion: A Winning Board

Ten tried-and-true techniques: Make sure your bylaws support maximum effectiveness; set expectations and set them high; recruit the right people; inculcate people with the organization's vision and values; educate, educate, educate; design meetings that engage the board in important issues; encourage critical and strategic thinking; listen to the community; focus on accountability; and use committees wisely. None of these will happen on their own and none of these are easily accomplished.

Many suggestions were presented here. Some will be more appropriate for your board than others. Some will be easier to implement than others. Look at each of the ten sections and make a commitment to make one change in each area. Let that change become part of your culture. Embrace the saying, "Change is inevitable, only the struggle is optional." Make changes at a rate your board is comfortable with. But do give each change a fair trial.

Remember Houle's words: "A good board is a victory, not a gift." By working these ten techniques you'll achieve a winning board. It will become increasingly effective and efficient, able to adapt to the changing environment strategically and nimbly.

Additional Resources

BoardSource (organizational author). *Exceptional Board Practices: The Source in Action*. Washington D.C.: BoardSource, 2007; www.boardsource.org.

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Temkin, Terrie. "Raise the Bar: Demand Strategic Thinking and Accountability, Parts I, II, and III. *Nonprofit Boards and Governance Review*. June and July 2004; <http://charitychannel.com/publish/templates/?a=257&z=19>; <http://charitychannel.com/publish/templates/?a=88&z=19>; and <http://charitychannel.com/publish/templates/?a=87&z=19>

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End Notes

¹ *Governing Boards: Their Nature and Nurture*. San Francisco: Jossey-Bass, Inc., 1989.

² Washington, DC: BoardSource, 2007.

³ According to BoardSource's Nonprofit Governance Index 2007, most boards (81 percent) actually meet less frequently than in our example. Thus, the example here is generous. For a board that meets quarterly, the board member will have missed almost all the year's meetings. And then, after he or she is dropped from the board, more time is wasted while a replacement member is sought and recruited.

⁴ Not only will you increase the number of potential donors with a give and get, but board members are much more successful at soliciting when they have personally given a meaningful gift.

⁵ As reported in *Nonprofit Quarterly*, Summer 2006, page 18.

⁶ See below for several techniques for then keeping these values actively top of mind.

⁷ For a set of steps on writing a vision statement, see *The Fieldstone Alliance Nonprofit Guide to Crafting Effective Mission and Vision Statements* by Emil Angelica, St. Paul, MN: Fieldstone Alliance, Inc., 2001.

⁸ A good starting point for governance education can be found in this series of booklets from First Nonprofit Educational Foundation. Excellent resources are also available online, and from three publishers that specialize in nonprofit issues: BoardSource (www.boardsource.com); Fieldstone Alliance (www.fieldstonealliance.org); and Jossey-Bass (www.jossey-bass.com).

⁹ Learn more about the book and its contents by going to www.robetasrulesoforder.com.

¹⁰ Excerpted in the Summer 2004 issue of *The Nonprofit Quarterly* in an article entitled "Do You See What I See." Kissane and Gingerich's work was originally published as "Do You See What I See? Nonprofit and Resident Perceptions of Urban Problems" in the June 2004 issue of the *Nonprofit and Voluntary Sector Quarterly* (Vol. 33, No. 2).

¹¹ An introduction to this framework is found in the Summer, 2007 issue of *The Nonprofit Quarterly*, p. 38.

¹² Peter Brinkerhoff, in his book *Generations: The Challenge of a Lifetime for Your Nonprofit* (St. Paul, MN: Fieldstone Alliance, 2007), says that increasingly clients are rejecting a "one-size-fits-all" experience when dealing with nonprofits. They expect at least some customization of programs and services.

¹³ Another Ten Things booklet, *Strong Partners: Building an Excellent Working Relationship between the Nonprofit Board and Its Chief Executive*, shows a sample "dashboard" on page 11.

¹⁴ See "Generic Models Needed" by Terrie Temkin, *Nonprofit World* May-June 2008 (Vol. 26, No. 3); www.snpo.org.



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