



Week 2

STRUCTURING THE WORK OF THE BOARD

Leadership Certificate of Nonprofit Education for Chief Executives

BoardSource[®]

Welcome



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Certificate for Nonprofit Chief Executives Webinar Series Resources

Week 1

For content related questions please contact the BoardSource Knowledge Center. we

- [This week's slides \(PDF\)](#)
- [This week's recording](#)

Recommended reading

- [Week 1 Reader](#)

Optional reading

- **Topic Papers**
 - [Board Dynamics and Processes – FAQ](#)
 - [Boards that Micromanage](#)
 - [Chief Executive Job Description](#)
 - [Chief Executive Performance Evaluation](#)
 - [The Role of the Board Chair](#)
 - [John Carver's Policy Governance Model](#)
- **Publications**
 - [Ten Basic Responsibilities of Nonprofit Boards](#)
 - [ePolicy Sampler – Chief Executive \(Word Doc\)](#)
 - [ePolicy Sampler – Communications \(Word Doc\)](#)
 - [ePolicy Sampler – Mission-Related Issues \(Word Doc\)](#)
 - [ePolicy Sampler – Ethics and Accountability \(Word Doc\)](#)
 - [The Source: Twelve Principles of Governance That Power Exceptional Boards](#)

Have questions?

Contact Justin Wood, Governance Program Manager at Justin.wood@boardsource.org

Week 1 Recap

Exceptional boards govern in *constructive partnership* with the CEO, becoming allies together in pursuit of the mission, and building a relationship based on trust and forthrightness.

CEOs can encourage a constructive partnership with their boards – starting with the Board Chair – by cultivating relationships, evaluating strategies to inform the board, and facilitating a balance in roles and responsibilities.

Week Two Learning Objective

Structuring the Work of the Board for Engagement and Effectiveness

List at least three of the five areas in which the Chief Executive and the board chair have the opportunity to positively structure the board's work.

