

Improving Governance and Board Meetings *(12 Weeks to a Better Board)* by Bob Harris, CAE

Most boards meet quarterly. If your last meeting was less than effective consider these quick tips for improvements in board service.

- ☐ **Mission Statement** – Everything we do, discuss and spend should advance our mission. It is the stated purpose of our organization and has been approved by the IRS. If and when it needs updating, we'll plan a retreat to discuss its relevance. A mission statement may also be supported by vision and values (guiding principles) statements.
- ☐ **Strategic Thinking** – The strategic plan serves as a road map for board, committees and staff. If the plan has been put on a shelf, dust it off or budget time to create a new one at a board retreat. For the board to govern and soar at a 50,000-foot perspective, it needs a plan of action directed at the future. Our aim is to “stay out of the weeds.” For long-term efforts you may have to think beyond your term of office.
- ☐ **Agendas** – Align the agenda with the goals in the strategic plan. Use a consent agenda to expedite reports that don't require action. Learn how and when to add items to our agenda; avoiding last minute additions and surprises. To stay on schedule, indicate time frames to agenda items. Some boards project the agenda and support documents on a screen during the meeting to help directors follow discussions (rather than shuffling through stacks of paper.)
- ☐ **Committees** – Be sure each committee has an understanding of expectations, including specific deadlines and metrics. Provide linkage to committees through staff and/or board liaisons. Doing committee work at the board table can waste time and disrespect committee authority.
- ☐ **Knowledge** – Request the documents you need. Knowledge is power and there is plenty of information to help you be successful in your term. As a member of the board you have access to nearly every document except personnel files. Knowledge is the cornerstone of fiduciary responsibility.
- ☐ **Prepare** – Information will be provided in advance. By reading and understanding before the meeting, the reports can be accepted (consider a “consent agenda”) and the *mega-issues* can be solved. It is disheartening to realize a director did not read his or her board information in advance; it becomes obvious by his or her questions at the board meeting.
- ☐ **Fiduciary Duty** – Directors have a fiduciary duty of complete loyalty and care in connection with the organization. It requires you to be fully engaged and to perform your duties to the best of your ability.
- ☐ **Confidentiality** – All discussion and documents are treated with confidentiality. The place to debate is *inside* the boardroom – not in the parking lot or by emails after the meeting.

- ☐ **Finances** – The budget is approved by and belongs to the board. It is your responsibility to understand and monitor finances; ask for help if you don't understand any aspect. When viewing financial reports, focus on the big picture rather than nit-picking line item expenses. You may be asked to help to raise funds in the forms of dues, exhibits, advertising and/or sponsorships.
- ☐ **Risk Management** – Know the areas that can trigger trouble, i.e. antitrust, conflicts of interest, harassment and discrimination --- and know how to avoid them. Be sure safeguards are in place such as insurance for the board, financial audits, and conflict of interest disclosure.
- ☐ **Authority to Speak** – Before you speak know your authority. Don't assume authority unless it has been specifically delegated to you; the chief elected officer speaks for the organization. When asked your opinion, start out with, "I can't speak for the board but I can give you my personal opinion." Don't assume you can add an e-mail signature indicating you are a director on the board.
- ☐ **Organizational Structure** – Understand the structure and lines of authority. Know if there are subsidiaries and affiliated organizations for which you have some degree of responsibility. An organizational chart depicts relationships and proper communications between offices, directors, committees, staff and consultants.
- ☐ **Accountability** – Take responsibility and be accountable for commitments. Ask for and adhere to deadlines and performance standards. When decisions are made and no performance measure is offered, ask, "how will we recognize or measure out success?"
- ☐ **Interim Work** – Between meetings of the board you can accomplish task by using technology (virtual meetings, webinars, website) and conference calls. Don't make commitments at the board table and forget about them until the next meeting. Keep the chair and staff informed of project progress.
- ☐ **Rules of Order** – Understand the basics of parliamentary procedure. The agenda and the process of motions, seconds, and discussions are intended to streamline the meeting. Always show respect for the chair of the meeting. A great guide is the 16-page booklet, *ABC's of Parliamentary Procedure* available online from Channing Bete Publishing.
- ☐ **Govern** – The board governs and the staff manages. The role of the staff is to implement the decisions of the board and committees. It is not your role to direct or manage the staff.
- ☐ **Celebrate Leadership!** – Service on the board is rewarding. Celebrate achievements, tell members of successes, recognize the volunteers and thank the workers. Keep stakeholders informed of leadership by publishing bios and providing contact information.

