Best Board Practices and Meetings that Matter: 
*An Introduction to Nonprofit Governance*

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For Governance Questions

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Today’s Agenda

• Nonprofit Fundamentals
• Roles/Responsibilities of Board and Chief Executive
• Duties, Policies, Best Practices
• Effective Meeting Basics

Nonprofit Fundamentals
Types of Nonprofits

Charities - Section 501(c)(3) of IRS tax code
  > Special Olympics, YMCA, Metropolitan Museum of Art

National social welfare organizations - 501(c)(4)
  > NAACP, National Organization for Women, Sierra Club

Labor unions, farm bureaus, and other labor and agricultural organizations – 501(c)(5)
  > Iowa Farm Bureau Federation, International Association of Firefighters, Colorado Agricultural Preservation Association

Professional and trade associations - 501(c)(6)
  > American Dental Association, AARP, National PTA

Purpose of a Nonprofit Board

- Governing boards are caretakers of the public trust
  > Charged, by law, with overseeing the affairs of the nonprofit corporation
  > Ultimately accountable for all acts undertaken in the name of the organization
  > Responsible for seeing that public money is spent for the purpose it was given
What is Nonprofit Governance?

**Defined**
- From a Greek word “kubernan” meaning to steer, to control, and to influence from a position of authority
- Making critical decisions about mission, how to achieve results, assuring resources, and measuring effectiveness and impact

**Benefits**
- Support for your mission from passionate volunteers who help guide the organization
- Increased impact. It is well-documented that the most successful nonprofit organizations have strong, well-functioning boards.

Board and Chief Executive - Roles and Responsibilities
The Leadership Team

- Boards are designed to protect the organization’s long-term viability
- Chief executives are charged with managing the day to day operations
- Together they form the core of a nonprofit leadership team

Board Role vs. Director Role

- **Board**
  - Focuses on Long-term Mission and Vision
  - Develops strategic plan

- **Governs**
  - Provides counsel to management but remains focused on long-term sustainability, viability

- **Project Director**
  - Focuses on Long-term Mission and Vision
  - Develops strategic plan

- **Manages**
  - Responsible for day-to-day affairs
  - Progress on goals forms part of performance review
10 Basic Responsibilities of Boards

- Determine organization’s mission and purpose
- Select the chief executive
- Provide proper financial oversight
- Ensure adequate resources
- Ensure legal and ethical integrity and maintain accountability
- Ensure effective organizational planning
- Recruit and orient new board members and assess board performance
- Enhance the organization’s public standing
- Determine, monitor, and strengthen the organization’s programs and services
- Support the chief executive and assess his or her performance

From “Ten Basic Responsibilities of Nonprofit Boards” by Richard T. Ingram, a BoardSource publication.

10 Basic Responsibilities of Chief Exec

- Commit to the mission
- Lead the staff and manage the organization
- Exercise responsible financial stewardship
- Lead and manage fundraising
- Follow highest ethical standards, ensure accountability, and comply with the law
- Engage the board in planning and lead implementation
- Develop future leadership
- Build external relationships and serve as an advocate
- Ensure the quality and effectiveness of programs
- Support the board

From “The Nonprofit Chief Executives’ Ten Basic Responsibilities” by Richard L. Moyers, a BoardSource publication.
Dynamic Board and ED Relationship

• Critical to create and maintain clear expectations

• Shared understanding
  > Mutually supportive and complementary role of the board and the chief executive
  > Balance of power and authority

• Change and evolution are inevitable

Duties, Policies, Best Practices of Nonprofit Boards
Board Duties, Policies

- Whistleblower Policy
- Duty of Care
- Duty of Loyalty
- Conflict of Interest Policy

Duty of Care

- Taking reasonable care in decision-making
- Regularly attending meetings
- Being informed about affairs and finances
- Using independent judgment about issues under consideration
Duty of Loyalty

• Standard of faithfulness

• Not using information obtained as a board member for personal gain

• Further the interest of the organization rather than his/her personal interest or interests of another person or organization

Conflicts of Interest

Personal interest conflicts with interests of the organization

Conflicts Continuum: Inconsequential to Illegal

• Conflict situations to watch for
  > Financial – IRS big concern
  > Roles and relationships
  > Loyalty to more than one nonprofit

• Manage conflicts: Avoid harm
  > Protect integrity of decision-making process
  > No individuals use position to gain personal advantage
  > Protect reputation and funder/donor confidence
Developing Board Structure

- Eligibility for Service
- Board Size
- Letters of Expectations/Job Description
- Orientation
- Diversity
- Meeting Frequency
- Terms of office
- Leadership Structure
- Committees
- Minutes
- Attendance Policy
- Quorum

Two Earth-Shifting Best Practices

- Governance Committee
- Consent Agenda
Governance Committee

• **Minding the Board’s Business**
  > Replaces nominating, board development committee
  > Oversees education, well-being, perpetuation
  > Examines functioning, communication, quality of work
  > Checks progress on fulfillment of objectives, aspirations

Governance Committee Work

• **Board Recruitment**
  > Creates board profile, expectations letter
  > Identifies and recruits potential candidates

• **Board Knowledge**
  > Orientation
  > Education
  > Coaching

• **Board/Ed Effectiveness**
  > Annual Assessments, reviews
Governance Committee
Action Plan

Identify
Cultivate
Recruit

Orient
Involve
Educate

Evaluate
Rotate

Board Meeting or
Bored Meeting?
The Consent Agenda

- A change in thinking, break from tradition — only works if everyone agrees to accept the change
- Old business/new business—not critical work of the board
- Designed for smarter meetings
- Deeper dig into issues that matter - the future

Consent Agenda Expectations

- 7 days before the meeting
- Everyone expected to read everything ahead of time
- Preparation is critical for successful use of Consent Agenda
Not Included on Consent Agenda

- 6-12 major items board agrees to work on this year
- Questions of policy
- Board Governance Committee progress
- Strategic thinking, values
- In-person staff reports
- Financial statements if there is an issue
- Audit

Sample Board Meeting Agenda

Welcome
Consent Agenda
  > Minutes, Director’s Report, Committee Reports
Strategic discussions
  > Presentations on critical issues affecting project
  > Board education
  > Feedback on new market strategy
  > Progress on strategic plan, fundraising plan
Governance Committee discussion items
Adjournment
Effective Meeting Basics

Facilitation: Interactive Approach

- Silent Start
- Counterpoints
- Breakouts
Want to liven things up?

• A quiz about the organization at each meeting ... with prizes
• Bring in outsiders to speak about topics related to the organization’s work
• Board member presentations—expertise, personal experience
• Every 2nd or 3rd meeting invite a staff member to discuss strategic issues in their area of focus (issues, not what they do)

The Heart of the Meeting

Your Organization’s Future
Successful Meeting Tips

• Don’t have a meeting just to have a meeting
• Put the most important agenda item first
• Plan anticipated outcomes for every agenda item
• Make sure everyone’s opinion is solicited at every meeting
• Critically think as a team on most forward-looking challenges

Teleconference Protocol

• Choose convenient time for different time zones
• Take roll call to establish a quorum
• Chair should plan to include everyone in the discussion
• Ask all speakers to first identify themselves
• Don’t use for major planning, sorting out a conflict
Board Meetings or *Bored* Meetings?

Every Meeting: Engaged and Energized
What Will You Take Home?

- What surprise, new information, other learning will you take back to your organization today?