



Non-Profit Governance



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Agenda

- Governance Models
- Board Responsibilities
- Board Member Expectations
- Board Best Practices
- Board v. Staff Responsibilities

Governance models are shifting.

- Caretaker board model fading.
- Board structure focus more on *strategy, impact* and *advocacy*.
- Younger board recruits attracted by this shift.
- Mission remains the anchor.

Governance Framework

- **Fiduciary** – the board is focused on financial and operational oversight ensuring organizational compliance, and that tangible assets are being used appropriately.
- **Strategic** – the board helps create a winning strategy for the organization, monitors progress in executing that strategy, and serves as a strategic partner to management.
- **Generative Thinking Mode** – the board fulfills its leadership role by deciding which issues deserve attention, what the issues mean for the organization, and how best to address.

Key Board Responsibilities

- Mission
 - Decide the mission
 - Promote the mission
 - Stay true to the mission
- Oversight
 - Strategic Planning
 - Ensure high quality executive leadership & board
 - Ensure legal and ethical integrity
- Resources
 - Ensure adequate resources
 - Manage resources effectively
 - Approve and monitor annual budget
- Outreach
 - Be community ambassadors
 - Be active part of marketing and public relations

Board Activities

- Strategic planning
- Fundraising
- Community engagement
- Human resource alignment
- Culture
- Decision-making
- Structure & Information

Board v. Staff Responsibilities

	Board	Staff
Direct strategic planning process	X	
Assess stakeholder needs		X
Develops annual program goals & objectives		X
Prepare budget		X
Approve budget	X	
Fundraising	X	X
Hire, supervise & discharge staff (paid & unpaid)		X
Address staff grievances		X
Act as community ambassadors	X	X
Recruit new board members	X	
Plan board agenda	X	X
Sign legal documents	X	



As board members...

You are fiduciary agents...

Duty of Care

- Directors must take reasonable steps to become well acquainted with all the information and facts under the board's purview and bring their best judgment to bear in the board's deliberations and decisions.

Duty of Loyalty

- Directors must place organization's interests above their own.
- When conflicts of interest do occur, policies must be in place to ensure the conflict is disclosed and neutralized.

Duty of Responsibility

- Directors must ensure that the organization adheres to its charter and by-laws, follows its policies in a disciplined and consistent manner, and complies with relevant laws and regulations.

Fiduciary & Legal Oversight

- Approve annual budget
- Review financial statements & key financial analyses
- Ensure financial controls are in place and followed
- Ensure organization complies with legal requirements & investment policies
- Oversee independent audit
- Ensure 990s are filed on time
- Ensure applicable legal policies are in place & enforced

Conflict of Interest

- A conflict of interest is a transaction or arrangement that might benefit the private interest of an officer, board member, or employee.
- Related parties on the board, board members related to employees, certain transactions, and dual-capacity individuals all present a conflict of interest.
- Dual loyalties refer to persons having an interest in a related organization.

Conflict of Interest Safeguards

1. Establish a Conflict of Interest policy that all board members sign on an annual basis.
2. Include the information in the bios of board members.
3. Establish disclosure as a normal practice.
4. Obtain competitive bids for all major purchases of goods or services.

Common Board Shortcomings

- Mission Drift
- Complacency
- Misguided motivations
- Multiple voices
- Micromanaging
- Limitless terms
- Lawless governance
- No self-assessment
- Blurred giving expectations

Board Best Practices

- Take governance seriously... Have clear expectations
- Stay mission driven... have a shared vision
- Think strategically... Focus on critical issues & allocate time to what matters most
- Be results-oriented... Measure progress & have board goals
- Focus on board sustainability... Recruit thoughtfully & continuously
- Maintain strong board/staff relationships... Value & reward staff
- Raise money... Enough said!

Strengthening Performance

1. Have a board profile to strategically recruit members
2. Have an active governance committee and recruit year-round
3. Develop a strong board orientation program
4. Conduct ongoing board education & training
5. Annually review governing documents
6. Have a strong and active audit committee
7. Take responsibility for program outcomes
8. Make fundraising a serious board commitment
9. Implement board self-assessment & board member evaluation

Boards are changing fast!

Sources for this report:

- Board Source
- Bridgespan Group
- Common Fund Institute
- FAR Therapeutic Arts & Recreation
- Blue Avocado
- Nonprofit and Voluntary Sector Quarterly
- Nonprofit Quarterly
- Independent Sector
- Minnesota Council of Nonprofits
- Loring, Sternberg & Associates

The Strategy Group, LLC

Overview

www.thestrategygroupllc.org

THE STRATEGY GROUP (TSG) is a strategic advisory firm that strives to provide transformative guidance, direction and support to non-profit organizations. TSG's passion is to strengthen the impact of non-profit organizations as they pursue mission-related excellence. We believe in the boundless potential of non-profits to enrich our lives, strengthen our communities and transform our world. Our services include:

- **Strategy Development**
 - Strategic Planning
 - Business Planning
 - Organizational Assessments
 - Merger Planning & Implementation
 - Program Modeling
- **Leadership Development**
 - Board Development
 - Management Trainings
 - Senior Leadership Searches
 - Executive Coaching
 - Transition Management
- **Philanthropic Advising**
 - Grant making
 - Program Development