

Keeping Your Board Focused on Their Responsibilities (and out of yours)

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Board members who lack direction can result in:

- Micromanagement
- Boards doing committee work, not board work (oversight)
- Second guessing committee recommendations
- “Rogue” committees – not tied to organizational goals
- “Special” projects
- “Wouldn’t it be great ifs...”
- Idea fairies



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How do we keep them on track?

Six Keys to Success

- Strong Bylaws
- Board Orientation
- Strategic Plan with Big Goals
- New President Orientation
- Open Board President-CEO/ED Communications
- Succession Planning

Key #1: Strong Bylaws

- Rules governing the internal management of the organization
- Foundation of organizational process, decision making
- Must be consistent with federal, state, and local laws
- Topics include eligibility, election of directors, conduct of meetings, standing committees, and responsibilities

Bylaws Should Include:

- Board hires/supervises CEO/ED, CEO/ED hires/supervises staff
- CEO/ED removal requires a Board vote (not just President or Executive Committee)
- Term limits for board members and officers
- Roles and responsibilities of officers
- Role of Executive Committee – doesn't replace Board
- CEO/ED is ex officio on Executive Committee, Board, and Nominating Committee
- Annual Performance Review for CEO/ED
- Limits on who can speak for the organization (usually CEO/ED and President)
- Process for removing a Board member for cause (including non-attendance)

Possible Problems:

- President acts independently of Board
- Board not apprised of Executive Committee actions
- Overuse of Executive Sessions
- Board involved in staff supervision (other than CEO/ED)
- Finance reports not provided to Board
- Votes taken by email (must be unanimous, with all participating)

Not every issue can be prevented by strong bylaws, but if you don't have them problems are inevitable.

Key #2: Board Orientations

- Board Member Expectations
- Roles and Responsibilities, especially Board vs. Staff
- Fiduciary Duty: Duties of Care, Loyalty, and Obedience
- Conflict of Interest
- Antitrust Avoidance
- Apparent Authority
- Organizational Priorities (Strategic Plan)

Purpose of a Board

- To **govern** based on documents and key information
- To focus on the **strategic direction**, mission and goals of the organization
- To **support the organization** with time, talent, and treasure
- **Fiduciary** duties; the trust of members in the board of directors
- To explore **opportunities** while being careful with **resources**
- To develop **policies** and **procedures**.
- To manage **risks**

Purpose of a Board

Organizations rely on their Board of Directors to **GOVERN**
and on the professional staff to **MANAGE**

Board responsibilities may include:

- Board meeting attendance
- Event attendance
- Financial support (give or get)
- Committee service
- Membership recruitment
- Financial/resource oversight*
- Confidentiality*
- Disclosure of conflicts of interest*
- Adherence to Mission*

*legally required

Board Meetings that Work

- Start and end on time
- Stick to the agenda
- Focus on what's important, stay out of the weeds
- Use the strategic plan as a guide
- Ensure everyone is heard
- Refer proposals that need more detail to a committee or task force

Board Meeting Danger Signs

- Rambling discussions with no limit
- Doing committee work “in the weeds” during board meetings
 - Delegate to committee or task force for recommendation and move on
- Not sticking to the agenda – or not having one
- Diverging side conversations
- Not having a strategic plan, or not paying attention to it
- Dismissing others’ opinions or not eliciting them

Fiduciary Responsibilities

- Relationship of confidence or trust between the board, members, and staff
- Responsibility to protect the organization and its resources
- Not just financial, but also other assets, including staff and volunteer time

Duty of Care

Officers and directors

- Must be diligent and prudent in managing the organization's affairs
- Must handle Board duties with the care an ordinary, prudent person would exercise in a like position and under similar circumstances
 - Attending Board meetings regularly
 - Showing independent judgement
 - Being informed about organization resources
 - Delegating only to responsible individuals
 - Following up regularly (note: NOT micromanaging)

Duty of Loyalty

Officers and Directors must

- Act in good faith
- Not put personal interests above those of the organization
- Avoid Conflicts of Interest in fact and appearance

Duty of Obedience (to purpose)

- Forbids acts outside corporate powers, which are established by organization's Charter, Articles of Incorporation and Bylaws.
- Must comply with state and federal laws.
 - If there is a conflict between organization's documents and state or federal law, must comply with the LAW.
- Establish Accountability measures
 - For policies, programs, performance, process, outcomes/effectiveness, and planning/allocation/management

Risk Management – Conflict of Interest

- A Conflict of Interest arises when
 - A person in a position of authority over the organization (officer, board member, Executive Director) may benefit financially or directly from a decision he or she could make in that capacity (including indirect benefits to family/business interests)
- If a Conflict of Interest arises, the conflicted individual has an obligation to the organization to recuse him/herself from discussion of that issue
- This does not preclude board members having business dealings with the organization, but **does** preclude them from participating in any discussions regarding those dealings
- ***When in doubt, recuse***



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Risk Management: Antitrust

- Precludes discussion of pricing or elements that could impact company operations which might influence pricing, such as cost of operations, labor, or supplies
- Cannot agree to limit competition – including discussion of territories or customer limitations
- No discussion of boycotts, blacklisting, or unfavorable information about particular companies (including financial situation) is allowed
- Carries fines of up to \$100 million for a corporation, \$1 million for an individual, and up to 10 years in prison



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Risk Management – Who Speaks?

