

## **Creating Effective Non-Profit Boards**

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### **Presenter**

Ruth Peebles, Funding Development Director  
Southern SAWG  
The INS Group  
Raleigh, NC  
919-231-2870  
rpeebles@theinsgroup.com  
www.theinsgroup.com

**Overview:** Recruitment, board members roles, orientation and conflict of interest are all common issues that boards of directors face. The purpose of this presentation was to discuss effective non-profit boards of directors. We also discussed ways to make board members more effective, recruiting skills, board responsibilities and orientations. Also offered resources related to board members.

### **Basic Board Responsibilities**

Board members must have a clear understanding of their responsibilities towards the organization and the community. This understanding helps board members maximize their talents. Basic board responsibilities include:

- Determining organization's mission
- Select chief executive
- Support chief executive and assess performance
- Ensure organizational planning
- Ensure adequate resources
- Manage resources effectively
- Determine, monitor and strengthen programs and services
- Enhance organization's public standing
- **Mission** - review mission constantly to ensure that it fulfills a need, and is not a duplication of other agencies.
- **Audit** - regular financial audits by outside professionals belongs to the board and not the staff.
- **Conflict of Interest** - board members cannot receive any compensation from professional services; conflicts of interests must be fully disclosed.
- **Evaluation of the Executive Director** - done annually
- **Evaluation of the board** - How is the board performing? Assess board effectiveness annually.

### **Conflict of Interest**

Nonprofit organizations exist to serve the public good; therefore, board members must be committed to prioritizing the mission of the organization over personal agendas. Conflict of interest occurs when personal or professional concerns of a board or staff member affect his or her ability to put the welfare of the organization before personal benefit.

**Examples of potential conflicts of interest include:**

- ◆ A board member owns the office building you want to rent.
- ◆ A board member is an attorney who offers to provide legal services for what she says is a reduced rate.
- ◆ A board member's wife supervises the husband of a candidate you are considering as your CEO.

**How to keep situations from being improper**

- Self monitoring (have systems of checks and balances)
- Have well-defined operating policies
- Clear purchasing policies
- Staff honorarium policies
- Create a carefully written conflict of interest policies based on your organization's needs

**Committee Structure**

Most work is not to be done as a full board; therefore, boards develop committees to do the hands on research and make recommendations about the directions for the organization and decisions regarding the board.

**Board Committees**

- must have clear descriptions,
- are a training ground for board members
- must have a committee chair with term limits
- must bring reports and recommendation to board

**Standing committees that every board should consider:**

- Executive committee-key stakeholders that oversee and make decisions
- Development committee-coordinates fundraising efforts
- Nominating committee- assess the board and identifying potential board members
- Finance and audit-monitors the financial status of the organization
- Personnel
- Program committee

**Ad hoc committees (established and structured when needed)**

- Board development
- Strategic planning
- Investments
- Public affairs

## **Individual Board Member Responsibilities**

### General

- Know the missions, purposes, goals, policies, programs, services, strengths and needs.
- Perform the duties of board membership responsibly
- Suggest possible nominees to the board who clearly can make significant contributions to the board
- Serve in a leadership positions
- Follow the trends in the organization field of interest
- Bring good will and sense of humor to the board

### At Meetings

- Prepare for and participate in board and committee meetings
- Ask questions at meetings
- Maintain confidentiality of the board's executive sessions.
- Suggest agenda items to make sure policy related matters are addressed.

Relationship with Staff- Support the staff.

### Fiduciary Responsibilities

- Read and understand the organization's financial statements
- Help manage and protect the organization's assets.

### Fund-Raising

- Give an annual gift according to personal means.
- Assist with fundraising strategies through personal influence with others.

## **Board Chair Roles and Responsibilities**

- Lead and manage the board
- Preside at board meetings and help create agendas.
- Chair executive committee meeting
- Support the Executive director
- Meet with the executive director
- Lead the strategic planning process
- Lead the policy development process
- Ensure that the board is trained properly about all aspects of their responsibilities including fundraising, public awareness about the organization and board recruitment.
- Facilitate communication between the executive director and the board
- Appoint committees and committee chairs
- Work closely with the nominating committee. Ensure that the committees are completing assignments.
- Assure that fundraising activities are completed.
- Represent the organization at major functions.

- Assure rotation of low performing board members.
- Manage decision-making process.
- Ensure that the chain of command is followed.
- Make sure board assesses itself
- Convene annual board retreat.
- Ensure that board members do not bring personal agendas to the table
- Act as a sounding board for the executive director.
- Make sure the board follows through on commitments to staff
- Clarify limits and balance of responsibilities between the board and staff

## **Board Recruitment**

Board recruitment is most critical to an effective board.

