

# TIDES CENTER

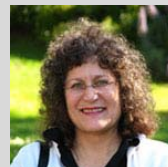
## Best Board Practices and Meetings that Matter: *An Introduction to Nonprofit Governance*

Presented to Farmers Market Coalition  
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## For Governance Questions

### Contact

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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

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• <b>Board</b><ul style="list-style-type: none"><li>&gt; Focuses on Long-term Mission and Vision</li><li>&gt; Develops strategic plan</li></ul></li><li>• <b>Governs</b><ul style="list-style-type: none"><li>&gt; Provides counsel to management but remains focused on long-term sustainability, viability</li></ul></li></ul> | <ul style="list-style-type: none"><li>• <b>Project Director</b><ul style="list-style-type: none"><li>&gt; Focuses on Long-term Mission and Vision</li><li>&gt; Develops strategic plan</li></ul></li><li>• <b>Manages</b><ul style="list-style-type: none"><li>&gt; Responsible for day-to-day affairs</li><li>&gt; Progress on goals forms part of performance review</li></ul></li></ul> |
|--|--|

## 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*

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## 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.*

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## 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

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## 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

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## 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

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## Governance Committee Work



- **Board Recruitment**

- > Creates board profile, expectations letter
- > Identifies and recruits potential candidates

- **Board Knowledge**

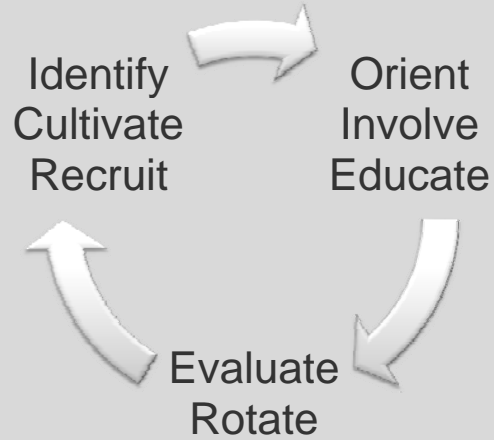
- > Orientation
- > Education
- > Coaching

- **Board/Ed Effectiveness**

- > Annual Assessments, reviews

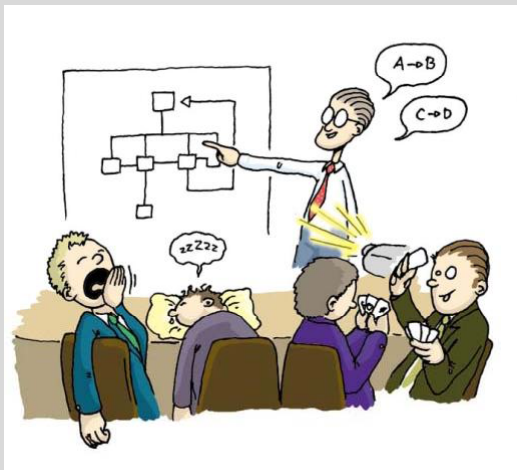
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## Governance Committee Action Plan



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REALITY'S POSSIBLE

## Board Meeting or *Bored* Meeting?

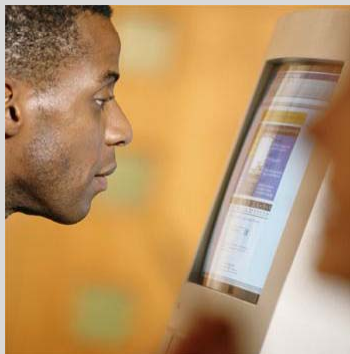


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REALITY'S POSSIBLE

## 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



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## Facilitation: Interactive Approach

- Silent Start
- Counterpoints
- Breakouts

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## 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 2<sup>nd</sup> or 3<sup>rd</sup> 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

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THINKING IS POSSIBLE

## 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



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THINKING IS POSSIBLE

## Board Meetings or *Bored* Meetings?



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## Every Meeting: Engaged and Energized



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## What Will You Take Home?

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