Week 2 Agenda

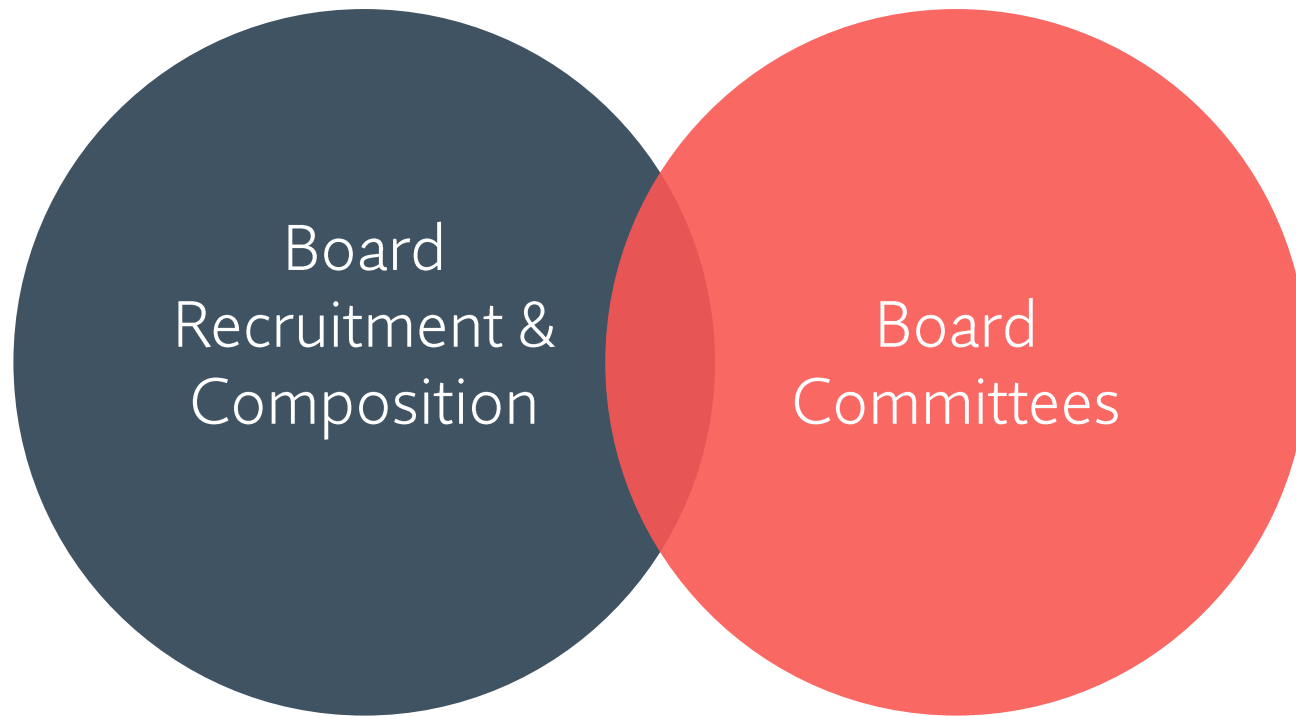
Structuring the Work of the Board



Board
Recruitment &
Composition

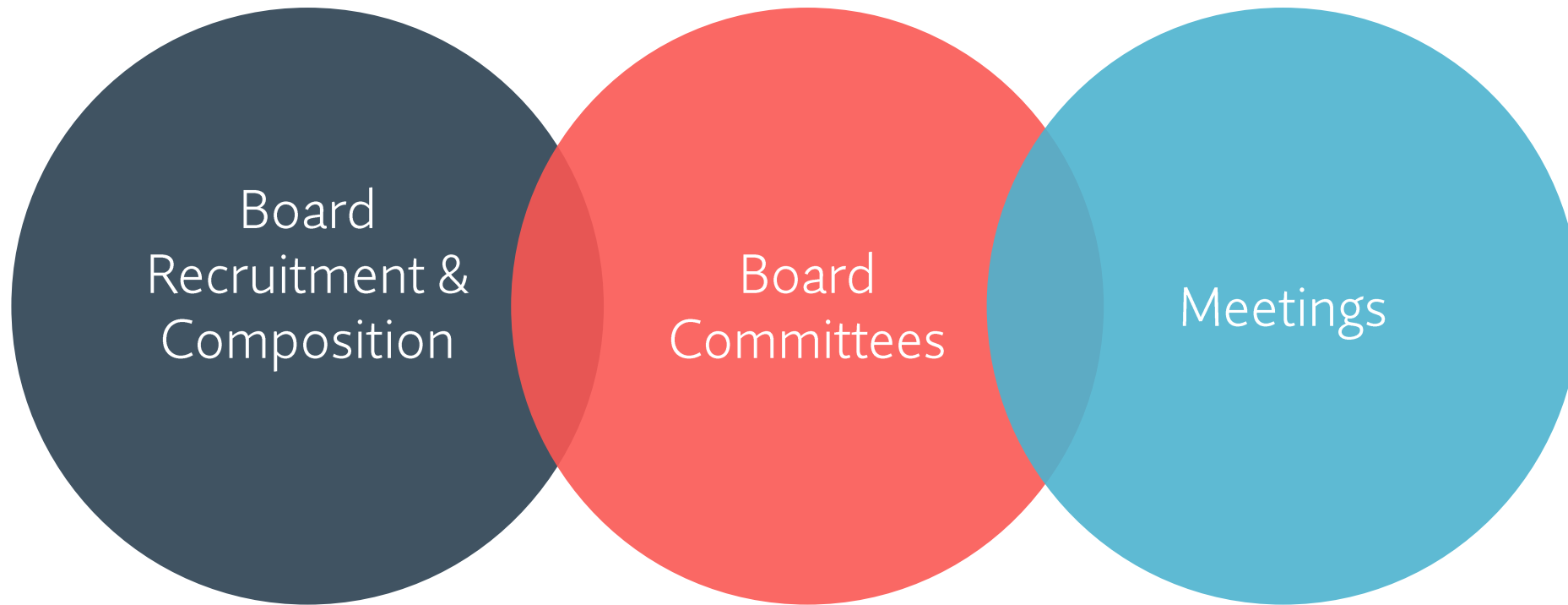
Week 2 Agenda

Structuring the Work of the Board



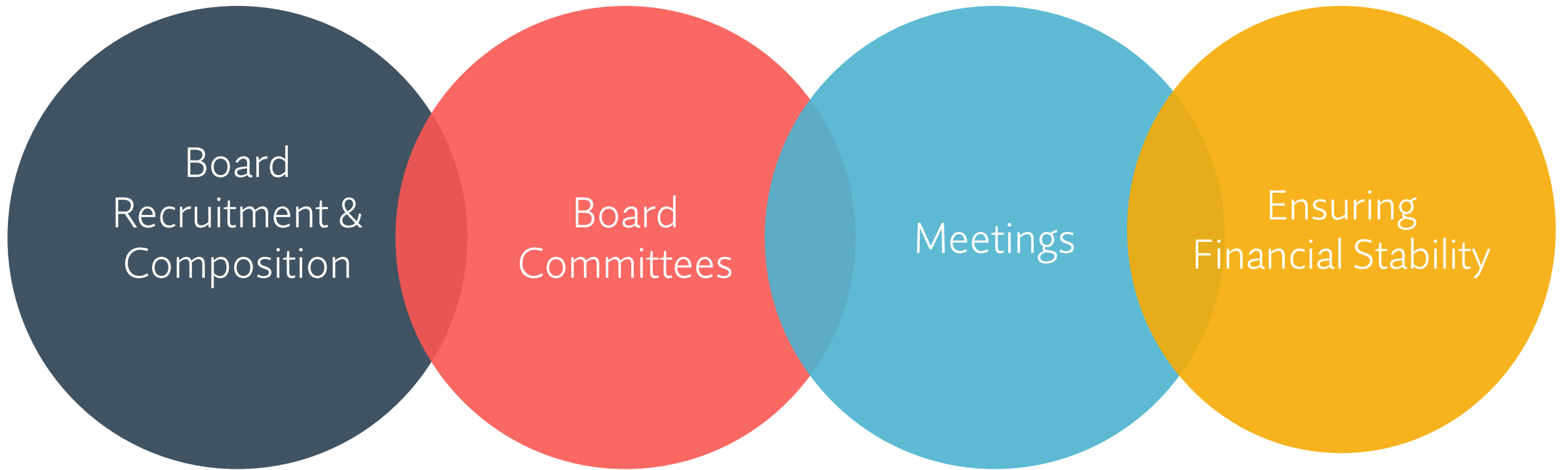
Week 2 Agenda

Structuring the Work of the Board



Week 2 Agenda

Structuring the Work of the Board





1 Board Recruitment and Composition

Poll



Do you feel that you have the right board members on your board?

- ✓ Yes
- ✓ No
- ✓ For the most part
- ✓ No opinion

Board Member Elections: LWI Data 2014



70% of boards are self-perpetuating



10% are elected



19% have a combination of board-elected and member-elected board members

Finding the Right Board Members



“High-performing boards approach recruitment as a year-round board responsibility and typically use the governance committee to spearhead this effort ...A continuous cycle of identifying potential candidates, exposing them to the work of the organization and current board members, and getting them actively involved early in the process results in a more well-rounded pool of candidates”.

Recruiting Board Members: LWI Data 2014

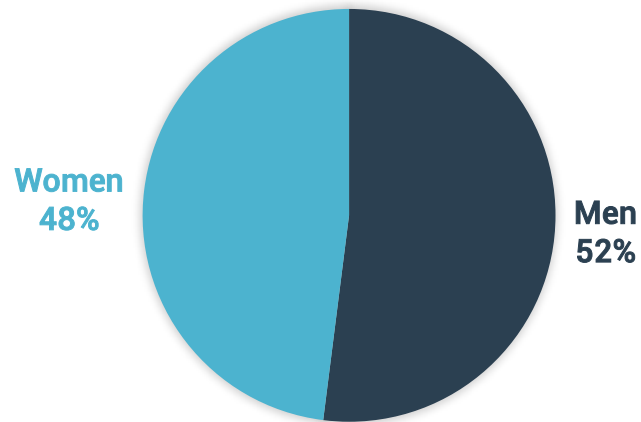
CEOs report:
Having the right
board members is a
determinant of
effective board
performance

