

The concept of board governance is vague. Directors may find themselves on boards but their knowledge of good governance is limited. This guide offers smart practices and takes governance from good to great.

The Right Board

Size and composition of the board is important. Some organizations have large boards because it meets their needs. The IRS suggests the board size allow for *meaningful conversations*. The average board is 15 directors.

The right people on the board (or in *Good to Great*, the “right people on the bus”) is critical. Volunteer leaders must be dedicated to the organization, its mission and members. They must have time and resources to serve effectively.

Desired characteristics of directors include:

- Accountable
- Innovative
- Respectful
- Determined
- Selfless
- Accessible
- Open-Minded

Board - Staff Partnership

The leadership team is made up of the board of directors and the professional staff. The board understands it is responsible for *governance* while the executive director (CEO) is responsible for *management*. It takes a partnership to advance the mission and strategic plan.

**BOARDS GOVERN
STAFF MANAGE**

Govern More -
Manage Less!

Read to Lead

Leaders must read the governing documents. Listed here in hierarchical order with the authoritative relationship.

1. Mission Statement (IRS)
2. Article of Incorporation (State)
3. Bylaws (Membership)
4. Policies (Wisdom of the Board)
5. Strategic Plan (Roadmap)
6. Annual Budget and Financial Statement (Standing and Forecast)

Refresh and Blend Orientation

Board orientation is conducted annually. Allow 2 to 3 hours. A third party may be best to present the information to reduce conflicts of interest and to add best practices.

The “*refresh and blend*” is designed to welcome new volunteers and to remind all directors of their duties.

Divide orientation into four parts:

- About the Organization - FAQ
- Roles and Responsibilities
- Risk Awareness and Avoidance
- Strategic Direction

Document in meeting minutes that an orientation was conducted and that board members signed a commitment form.

Protections for the Board

Volunteer directors receive protections for serving when fulfilling their prescribed duties. Protections may include:

- ✓ Volunteer Immunity
- ✓ Directors and Officer Insurance (D & O)
- ✓ Indemnification
- ✓ Corporate Veil

(Contact legal and insurance counselors for assistance.)

Mission Statement

The mission statement should frame nearly every discussion and decision of the board and committees. Add it to the agenda and keep it visible at meetings. Frequently ask, “*How does this proposal advance our mission?*”

Board Meetings

Convene when there is a reason to meet; postpone unnecessary meetings. Be sure the meeting room environment is conducive to discussion; avoiding distractions. An open-U meeting set-up preferable. Most boards conduct business quarterly.

If guests attend, set protocols for their participation. They are expected to abide by the same requirements (confidentiality, disclosure of conflicts, etc.) as the board members.

Meeting Agendas

Craft an agenda that focuses on the mission and goals. Make time for visioning and problem solving with the board. Eliminate the call for “new business” by asking that all agenda items be submitted in advance. Include the strategic goals on the agenda. Avoid agenda

formats that exist because “we’ve always done it that way.”

Board meetings are not the time for reading and listening to reports. Distribute reports in advance, asking directors to come to meetings prepared. Use a *consent agenda*.

Meeting Attendance

Directors are expected at all duly called meetings. Allowing persons to call-in to meetings diminishes effectiveness. Make exceptions to attendance sparingly. Directors should understand they are responsible for the decisions of the board whether or not they are present.

After Board Meetings

After meetings directors should support the decisions of the board. Directors have authority only from *gavel to gavel*. When meetings end, only the chief elected officer and his or her designees may speak for the organization.

When directors are asked for information, they should refer to the right person to answer questions or start their statements with, “*I cannot speak for the board.*” Meeting discussions and documents are to be treated in confidence.

Meeting Minutes

Minutes are a document to protect the board and organization (corporation) --- not a newsletter for members. Generally brief is better.

Minutes should show that a duly called meeting was held, a quorum present, and the board governed and advanced the organization. Be certain the *best person* is assigned to take accurate minutes. It is preferred that audio recording **not** be made at meetings.

Strategic Planning

Develop a multi-year strategic plan to guide current and successive boards. The best plans are communicated briefly and are compelling to the membership.

Keep a copy of the strategic plan on the board table and in committee folders.

Performance Measures

Successful boards set metrics to monitor progress and performance. Frequently ask, “*How will we recognize success if we don’t have a way to measure performance?*”

When the leadership agrees *what* to measure (i.e. membership market share, retention rate, savings ratio, website visits) report the data in the form of visual dashboards (reduce the need for reading and listening to reports.)

Committees

Committees supplement the work of the board and staff. The trend is to reduce the number of committees, preferring to use task forces, quick action teams and micro-task opportunities. Merge or eliminate unnecessary committees.

Align the committees with goals in the strategic plan. Set expectations that committees will produce results. Each committee should have a purpose statement and current year assignments with performance measures.

Governance Problem Areas

Directors are trustees of the corporation with fiduciary responsibilities. Common problems on boards include but not limited to:

Conflicts of Interest – Directors are expected to disclose conflicts

annually and as they arise at meetings.

Breach of Confidentiality – Damage is done when a director leaks information to other organizations, persons and the media.

Public Records – Know what’s public and not in an exempt, not-for-profit organization. Avoid fines for failing to disclose.

Apparent Authority – Understand who has authority to speak for the organization, and the impact for misrepresentations.

Antitrust - Violations may occur when persons from the same industry or profession collude about prices or processes impacting suppliers, pricing, proposals or operations. Stop any conversation that may stifle competition. Fines run up to \$10 million.

Micromanagement – The role of the board is to govern. Do not descend to the level of staff responsibilities or conduct committee work at the board table.

