

I2 **THE SOURCE**

Twelve Principles of Governance That Power **Exceptional Boards**

THE SOURCE FOR EXCEPTIONAL BOARDS

Follow these 12 principles and advance the common good with uncommonly good work

Good governance is about providing critical capital—intellect, reputation, resources, and access—to power nonprofit success and thereby strengthen communities. It is more than checklists designed to detect and prevent problems, though boards must exercise their fiduciary duties with care. Good governance requires the board to balance its role as an oversight body with its role as a force supporting the organization.

Moving beyond the basics of governance, as important as those are, creates new opportunities. Exceptional boards add significant value to their organizations, making discernible differences in their advance on mission. Consider these examples: a board that drove higher performance through an emotionally powerful vision statement; a board that retained a talented executive in the face of high turnover among peers; a board that reshaped itself to meet the demands of a large fundraising campaign and exceeded its goals; and a board that had a waiting list for seats due to its reputation for having bright people doing consequential work. How does a board rise to this level? Are there standards that describe this height of performance?

BoardSource set about answering these questions. We convened a group of governance experts and, together, explored the characteristics of exceptional boards. Defining and analyzing their common traits and actions, we distilled the essence of what great boards do that is different and how they do it. The result is *The Source: Twelve Principles of Governance That Power Exceptional Boards*. These principles define governance not as dry, obligatory compliance, but as a creative and collaborative process that supports chief executives, engages board members, and furthers the causes they all serve.

To understand what made exceptional boards exceptional, we teased apart the difference between responsible and exceptional boards. Responsible boards are competent stewards. Focusing on fiduciary oversight, they ensure that their organizations comply with the law, act with financial integrity, and operate effectively and ethically. Exceptional boards add active engagement and independent decision making to this oversight function. Their members are open and honest with each other and the chief executive. They passionately challenge and support efforts in pursuit of the mission. The difference between responsible and exceptional boards lies in thoughtfulness and intentionality, action and engagement, knowledge and communication. This difference—the source of power—serves as the multiplier that powers exceptional boards.

Strong boards and strong chief executives make for good governance. Sharing a passion for serving their communities and constituents, they forge a dynamic relationship that leads to a higher level of performance. Exceptional boards, energized by a deep commitment to the work of their organizations, constantly search for solutions and seek to add value. Individual board members do substantive work that draws on their unique talents. Chief executives lead the organization adeptly, managing resources on a daily basis and regularly tapping into board talent.

The Source: Twelve Principles of Governance That Power Exceptional Boards enables nonprofit boards to operate at the highest and best use of their collective capacity. Aspirational in nature, these principles offer chief executives a description of an empowered board that is a strategic asset to be leveraged. They provide board members with a vision of what is possible and a way to add lasting value to the organizations they lead.

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