Yet, only 73% of CEOs
believe they have the
right board members

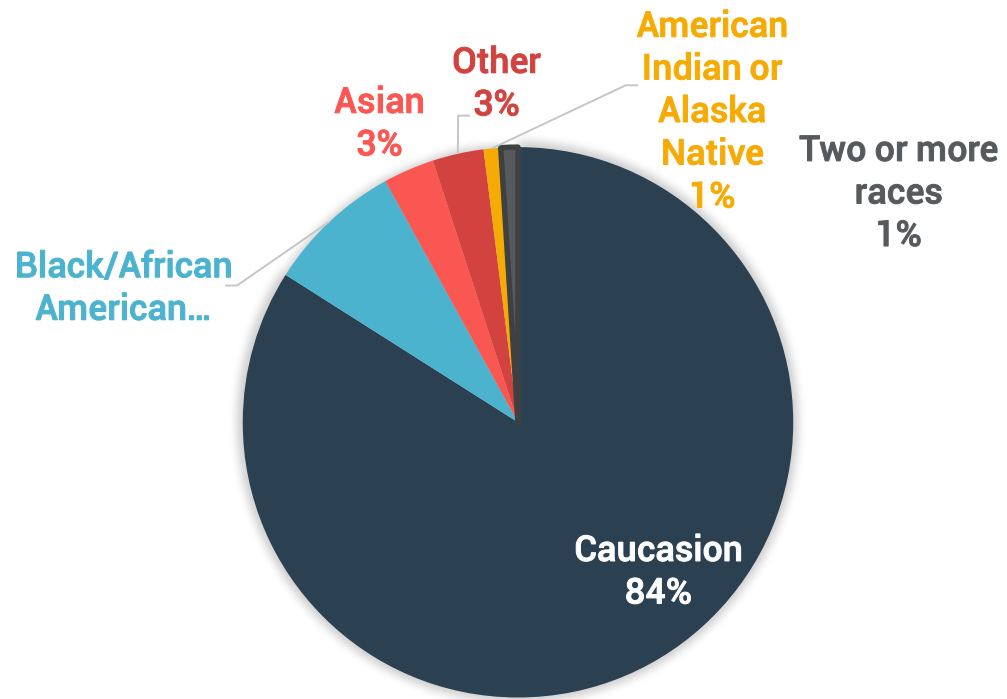
Finding board
members is getting
harder:
58% of CEOs vs. 44%
in 2012 report it's
difficult finding the
right board members

Demographic Data Trends: LWI 2016

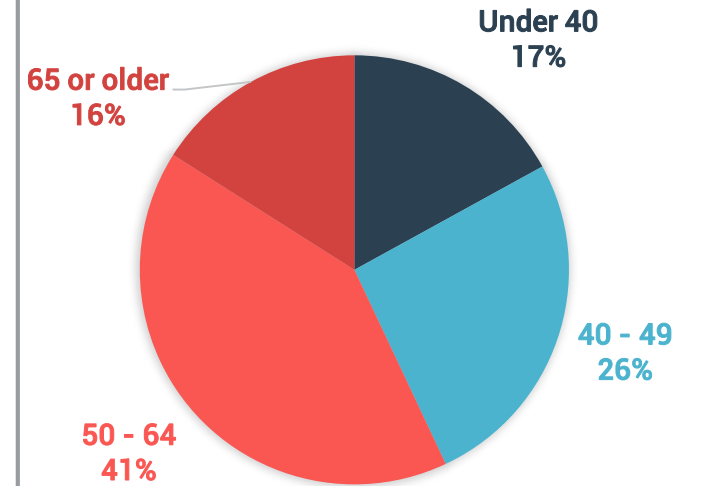
GENDER OF BOARD MEMBERS



RACE OF BOARD MEMBERS



AGE OF BOARD MEMBERS



Poll Question

As CEO, what is your role in board recruitment?

- A) I actively seek candidates
- B) I work with the governance committee/nominating committee
- C) I speak/meet with board candidates
- D) I help identify gaps and priorities for recruitment
- E) All of the above

The Chief Executive's Roles in Recruitment

How Chief Executives Help Recruit Prospects:

Spot talent to
develop a diverse
and inclusive board

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Develop
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The Chief Executive's Roles in Recruitment

How Chief Executives Help Recruit Prospects:

Spot talent to develop a diverse and inclusive board

Develop relationship with board and chair

Share strategic objectives and board action needed

The Board Building Cycle



[Lay the Foundation](#) | [Envision Your Ideal Board](#) | [Find Candidates](#) | [Help Board Candidates Find You](#) | [Board Posting & Matching Programs by Region](#) | [Evaluate Board Candidates](#) | [Nominate and Elect New Board Members](#) | [Orient and Develop Your Members](#) | [Additional Resources and Assistance](#)

Nothing is more important to the health and sustainability of your organization than getting highly qualified and enthusiastic people to serve on your board. But many organizations struggle to identify the right leaders.

- More than half – 58 percent – of nonprofit leaders report that it is difficult to recruit new members. (*Leading with Intent 2015: A National Index of Nonprofit Board Practices*)
- Only 73 percent of chief executives state that they have the right board members to effectively govern their organizations. (*Leading with Intent 2015: A National Index of Nonprofit Board Practices*)

BOARD RECRUITMENT MATRIX



Board Matrix

This matrix can be adapted to assist your organization's recruitment efforts by assessing your current board composition and identifying opportunities to diversify and/or expand your board.

Every organization is different. Use the table below to help distinguish the skills and strengths needed depending on your organization's stage of development, community served, and other factors.

In considering board building, an organization is legally obligated to follow its bylaws, board size, structure, and composition. Keep in mind that your organization's bylaws must acknowledge changes in the environment and community that have made board structure and composition important.

AREAS OF EXPERTISE/LEADERSHIP QUALITIES
Administration/Management
Early-stage organizations/start-ups
Financial oversight
Fundraising
Government
Investment management
Law
Leadership skills/motivator
Marketing, public relations
Human resources
Strategic planning
Physical plant (architect, engineer)
Real estate

COMMUNITY CONNECTIONS	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
Religious organizations		
Corporate		
Education		
Media		
Political		
Philanthropy		
Small business		
Social services		
Other		

PERSONAL STYLE	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
Consensus builder		
Good communicator		
Strategist		
Team member		
Visionary		