### **Board Recruitment Resources**

- Your Board of Directors
- Clients
- Contributors
- Small Businesses
- Corporations (Community Affairs, Human Resources, Marketing)
- Professional Associations
- Civic Groups
- Foundations
- Local Government
- Schools/Colleges/Universities
- Religious Organizations
- Television/Radio/Print Media
- Community Leaders
- Other Nonprofits

### **Board Recruitment Interviews**

Purpose of interview

- Determine time commitment
- Determine interest in the organization
- Determine whether or not the person has the skills necessary to the organization
- Determine if the right chemistry exists

### **How to Interview Potential Board Members**

- After assessing the skills and expertise needed by your Board of Directors you request current resumes and candidate application forms from various sources (board members, staff, corporations etc.)
- Initial meetings should be set between each top board candidate, the Executive Director, the board chair and/or chair of the Board Development committee.

### **Flow of the interview**

- Introductions
- Why are you here?
- About the organizations
- What the board does
- Current challenges facing the board
- Why in particular the person is wanted on the board
- Time and energy required
- Asking/answering question
- Ask when you may call again for the decisions

### **The Board and Fundraising**

When it comes to fundraising board members must remember that:

- People give because they are asked.
- People give money because they want to belong.
- People give because there is a longing to be a part of something bigger than they do.

### **Board Fundraising Checklist**

- Understand plans and programs for fundraising
- Understand why someone should contribute
- Contribute to the fullest measure of means
- Offer additions to the mailing list
- Assist with identifying and evaluating prospects
- Cultivate key prospects (making people aware of the organization and its needs. Building relationships)
- Make introductions
- Writing follow-up letters and acknowledgements
- Write personal notes on appeals
- Make face to face solicitations
- Hold fundraising party at home or other locations
- Provide formal training for board
- Develop presentations
- Role play and practice

### **Helpful Resources for Board Members**

- [www.boardsource.org](http://www.boardsource.org)
- [www.philanthropyjournal.org](http://www.philanthropyjournal.org)
- [www.ncnonprofits.org](http://www.ncnonprofits.org)
- [www.boardcafe.org](http://www.boardcafe.org)
- [www.nonprofitrisk.org](http://www.nonprofitrisk.org)
- [www.genie.org](http://www.genie.org)

*Source: Nonprofit Boards that Work, Maureen K. Robinson*

## Frequently Asked Questions

### **What is the difference between a Fiduciary Board and an Advisory Board?**

Advisory boards are more flexible and most people who serve on advisory boards are friends of the organization. On the other hand, fiduciary boards are responsible for the financial health of the organization and ensuring that the organization is doing what it says it is going to do.

**How do you determine the number of board members?** Small orgs should start with at least 5 to 7 board members. As the org grows, add more members. Remember, you want a working board, people who are committed to your cause.

**What is the minimum size of a board?** Three is a minimum number, but 5 to 7 people are recommended.

**Can you set the number of board members in your bylaws?** Yes.

How do you decide when it is necessary to increase the board? Assess the compositions of the board and the needs of the organizations to make determinations about when to expand.

**Can you have non board members on sub-committees?** You definitely can add people to the committees. This may also be a way of finding future board members.

**How long should people serve on a board?** Term limits are very important for board membership. You do not want to burn board members out. A maximum of three two-year terms (six years total) is recommended. Staggered terms may be a good idea for keeping the board innovative but also facilitate continuity.

**What if there is no executive director, does the board still function in the same way?** Yes, but the board will also have to function as the staff until the organization grows.

**Where can we go to get training for boards?** For board resources check above list.

**Is it difficult to serve on a board if you are not a natural fundraiser?** Board members should be knowledgeable about the organization's fundraising plan. They must also know their role in making asks, they may make an introduction or start building relationships with potential donors instead of making "the ask". In addition, board members should remember that they are asking for a good cause and not for themselves. They should be passionate about the cause and fundraising reflects that passion.

**How do you put together a development committee that is savvy about external fundraising but is also sensitive to the internal giving capacity of the board?** Board members with previous experience on boards and raising money may be good for this committee. The fund development committee should be comprised of people who are able to build relationships with others, have a passion for the organization and may have specific experience in the area.

**How do you work with a board that is resistant about fundraising?** Short terms, good board orientations, being able to release board members, plant board members who are excited about fundraising, find one board member who may be interested and groom them, find advocates on the board, think about recruitment and identifying people who can fundraise, hold a special meeting to talk about fundraising, and develop a plan for fund raising.

**Is it legal and ethical to disband a board and start over if they are being uncooperative?** This is not recommended.

**What is the staff's role in the board meeting?** The role of staff in board meeting vary based on the board and the bylaws. Some boards encourage staff involvement while others do not. Overall, the board chair should run board meeting. The director and other staff members support board endeavors. The staff should act as a resource and not actually lead any of the meetings.