

## Non Profit Governance 101 - Board of Directors Development

This document is intended as an overview of Board management and development, and broader non-profit governance. Some parts will seem quite basic, others more strategic, but the goals are brevity, ensuring the foundations are covered (you know what they say about “common sense?”), and helping you strengthen your Board and grow your organization. If you would like more detail, please get in touch with us.

A non-profit organization’s general structure will reflect how it achieves its mission (or hopes to) and will include program staff, finance/accounting, development/marketing/PR, Executive Director/ CEO and others. The “bird’s eye view” of your structure is an org chart with three vertical squares - staff reports to the Executive Director who reports to the Board. Strategic direction decisions flow down, but must be informed by the recommendations of the staff which flow up. Fundamentally, the governance structure comprises the Executive Director, Chief Financial Officer, perhaps a couple other senior staff members, and... the Board of Directors.

### What is a Board of Directors?

This is the group of people with a mix of skills and the passion to guide and build “the business” - legal, fundraising, program management, subject expertise, etc. This group has fiduciary responsibility for the non-profit’s actions; think of parents being praised or prosecuted for their kids’ behavior. Given, however, that there is generally a line between Board and staff responsibilities, for time and relationship management purposes, be the guiding, not meddling, parents. That said, in non-profits with no paid staff, the Board is a “working Board”, ie extra volunteers to stuff envelopes and generally get stuff done. Otherwise, the division of labor is generally that staff manages the daily/weekly details of the programs, financial, marketing and general management, and the Board has two primary functions –setting the strategic direction and fundraising (“dollars and direction”).

### Who should be on your Board?

You need a mix of doers, thinkers and connectors, and each of the following skills sets - legal, financial/accounting, marketing/branding/PR, fundraising, subject matter experts (e.g. if you work in youth development, you need someone who is a practitioner or academic on the subject), and you may want a “client representative” on your Board. *Everyone* needs to passionately believe in and support your mission.

Be sure to provide your Board some training on their role, information on the organizational history, structure and programs, and then model good meetings (agenda, reports, mutual respect, observe time limits) so they can better help the cause.

### What's an Advisory Board? or why have one?

Many organizations have Advisory Boards. There are three main types:

- a group of the intellectuals and highly-connected individuals who you want associated with your organization, and whose advice and connections you want to have access to, but who don’t have time to be on the Board.
- a committee responsible for setting the strategic direction of a program (or set of programs); experts and thought leaders in your field (e.g. the Arts, Workforce Development, health care), so you design and evaluate projects to “best practices” standards and get access to some expert “elbow grease”.
- Often times, to engage certain demographics and to widen the network spreading news of your existence and great work, NPOs will have a “Young Professionals” or a “Women’s Board” (I know, this sounds like it’s from another era, but in some places and issues, it’s still useful) or some other category – to do fund-raising and plan activities that would appeal to their demographic, as well as offer them networking opportunities.

Bottom line, you can set up your governance structure with whichever titles you choose, but the Board of Directors must exist. Then, to get work done there should be Board committees (or working groups), each focused on a specific issue area and which probably include non-Board-member-volunteers to discuss and plan specific initiatives, management policies, or issues e.g. the gala event, capital stewardship (managing your buildings and equipment), compensation and HR policies, etc.

### But what does a Board do? What are the member responsibilities?

The line between Board and staff responsibilities can be a complicated one to draw, and the details are beyond the scope of this brief. Essentially however, the Board is responsible for oversight, dollars and direction. More detail can be shared in an Board Assessment and/or discerned in a focused and facilitated session. Here are, however, some of the primary concepts of what the Board should do, be and focus on, while staff manages the programs & daily operations:

- Be passionate about the organization's mission and be able to communicate it to others.
- Identify strategic risks, draft a strategic plan, review financial plans, filings and legal policies, and approve them.
- Conduct a quarterly review of i) actual-to-budget spending and ii) program and policy updates.
- Understand the fundraising needs for programs, planned growth, and administrative expense to support them and how to achieve them (Board training may be useful to remove "fear of the ask").
- Hire (and fire) the Executive Director, interview potential senior staff.
- Participate in committees that focus more deeply on oversight areas, eg governance, finance, development, program and evaluation, public policy, etc.
- Provide operational support (marketing, financial, accounting, legal, etc) as appropriate and needed, and as defined by the Executive Director and the Board.

#### Organizational responsibilities to the Board?

Staff, at all levels, must have the mission in mind with everything they do. Senior staff must also ensure that

- the Board of Directors has on-boarding and ongoing training in various aspects of their role
- the Board is informed of major challenges and opportunities, and given the opportunity to discuss;
- the Board has access to tools to quickly and easily share the benefits, impact and effectiveness (both programmatic and financial) of the organization;
- and, with the Executive committee, organize the administrative details of the Board meetings, and share the relevant reports/summaries in a timely manner.

Meetings? Have them every quarter or semi-annually; more often, if it's a working Board. To make it a productive use of time, provide an agenda and reports on important issues (financial, fund-raising and communications, program and policy updates, general management and miscellaneous initiative updates) ahead of time. To make the discussions productive, make sure you have a devil's advocate, to force everyone to think about what they are committing to and why, the potential challenges and how to avoid or overcome them. You may even appoint someone in each meeting or discussion to play that role. Discussions may be uncomfortable, but program rollout will be more clear-minded- why it is important, possible bumps and perceptions, how to build up or replicate the program, how to tell the story to different types of stakeholders, etc.

#### Who is responsible for bringing in the money?

If you are a small organization, the Executive Director manages most of the day-to-day fundraising, and regardless of the organization size, the Board multiplies those efforts. Once you get to be mid-sized, you will want a Development department to focus on your agency's marketing, communications, PR and fundraising - maintaining and building relationships with individuals, corporations, foundations and perhaps governments as funding partners. The Development department will also keep records, write funders' reports, take charge of the Annual Report, and develop the Board. If you are in a large and well-established non-profit that performs services under contract for the government (generally social services or research), the Development department's fundraising responsibilities probably focus on bringing in private monies, and/or otherwise supporting the program staff in government bids and contract obligations.

Whatever size your organization is, the Board is responsible for extending the fundraising, and it is "best practice" for members of the Board to have a get-or-give requirement that is personally significant (the level depends on the size of the organization, and can be \$500 for very small organizations to \$100k or \$1MM). It's a credibility thing - Board members should donate to the cause. Funders think, "Hey, if the Board members don't put their money where their mouths are and don't believe in the organization sufficiently to invest in it, why should we?"

**If you would like to conduct a Board Assessment, or get assistance in developing your Board or resolving a Board-related issues, please contact us at [info@glocalconsultantsgroup.com](mailto:info@glocalconsultantsgroup.com) or call +1-773-218-8270 or +1-347-480-8679.**

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