BEST PRACTICES OF HIGHLY EFFECTIVE NONPROFIT BOARDS

- A Governing Board is a vehicle for volunteering to govern. To play the leading role—in partnership with the ED/CEO and executive managers—in answering 3 critical questions:

  1. Where should our organization be headed over the long run?
  2. What is our organization now and in the near-term?
  3. How well is our organization performing: programmatically, financially, administratively?

- Well-Designed Standing Committees. Divide governing work into 'chewable chunks," enable in-depth attention to governing work, build governing expertise and ownership, and facilitate board-staff interaction.

- Two Key Roles of Standing Committees. Working with CEO and executive team members in designing detailed governing functions: answering content, format, and process questions. Preparing for Board Meetings: action recommendations and informal reports.

- Keys to Effective Committees. Organized by broad governing streams; cut across all organizational functions and activities (horizontal discipline); are not 'tip of the administrative iceberg' or 'program silo' committees.

- According to Doug Eadie, a model committee structure is Governance, Planning and Program Development, Performance Oversight, and External Relations.

- Executive (Governance) Committee. Headed by board president; consists of other standing committee chairs and CEO; and serves as committee on board operations, not as a petite board.

- Executive (Governance) Committee Functions. Develops board agenda; coordinates standing committee work; handles board human resource development; monitors board performance; and negotiates CEO performance targets and evaluates CEO performance.

- Committees Function Well When. Every board member serves on 1 and only 1 committee (except committee chairs); committees are the only path to the full board agenda; they are led by strong chairs, and an executive manager is assigned as chief staff to each committee.

- Taking Accountability for Governing Performance. Make executive (governance) committee accountable; set board member performance targets; regularly monitor board member performance; and take corrective action as appropriate.

- **What is the average size for a board?**

According to the BoardSource survey, "A Snapshot of America's Nonprofit Boards," the average size of a board is 19, the median being 17. When determining the size of your board, start by thinking what your board needs to accomplish. Optimal board size may vary according to the moment in the board life cycle, its mission, its fund raising necessities, and whether it is a national or local board.

- **When could downsizing a board be an option?**

Each board must determine for itself what the right size it. There are no universal models. When a Board problem seems to stem from its large size rather from quality of membership or other structural elements, it is time to assess whether downsizing could help the board become more effective. The following are some situations when downsizing might make sense:

- Individual board members feel they are not meaningfully engaged because there is not enough for everybody as individual participants.
- Board members feel that is doesn't matter whether they come to meetings. Nobody would notice their absence.
- The Executive Committee makes most of the decisions, leaving the rest of the board members without purpose.
- Board members do not really know each other. They feel lost in a big group. There is a lack of cohesion and group vitality.
- The cost of maintaining a large board is draining the budget: reimbursement for expenses, mailing out board materials, and staff time.

- **How can we make our committees more effective?**

To ensure that your committees actually help the board do its work better, follow these suggestions.

- Determine whether you truly need all the committees. Eliminate the unnecessary ones.
- Turn some committees into task forces with specific time frames.
- Draft a clean job description for each committee. Do not allow the committees themselves to determine their charter.
- Choose committed members who can advance the objectives set for the committee and who are able to attend meetings.
- Set meeting schedules well in advance. Take advantage of electronic communication and virtual meetings.
- Set term limits for committee members.
- Regularly assess the effectiveness of the committees. Don't tolerate substandard results.

- **Engaging Board Members: Recruiting and Retaining a Diverse Board**

  1. Be prepared to devote time, attention, and consistent effort to board recruitment and retention.
  2. Be honest in discussing the issues.
  3. Build relationships that foster trust and alliances.
  4. Look for skills as well as attributes in prospective board members.
  5. Engage new members in meaningful activities based on their skills, talents, and interests.
  6. Follow sound board development practices to create a positive working climate for all board members.
  7. Develop effective communication process for quick information dissemination and responses.

