

# Proven Governance

## Principles and Practices for

### Nonprofit Organizations

Developed by Robert C. Andringa, Ph.D.

These board training resources are among the most used in my 30 years of consulting with nonprofit CEOs and their boards regarding all things governance. This and other resources will be on my website: **www.TheAndringaGroup.com**. Feel free to make copies of pages within this packet or on the website for any non-commercial use. None have a copyright.

Further resources developed over 30 years can be found in **Good Governance for Nonprofits**, by Laughlin and Andringa, that explains how to document dozens of best practices in an organized Board Policies Manual (BPM).

Many of the key principles of nonprofit governance are also in the bestselling **Nonprofit Board Answer Book**, Third Edition (2012) by BoardSource (a further expansion of the Andringa & Engstrom 2004 "Expanded Edition" by the same title).

The Internet, including many good governance resources at [www.BoardSource.org](http://www.BoardSource.org), makes board development an easier task today.

# MEET THE PRIMARY AUTHOR OF THE GOOD GOVERNANCE TOOLBOX

Robert C. Andringa, Ph.D.

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Bob has spent 40 years serving government, higher education and the broader nonprofit sector. He has been a consultant/trainer/coach for more than 500 nonprofit CEOs and boards, mainly in the faith-based community, over the past 25 years.

## **Highlights of education and career ...**

- B.A., M.A. and Ph.D. (higher education) from Michigan State University
- Assistant Director, Honors College, Michigan State University
- Captain (Ret), U.S. Army (Faculty, Industrial College of the Armed Services)
- Staff Director, Education and Labor Committee, U. S. House of Representatives
- Campaign Manager, Quie for Governor (MN)
- Director of Policy Research, Office of Governor Al Quie (MN)
- Executive Director, Education Commission of the States
- President, Council for Christian Colleges & Universities
- Managing Partner, The Andringa Group ([www.TheAndringaGroup.com](http://www.TheAndringaGroup.com))

## **Publications include ...**

- *Nonprofit Board Answer Book, Expanded Edition*
- *Presidential Transitions in Private Colleges*
- *Good Governance for Nonprofits*
- Chapter in 2009 *Turnaround: Leading Stressed Colleges and Universities to Excellence*
- More than a dozen other published chapters, articles and commentaries

## **Public Service includes ...**

- Board Member (former), American Council on Education
- Chair, Engstrom Institute International Leadership Council
- Council of Editorial Advisors, BoardSource
- Numerous other boards, commissions and advisory groups

## **Honors and Awards ...**

- Four honorary doctorates
- Distinguished Service Award, Christian Leadership Alliance
- Joint Service Commendation, Department of Defense

## **Personal ...**

- Married to Susan (Deem) Andringa since 1963
- Active in church and local charitable organizations
- Two grown sons and three grandchildren

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# 80 PRINCIPLES/PRACTICES OF EFFECTIVE BOARDS

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	FOUNDATIONS OF BOARD STRUCTURE AND PROCESS
1	Clear vision and mission that <i>attract</i> and <i>guide</i> people and resources
2	<i>Defined</i> and <i>used</i> measures of desired <i>outcomes</i>
3	Workable board size (national average going down; now 15)
4	Defined profile of desired expertise/mix/diversity of board members
5	Year-around efforts to build a pool of prospects, using the profile
6	Directors contribute work, wealth, wisdom, wallop (influence), and witness (advocate)
7	Defined terms (2-4 years) and consecutive term limits
8	Pre-election <i>and</i> post-election orientations for new directors
9	Clarity of roles and responsibilities of directors, board, committees, CEO, staff
10	Annual affirmation of expectations board determined, signed by all directors
11	Peer evaluation prior to nominating current board members for another term
12	Bylaw provision for terminating directors mid-term, if necessary
13	Elected chair gifted and prepared to manage the board and relate positively with CEO
14	Chair and CEO are different leaders, each focused on his/her unique role
15	No limits on consecutive 1 or 2 year terms for great chairs
16	Understand each director wears 3 (maybe 4) "hats" –but elect for the governance hat
17	Engage each director to wear the volunteer, participant, and (maybe) implementer hats
	EXECUTIVE LEADERSHIP
18	Clear definition of the type of CEO needed for mission/future of the organization
19	Open, professional search process for next CEO
20	Mutually agreed upon expectations/goals in offer letter or contract with CEO
21	Board allows CEO to recruit, hire, evaluate, and terminate (if necessary) all staff
22	Board defines what information/data it wants from CEO and how often
23	Good annual CEO performance review based on agreed upon goals
24	CEO is transparent with directors through regular emails, Skype/conference calls
25	CEO and Chair have regular pre-scheduled times for conversation with agendas
26	Board has and updates comprehensive succession/transition policy
	BOARD COMMITTEES
27	Committees are reviewed periodically and dropped or changed when wise to do
28	Clear job descriptions for all committees are in writing
29	Committee chairs lead in setting agendas focused on governance, not management
30	Bylaws allow non-directors to serve on committees
31	Committees speak "to the board," not "for the board" (except Executive Committee)
32	Executive Committee, if one, meets only as needed (usually infrequently)
33	Strong Board Development Committee advances many aspects of good governance
34	Separate Audit Committee focused on regulations, risk, internal procedures
35	Staff prepare advance board material that is policy-oriented, not management focused
36	Board creates ad hoc task forces for short-term, specialized issues
	BOARD MEETINGS
37	Board meetings scheduled two years in advance
38	Number of meetings sufficient to maintain board leadership
39	Fewer, longer meetings better than many short meetings
40	Directors receive reports whenever ready; but all at least ten days in advance

41	Directors build culture that expects all to come fully prepared and to participate	3
42	Board schedules each major focus area for in-depth review every X meetings	
43	Meetings limit staff reports and staff Q&A to allow more in-depth board dialogue	
44	Meetings include time for board business, education and social interaction	
45	Chairs shape the final agenda and manage for maximum participation and outcomes	
46	All meetings have an executive session at the beginning <i>without</i> the CEO	
47	All meetings have short executive session at the end <i>with</i> the CEO	
48	Primary focus of board meetings is assessing outcomes and adjusting policies	
49	Retreats, often with spouses, build relationships and allow better strategic focus	
50	Board Development committee evaluates every meeting to suggest changes	
	<b>BOARD POLICIES</b>	
51	A Board Policy Manual (BPM) has ALL governance policies in one document	
52	One section has clear vision, mission, values, strategies and top goals	
53	Another section adds key policies about governance structure, meetings, etc.	
54	Another section is about everything relating to board-staff relationships/roles	
55	A large section articulates board parameters around all major executive functions	
56	The BPM is reviewed and improved at every meeting	
57	CEO recommends staff edits to directors in advance of each meeting	
58	Committees review staff suggestions, then recommend changes to board	
59	The key outcome of board meetings is wiser policies documented in the BPM	
	<b>STRATEGIC AND BUDGET PLANNING</b>	
60	Based on BPM, board expects CEO to lead strategic planning, involving key persons	
61	Using CEO dash board reports, board reviews plan and finances at each meeting	
62	Annual budget prioritizes funds to achieve the top-level goals; reduces other activities	
63	Key results made public for needed transparency, accountability	
	<b>FUNDRAISING</b>	
64	Board contributes to fundraising with good CEO selection and policies	
65	Enforced policy that every director be donor of record in first quarter of every year	
66	Expectation to give, get or (sometimes) get out (if expectations known when elected)	
67	Non-board talented leadership appointed for capital campaigns	
	<b>OTHER CHARACTERISTICS OF GOOD GOVERNANCE</b>	
68	Laws and government regulations are faithfully honored	
69	CEO uses emails, conference calls, board website, etc. for board communications	
70	Culture of transparency, accountability, integrity promoted at all levels	
71	Outside assessments/audits of legal, program, fundraising, etc. are board options	
72	Intentional research on and visits to similar organizations, even by board members	
73	Membership in and partnership with significant organizations/associations	
74	Investment in professional development for board, staff, volunteers	
75	Other board protocols are documented, including commitment to confidentiality	
76	Use of technology is maximized for efficiency in governance and programs	
77	Contracts and agreements with others include alternative dispute resolution	
78	Board members and staff are thanked always and honored when they depart	
79	Articles and Bylaws are reviewed regularly to reflect changing culture, laws, and regs.	
80	Board knows why, when and how it would close or merge with another organization	