AGE	NUMBER OF CURRENT MEMBERS	NUMBER OF PROSPECTIVE MEMBERS
Under 18		
19 - 34		
35 - 50		
51 - 65		
Over 65		

Board Orientation



BOARD BUDDIES



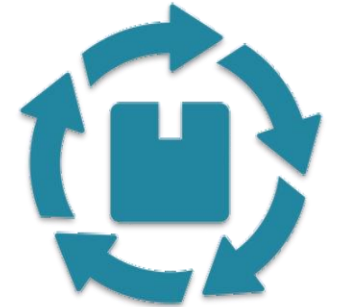
**MISSION &
HISTORY**



ORG CHART



**EXPECTATIONS &
BEST PRACTICES**



**POLICIES,
PROCEDURES,
PLANS**



MEETING DETAILS



FINANCIAL INFO

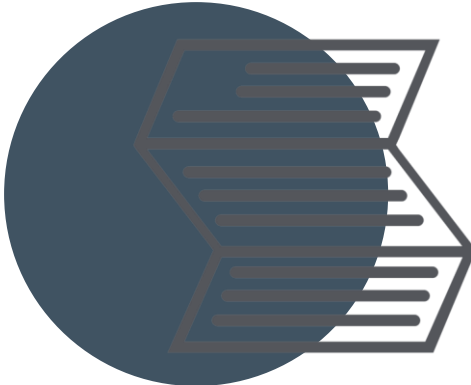


COMMUNICATION

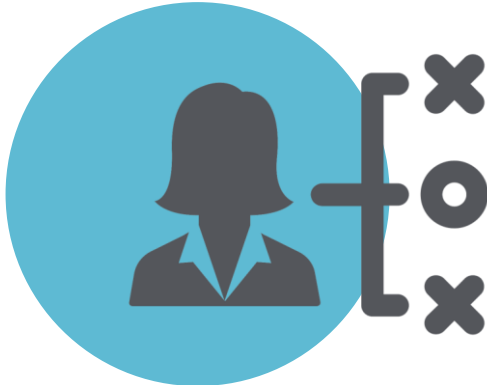


CULTURE

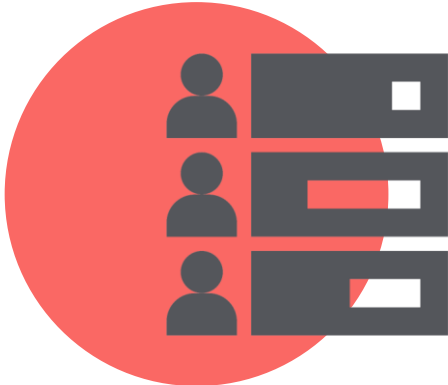
Engagement Activities



Letter of Commitment



Engagement Activities

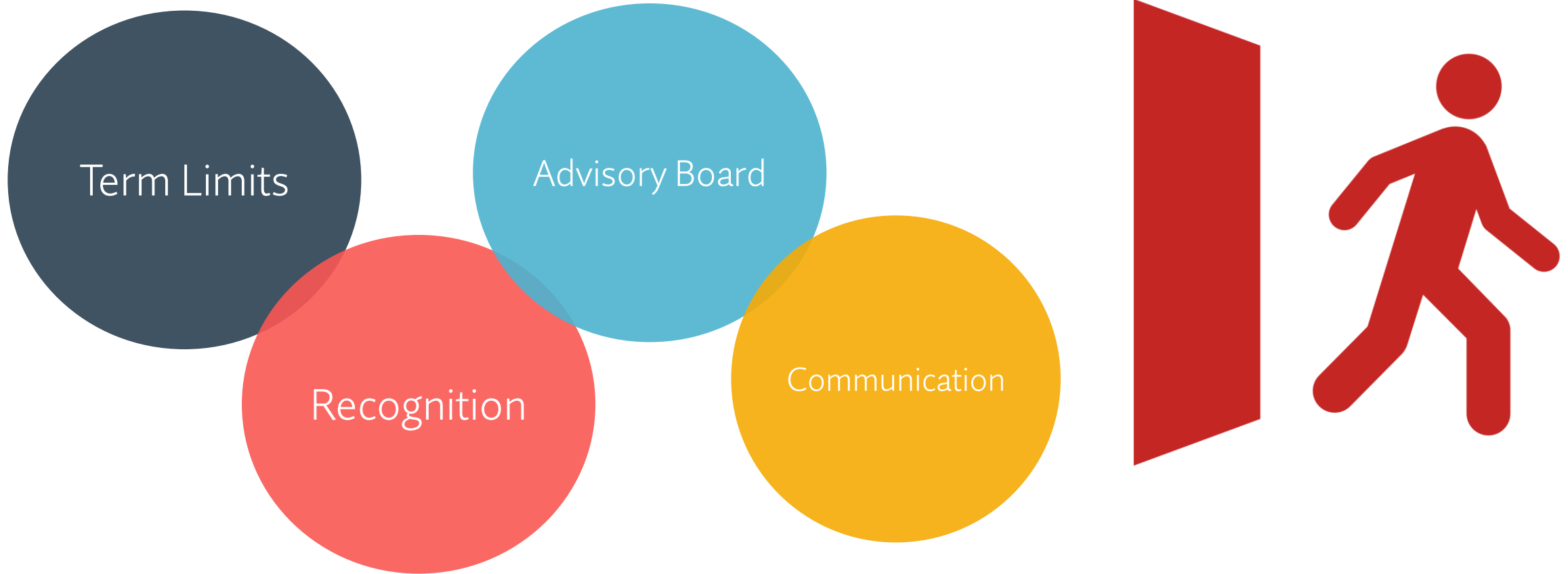


Board Self-Assessment



Recognition

Off Boarding





2 Board Committees



Chat Question

How many standing committees does your organization have?

Leading With Intent

Most Common Committees in 2016 and 2014

Committee	2016	2014
Executive	63%	78%
Development/Fundraising	44%	60%
Finance & Audit	37%	47%
Finance Standalone	25%	33%
Governance/Nominating	33%	37%

Lessons from the Field

Task forces can sometimes be more suitable than standing committees

Executive committees should be used with care

Trend: Zero-based committee structure

A Governance Committee can be of great value to board functioning and renewal

Separate finance and audit committees, if possible

Decline in the use of committees for program-related purposes





Chat Question

Do you have an active executive committee?

