Building an Effective Board of Directors

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The Center for Public Skills Training

Every nonprofit organization must have a Board of Directors. But, beyond this legal requirement, a well-informed and well-trained board is absolutely essential. An effective board of directors has a clear understanding of its roles and responsibilities. Board members, in effect, own the organization. They are the final policy makers and they employ staff.

ROLES AND RESPONSIBILITIES OF THE BOARD

The board has three broad areas of responsibility: planning and policy development; community and organizational development; and, fundraising and support development.

The first, planning and policy development, includes determining the mission and vision that charts the future direction of the organization. This is usually accomplished through the board's leadership and participation in strategic planning. The first area covers policy development in response to major issues that are or will in the future have significant impact on the agency and the constituencies it serves. Also included is monitoring the performance of agency programs, products and services.

The second area, community and organizational development, means broadening the organization's base of support in the community; interacting with the community to bring new issues, opportunities and community needs to the attention of organization; maintaining accountability to the public, funders, members, and clients. It also includes training and developing current and new leaders within the board and committees, and assuring that the same development is occurring within the professional staff through the leadership of the Executive Director.

The third area, fundraising and support development, includes giving personal time and money; developing donors, members, and supporters; leading and supporting fundraising campaigns and events as well as maintaining accountability to donors and funders.

The three areas are closely linked to each other: If the Board is going to make decisions that reflect the true interests and needs of the organization's constituents, board members must be in tune with those constituents and the wider community of which they are apart. If the Board is expected to raise funds to support the programs and services of the organization, then board members must be involved in planning and decision-making in meaningful ways so as to feel in a strong sense of individual and collective ownership. If the organization is counting on board members to raise funds from the community, then board members need to maintain relationships with individuals and institutions in that community.

Barriers to Board Effectiveness

There are a number of factors that help to explain why some boards don't function effectively. Taken together, these factors provide a checklist for assessing a board and identifying problem areas. Examining these barriers to board effectiveness can be the first step in revitalizing an existing
board or building from scratch. Let's take a look at some of the now:

**Temptation to micro-management.** Practically everyone can share hair-raising stories about boards that spent untold hours discussing trivial subjects while neglecting major agenda items deserving their more careful deliberation. It is critical that the board focuses its attention on items of critical importance to the organization. In order to do this, the board must avoid the temptation to micro-manage or meddle in lesser matters or in areas that are more appropriately handled by the professional staff. The average board, meeting monthly for two hours, has approximately 24 hours of meeting time per year to make all of the major decisions as well as address critical issues that come before it unannounced. It is simply impossible to do an effective job with in those 24 hours of meeting time, even if only a few hours are wasted on trivia.

**Ineffective Nominating Committee.** Many boards lack an effective nominating committee. We need to remember that the work of the nominating committee has lasting impact on organization -- and this committee's work determines who board leaders will be for many years for years into the future. The nominating committee should be well organized, have a clear sense of recruiting priorities as well as expectations for individual board members especially in the area of fund-raising. These elements are frequently missing in many organizations. If the nominating committee or board recruiting committee is poorly organized, board members in turn are not likely to have a good understanding of the organization and their role as board members.

**No Plan for Rotation.** Another problem is the lack of a plan for orderly rotation of board members on and off the board. If the same people serve year after year, there is no way for new blood and new ideas to come into the board. Despite their sense of commitment, these same people will make the organization a "closed corporation." Rotation prevents the ingrown possessiveness sometimes found on self-perpetuating boards. In a time of rapid change, the presence of new people who bring a new perspective will promote creativity and innovation in board decision-making.

**Failure to remove unproductive members.** Another problem that leads to poor performance is the failure to remove unproductive board members. People who are not carrying out their commitments as board members become major blocks to overall board effectiveness. There needs to be a process for evaluating board member performance and making recommendations regarding their future service with the board.

**Too small.** Sometimes a board is ineffective because it is simply too small in number. When we consider the awesome responsibilities of board leadership, it's easy to see why we need enough people to do the work. While it is difficult to specify an appropriate size for all boards, in general, a board should range in number from 11 to 21 members. We need enough members to lead and form the core of the committees and, in general, share in the other work of the board. We also need sufficient numbers to reflect the desired diversity in the board as well as assure the range of viewpoints that spurs innovation and creativity in board planning and decision-making.

**Lack of functioning committee structure.** The lack of a functioning committee structure is another reason why boards fail to perform at an acceptable level. While it is true that major decisions are made in board meetings, it is also true is that most of the work that supports and implements this decision-making occurs at the committee level. If the board has a committee structure that functions inadequately, this can lead to poor performance in general.