1. Great organizations have Great Boards. Great Boards require board-oriented chief executives. Great Boards and their CEOs do not compete, but have separate, complementary roles and function as partners in a trust relationship.
2. A Great Board adopts a powerful mission which leads to changed lives, articulates the values and strategies to accomplish its mission, agrees on the major strategic goals, then asks the CEO to develop a Plan respecting all board policies.
3. A Great Board selects a chief executive who is equipped to advance the mission within board policy parameters. Then the board governs in ways that support, compensate, evaluate and, if necessary, terminate the CEO, always with the best interests of the organization in mind.
4. A Great Board elects a chair who is able and willing to manage the board to maintain the integrity of the structure and process which the whole board has determined is best, leaving management to the chief executive who leads within board policies.
5. A Great Board defines the criteria for new members, then selects, orients, trains, evaluates and rewards board service for those who collectively set board policies and, individually, give time, talent and treasure as volunteers.
6. A Great Board welcomes CEO/staff input in formulating policies that the board adopts and documents in an organized, written Board Policies Manual of 15-20 pages, which is improved at every meeting as the board learns and adjusts based on monitoring information the board requests.
7. A Great Board often organizes itself into committees or task forces, which speak *to* the board, not *for* the board and which do board-related work rather than supervise or advise staff on their administrative work.
8. A Great Board insists on great meetings which include good staff material in advance, time for fellowship and learning, and agendas focused on improving the Board Standing Policies Manual. Oral reports are limited in order to allow at least half the meeting time for board dialogue.
9. A Great Board insists on accountability through legal, financial and program audits; observance of the law; avoidance of conflicts of interest; assessment of results; self-evaluation of the board as a whole and of individual board members; and appropriate transparency in dealing with its stakeholders.
10. A Great Board is intentional in the pursuit of excellence. Members are forward-looking, always focusing on outcomes/results. They discipline themselves and they change. They recognize, appreciate, and enjoy the process of governance!

## GOVERNANCE REFLECTS CULTURE AND VALUES

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Every board is different. To move from Good to Great is not just about knowing best practices. It is doing them while honoring an organization's culture and values. Boards themselves have unique cultures and values, whether written or not. It pays to answer these questions – and others like them – to try to define what your culture and values are. Then get consensus on whether these are good. And when that is done, teach them to new board members and revisit them from time to time.

1. Do we pursue “truth” and “look hard at the evidence” in decision-making?
2. Are we transparent and do we want to be more so?
3. Do we have a culture where disagreements are welcomed, or discouraged?
4. Are we willing to evaluate our own performance as a board?
5. Does evaluation of individual board members fit our culture?
6. Do we appoint/elect officers and committee chairs based on merit?
7. Are we highly collaborative or do we go our own way?
8. Do we nurture people of wealth to get their money or serve them?
9. Do we quickly resolve conflicts or let them fester?
10. Do we view staff as merely “means” or is their development a worthy end?
11. Do we really welcome the tough questions in our dialogues?
12. Are we closer to being rule-oriented and legalistic, or more forgiving?
13. Are we risk takers or would we rather conserve what we have?
14. What questions or issues are “out of bounds” for discussion?
15. Do we engage our distracters or shun them?
16. Do we view our CEO as a partner in governance or our hired hand?
17. If people of faith, have we worked at linking our work with our faith?
18. Are we willing to identify poor programs and end them?

There are dozens more questions. How could you commission a paper that would attempt to honestly define your board's (and institution's) culture and identify the values that really drive you (versus those that you might have written out but do not always honor them)? Healthy boards encourage honesty in these areas.

## CLARIFYING BOARD AND STAFF ROLES

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1. The BOARD governs, and has but one agent, the CEO, who manages all other staff.
2. Most board members wear two, sometimes three, **HATS**
  - **GOVERNANCE** hat  
Worn only when doing board work as a board  
The CEO reports to the Board
  - **VOLUNTEER** hat  
Worn when advising or helping staff in various ways  
Board members normally are working under staff leadership
  - **IMPLEMENTER** hat  
Worn when Board delegates authority to do something to a board member, not staff (seldom worn in larger organizations)
3. Both Board and Staff **FORMULATE** board policies.  
Only the Board **DETERMINES** board policies.  
Usually, only staff **IMPLEMENT** board policies.  
The Board must **MONITOR** (with staff help) its policies.
4. The Board fulfills its basic legal obligations
  - \* **DUTY OF CARE**: Be informed, participate, with the care a prudent person would do in similar circumstances.
  - \* **DUTY OF LOYALTY**: Exercise power in the interest of the organization, not their own, eliminating conflicts of interest.
  - \* **DUTY OF OBEDIENCE**. Adhere to government laws and its own bylaws, maintaining guardianship of the mission.



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*Note: These are the governance roles of the board. Many board members also provide other good services as volunteers in the organization.*

1. Determine the mission, core values, major strategies and major goals/outcomes and hold the chief executive accountable for developing a staff strategic plan based on these policy decisions.
2. Determine the parameters within which the chief executive is expected to achieve the goals/outcomes.
3. Monitor the organization's achievement of the goals/outcomes.
4. Maintain and constantly improve all on-going policies of the board in an organized document which includes, in addition to the above items, policies relating to the structure and process of the board itself and its relationship to the chief executive and staff.
5. Select, fairly compensate, nurture and evaluate annually a chief executive officer who functions as the board's sole agent.
6. Ensure financial solvency and integrity through policies and behavior.
7. Require periodic financial and other external audits to ensure compliance with the law and good practices.
8. Evaluate and constantly improve the board's structure and process, holding the chair accountable for managing the board with integrity.

Note: Some boards, upon legal advice, serve the function of hearing employee grievances as the final step in the organization's employee grievance procedure.

Q 1: Are there any other functions which should be *added* for your board?

Q 2: Should any of these functions be *deleted* in your job description?