The Executive Committee



Usually made up of
the officers of the
board

The Executive Committee



Usually made up of
the officers of the
board

Needs a clear
charter

The Executive Committee



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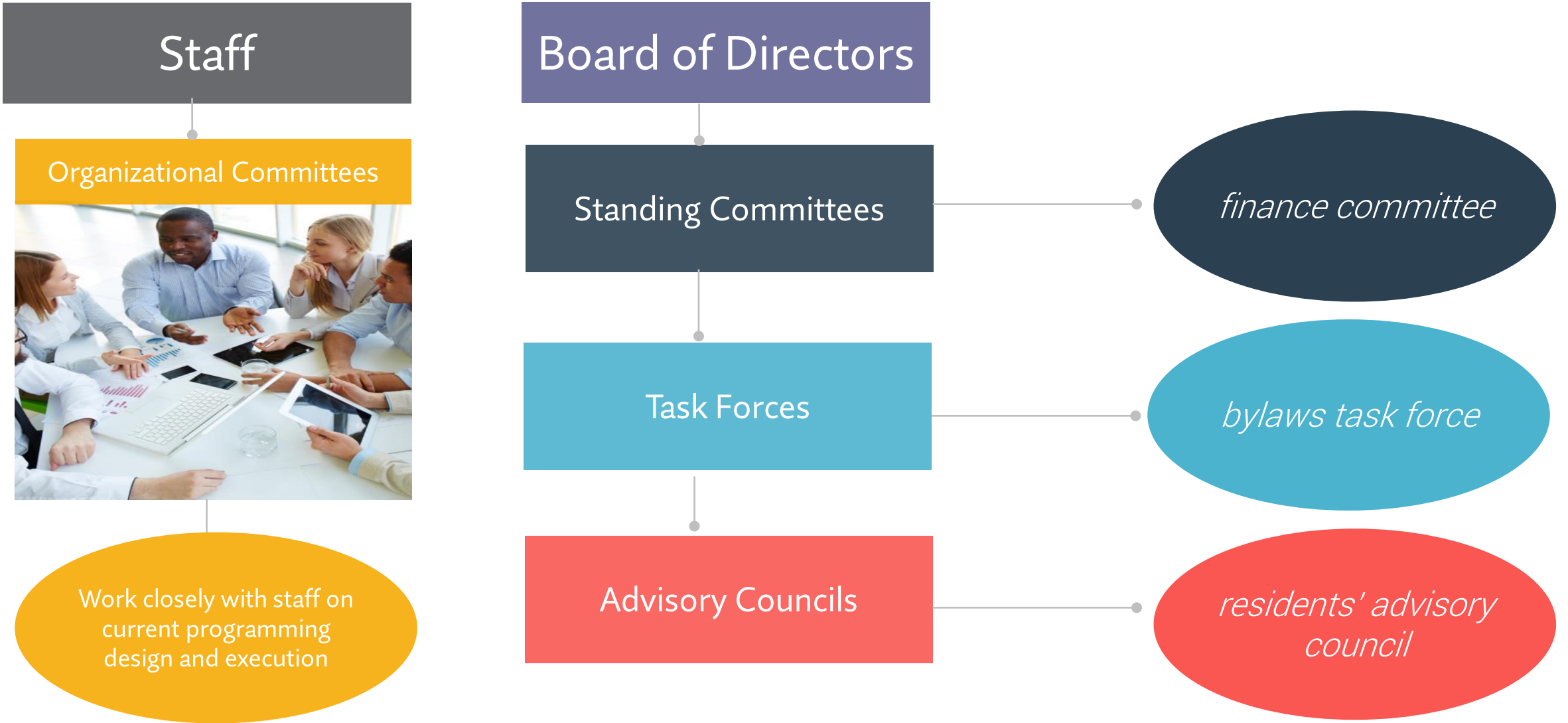
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Hire or fire the Chief Executive

Approve or change the budget

Make major structural changes

Types of Committees



Chief Executive Roles in Committee Structure



- Ensure committee charges, objectives and work plans

Chief Executive Roles in Committee Structure



- Ensure committee charges, objectives and work plans

- Ensure the chair provides orientation

Chief Executive Roles in Committee Structure



- Ensure committee charges, objectives and work plans
- Ensure the chair provides orientation
- Provide ongoing support to committee chairs

TOOL

Sample Committee Charter

A photograph showing a group of business professionals in a meeting. One person is pointing at a tablet displaying a bar chart, while others look on. There are also printed documents with charts on the table.

Sample Governance Committee Charter

The governance committee is commissioned by and responsible to XYZ board to ensure board effectiveness, maximum participation, and performance, to recommend new board members in a timely fashion; to ensure board policies are being observed; to implement board development and growth opportunities throughout the year, to ensure all board members receive orientation; and to annually recommend a slate of officers to the board for approval.

(Sample # 1 from the E-Policy Sampler, BoardSource)

The background of the slide is a photograph of a meeting. Several people are gathered around a table, looking at documents. One person in the foreground is writing on a document with a pen. Another person's hand is visible, pointing at a document. The entire image is covered with a semi-transparent blue overlay. On the left side, there is a yellow circle containing the number '3'. To the right of the circle, the text 'Board Meetings' is written in a white, sans-serif font. A thin yellow horizontal line is positioned below the text.

3 Board Meetings

Poll Question:

Do you feel as though your board meets...


—— A. ——
too often


—— B. ——
not often enough


—— C. ——
the right amount


—— D. ——
no opinion

Leading with Intent 2016 Data

 Average amount of board meetings per year **7**

 Less than 5 meetings per year **33%**

 Boards with an annual retreat **42%**

 Meet for 2.5 hours or less **84%**

Why This Matters

- Boards must meet often enough to fulfilling their fiduciary responsibilities without compromising efficiency
- An inverse relationship exists between meeting frequency and length of meeting
- One meeting a year is insufficient – See: BoardSource Recommended Governance Practices

Effective Meetings

Board chair and
chief executive
set the agenda



Effective Meetings

Board chair and
chief executive
set the agenda

Informally assess
board meetings



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Establish a
Governance
Committee

Meet Smarter

PLANNING AND PREPARATION

- Annual board meeting calendar
- Pre-reading materials and reports
- Consent agenda
- Dashboards
- Experts, guests, facilitators

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IN THE BOARDROOM

- Pairs, triads, small groups
- Loyal opposition, devil's advocates
- Foster boards' ability to seek more information, question assumptions, and challenge conclusions
- Draw on multiple sources of information and perspective
- All voices heard

Tool:

Sample Board Meeting Evaluation Questions

1. Are you leaving the meeting confident in the overall performance of our organization?

2. Did you feel you had ample opportunity for input?

3. Would you change anything for future meetings?

Strategic Thinking

Responsible Boards x The Source of Power = Exceptional Boards

- Set direction
- Establish and review strategic plans
- Monitor performance against plans

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- Considerable time spent on consequential issues
- Constant strategic thinking
- Joint board-staff efforts to frame and explore issue
- Alignment of agendas, CEO's goals, priorities

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- Monitor performance against plans

- Considerable time spent on consequential issues
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- Alignment of agendas, CEO's goals, priorities

- Become a strategic asset, source of leadership
- Sharpen direction, address difficult issues, identify opportunities
- Generate solutions that are understood and supported

TOOL Consent Agenda

Written set of proposals that requires board action but not discussion/debate (e.g., minutes, dates of meetings).

TOOL

Consent Agenda

Written set of proposals that requires board action but not discussion/debate (e.g., minutes, dates of meetings).

Circulate to board in advance.

