USBC Onboarding Program

Module 3: Orientation to Good Nonprofit Governance

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Welcome to the USBC Board of Directors! It is our hope to orient you to your new role as a Board member as effectively as possible so that you can begin your board service as a more informed director.

There are 3 modules to our onboarding program:
• Module 1: Orientation to USBC
• Module 2: Orientation to the USBC Board of Directors
• **Module 3: Orientation to Good Nonprofit Governance**
Module 3: Orientation to Good Nonprofit Governance

In this module, we will address:

• What It Means to Govern
• The Differences between Corporate and Nonprofit Boards
• Practices of High Performing Boards
• Organizational and Board Life Cycles
• The Constructive Partnership
• Effective Board Meetings
• The Governance Continuum
• What Makes a Great Board Chair, Great?
• The Exceptional Board
Governing Nonprofit Boards...

- Are granted authority by the state and supporters to represent the *public trust* and to ensure the organization carries out the purposes for which it was established in a responsible and accountable fashion.

- An organization’s legal responsibilities rest with the Board of Directors.
Corporate vs Nonprofit Boards

Corporate Boards
- Driven by profit
- Accountable to shareholders
- Focus on P&L statement, sales & stock price
- Small boards
- CEO & officers sit on board
- Board members compensated
- Sarbanes Oxley applies

Nonprofit Boards
- Driven by mission
- Accountable to the public
- Focus on budget, cash flow, fundraising, impact
- Larger boards
- CEO sits on board w/o vote
- Board members volunteer
- Sarbanes Oxley applies in only 2 ways
Practices High Performing Boards

• Recognize that good governance is an ongoing process, not an event
• Understand that both organizations and boards have lifecycles and adapt accordingly
• Understand and respect the difference between governance and management
• Work effectively in constructive partnership with the Executive Director
• Are self reflective
• Ask good questions
• Work well as a collective
Understanding Organizational Lifecycles

- **Start-Up**: founder-driven; minimal or no staff; small, passionate, hands-on Board; minimal governance
- **Adolescence**: staff grows; Board begins to expand; greater diversity; small committee structure; changing roles; rocky waters
- **Mature**: clarity of Board/staff roles; larger Board; competent staff; governing Board focuses on strategy, oversight, resources
- **Stagnant**: routines rule; complacency leads to stagnation; energy wanes; low staff morale; unengaged Board
- **Defunct**: if organization can’t be resuscitated, time to close the doors

Note that the role of the board and what the board’s work actually changes as the organization evolves.

*Where is USBC in its development? And, where is the Board?*
The Constructive Partnership

The success of the chief executive and the success of the Board are *interdependent* upon one another.

- The Board must be a powerful force supporting USBC.
- The Executive Director must see the Board as a strategic asset.
The Constructive Partnership

Any good relationship entails...

- respect for differences
- regular and clear communications
- clarity of roles
- setting mutual expectations

The Board/Executive Director partnership also requires...

- conducting mutual assessments
- balancing the Board’s role in support & oversight
- seeing trust-building as a process, not an event
- asking the hard questions
Constructive Partnership:
Build a Constructive Partnership!

The Vital Role of the ED and the Board

<table>
<thead>
<tr>
<th>ED Engagement</th>
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<tbody>
<tr>
<td>GOVERNANCE AS OBSERVATION</td>
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<td>ED → Is Displacing Board</td>
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<td>GOVERNANCE AS LEADERSHIP</td>
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<td>ED → Is In Constructive Partnership with Board</td>
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<tr>
<td>GOVERNANCE AS ATTENDANCE</td>
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<td>ED → Is Going through the Motions with Board</td>
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<tr>
<td>GOVERNANCE AS MICROMANAGEMENT</td>
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<td>ED → Is Displaced by Board</td>
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# Exercise: Board/Staff Responsibilities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Who is responsible?</th>
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<tbody>
<tr>
<td>1. Hires, supports, and evaluates the ED</td>
<td>• The board</td>
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<td>2. Prepares for board meetings</td>
<td>• The staff</td>
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<td>3. Actively participates in strategic sessions and retreats</td>
<td>• Shared responsibility</td>
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<td>4. Hires the auditor</td>
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<td>5. Meets in executive session with the auditor</td>
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<td>6. Sets policy</td>
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<td>7. Defines financial policies and procedures for all daily money transactions</td>
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<td>8. Drafts and submits grant proposals</td>
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Exercise: Board/Staff Responsibilities (cont’d)

**Activity**

9. Assigns work projects to and provides oversight of work load for non-ED staff
10. Hires contractors to provide services to USBC
11. Decides when contractors are needed
12. Negotiates and signs contracts
13. Holds contractors accountable
14. Takes and processes requests from the membership
15. Speaks on behalf of USBC

**Who is Responsible?**

- The board
- The staff
- Shared responsibility
Effective Use of Meetings

Optimize your limited time together by designing board meetings to be productive, engaging and focused on substantive issues.

- Thoughtfully Crafted Agenda
- Careful Framing of Questions
- Built-In Educational Time
- Consent Agenda
- Dashboards
- Annual Calendar of Meetings
- Board Retreats
- Focused Pre-Readings/Board Books
- Expert Guests/Facilitators
- Executive Sessions
The Governance Continuum

- Dysfunctional
- Functional
- Responsible
- Exceptional

Unconscious | Conscious | Enlightened
12 Characteristics of Great Board Chairs

1. Coaches the board like a team
2. Leads in partnership with the chief executive
3. Focuses the board on that which is most important
4. Facilitates meetings effectively
5. Remains neutral rather than advocates for a position
6. Marshalls consensus of opinion
12 Characteristics of Great Board Chairs (cont’d)

7. Addresses problems in timely and effective way
8. Communicates effectively
9. Engages board members to take ownership for the work of the board and shows appreciation
10. Values transparency and operates accordingly (full personal/professional disclosure)
11. Is reflective and self aware
12. Always operates according to what’s best for the organization
High Performing Boards

“The difference between responsible and exceptional boards lies in **thoughtfulness** and **intentionality**, **action** and **engagement**, **knowledge** and **communication**.”

*The Source: Twelve Principles of Governance that Power Exceptional Boards*
The Source: Twelve Principles of Governance That Power Exceptional Boards

1. Constructive Partnership
2. Mission Driven
3. Strategic Thinking
4. Culture of Inquiry
5. Independent-Mindedness
6. Ethos of Transparency
7. Compliance with Integrity
8. Sustaining Resources
9. Results-Oriented
10. Intentional board practices
11. Continuous Learning
12. Revitalization
Resources for You

• Your Board Orientation Library contains more detailed materials on these and other topics.

• BoardSource: an online resource of governance information for non-profit board
  • USBC has an organizational membership in BoardSource that gives all Board and staff access to member benefits
  • Visit the USBC Board sign-up link to activate your login
  • Visit the BoardSource Training Calendar to register for upcoming BoardSource webinars

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