These are quick tips for improving governance and meetings. By your next meeting, it is possible to implement changes from this list.

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Note: Bob Harris, CAE, teaching association management and facilitate strategic planning. He can be contacted bob@rchcae.com. His website offers free tips and tools at www.nonprofitcenter.com. He has distributed 100,000 copies of the laminated guide: *Board Responsibilities*.

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BOARD RESPONSIBILITIES

Serving on the Board of Directors is a rewarding and important responsibility. This guide informs volunteer leaders of the unique aspects associated with governing a not-for-profit organization.

***“The board governs ...
... the staff manages.”***

Leadership: Volunteer leaders are responsible for the direction of the organization. The board governs, develops policy and sets a course for the future. Maintain focus on the mission and strategic goals --- avoid micro-managing the organization and staff. Functions (4):

- Governance
- Policy & Position Development
- Visionary – Future Focus
- Fiduciary

Management: Paid staff and contractors are responsible for the administration of the organization. Staff act as partners to the board, advancing the goals and strategies, while taking care of the daily administrative needs unique to nonprofit organizations.

Unique Terminology

Not-for-Profit refers to the legal corporate status of the organization. (It does not imply an exemption from paying or collecting sales tax.) **Nonprofit** is the casual reference to Not-for-Profit

Exempt Organization is a reference to the IRS designation exempting the organization from paying most federal income tax (with exception of UBIT - Unrelated Business Income Tax.)

IRS 501(c)(3) designation most often is referring to organizations with a religious, charitable, scientific or educational purpose.

IRS 501(c)(6) designation refers to trade associations, business leagues and professional societies.



Board Responsibilities

1. Determine and advance the organization's mission and purposes.
2. Select the chief paid executive (*not staff*) as well as CPA and attorney.
3. Support the chief executive and assess performance periodically – usually measured against the strategic plan.
4. Ensure effective organizational planning.
5. Ensure adequate resources (fund, time, volunteers, staff, technology).
6. Resource and financial oversight.
7. Determine, monitor and enhance programs and services.
8. Promote the organization's image.
9. Ensure legal and ethical integrity and maintain accountability.
10. Recruit and orient new board members and assess board performance.

(Adapted from *Top Responsibilities of Nonprofit Boards* www.rchcae.com)

Scrutiny of Nonprofits

In response to corporate scandal, government has increased the scrutiny of boards of directors. Sarbanes Oxley (SOX) was adopted in 2002. In 2008 the SOX requirements were applied to nonprofit boards are expected to maintain their accountability, transparency and transparency while governing. Policy questions in IRS Form 990 include:

- Audit and Audit Committee
- Whistleblower
- Compensation
- Document Destruction
- Conflict of Interest
- Public Records

Insurance and Volunteer Immunity

State and federal governments have afforded certain protection to volunteer leaders. While the volunteer may have some protection, the organization is still open for legal suits. Insurance coverages add further protection for volunteers and organization.

Directors and Officers (D&O) Liability may cover legal defense for employment, copyright, and antitrust claims, for instance.

General Liability insurance covers property damages and injuries relating to the organization.

Fidelity Bond covers losses resulting from fraudulent or dishonest acts committed by an employee.

Meeting Cancellation covers the loss of revenue due to a cancellation, curtailment, postponement because of weather, strikes, etc.

(Consult legal and insurance counselors for assistance.)

Legal Principles

Duty of Care requires leaders to use reasonable care and good judgement in making their decisions on behalf of the interests of the organization.

Duty of Loyalty requires leaders to be faithful to the organization, avoiding conflicts of interest.