TOOL

Consent Agenda

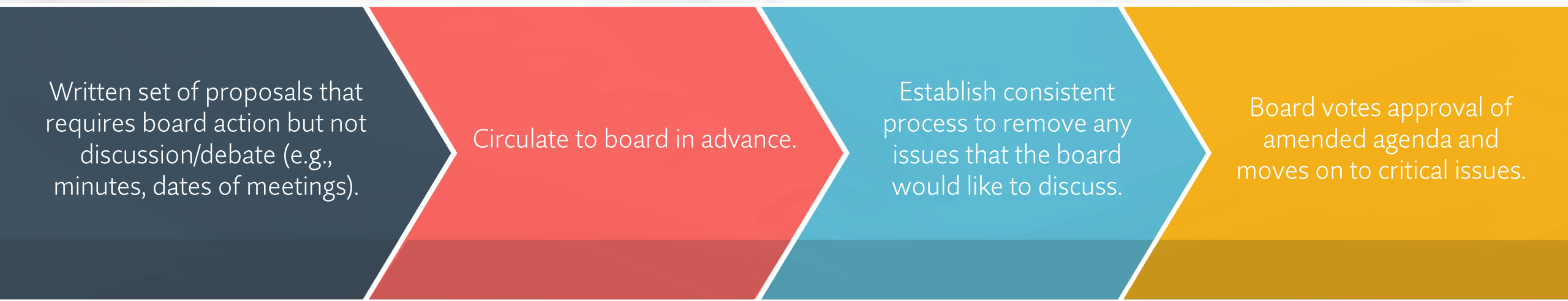
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Establish consistent process to remove any issues that the board would like to discuss.

TOOL

Consent Agenda



Written set of proposals that requires board action but not discussion/debate (e.g., minutes, dates of meetings).

Circulate to board in advance.

Establish consistent process to remove any issues that the board would like to discuss.

Board votes approval of amended agenda and moves on to critical issues.

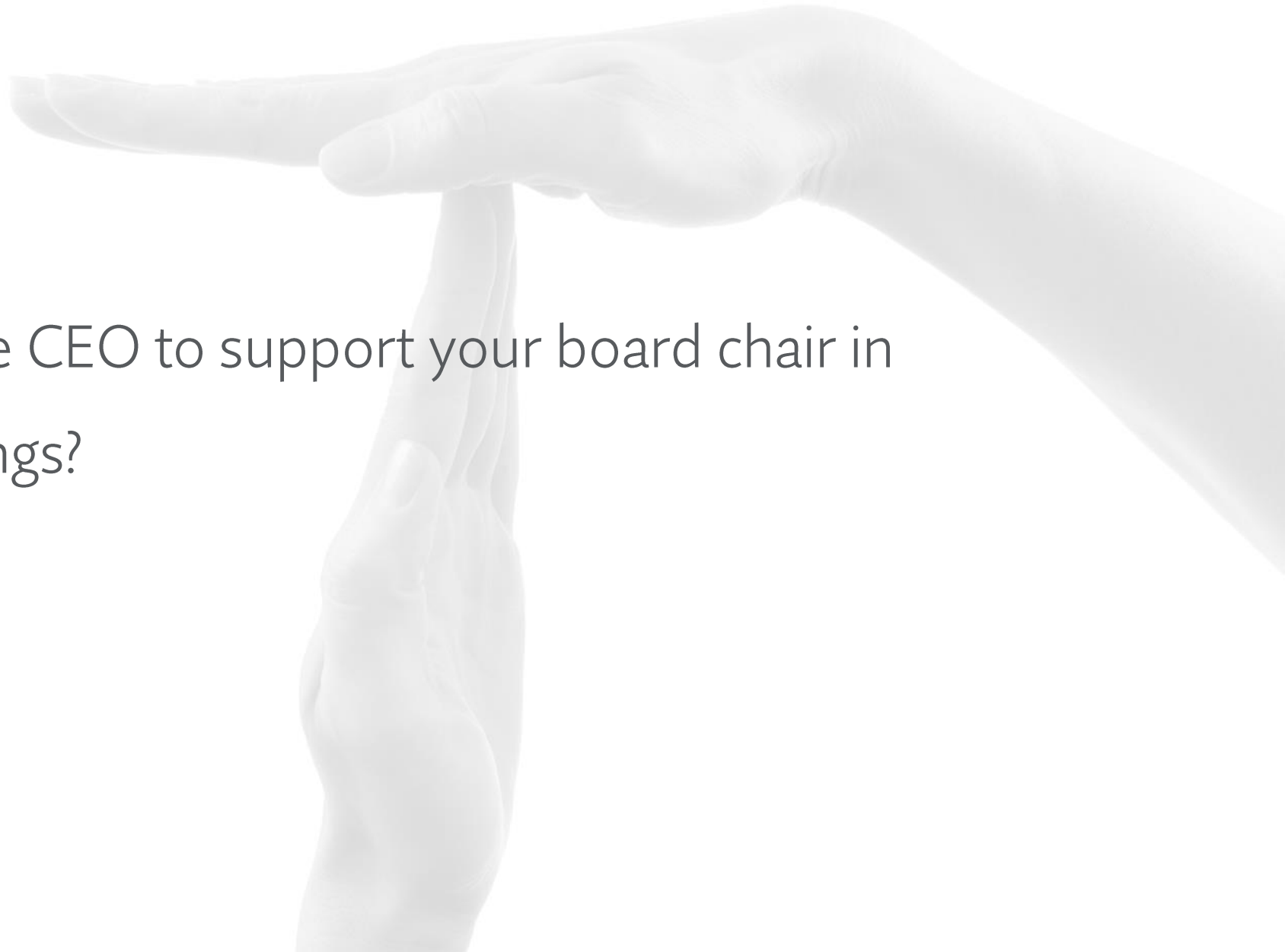
TOOL Executive Sessions

Opportunity for the full board to meet in private with and without the executive director.

Open Meetings - <http://www.rcfp.org/browse-media-law-resources/digital-journalists-legal-guide/open-meetings>

Pause & Reflect

What can you do as the CEO to support your board chair in facilitating great meetings?