## GOOD BOARD STRUCTURE AND PROCESS

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1. Ask: Why do we need a board larger than 9-11?
2. Elect a good chair to “manage the board”
  - Allow unlimited annual re-elections if evaluations show the board wants a good chair to have another term.
  - Don’t determine in advance whether a vice chair succeeds a chair; let the board decide that at the time a new chair is needed.
3. If the board elects a Secretary and/or Treasurer, also elect a key staff person(s) to be Assistant Secretary and Assistant Treasurer so minutes and other documents get processed easily.
4. If the board wants the CEO to be a board member, it is best for the CEO to be an *ex officio non-voting* member. The CEO has influence through voice; better than through vote.
5. Have as many full board meetings as are necessary (usually 2-4/year). Committees should meet “live” at least once/year, then by phone.
6. Always function according to the organization’s Bylaws. But keep them general so they are not too prescriptive and so they don’t need to be amended too frequently.
7. Further policies about board structure and process should be documented in one place, ideally in one part of the Board Policies Manual (a “governance management system” discussed separately). The BPM should address topics such as:
  - Who appoints committees, committee chairs, and for what terms
  - Definitions of each committee’s role
  - Use of board ad hoc task forces
  - Everything about board meetings and reports
  - Board expenses
  - Process for recruiting, orienting, selecting and evaluating board members

## THE FIVE W'S OF BOARD MEMBERSHIP

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***The Old Criteria:***

Contribute 2 of 3 – Work, Wisdom, Wealth (or Time, Talent, and Treasure).

Some Now Look for People Who Can Provide ALL Five of These

Ideal Board Candidate	Governance Hat	Volunteer Hat
1. Wisdom	Help formulate, negotiate, determine and monitor wise policies.	Be available to advise staff when called upon and offer suggestions to the CEO.
2. Work	Attend committee and board meetings; come with homework finished.	Offer to help with a fund raising campaign, an event, mentor a staff person, etc.
3. Wealth	Comply with board expectations for being a donor of record each year; pay expenses when that is required.	Go beyond easy giving to model sacrificial giving.
4. Witness	If faith-based organizations, help integrate precepts with practice in setting policies.	Talk up the organization “as you go” about your normal work and life. Seek opportunities to make the organization known.
5. Wallop	Bring your knowledge and experience to bear on the work of the board in ways only you can do.	Always think, “what one thing could my position and network accomplish that others could not?”

Note: This tool is used to gain agreement among all directors of what the future ideal profile of the board should look like. *The items below are examples only.* The three categories reflect the board's perception of the 'dream team' which would include all those players thought to be needed for an excellent board of directors. The Board Development Committee (or nominating committee) would use this board-approved profile to assess the current board members and target the search and selection process for new directors/trustees.

**I. EVERY** board candidate should ...

- A. Be widely known in his community as a person of integrity
- B. Have demonstrated in past his/her interest in and support for the organization
- C. Have served on at least two other nonprofit boards of directors

**II. As a GROUP,** the entire board should eventually reflect this profile ...

- A. Fairly reflect the primary constituencies of the organization
- B. Include at least X female and Y minority leaders
- C. Have no more than Z% from any one professional/career category
- D. Have 1/3 capable of donating \$XXX annually

**III. EACH** individual director or prospective director should bring *at least one* of these, in addition to meeting category I criteria and helping the board meet category II. The board development committee should have a confidential list of current directors and prospective directors to note in the far right columns below (using initials or numbers) so directors can review and advise on potential board members.

	Our Ideal Board Profile Would Have at Least One Person in Each Category Below	Directors: Who has what?	Prospects: Who has what?
A.	Expert on the sociology and psychology of primary beneficiaries		
B.	Expert in nonprofit law		
C.	CEO or former CEO of a similar organization		
D.	Expert in major donor fundraising		
E.	Expert in public relations and media		
F.	Business/professional leader who benefited from the organization		
G.	Expert in large organization finance, preferably a CPA		
H.	Expert in construction and building maintenance issues		
I.	Person currently living among primary beneficiaries		
J.	Expert in theology (or another relevant, academic discipline)		
K.	... (other qualifications as determined by the board)		

## BOARD ORIENTATION AND TRAINING

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1. Why is good orientation and training necessary?
  - A. To reduce frustration and miscommunication based on differing assumptions
  - B. To increase enjoyment and productivity of board members
  - C. To reduce the natural tension between board and staff
  - D. To create a governing board on which good people want to serve
  
2. Who is responsible for new board member orientation and on-going training?
  - A. Do NOT depend solely on the President/CEO
  - B. Best to have a small Board Development Committee lead
  
3. When is orientation and training done: some options
  - A. Give appropriate information to candidates before election
  - B. More appropriate information soon after one is elected
  - C. Evaluation and planning at board retreat every 2-3 years
  - D. Ten minutes of training in each meeting
  - E. Useful bite-size information sheets mailed out periodically
  
4. What topics are covered in board orientation or training?
  - A. Role of board and staff in various areas
  - B. How mission, values, goals are determined and monitored
  - C. Role of staff in serving the board and committees
  - D. Process for identifying, selecting, orienting, evaluating board members
  - E. Conflict of interest policies
  - F. Role of committees in helping the board do its work
  - G. Relating to constituencies (e.g., members, donors, government, faculty, students, etc.)
  - H. Use of advisory groups or affiliate organizations
  - I. Budget process and audit
  - J. Major program development

And many more....

*First Principle: Good nonprofits have good boards; and good boards have good chairs!  
The Chair manages the board...The CEO manages the organization.*

1. **Desired Traits.** Knowledge of organization, leadership qualities, fair and objective, able to delegate and motivate volunteers, good facilitator of meetings, willing to make difficult decisions, positive communicator...
2. **Time Required.** Most chairs report “at least twice the hours” of other active board members are required, so equivalent to 20+ days per year for a typical board.
3. **Selection.** Important to be elected by a fair process, maybe secret ballot. The full board annually should elect the most gifted person for the role who is willing to do the job well.
4. **Length of Service.** Usually one or two-year renewable terms works best. Need objective evaluation by board development (or nominating) committee and expressed willingness to serve again before re-election. But don’t impose arbitrary term limits on great chairs!
5. **Primary Role.** The job “product” of the Chair is, primarily, the integrity of the board's process. The chairman “manages the board.” The Chair is the only board member authorized to speak for the board as a group, other than in rare and specifically authorized instances. She or he models involvement, including giving, helps recruit new board members, makes or suggests wise committee assignments, interprets board feelings to the CEO, develops board meeting agendas with the CEO, and insists on good board training.
6. **Enforcement Role.** The Chair ensures that the board behaves consistent with its own rules and those legitimately imposed upon it from outside the organization. Meetings deal only with those issues which belong to the board to decide. The Chair minimizes cliques within the board and deals with division or dissatisfaction as appropriate.
7. **Special Authority.** The authority of the Chairperson consists only in making decisions on behalf of the board which fall within and are consistent with any reasonable interpretation of board policies on governance process and on the board-CEO relationship. The Chair has no authority to make policy-related decisions beyond policies created by the board.
8. **Relations with CEO.** The Chair has no authority to supervise or direct the CEO, but is expected to advise and partner with the CEO on all governance matters.

