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
Board Committees
Meetings
Ensuring Financial Stability

Board Recruitment and Composition

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 2017

- Gender of board members: 62% men, 38% women.
- Race of board members:
  - Caucasian: 84%
  - Black/African American: 14%
  - Asian: 3%
  - Other: 3%
  - American Indian or Alaska Native: 1%
  - Two or more races: 1%
- Age of board members:
  - Under 40: 17%
  - 40-49: 26%
  - 50-64: 41%
  - 65 or older: 16%

The Chief Executive's Roles in Recruitment

- 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

- Identify
- Cultivate
- Celebrate!
- Orient
- Involve
- Educate
- Evaluate
- Recruit
- Rotate
Board Recruitment

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—54 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 2016: A National Index of Nonprofit Board Practices)

Board Matrix

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

Every organization is different. Use the table below to help distinguish the skills and strengths depending on your organization’s stage of development, community served, and other criteria. It is considered best practice for an organization to fill its board using a mix of skills and experiences. Keep in mind that your organization’s board may need to re-examine and alter the matrix based on your needs.

### Areas of Expertise/Leadership Qualities

<table>
<thead>
<tr>
<th>COMMUNITY CONNECTIONS</th>
<th>NUMBER OF CURRENT NUMBERS OF PROPOSED</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1.png" alt="Image" /></td>
<td><img src="image2.png" alt="Image" /></td>
</tr>
</tbody>
</table>

### Personal Style

| ![Image](image3.png) | ![Image](image4.png) |

### 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
2 Board Committees

Leading With Intent

Most Common Committees in 2016 and 2014

<table>
<thead>
<tr>
<th>Committee</th>
<th>2016</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>61%</td>
<td>78%</td>
</tr>
<tr>
<td>Development/Fundraising</td>
<td>44%</td>
<td>60%</td>
</tr>
<tr>
<td>Finance &amp; Audit</td>
<td>37%</td>
<td>47%</td>
</tr>
<tr>
<td>Finance Standalone</td>
<td>25%</td>
<td>33%</td>
</tr>
<tr>
<td>Governance/Nominating</td>
<td>33%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Lessons from the Field

- Task forces can sometimes be more suitable than standing committees
- Executive committees should be used with care
- Decline in the use of committees for program-related purposes
- 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
**The Executive Committee**

- Usually made up of the officers of the board
- Needs a clear charter
- Promptly reports to and is accountable to the full board
- Its limited role should be defined in the by-laws
- Should not marginalize other board members or become a “shadow board”

**The Executive Committee Should Not:***

- Amend Bylaws
- Elect or remove board members
- Hire or fire the Chief Executive
- Approve or change the budget
- Make major structural changes

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**Types of Committees**

- **Staff**
- **Board of Directors**
- **Organizational Committees**
- **Standing Committees**
- **Task Forces**
- **Advisory Councils**

- **finance committee**
- **bylaws task force**
- **residents’ advisory council**

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**Chief Executive Roles in Committee Structure**

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

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**Sample 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)
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
- Informally assess board meetings
- Establish a Governance Committee
Meet Smarter

PLANNING AND PREPARATION

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

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

Board Meeting Tips

ROBERTA’S RULES OF ORDER — WHO’S ROBERT ANYWAY??

Board reports
Strategic priorities
Mission moments
Ask questions
No micromanagement

Consent agendas
Shared responsibilities
Create accountability
Follow through

Guests, staff
Chief executive
Board members
Honor time
Sunshine laws

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

Strategic Thinking

Responsible Boards x The Source of Power = Exceptional Boards

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

• Considerable time spent on consequential issues
• Constant strategic thinking
• Joint board-staff efforts to frame and explore issues
• 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
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?

Executive Sessions

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


Ensuring Financial Stability

4. The Board’s Fiduciary Role

- Understand nonprofit financial foundations
- Set up & monitor key financial indicators
- Ensure financial control mechanisms
- Approve the budget
- Interpret legal obligations
- Understand roles of legal, financial, fiduciary, financial staff, external sources
- Plan for financial diversity and sustainability
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?

Measuring Fundraising Effectiveness

- Enough Money to Fund Programs
  (total fundraising net)

A Responsible Balance of Risk and Reward
(Dependency Quotient / Cost of Fundraising)

= Healthy Fundraising Program

Impact + Profitability

- High Mission Impact
  Low Profitability
  Keep, contain costs

- High Mission Impact
  High Profitability
  Invest and grow

- Low Mission Impact
  Low Profitability
  Close or give away

- Low Mission Impact
  High Profitability
  Water & harvest, increase impact

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

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