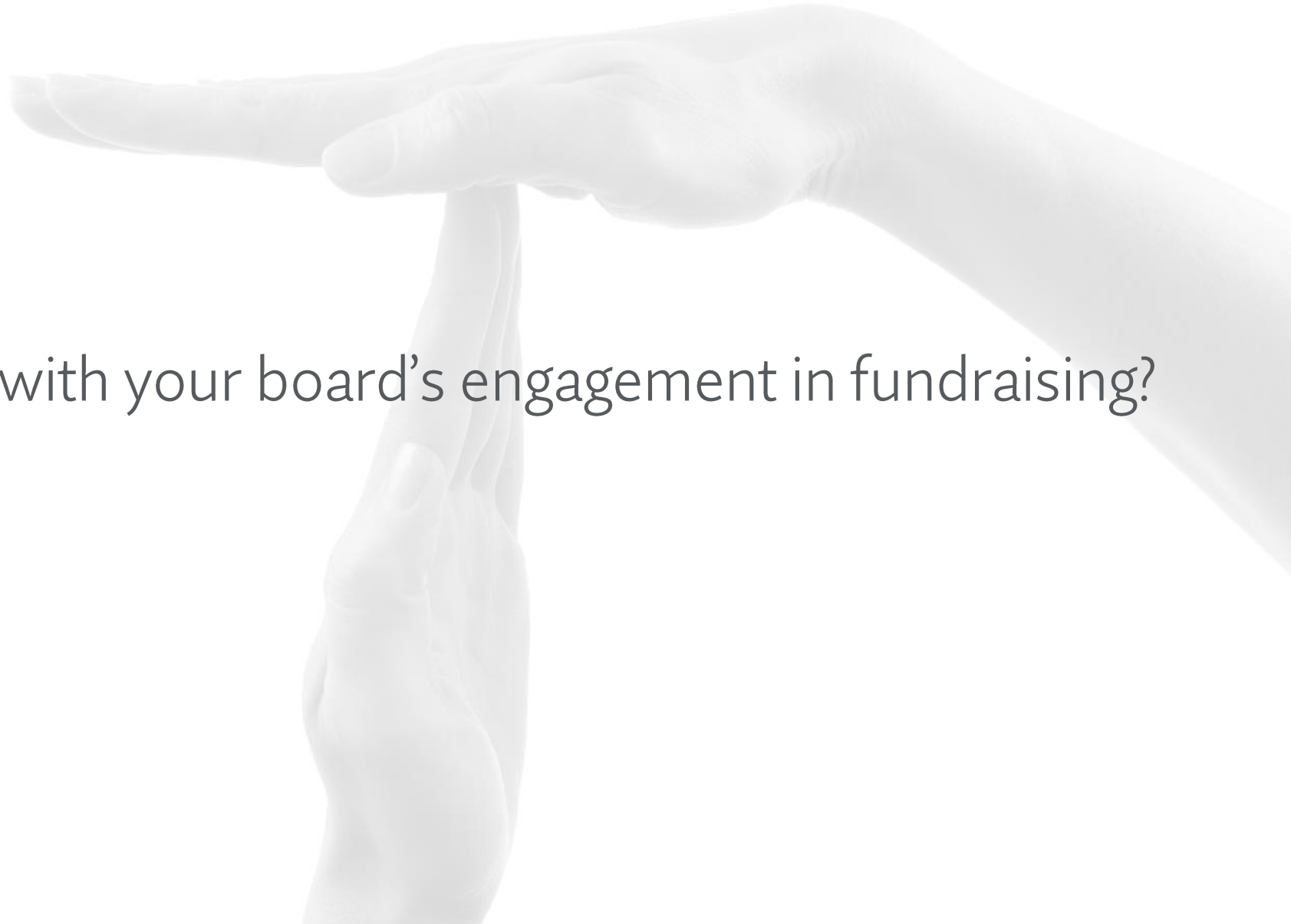


A blurred background image of a business meeting. Several people in professional attire are gathered around a table, looking at documents. One person is writing on a document with a pen. The image is overlaid with a semi-transparent blue filter.

4 Ensuring Financial Stability

Chat Question

How satisfied are you with your board's engagement in fundraising?