## THE CEO – CHAIR PARTNERSHIP

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1. The Chair manages the board. The CEO manages the organization.
2. They do not compete because each has a role that is different and one cannot succeed in doing the other.
3. The CEO should normally be a member of the board, ex officio (by virtue of position) but without vote because the CEO's job is to implement board policy (besides, good CEOs "voice" influences many votes anyway).
4. The board should select its own Chair, but the CEO should be consulted and have "almost veto authority" if he/she believes they could not work together.
5. The Chair does not set policy, but is the best to interpret board policy when the CEO needs guidance.
6. The CEO and Chair partner on such things as board agendas, committee assignments, ways to recognize board service, improving meetings.
7. Often the Chair leads the annual evaluation of the CEO, so good, transparent communications throughout the year helps them both do their jobs well.
8. The Chair, NOT the CEO, often has to be the disciplinarian when board members behave poorly.
9. The Chair, NOT the CEO, should follow-up when board members are not donors of record or don't sign the annual documents on time.
10. The Chair and CEO are the most critical to each other in having a successful tenure. Respected colleagues, but usually not best friends.
11. The Board Development Committee should evaluate the Chair's performance before re-election, and the CEO's views should be included.

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We are convinced that no nonprofit board can move from Good to Great without a “board-oriented CEO.” What would a good CEO look like in this regard?

1. Truly believes one of his/her lasting legacies will be a stronger board.
2. Sees a good board as a necessary partner, not a competitor, to mission accomplishment.
3. Helps the board clarify roles so both the CEO and the board move ahead in their non-competing roles with confidence and trust.
4. Honors the chair’s role as manager of the board and helps the chair fulfill that role without looking for credit for the resulting good leadership of the chair.
5. Works with individual board members to identify for each – when wearing their volunteer hats -- a couple areas of interest and competency that could serve the mission. (When volunteering, they work under staff guidance.)
6. Insists on a good annual performance review and agreed upon personal and professional goals for the year ahead.
7. Gives the board excellent updates at the times, in the format, and with the quality the board deserves and/or requests.
8. Assigns key staff to serve board committees, helping them do board work without getting pulled into helping management solve problems.
9. Meets and exceeds expectations for getting reports out, following up on board requests, getting minutes out on time, scheduling regular phone conversations with the chair, setting up a user-friendly board website, arranging for special activities around board meetings, remembering board members and spouses at holidays, and other things boards can’t do themselves.
10. Helps, but does not dominate, in recruiting great new board members.
11. Behaves more like a board colleague – thinking, helping, and asking – during board meetings than a “hired hand” only explaining or defending management.



## 10 KEYS TO THE BOARD – CEO RELATIONSHIP

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1. **Selecting the CEO.** Critical decision. Retain experienced help. Have a planned and well-executed search. Wide net. Vet top candidates extensively. Several interviews. Engage as a consultant first if possible. Use Interim or Acting CEO rather than make an unwise choice.
2. **Align Expectations.** After extensive conversations with designated CEO, set in writing: clear expectations, role with board, personalized compensation package, procedures for performance evaluations, etc.
3. **Transition Smoothly.** Assign a couple people to help. Plan for both a classy exit and a memorable reception for both CEOs. Overlap if appropriate. Consider spouse's needs. Anticipate budget needs.
4. **Encourage Executive Coaching.** Especially if new to the CEO role. Provide funds for key meetings, subscriptions, and other resources.
5. **Collaborate on Great Board Meetings.** Chair and CEO plan. Staff reports in advance. Highly engaged and interactive. Meaningful committee work. Executive sessions. Governance training.
6. **Board Policy Manual.** Have one! If CEO/staff draft policies, only board determines. Review and improve every meeting. Distinguish between governance and administration. Include all that is on-going policy.
7. **Communications on Progress.** Clear plan of what board wants monthly, quarterly, semi-annually, annually. Use Zoom or Skype. Informal one-on-one by CEO with board members. Improve director involvement wearing governance hat and volunteer hat.
8. **CEO Evaluations.** Annually. Periodic 360. Refine expectations.
9. **Succession Plan.** Do early in CEO's tenure. Anticipate all eventualities. Review written plan annually. Don't allow a crisis.
10. **Build Trust Relationships.** Honesty. Forgiveness. Encouragement. Follow protocols. Board stay out of management; CEO a partner in governance. Pray together. Resolve differences quickly. Focus on mission.

## WHAT PROBLEMS CAN BE SOLVED WITH A BPM?

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A Board Policies Manual (BPM) is the “one voice” of a board of directors that defines for the organization and for itself what on-going policies make the most sense today. It is updated regularly (usually at every meeting) because the world changes. It’s contents of 20 or so pages (plus a few attachments) are formulated by both staff and board members, but only the board determines language that stays in the BPM until the next review. Some call it the “governance operating system” that helps a board move from good to great because dozens of good practices get embedded in the BPM.

Here are five major problems common to boards without a BPM:

1. Boards are too often pulled into management issues to the neglect of governance policy. Why? Agendas are often set by staff, who naturally give the board the “big issues” they understand, i.e., management issues. Or board members who know about management want to deal with those issues, as they often are easier than governance decisions.
2. Boards document their decisions in meeting minutes. But who bothers to look at minutes 10, 20 or more years back? Hey, they are still legal policies! So boards reinvent the wheel or, worse yet, actually contradict this year some policies from years ago. And most of those “resolutions” are episodic, addressing a specific issue in a way that provides little policy direction for the future.
3. New board members often say, “It took me two years before I figured out what the board does and what my role is.” How can we get them up to speed faster?
4. New staff, especially new CEOs, struggle with a similar complaint. “How do I know what I can do or what needs to be taken to the board?” Many hold back from bringing their professional leadership to bear on issues because some board members may complain, “Hey, that’s our responsibility.” Everyone loses.
5. Board members don’t know what data they need or when, so they get more to read than necessary and lack the kind of information that boards need to make good policy decisions based on tracking results rather than activities.

## HIERARCHY OF BOARD POLICIES

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*The Principles:* Each level is consistent with those above it.  
 The board's focus is cells 2, 3, 4 and 5.  
 Authority flows down; accountability flows up.

<b>1. FEDERAL AND STATE LAWS</b> (A board expects staff to monitor on its behalf and comply)				
<b>2. Influencers Impact Written Policies</b> (Affiliated Nonprofit Organizations, Accrediting Agencies, Credit Rating Bureaus, Partnerships, Major Donors, Etc.)				
<b>3. Articles of Incorporation</b> (Seldom needs amending unless name or purpose change)				
<b>4. Bylaws</b> (Keep “lean” and revise as necessary to reflect actual practice, but should leave many details to other documents)				
<b>5. BOARD POLICIES MANUAL (BPM)</b> (the ‘one-voice’ of the board in an evolving, comprehensive document of 15-20 pages plus a few attachments) <ul style="list-style-type: none"><li>▪ Mission, values, strategies, goals</li><li>▪ Board structure and process</li><li>▪ Board – staff relations</li><li>▪ Parameters around executive authority</li></ul>				
<b>6. CEO-LEVEL POLICIES</b> (Planning documents, personnel manual, etc. approved by CEO and often given to board for information, not approval)				
<b>7. OTHER ORGANIZATIONAL POLICIES</b> (Often determined in and by various staff units, e.g. ↓				
<table><tr><td>Finance</td><td>Fundraising</td><td>HR</td><td>Programs</td></tr></table>	Finance	Fundraising	HR	Programs
Finance	Fundraising	HR	Programs	