Duty of Obedience requires leaders to comply with governing documents (i.e. bylaws, articles of incorporation, policies, etc.)

Board Tools

Documents available to leaders (often in a **Leadership Manual**.)

- Statement of Purpose (Mission)
- Articles of Incorporation
- Bylaws
- Policy Manual
- Strategic Plan
- Financial Statement - Budget
- Meeting Minutes
- Organizational Charts
- IRS Forms
- Frequently Asked Questions

Treat all information with **confidentiality**.

#1 lie --- “You won’t have to do anything when you get on the board!”

Rules of Order

Agenda ensures that important business is covered and discussions are on topic.

Motions are proposals for action, beginning with, "I move we....."

A **Second** is required for the motion to be discussed.

Amendments may be made to most motions if they improve the intent or clarify the original motion.

Tabling lays the motion aside.

Calling the Question refers to ending the discussion and voting on the motion.

Voting is the official action after discussion to adopt, amend, kill or table the motion.

Minutes protect the organization by recording the time and location of the meeting, participants, and the outcome of the motions. They are not a place to record conversations, assignments, reports, etc. (Including reports and discussions can incriminate.)

Quorum is number of directors required to conduct business.

Recommended: "ABC's of Parliamentary Procedure" 800-477-4776

Committees

"Committees recommend ⇨ board approves ⇨ staff and volunteers implement."

Organizations are streamlining - eliminating all but essential committees and delegating committee work with strategic goals.

Standing - identified in the bylaws, appointed annually, on-going committee work.

Ad Hoc - formed for specific immediate needs and disbanded upon completion of work (a.k.a. Task Force)

Leadership Traits

- Be *mission-focused* and driven.
- Understand *governance responsibilities*; and *be accountable* to the organization and members.
- *Determine to be successful.*
- Work as a *team* - no individual has an agenda more important than the whole.
- Value and *build relationships* and *respect diversity.*
- Focus on *outcomes* and *significance* in the short and long term.

Common Sense

- Respect the chairperson, agenda and rules of order.
- Prepare for meetings: read, read, read!
- Bring a calendar and end on time.
- Know the mission and strategic goals.
- Listen more than you speak.
- Leave personal and political agendas at home.
- Respect confidentiality.
- Don't speak for the organization without authority.
- Support the board; don't bad-mouth an action or person. Dissenting votes may be noted in the minutes - not outside the meeting.

Strategic Planning

A strategic plan focuses the board on mission and goals for 3 to 5 years. It serves as a roadmap. *Not board members can think beyond their term of office and outside their own expertise.*

Environmental Scan - review of external and internal influences on the organization, as well as strengths, weaknesses, opportunities and threats (SWOT).

Mission - statement about what the organization is; whom it serves; and the services it provides; short with PR value.

Vision - long-term desired outcome; what the organization will be in the distant future.

Values - guiding principles of board and staff.

Goals - broad competencies to advance the mission. Usually just 3 to 7 so as not to tax resources, volunteers, staff.

Strategies - advance the goals; creative efforts to achieve the mission and serve stakeholders/members.

Action Steps - fit within the strategies; the actions, assignments, deadlines, etc. AKA annual "operating plan" or "business plan."

Plan Champion - the person (staff and/or volunteer) who keeps focus on the plan.

Risk Management

Protect the organization. Be aware of fiduciary responsibility, contracts, audit results, insurance, IRS requirements, values and ethics, apparent authority, antitrust, etc.

Public Records requests for the organization's annual federal tax return (Form 990, 990-EZ) must be made available for the last three years. Significant fines occur for noncompliance.

Antitrust Violations occur when two or more persons from the same industry or profession discuss suppliers, processes, prices, operations. Remove yourself from any conversation that would change how business is conducted because of an agreement among competitors.

Apparent Authority arises when a board member, though *not* granting actual authority, permits a committee or chapter to behave as if it had authority. Authority rests with the chairman and may not be assumed by others.

Financial Audits annually to protect board and staff; relying on an audit committee to select, oversee and report on the process.

Conflicts of Interest disclosed at the start of the term and throughout the year.

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