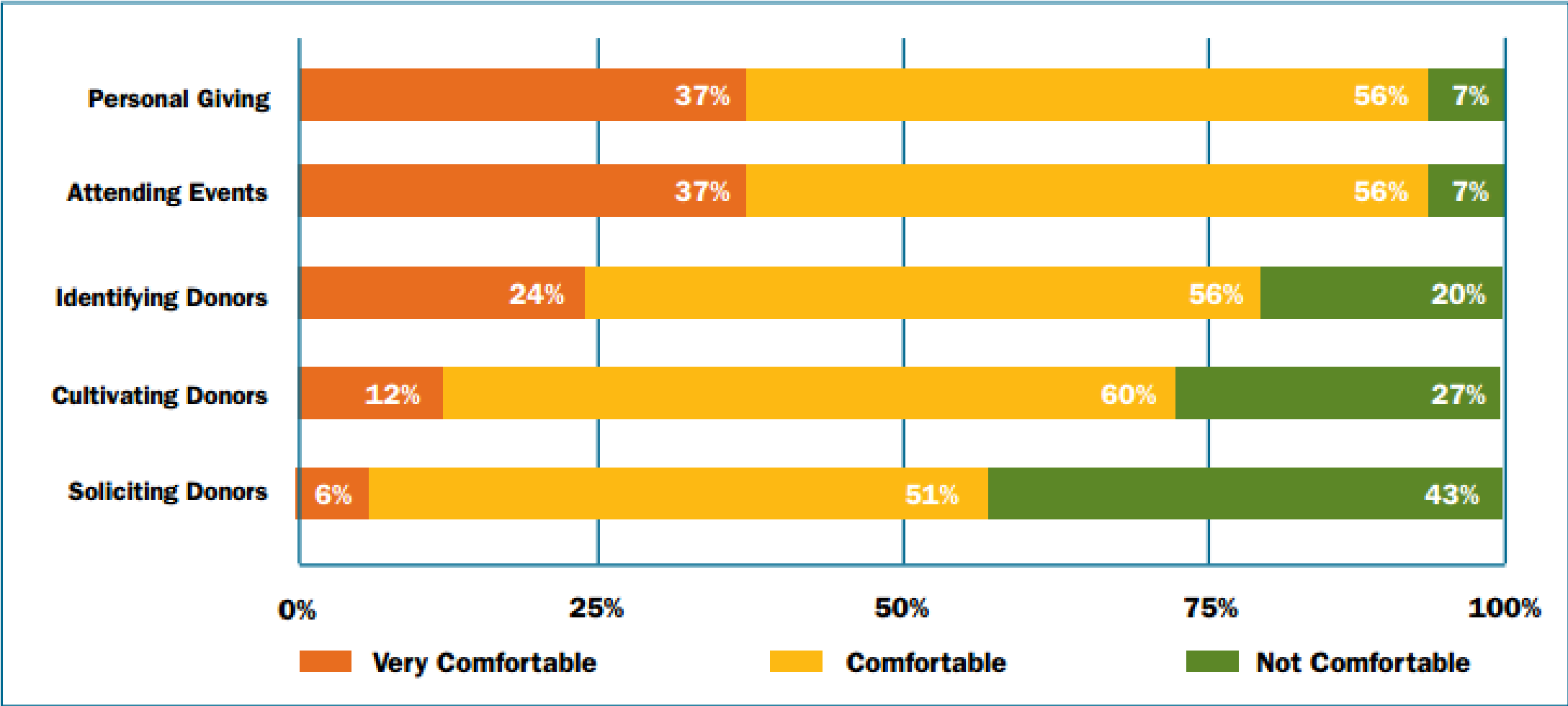
The Board's Fiduciary Role



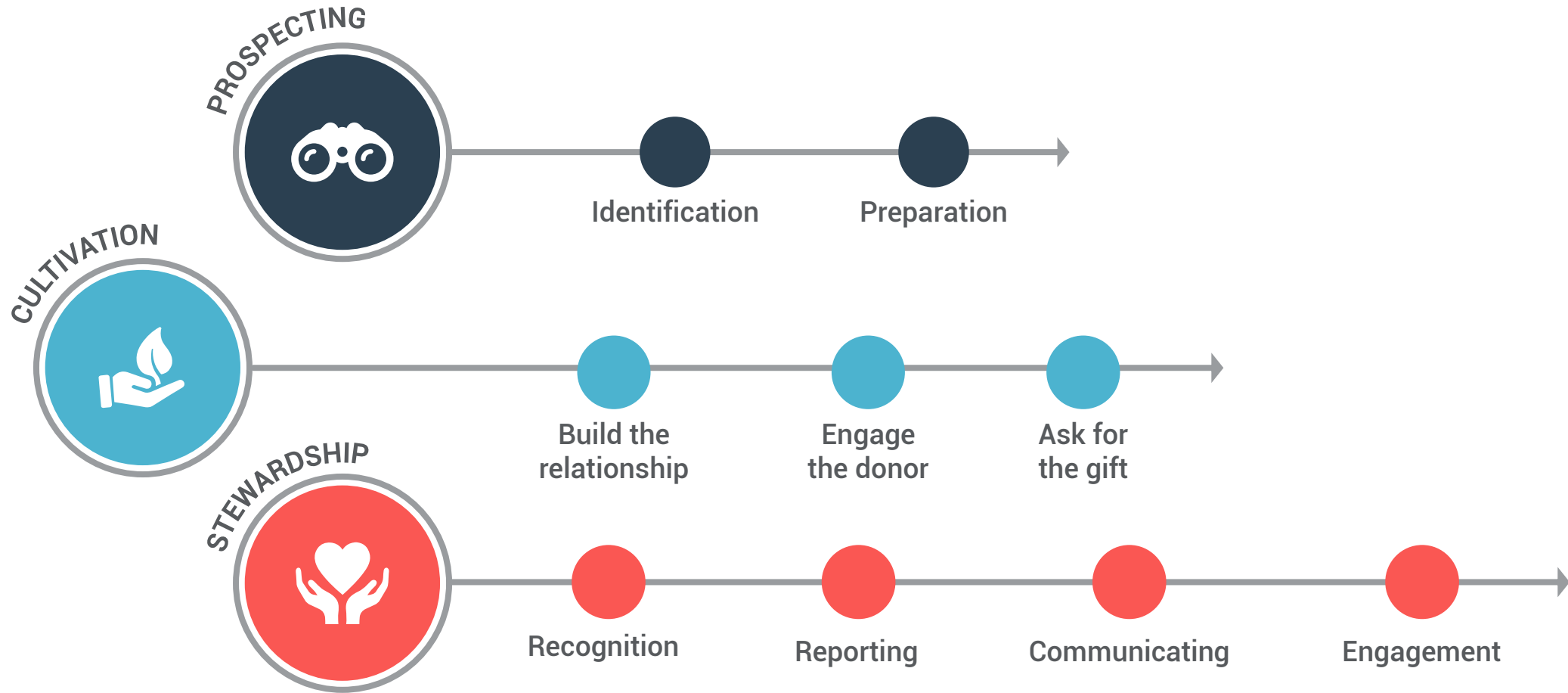
- ➔ Understand nonprofit financial foundations
- ➔ Set up & monitor key financial indicators
- ➔ Ensure financial control mechanisms
- ➔ Approve the budget
- ➔ Oversee legal obligations
- ➔ Understand roles of board, treasurer, financial committees, financial staff, internal controls
- ➔ Plan for financial diversity and sustainability

Board Roles in Fundraising

Figure 22. Boards and Fundraising: Perception of Chair about Board Member Comfort (Q2.7 Chair)



Fundraising Process



Pre-Requisites to Successful Fundraising



- Strong board and staff partnership
- Current strategic plan
- Fundraising plan
- Passionate board members
- Understanding the strategy of fundraising for your organization
- Willingness of board members to be advocates for your mission

Measuring Fundraising Effectiveness



Our Total Fundraising Net:

Is this enough to fund our work?



Our Dependency Quotient:

Are we at risk if a top donor changes its giving?



Our Cost of Fundraising:

Are our fundraising efforts paying off efficiently?



RESOURCE

Impact + Profitability



Strategic Planning and Fundraising: Role of the Chief Executive



Serve as the organization's representative to potential funders and the community

Strategic Planning and Fundraising: Role of the Chief Executive



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Ensure compliance with funding sources and regulatory requirements

Strategic Planning and Fundraising: Role of the Chief Executive



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Hire and supervise resource development staff

Strategic Planning and Fundraising: Role of the Chief Executive



Serve as the organization's representative to potential funders and the community



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Hire and supervise resource development staff



Initiate and assist the board in developing resource development policy

Strategic Planning and Fundraising: Role of the Chief Executive



Serve as the organization's representative to potential funders and the community



Ensure compliance with funding sources and regulatory requirements



Hire and supervise resource development staff



Initiate and assist the board in developing resource development policy



Help the board set fundraising priorities



5 Recap, Questions, and Close

Week 2: Recap

Board Recruitment and Composition

- Active role identifying and vetting prospects

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Board Committees

- Form follows function
- Clear charters, objectives

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Board Meetings

- Invest in well-crafted agendas
- Evaluate

Week 2: Recap

Board Recruitment and Composition

- Active role identifying and vetting prospects

Board Committees

- Form follows function
- Clear charters, objectives

Board Meetings

- Invest in well-crafted agendas
- Evaluate

Ensuring Financial Stability

- Engage board members as individuals
- Board and staff each have a role to play

Up Next

Week 3

Supporting and Evaluating Performance

BoardSource[®]

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