## TWO KINDS OF VOTES BY NONPROFIT BOARDS

<b>BOARD DECISIONS (kept in minutes)</b>	<b>BOARD POLICIES (kept in Board Policies Manual)</b>
* Proposed by CEO or board members	* Proposed by CEO or board members
* Determined by board vote	* Determined by board vote
* Kept in board minutes that should be filed safely for the life of the organization	* Ideally kept in evolving Board Policy Manual (BPM) of approximately 20 pages
* Usually a short-term application of the decision	* Could be on-going for years
* Changed little, if any, when minutes approved at next meeting	* Changed as often as new data convince board it should be changed
* Usually unrelated to Bylaws	* Must never conflict with Bylaws (or Articles or government rules)
* Of limited use in orienting new board members	* An essential document for orienting new board members
* Little need to refer back to minutes after a year or so	* Important to review/update BPM at every meeting
<b><i>Examples of Board Decisions</i></b>	<b><i>Examples of Board Policies</i></b>
- Approve an agenda	- Mission, values, strategies
- Approve a financial report	- Major goals
- Approve previous minutes	- Committees and make-up
- Appoint or terminate a CEO	- Criteria for new board members
- Elect a board member or officer	- Evaluation process for CEO
- Adopt a budget	- Guidelines for finances
- Approve a new program	- Limitations on program activities
- Pass resolution of commendation	- Parameters around fundraising
Etc.	Etc.

# BOARD POLICIES MANUAL (BPM)

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Note: The Policy Governance Model was developed in 1990 by Dr. John Carver. I am among many who now promote various versions of this highly developed model, but “adapt” it rather than “adopt” it for most boards. A book by the American Management Association called ***Good Governance for Nonprofits: Developing Principles and Policies for Effective Boards***, co-authored by Dr. Fred Laughlin and me, provides a template and a full discussion of how to write a Board Policies Manual (BPM). The book can be ordered on [www.amazon.com](http://www.amazon.com).

Good board policies should be...

- |    |                     |  |
|----|---------------------|--|
| 1. | Explicit            | always in written form                                       |
| 2. | Centrally available | kept in one document (not in years of minutes)               |
| 3. | Current             | changed at each board meeting to reflect new data and wisdom |
| 4. | Literal             | mean what they say; not full of legal jargon                 |
| 5. | Brief               | total may never exceed 15-20 pages                           |
| 6. | Consistent          | with law, Articles of Incorporation, Bylaws                  |
| 7. | Comprehensive       | encompass the entirety of that which is governed             |
| 8. | Limited             | leave details to management policies written later by CEO    |

There are five Parts to a good Board Policies Manual (BPM):

1. ***Introduction and Administration*** defines the reasons for doing a BPM and how it will relate to other board documents, how it is changed at most meetings, maintained, etc.
2. ***Organization Essentials*** includes the mission, vision, values, strategies, goals, etc. and answers “which benefits... for whom (people groups) ... and at what cost or priority?”
3. ***Governance Structure and Process*** policies address: What structure and process does the board want for itself? Addresses philosophy of governance, info on meetings, description of committees, board finances, etc. No more than 2-3 pages.
4. ***Board-CEO/Staff*** policies address how the board wants to relate to its one agent, the CEO, and to staff in terms of roles, CEO evaluation, staff benefits, monitoring reports, etc. No more than 3-4 pages.
5. ***Executive Parameters*** policies address: What does the board not want (or explicitly does want) the CEO/staff to do in pursuing the mission and goals in section one? These are usually grouped into chapters that mirror board committees, e.g., chapter on finances, development, programs, etc. May take 6-8 pages.

# TIPS FOR WRITING YOUR BOARD POLICIES MANUAL (BPM)

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The board decided it wants to govern with a Board Policies Manual – what we call the BPM. What next? Here are some tips that have helped many.

1. **Set a Target for First Draft.** You will go through several drafts and reviews before a final draft, or at least several major pieces, goes to the board for approval. You can have a good draft in a few weeks if it is a priority. I suggest presenting the best you can do at your next board meeting to maintain momentum.
2. **Use a Template and Guidelines.** Naturally, I suggest our book, *Good Governance for Nonprofits*, and my most recent template, which is free (ask Bob if you don't have it).
3. **Select One Main Drafter.** It could be the CEO, a senior executive who has been to many board meetings, possibly one board member. The person should have the skills of clear, concise thinking and writing. Don't give the drafting task to a committee!
4. **Review Board Minutes.** Not essential, but reviewing the last several years of board minutes and any compilations of board policies may remind the drafters of key policies that would be rewritten in the format of the BPM.
5. **Identify a Small Review Team.** Let a few key players read and comment on early drafts. Let the key players who staff committees "think as board members" and draft parameters, e.g., the CFO drafts finance parameters. All input goes to the main drafter.
6. **Determine Topics in Each Part.** Starting with my template, add and delete paragraph headings to fit your situation. For example, in Part II, determine whether you want vision, mission, values, functions, primary beneficiaries, goals, etc. Then fill those in according to existing policies or draft new language. Part II is often the most difficult Part to get right. Assume you will often add and delete paragraph topics throughout.
7. **Identify Key Functional Areas in Part V.** Create a Section for all the major functions. For a university, that might include parameters sections for finance, academic affairs, student affairs, advancement, athletics, enrollment management, investments, facilities, audits, and more.
8. **Then Insert your Preferred Committees.** In Part III, list and define each standing committee. Then go to Part I and assign a committee to each of the Sections (parameters) in Part V (one committee could oversee 2-3 parameter Sections).
9. **Compare with Other BPM's.** Maybe a similar organization that has a BPM will share a copy to check on good ideas and even good language.
10. **Leave Copy Editing to Last.** Before sending the final draft to the board, have a good copy editor correct grammar, capitalization, cross references, etc. as the input from several people will require some cleaning up.
11. **Be Consistent with Bylaws.** Some start with bylaw reviews, and then go to the BPM. But you can start with writing the BPM, and then recommend changes to the bylaws. In the end, your BPM must not be inconsistent with slimed down bylaws.
12. **Forget Perfection.** The BPM is a living document. It will be changed every time the board and committees review it (every meeting is the ideal) according to the procedures in Part I (don't overlook the important suggestions in my template for Part I.)
13. **Enjoy Moving from Good to Great.** In our opinion, the BPM is the key to a successful partnership between CEOs and their boards in moving from good to great.

## EVALUATE BOARD, DIRECTORS AND CEO

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### I. Board of Itself

- A. An on-going role of the Board Development Committee
- B. Short “how are we doing?” at every meeting
- C. Executive session with CEO and without CEO at end of every meeting
- D. Evaluation surveys of all board members every two years
- E. Outside evaluator if necessary
- F. Training modules using “good practices” material that prompt new questions
- G. Other?

### II Board of Its Own Members and Officers

- A. Best done by Board Development Committee
- B. Always done before re-elections
- C. Always based on written expectations regarding attendance, preparation, positive contributions, confidentiality, personal stewardship, etc.
- D. Seldom involves all board members, but could ask for input from all
- E. Emphasize personal responsibility to resign if not fulfilling expectations
- F. Other?