- **Apparent Authority** – Care should be taken that committee chairs or other volunteers not usurp the authority of the chief elected officer or take on authority not specifically delegated
- *"I can't speak for the board but I can offer my personal opinion."*
- Committing to contracts without authority is also a potential risk – verbal commitments count!

Risk Management: Lack of Confidentiality

- Topics discussed/information shared within the confines of the Board should be kept confidential.
- Even if a director disagrees with a result, in public he/she must support it as a “decision of the Board.”
- Parking lot conversations after meetings are a danger sign!
- Board is still obligated to regularly report activities to members.

Key #3 Meaningful Strategic Plan

- Consensus of the Board
- Requires buy-in – “if they write it, they will underwrite it”
- Establish both short (1 year) and long (3-5 years) term goals
- Should include at least one aspirational goal
 - “What could we accomplish this cycle that would make a pivotal difference to our business community?”
- Should be reviewed at least annually

Integrating Strategic Plan into Board Meetings

- Should drive all initiatives
- Rotate review of items, or include all on each agenda
- Keeps priorities in front of the Board
- Reminds Board where resources should be focused
- Focusing on the big picture keeps them out of the weeds

Build Structures for Success

- Committees, Task Forces and Strike Forces should be established based on the goals in your Strategic Plan
 - Not because “we’ve always had that committee” or “someone thought it was a good idea”
- Use Task Forces and Strike Forces for short-term goals
 - Task Forces meet until the goal is accomplished
 - Strike Forces meet three times: once to define the problem, once to discuss possible solutions, once to finalize their recommendation
- Focus organization energy – especially the board’s – on accomplishing identified priorities

Potential Committee Risks

- Creating programs that don't fit with organization goals
- Making financial commitments without authority
- Not providing adequate notice to advertise programs
- Failure to clear plans with CEO/Board
- Speaking for the organization without authority

Key #4: Board President Orientation

- President's role is to lead the Board, not manage the organization
- Understand and respecting differing roles of Board President, CEO/ED, and staff
- Board President and CEO/ED should act as a team, not employer-employee
- Advance the organization's goals – don't pursue personal ones
- Remember it's about the members, not about you
- Identify and develop future leaders – succession planning

*Hint: Involve outgoing Board President in orientation if they had a successful term.
Peer-to-peer communication is always more effective.*

Board President Responsibilities

- Preside at Board meetings
- Consult on Board agendas
- Appoint and assist committees (including search committee if needed)
- Lead annual review of CEO/ED – and document it in writing
- Initiate Board policy recommendations
- Ensure Board is following governance requirements
- Cultivate major stakeholders
- Support the CEO/ED
- Be clear on the roles and responsibilities of the President and CEO/ED

Board President Guidance

- 1) Read the Governing Documents
- 2) Know Your Team (officers, directors, staff)
- 3) Set Realistic Goals
- 4) Let the Mission Guide You
- 5) Follow the Strategic Plan
- 6) Think Long Term

For more new President guidance, see Bob Harris's *Hit the Ground Running: The President's First 100 Days*, available at www.nonprofitcenter.com.

Presidential Pitfalls

- Focusing on personal legacy rather than organizational goals
- Speaking publicly on issues the Board hasn't taken a position on
- Talking about the CEO behind his/her back rather than discussing concerns directly
- Micromanaging the CEO/Executive Director
- Interfering with/directing staff other than the CEO
- Pursuing own agenda instead of the organization's

Key #5: Board President-CEO/ED Communications

- Plan regular communication between President and CEO/ED
- Clarify communication preferences
- Encourage open and fair dialogues
- If conflicts arise, talk them out before including a larger audience (Executive Committee, Board of Directors)
- Respect each other's role in the organization

Board President – CEO/ED Agreement

Consider signing an agreement prior to new Board President taking office. Items to be agreed upon could include:

- Regular consultation between CEO/ED and President on matters of importance to the organization
- Clearly defined expectations and goals for the CEO/ED
- If there is a conflict between the President and the CEO/ED, agree to discuss it internally before taking it to the Board or Executive Committee
- Preferred communication methods (text, phone, email, in person)
- Board inclusion in decision making processes
- Process for agenda preparation – who's responsible?

Key #6: Succession Planning

- A responsibility of board members is to identify future leaders
- CEO/ED has a key role in determining board members as the person working most closely with volunteers – important to build a board with whom you can work.
- Don't forget to "ASK" prospective leaders to join your efforts
- The nominating committee plays a key role, but so does every board member
- Committees may be a source of future leaders
- Consider leadership mentoring and/or leadership training for prospective board members and committee chairs

More Succession Planning

- Don't be afraid to ask if potential or current Board members aspire to be an officer
- Include President-elect in discussions and meetings with President to establish continuity
- Plan for future Board Presidents at least two terms out – because life happens.
- Make sure prospective leaders understand the organization's culture and can work within it



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Bonus Tip: Performance Evals are Your Friend!

- Documentation of past performance can be helpful if a rogue chairman comes after you
- Board should establish policy for annual review with an expected timeline – but you will still have to remind them
- Use the opportunity to provide a list of accomplishments and successes in advance of the review and a self-evaluation
- CEO/ED should receive a copy of the completed review, including comments, and a copy should be kept in the employee file
- If performance deficits are identified, you should have 60-90 days to remedy them

Empowering your board by giving them tools for success and clear information about what their role is – and is not – is the key to avoiding problems.

If they don't know what they're supposed to do, they are far more likely to engage in unproductive behavior.

Thanks for your time!

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