- **Barriers to Keeping Boards Involved**

  1. The board is too large. There is not enough work for each board member to do.
  2. The board is too small. Board members feel overwhelmed.
  3. The executive committee is too active. If it meets too often, the rest of the board may feel like a rubber stamp or disengaged.
  4. Members received insufficient or ineffective orientation.
  5. Agendas are weak. The agendas lack substance or are too long. Board members fail to see the relevance of board meeting topics to organizational performance.
  6. Members do not feel well used or important. They will decide that they have better things to do.
  7. There is little or no opportunity for discussion. Board members feel bored or frustrated.
  8. The board lacks social glue.   Board members have little in common except board service.

EXERCISE: What do we need and who do we want?

In beginning the search process, the governance committee needs to guide the board in asking the following questions:
- What is the current composition of our board?
- What characteristics, skills, experience, and backgrounds do we need now?
- What gaps will we need to fill in the future?
- What are the priorities for identifying and recruiting new members?
- What other attributes or qualities are important for our board members to have?

Adapted from BoardSource materials online at www.boardsource.org.

- **There are three modes of governance, all created equal.**

Type I. The *fiduciary mode*, where boards are concerned primarily with the Stewardship of tangible assets.   "What's wrong?

Type II. The *strategic mode,* where boards create a strategic partnership with Management.   "What's the plan?"

Type III. The *generative mode*, where boards provide a less recognized but critical source of leadership for the organization.   "What's the question?"

- WHY AM I HERE?   WHAT DIFFERENCE DO I MAKE?   We believe that board members asking themselves these questions have offered the best diagnosis of all.

- Board Improvement field has discovered that board do not perform well because they do not know what their job is.

- Official Job Description
    1. Set the organization's mission and overall strategy, and modify both as needed.
    2. Monitor organizational performance and hold management accountable.
    3. Select, evaluate, support, and if necessary replace the executive director or CEO.
    4. Develop and conserve the organization's resources—both funds and facilities.
    5. Serve as a bridge and buffer between the organization and its environment; advocate for the organization and build support within the wider community.

- Trustees can use two devices to ensure that a new structure does not become ossified as the old one. First, rely on more task forces and ad hoc work groups where trustees handle strategy-driven, time-specific, outcomes-orientated imperatives. Second, the board's governance committee can conduct a review process every other year to determine whether the trustees' committee structure matches organizational priorities. Should committees be merged or consolidated? Should any be eliminated? Should other meet on an as needed basis? What did this committee do over the past two years that was strategically indispensable? What work might the committee do over the next two years to meet the same standard?

- Generative thinking is essential to governing….Setting the goals and direction of an organization and holding management accountable for progress toward these goals.   Generative thinking is where goal-setting and direction-setting originate. But it is the *cues* and **frames**, along with *retrospective thinking* that enable *sense-making* on which these other processes depend.

- Max DuPree declared, "the first responsibility of a leader is to define reality."

- What is the most rewarding and most challenging about being a trustee here?

- If you could change one thing about the board, what would it be?
- How could the board help you to be more effective?

- Pose catalytic questions:
    What three adjectives or short phrases best characterize this organization?

    What will be most strikingly different about this organization in five years?

    What do you hope will be most strikingly different about the organization in five years?

    On what list, which you could create, would you like this organization to rank at the top?

    Five years from today, what will this organization's key constituents consider the most important legacy of the current board?

    What will be most different about the board or how we govern in five years?

    How would we respond if a donor offered a $50M endowment to the one organization in our field that had the best idea for becoming a more valuable public asset?

    How would we look as a take over target by a potential or actual competitor?

    If we could successfully take over another organization, which one would we choose and why?

    What has a competitor done successfully that we would not choose to do as a matter of principle?

    What have we done that a competitor might not do, as a matter of principle?

    What headline would we most/least like to see about this organization?

    What is the biggest gap between what the organization claims it is and what it actually is?

- Ideally, boards would hit a 'trifecta' where their work is:
    1. Indispensable to governing
    2. Valuable to the organization
    3. Satisfying to trustees

Adapted from *"Governance as Leadership" Reframing the Work of Nonprofit Boards* by Richard Chait, William Ryan, Barbara Taylor.