### III. Board of Its Chief Executive

- A. Assigned to Executive Committee or another small group to manage
- B. Annual process is good for board and CEO
- C. Best to start with mutually agreed upon goals for the year
- D. Always invite CEO to write a self-evaluation based on the agreed upon goals
- E. Invite other directors to comment on the written self-evaluation
- F. Let board discuss performance in executive session
- G. Always debrief CEO orally and in writing
- H. Every 5 years or so, could contract for an outside evaluator who would interview key constituents, staff, donors, etc. and give the board and president a report
- I. Evaluation is one input for the annual compensation review
- J. Other?

***What doesn't get evaluated seldom gets better!***



## BOARD ANNUAL AFFIRMATION STATEMENT

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[Note: This is a template only. You should tailor it to your own organization and make changes whenever appropriate. Normally this document would be given to every member of the board at the same time of year, often 60 days before elections of new board members, and often along with the annual signing of a Conflict of Interest document.]

### MY COMMITMENT (circle Yes or No).

- |           |  |
|-----------|--|
| Yes   No  | 1. I affirm support for board and staff leadership and continue to believe in our mission and programs and will invest my time, talent and treasure to the best interests of the organization.   |
| Yes   No  | 2. I affirm I will continue to be an active board member, participate with a positive attitude, maintain confidentiality about board deliberations, and publically support whatever decisions the board makes after good discussion where all points of view are welcomed.   |
| Yes   No. | 3. I affirm I am <u>highly committed</u> to preparing for and attending the scheduled meetings of the board and committees, unless I notify the chair in advance of a major conflict, and understand that the cost of transportation, hotel, and non-scheduled meals will be my responsibility (or my organization's responsibility).  |
| Yes   No  | 4. I affirm that during my term on the board I will arrange my giving priorities so that I am able to be a <u>generous</u> donor, recognizing that major donors, foundations and other donors have the expectation that the Board of Directors will be part of the "most highly committed" group of donors. In addition, I affirm that, as I am able, I will seek to influence generous giving from others I know. |
| Yes   No  | 5. I affirm that I have read and agree to abide by the organization's Bylaws, Conflict of Interest statement, the Board Policies Manual, and _____.  |
| Yes   No  | 6. I affirm that if I am unable or unwilling to continue to serve, attend meetings, and execute my responsibilities as a board member, I will resign my position so that the board may have the benefit of the full support and committed time, talents and treasure of an active board member.  |

My signature below signifies that I have read and affirm my agreement with these expectations and my intention to comply.

Signed: \_\_\_\_\_ Date \_\_\_\_\_

## HOW MANY MEETINGS AND WHEN

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### Good Practices ...

1. Do not meet more than necessary depending on the complexity of the organization, the distances people travel, the place where you are in the life cycle of the organization (i.e., more meetings if in fast expansion, after a merger, in need of a turn-around, coming out of a crisis, etc.)
2. Be willing to change, i.e., maybe two meetings/year have been enough, but now an additional meeting or retreat every other year makes sense.
3. Two-day retreats are usually more productive than two separate days. After three or four meetings a year, add more hours to one or more meetings rather than more dates.
4. Best to set dates at least two years in advance. Even “we always meet on the second Monday and Tuesday of November and May.”
5. Conference calls work when people know one another...there is an advance agenda of limited items with good background material...the chair manages the meeting well...board members give their name whenever speaking...people can call in from any phone in the world.
6. Consider an Executive Committee (with appropriate limitations on its authority) as an insurance policy. It can always take care of more urgent issues between regular board meetings. Invite other board members to observe or listen in to conference calls when they want to – it reduces the concern that “the insiders” make decisions behind closed doors.
7. Consider “consent minutes” for easy but required board action items. Remember, though, that a resolution requires 100% of the board members to mail or fax their signed consent to make the decision official.
9. To allow for adequate, quality dialogue about the most strategic issues, put them on a two or three-year cycle so board and staff know each of them will receive careful review and strategic thinking on a planned basis.

Below, place an N in the cells representing what you do Now. And a P for your Proposed meetings.

<b>Right Mix???</b>	1 Day each	2 Days each	3 Days each	4 Days each
Once a year				
Twice a year				
Three times/year				
Four times/year				
Are you sure you need more!??				

1. **Build a great agenda for the entire board “event” including all or some of ...**
  - A. Social/fellowship time so board members know and trust one another
  - B. Education time so board members feel more confident about their sector and their organization
  - C. Board development time so the board learns to function effectively
  - D. Show and tell time so board members see and hear about current programs/people
  - E. Committee time focused on doing board work, not administrative issues
  - F. Board business session for committee reports and board discussion/votes, using a consent agenda for routine items
  - G. Two executive sessions, one without the CEO and a later one with the CEO
2. **Always expect the CEO and team to prepare great advance materials ...**
  - A. Crisp minutes from previous meeting focused mostly on decisions
  - B. Current Board Policies Manual showing CEO’s new recommendations
  - C. Policy oriented reports from CEO and his direct reports (<3 pages each)
  - D. Dash board or other familiar metrics to show trend lines on key goals
  - E. Pros and cons of controversial issues so all the views are considered
  - F. A board member only web site for 24/7 access to all board documents
3. **Meet in the best setting possible ...**
  - A. Spacious, right temperature, comfortable seating, snacks, etc.
  - B. AV resources for presentations
  - C. Have only board members and the CEO at the board table; others to the side
4. **Prepare for dialogue and assign the best facilitators for group discussion ...**
  - A. Sometimes the chair should ask the CEO to facilitate; sometimes a committee chair
  - B. Have complex resolutions drafted, reviewed and distributed in advance
  - C. Set time limits; don’t allow the topic to get derailed into minor issues
  - D. Stage mock debates and a couple “soap box” statements from board members
  - E. Use quick, informal feedback tools like red and green cards to check viewpoints
  - F. On major issues, schedule briefing and dialogue early; maybe vote next day or later
  - G. Use quick small groups to get more dialogue; keep people involved
  - H. In plenary sessions, limit presentations/Q-A’s with staff so more time is given to significant dialogue among board members themselves
  - I. Get consensus that all points have been aired and time to vote; ALL support decision
  - J. Chair clarifies who does what and when among board members
5. **Expect good follow-up ...** Minutes and updated Board Policy Manual sent out within two weeks ... CEO briefs staff and assigns tasks ... update board website ... CEO updates.

## NONPROFIT BOARD EXECUTIVE SESSIONS

Board executive sessions (brief periods with only invited persons participating with board members) are useful at every meeting. They allow a short period for both the CEO and board members to surface concerns before they turn into crises. The main focus is the board's relationship with the CEO.

