

On Boards

Whenever I share my favorite definition of a nonprofit board—an ineffective group of effective people—I get a knowing laugh. Why do nonprofits so broadly fail to use their boards wisely? And how might they do better?

Board underperformance boils down to four interrelated areas:

- **Membership** issues: including recruitment, orientation, board development, self-assessment, and reappointment
- **Process** issues: including structure (committees, policies, procedures), meetings and retreats
- **Capacity** issues: including size, leadership, and fundraising
- **Fiduciary** issues: basic responsibilities

Membership

A board has a specific set of responsibilities. Success and sustainability require a corresponding set of skills and resources.

The cycle begins with recruitment of new members. The board should identify the skills and characteristics the board requires, and fill seats with those qualities in mind. Typically a board has members with legal and accounting knowledge; fundraising and marketing skills and people who can help to connect the organization to various resources; content knowledge; and sometimes representation of various constituencies. Maintaining a balance of the needed characteristics requires planning and relationship building. Once good prospects are identified, a relationship can be developed by inviting prospective trustees to join committees as non-board members for a period of mutual acquaintance before a commitment is made.

When a new trustee joins the board, many organizations simply introduce the newcomer and get on with business. He or she then spends several meetings trying to get a sense of how the board and the organization work. A better approach is a well-crafted orientation process, including briefings by and meetings with selected trustee leaders and staff, and review of a board manual. I'll reserve an outline of the contents of a board manual for a follow-up blog post, but in brief, it should include board policies, job descriptions, meeting information and minutes; the current strategic plan; other legal and historical documents; fundraising and finance information; and documentation of some of the processes described below.

Effective boards don't come together just to hear committee reports and take votes. They need to have discussions about the organization's mission and situation, and about governance. By learning together about their organization and how best to exert their role within it, they develop their ability to serve the mission and advance the vision of the organization—and to question it productively. More about that in the section on process issues.

A valuable tool for board development is the annual self-assessment. A good self-assessment covers the issues important to the board's role. Each trustee evaluates the performance of the board as a whole and separately of themselves as well. The board can use a self-assessment not only to identify areas needing improvement, but also to generate reflection and discussion about all areas of responsibility. There are many ways to develop a self-assessment. BoardSource and some associations offer online assessment tools. The specific nature, situation, culture, needs, and maturity of an individual organization may suggest a more customized approach.

Some organizations have trustees who serve for decades. Their institutional knowledge and history can be valuable. However, new ideas are often critical to the sustainability of an organization, and a stagnant membership—not to mention leadership—over long periods can drag an organization down in any number of ways. Long-term sustainability requires a flow of new trustees, both in and out. A clear policy for reappointment and retirement can be an important asset.

Process

There is no one set of processes or one structure that works for all boards. However it can be said that many smaller boards have too many committees and too few written policies and procedures. A good rule for standing committees is to set up only those that are absolutely necessary. The more structure you have, the more cumbersome the governing processes and the greater the burden on trustees.

On a small board most work can be done as a group, with preparatory work done by staff or individual trustees. All trustees have fiduciary responsibility for the whole organization; the less fractured the knowledge the better. A finance committee and a committee on trustees (also known as a governance committee or nominating committee) are generally needed to ensure essential governance responsibilities are attended to. The committee on trustees serves as an independent entity from the officers, nominating candidates for the boards and officer positions, as well as overseeing board

[professional] development programs. If you need a development, membership, strategic planning, or investment committee, it's best to draw a good percentage of members from outside the board (see comments on recruitment, above).

As for policies and procedures, a written record of decisions and ways of doing things can make the board's work much easier over time. When these are collected in an evolving board manual, the board will be working from precedent and consensus, and new trustees will be able to contribute from the outset.

Board meetings should focus on meaningful discussions of important issues. A meeting packet with an agenda, reports (committees, executive director, functional areas), other timely information, and background for an issue or two to be discussed can make meetings much more productive. Using a consent agenda, the board can eliminate the passive listening that is unnecessary and frustrating to the busy trustees who have made the time to attend. The bulk of the meeting can be devoted to a discussion of a major strategic issue facing the organization. It can be very productive to reserve 10 or 15 minutes of every meeting to foster board development through discussion of a governance topic.

A board retreat—even if only a half day—offers an opportunity to break out of the routine and discuss important issues at some length. If provision is made for informal social interaction, trustees can get to know each other more fully, which in turn will enrich their working dynamic and enable them to communicate more easily and productively.

Capacity

There is no one right size for a board. The smaller the group, the easier it is to have a productive discussion. Some organizations can cover the range of skills and tasks needed with 10 or fewer trustees; others find that at 20 to 25 they can still hold discussions, but they have a large enough group for representation of a range of experiences and for fundraising. Some grow the board when they are approaching a major fundraising campaign. Still others need to be much larger because they need to embrace diverse groups of stakeholders in decision-making. Sometimes these secondary mandates can better be handled by a separate body rather than the fiduciary board. That will be another blog post.

The ability of a board to further the mission of its organization often comes down to leadership. The importance of developing future leaders cannot be overstressed. That, too, will be a blog post.

Fiduciary issues

The role of a board can be distilled to five basic responsibilities: financial oversight, hiring and assessing the chief executive, strategic planning, fundraising and self-perpetuation. Of these, strategic planning can be the most challenging. While many people think they know what it is and how to do it, it is rarely conducted to its full potential. For an overview of nonprofit strategic planning the resources below and join us for our planning webinars in the [Wednesday Webinar](#) series.

To return to the initial question, why nonprofits fail so broadly to use their boards wisely, nonprofit organizations and their sustainable governance are a complex business. Success in nonprofit governance requires knowledge, as well as judgment, skills, and leadership.

For additional ideas, see the web version of this article and our blog, [Strategy and Planning](#).



Contact Sam Frank to discuss the possibilities.

Need just a little help?

We'll work with you to create effective surveys, refine governance practices, facilitate—or just plan—a retreat, develop an action plan, define effective metrics, or think through the optimal planning process for your organization.

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Resources

Other Critical Issues

- CI 1: Why Plan? (<http://bit.ly/SyPci01>)
- CI 2: The Secret Life of Surveys (<http://bit.ly/SyPci02>)
- CI 5: The Structure of Planning (<http://bit.ly/SyPci05>)
- CI 6: Financial Modeling (<http://bit.ly/SyPci06>)
- CI 7: On Mission (<http://bit.ly/SyPci07>)
- CI 8: The Measure of Success (<http://bit.ly/SyPci08>)
- CI 9: Brand Identity (<http://bit.ly/SyPci09>)
- CI 10: Mind Your RFPs & Qs (<http://bit.ly/SyPci10>)
- CI 11: Integrated Planning (<http://bit.ly/SyPci11>)
- CI 12: Business Planning (<http://bit.ly/SyPci12>)
- CI 13: Facility Planning (<http://bit.ly/SyPci13>)
- CI 14: Managing Change (<http://bit.ly/SyPci14>)
- CI 15: Strategic Action (<http://bit.ly/SyPci15>)

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