Who ⇒	Board Without CEO	Board With CEO Only	With Invited Guest?
Why?	Lets board discuss any concerns about CEO performance/relationship.	Lets CEO brief or listen to board on sensitive matters, e.g., staff issues.	Lets board discuss sensitive matters w/ another person/expert.
When?	Best early in agenda so chair can ask CEO to address a concern in a later executive session with only the CEO.	At every board meeting normally at or near the end of the meeting.	Any time to deal with sensitive issues needing another expert.
Minutes?	Usually not. Decisions could be recorded in general terms. Or documentation could be put in secure file.	Same	Same
How?	Chair should brief CEO soon after the executive session on any concerns the CEO should address.	CEO should come prepared for these sessions and assume confidentiality.	Sometimes an attorney or CFO is helpful to present technical issues and answer questions.

**How About Executive Sessions for Committee Meetings?** -- They also can be useful, but perhaps not at every meeting.

## WHAT BOARD MEMBERS DO BETWEEN MEETINGS

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When board members meet in a legally constituted meeting, they wear their GOVERNANCE HATS. That's the ONLY time.

After the meeting, one or two *may* have been given board authority to go do something, so they would wear their IMPLEMENTER HATS. That's VERY seldom.

But *ALL* board members should leave meetings knowing that they put on their VOLUNTEER HATS to wear most of the time. What do they do?

### The Principles:

1. Define general expectations before board members are elected.
2. Engage each board member – usually under the CEO's leadership -- according to ...
  - \* unique motivations for being on the board
  - \* skills and abilities
  - \* personal networks
  - \* time available
3. Evaluate each board member each year, including how successfully each hat was worn.
4. Realize that non-board members are also volunteers and should be engaged when they could do just as well for the organization as busy board members.
5. What types of things do board members do when wearing their Volunteer Hats?
  - Help recruit, nurture, encourage other board members
  - Show support for CEO and staff through small acts of kindness
  - Personally be a donor of record early in each year
  - Volunteer time to engage other donors
  - Study about the sector in which the organization functions
  - Become a student of nonprofit governance to help guide the board
  - Make site visits to observe the organization in action
  - Draft materials, review/edit materials, critique websites, etc.
  - Pass along good information to the staff and other board members
  - Provide moral and spiritual support to individuals in the constituency
  - Volunteer to serve on an advisory task force or other group
  - Offer to do research on a topic or organization that would help the board/staff
  - Stay in touch with other board members to help build good relationships
  - Learn and use email effectively!

What other three things could be added to this list for your board???

KEYS: *Board* committees help boards make policy ... not help staff do their work!  
Board committees speak TO the board, not FOR the board.

Helpful principles and tips ...

- A. Have only the committees the board absolutely needs. Reassess every couple years.
- B. Often best that each director serves on only one committee (except executive committee).
- C. Bylaws should authorize committees, but other policies could list and define their roles.
- D. Common committees: Executive, Program, Finance, Fund Raising, Board Development (nominating, member orientation/training, evaluation, bylaw review, etc.).
- E. Normally the board chair appoints committee members/chairs for one year terms, with board approval. Keep great committee chairs as long as possible.
- F. If an Executive Committee is used, other committee chairpersons often sit on it to improve coordination and communication. Its authority should be limited in bylaws or policies.
- G. Consider allowing *non-directors* to be appointed to committees as a way to tap special expertise and groom people for future board membership.
- H. Each committee needs a clear job description approved by the full board.
- I. Specific, one-time tasks doable in X weeks/months (e.g., whether/how to refurbish a building) should be assigned to *ad hoc* task forces, volunteers on or off the board with special abilities, rather than to a standing committee.
- J. Committees should meet (if just by conference call) in advance of the board meeting, if possible, or during a board meeting following the CEO report in plenary session.
- K. Each committee should have a staff liaison assigned to help it gather data, analyze options, etc. so the committee's recommendations to the board are based on solid information.
- L. Both board members and staff need to reinforce the concept that committees should not make policies independent of the board, are not there to "manage" staff, nor to give staff "advice" that is "binding" on staff actions.
- M. Someone must keep good, brief minutes of committee meetings for board reports.
- N. Beyond *board* committees or task forces, the CEO often appoints and convenes other volunteer groups to help staff plan or to implement board-approved programs. Some board members, wearing their volunteer hats might be asked to serve on those groups as well.

## THE EXECUTIVE COMMITTEE

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Why	Any of these reasons -- board is large...board is geographically diverse...board meets seldom...organization is young...organization in transition or crisis...organization requires frequent legal actions.
Who	Usually either the bylaws define who is on the EC, or the Board Development Committee nominates them, or the chair recommends a slate of committee assignments -- all needing board approval. A common makeup is the officers plus chairs of the major standing committees. Usually no more than 20-25% of the board serve on the Executive Committee. Almost always chaired by the board chair.
When	Meet between meetings as necessary.
What	<p>Do anything the board can do (if authorized in bylaws). We think the bylaws should limit the EC's authority to exclude (you choose):</p> <ul style="list-style-type: none"> <li>A. Amend the Articles or bylaws</li> <li>B. Dissolve the corporation</li> <li>C. Hire or fire the chief executive</li> <li>D. Enter into major contracts or sue another entity</li> <li>E. Change a board-approved budget</li> <li>F. Adopt or eliminate major programs</li> <li>G. Buy or sell property</li> <li>F. Change any policies the board says must be changed by the board</li> </ul>
Where	Nice to meet personally, but many do by telephone conference calls.
How	Advance notice and agenda...materials in advance ... quorum ... votes ... minutes approved, as are board minutes, at next full board meeting.
Risk	Executive Committee does so many important things that other board members feel left out, second class, important, unappreciated. So why come to meetings?



## THE BOARD DEVELOPMENT COMMITTEE

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Many boards are expanding the role of the traditional nominating committee into a “Board Development Committee.” It could be called the “Governance Committee” or “Trustee Committee” as well. This is a key strategy to help the board assume responsibility for its own improvement. Often, this committee is chaired by the vice chairman or the previous chairman of the full board or another board member skilled at organizational development for working groups. Individual board members are referred to as trustees or directors.

Recommended functions of this committee are:

1. On-going bylaw review
2. Develop, review and monitor the Profile of desired qualifications of new board members (see separate handout for a sample Profile)
3. *If applicable*: Notify outside appointing authorities (e.g., national or regional agencies) of talent/experience currently needed on the board
4. Identify, screen, nurture, orient, nominate new board members
5. On-going board training (short session at each board meeting or often done at an annual retreat)
6. Evaluate board members and board officers prior to their re-election
7. On-going evaluation of board size, structure and process
8. Enforce conflict of interest policy as it relates to board members (unless assigned to an Audit and Compliance Committee)

**GOOD GOVERNANCE PRACTICE** requires that every board adopt a comprehensive policy relating to CEO succession and transition, including how best to nurture its current CEO, then what happens when the CEO leaves, dies or is incapacitated. Each board's policy (generally a couple pages) will differ, but the best time to develop such a policy is when there is no urgency. And once you have the policy, review it often to reflect changes that arise.

*The following questions will assist in deciding what to include in your policy:*

1. Do we have a good job description for the CEO; good personal performance goals; and a constructive annual evaluation process? What is our agreement with our current CEO regarding advance notice for a voluntary retirement? What expectations would the board give to a departing CEO before leaving? How will we properly celebrate and reward a successful CEO? Should there be an overlap of X months with the new CEO?
2. Who should be Acting CEO when the CEO is away from the office for lengthy travel or illness? How will we reach agreement should some feel that an illness makes the CEO unable to lead? Who should immediately assume CEO duties if our CEO departs suddenly?
3. Assuming plenty of time for the next CEO search, who should be on the search committee? How will they be selected? Do we favor using a search firm? What budget should be anticipated? Should the search committee recommend one candidate, or more than one candidate, to the board? Can an Acting or Interim CEO be a candidate during the search for a permanent CEO?
4. If our CEO dies suddenly, what process should be followed to find a successor while our Acting CEO is leading? What benefits would we provide to the surviving spouse if our CEO (if married) dies while in office?
5. Is our situation such that an Interim CEO should be appointed before a search is begun for a permanent CEO? (Note: This is often a wise choice for following a founder or when the organization is in some sort of turmoil.)
6. Do we have a policy of incentives to keep a highly successful CEO and/or other key leaders (e.g., deferred compensation, sabbatical followed by X years of service, tuition payments for children)? Should we anticipate a role for a retiring CEO?
7. What is our severance policy should the board terminate the CEO? What is the severance policy at the point of voluntary retirement? Should we have an age-related CEO termination policy?
8. Should we have insurance on our CEO to help cover the costs of interim leadership, a search, or benefits to the family should our CEO die?
9. What is our strategy for developing possible successors to our CEO, both within and outside the organization?

## The New

Increasingly, boards serious about governance are selecting from among several commercial board portals (BoardEffect, Directors Desk, etc.) that save hundreds of hours of staff time ... allow 24/7 access to all important documents ... offer threaded discussions between meetings ... provide all advance materials in their latest forms for committee and board meetings ... allow internal surveys of board members ... facilitate scheduling meetings ... etc.

Once used to a board portal, boards can eliminate the hard copy advance board books.

Board members use inexpensive notebooks or their own lap tops during meetings (often augmented by a large screen showing documents under discussion)

## The Good

1. Maintain data base of board prospects, with reference checks, bios, etc. for timely review and common reference point during phone calls/meetings.
2. Use emails for announcements, reports, inviting feedback, etc.
3. Use inexpensive survey software (e.g., Survey Monkey or others) to evaluate each meeting, gain input during the evaluation of board members, survey board members or others in the annual CEO performance review, poll key constituents for feedback useful to the board.
4. Create a board “dash board report” on Excel or in some other format that is updated by staff so the board has an on-going sense of trends, comparisons, progress toward achieving goals, etc.
5. Use webinar software for board education.
6. Use video conferencing for committee meetings, hearing from experts.

What else could your board use?

- 
1. Board should define WHAT reports it wants to monitor achievement of its major goals...with help from staff.
  2. Board should decide WHEN it wants specific reports...monthly, quarterly, whenever X happens, etc.
  3. Reports should measure the “ends/results” or goals, not just activities or means.
  4. Financial reports used by staff are usually too detailed for board use and do not identify where the “red flags” are in the report. Provide commentary.
  5. Put reports in a historical context...data today, 1 year ago, 5 years ago.
  6. Put reports in context of comparisons to similar organizations.
  7. Use graphics whenever possible.
  8. Check reports for accuracy before sending to board.
  9. Leverage work of preparing reports for other purposes, e.g., newsletter, donor reports, staff orientation and training, annual report.
  10. Ask for help of outside experts to design board-friendly reports.
  11. Ask board annually to evaluate reports and redefine their reporting needs.
  12. Keep an archive of reports for future reference.
  13. Put some reports on your web page for the general public.
  14. Ask board development (governance) committee to do an annual report on the “state of the board” to encourage quality and accountability of the board itself.

## ROLE OF BOARD IN STRATEGIC PLANNING & FUNDRAISING

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### STRATEGIC PLANNING – What’s the Role of the Board?

1. Hire a chief executive who believes in and knows how to plan
2. Develop in writing and help promote a powerful mission, clear values, sound strategies, and measurable goals
3. Let the chief executive write a 3-5 year strategic plan with near-term action items in more detail
4. Encourage the CEO to engage some interested/talented board members to help plan/budget wearing their volunteer hats
5. Insist that the budget and the plan are coordinated documents
6. Ask the chief executive to produce meaningful monitoring data
7. Evaluate the chief executive on how well the plan is accomplished

### FUNDRAISING – What’s the Role of the Board?

1. Hire a chief executive who knows how to attract donors to the mission
2. Give policy parameters that maximize time and expense in fundraising
3. Approve a reasonable budget that keeps the ministry out of perpetual crises
4. Adopt policy that all board members be donors of record each year
5. Wearing their volunteer hats, encourage some *motivated* board members to actually help raise funds
6. Wearing their volunteer hats, some *motivated* board members can negotiate in-kind contributions of value
7. Using their networks, recruit *motivated* volunteers as campaign advisors, staff mentors, work crew leaders, etc.

## ROLE OF BOARD IN STRATEGIC PLANNING

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1. Hire a chief executive who believes in and knows how to plan.
2. Recruit at least some board members skilled at planning.
3. Recruit all board members who *think* strategically.
4. Develop and put in writing, then help promote a powerful mission, clear values, sound strategies, and measurable goals.
5. Be involved in environmental scanning and development of the S.W.O.T. analysis.
6. Let the chief executive lead in preparing a 3-5 year strategic plan with near-term action items in more detail.
7. Encourage the CEO to invite some board members, as well as employees and outside experts, to engage in the planning process.
8. Review the Strategic Plan but don't vote on it, as that makes it a board document that is less easily updated when necessary and removes ownership from the executives who are expected to drive results.
9. Expect the Strategic Plan to be updated annually and given to the board for review. If the board agrees on some problems in it, give more specific direction in board policies rather than trying to edit the Plan.
10. Expect the Strategic Plan to be linked to the budget.
11. Ask the chief executive to produce meaningful monitoring data according to a board-determined calendar.
12. Evaluate the chief executive on how well the plan is accomplished

*How does your board function differently than this in strategic planning?*

1. We measure what we value. What we don't measure, we don't get better at doing.

2. The five “Drucker Questions”

- \* What is our mission?
- \* Who is our customer?
- \* What does the customer value?
- \* What are the results?
- \* What is our plan?

Drucker: “Results are obtained by exploiting opportunities, not by solving problems.”

3. Focus more board time on Outside Results (lives changed, donors, new partners) ... Not Inside Results (budget, meetings, events, infrastructure, etc.)

4. Develop S.M.A.R.T. Standards of Performance:

- Specific
- Measurable
- Achievable
- Realistic
- Time-related

5. Set Goals. Develop Leading Indicators. Track Results.

Jim Collins: “...all indicators are flawed. It doesn't really matter whether you can quantify your results (*exactly or all the time – my insertion*). What matters is that you rigorously assemble evidence – quantitative or qualitative – to track your progress.”

6. Ask the Charting Impact questions from Independent Sector, BBB, GuideStar, et al

- \* What is your organization aiming to accomplish?
- \* What are your strategies for making this happen?
- \* What are your organization's capabilities for doing this?
- \* How will your organization know if you are making progress?
- \* What have and haven't you accomplished so far?

7. Slough Off Yesterday. “When your horse is dead, dismount!” Drop what isn't working.

7. Put all this in key Truths and Values that guide your organization.

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