**No strategic plan.** The lack of a strategic plan, in most cases, will also lead to poor board performance. If the organization lacks a strategic plan that provides clear direction -- so critical in this period of rapid change -- the board can spend significant amounts of time talking about topics that simply don't matter. Related to the absence of a strategic plan is the lack of a long-range service delivery and financial development plan that will advance the strategic plan.
No plan for orientation of new and old members. Boards also fail because they have no plan for orientation of new and old members. Deliberate thought is rarely given to the matter of blending new and old board members into a well-functioning team. Related to this, is the lack of a formal plan of board training and education to continually upgrade the level of board skills and knowledge.

Some of these problems will be painfully familiar. All are preventable. This article will explore basic tools and techniques that have proven helpful to boards in addressing the barriers discussed above.

The Board Development Process

Building a more effective board is a process. As we know, things don't change overnight in organizations. It takes a commitment on the part of the leaders of a board to make it happen. The experience of other nonprofits suggests that it can take 2-5 years to create an effective, self-renewing board. But if board members are willing to make the commitment, dramatic improvements are possible almost immediately by applying the proven techniques that follow.

Recruitment and nominations

The first board development practice, and by far the most important, is having in place a board recruitment and nominations process. In contrast to the typical short-term recruitment process that focuses narrowly on filling anticipated board vacancies for the current year, the process described here helps to assure that there is a long-range plan for board leadership development.

This long-range plan for developing future board leadership centers on the following questions: Who will be serving on and leading the board over the next five years? What is our plan to scout board leadership talent for the future? How will we go about fostering and developing future board leadership? What we're really talking about here is extending the timeline for board development and recruitment activities. In many organizations, board recruitment and nominations activities are really ad hoc in nature. Typical bylaw language describes a process in which the board president appoints a nominations committee whose short-term task is to recruit candidates that will fill a specified number of vacancies at the upcoming annual meeting.

Here are some of the characteristics of a longer-range developmental process:

Year-round committee. Because board recruitment and nominations is such an important activity, we need to begin looking at it as a year-round committee function instead of the traditional ad hoc nominations process. Reflecting this long-range focus, many boards are changing the name of their Nominations Committee to the Board Development Committee because developing leaders includes more than nominating people to serve on our boards. It truly is a year-round function: prospecting, contacting, recruiting, orienting, supporting, providing ongoing training, and evaluating.

Link to the strategic plan. It is important to match board recruitment and development activities with the new requirements and demands of the strategic plan. The ideal time to do this is right after the strategic planning process has been completed. The board reviews the mission, vision, goals and strategies, and then determines any new skills, knowledge, personal contacts and other attributes future board members will need to possess in order for the board to do its part in advancing the strategic plan.

Profile of the current board. At the same time, we need to analyze the current shape of the board. The Board Development Committee can create a profile of the current board using a
matrix designed for this purpose. Key factors that define sought-after expertise, knowledge, skills, experience, as well as relevant demographic factors are arranged along the top of the matrix. The names of current board members are listed down the side of the matrix. The Committee then uses the matrix to complete the profile.

**Focused recruiting priorities.** By reviewing the agency strategic plan as well as the profile of current board strengths and weaknesses, the Board Development Committee identifies the gap between the skills and knowledge needed on the board, and what board members currently possess. Based on this analysis, the Board Development Committee can now set clear recruiting priorities for future board recruitment.

**Written member job description.** Another key element in the board development process is a written board member job description. For a board to operate successfully each member must understand and accept the specific duties and responsibilities that come with board membership. More and more organizations have found it helpful to develop a written statement of agreement for board members. This statement serves as a job description and clarifies board responsibilities. The job description, in very clear language, sets forth the expectations the organization has of its board members. The most effective job descriptions are those that state in behavioral terms precisely what board members are expected to do.

For most organizations, key responsibilities include the following: consistently attendance at regular board meetings, participation as an active member on at least one committee, participation in the fund-raising activities of the organization in a manner appropriate for that board member, as well as preparation in advance before regular board meetings by reading and studying materials sense in advance regarding key actions the board is expected to take at the next meeting. In addition, many organizations now expect their board members to attend an annual board planning or education event sometimes held on an evening, or a weekend. While there is no one right way to develop a job description, the format that you choose should cover some of the expectations listed above. There is a sample board member job description at the end of the article.

This written job description which should be periodically reviewed and updated by the Board of Directors, is the critical tool in recruitment of new board members. Like anyone contemplating a serious volunteer commitment, prospective board members want to know what is expected of them along with an estimate of the required time. Avoid the temptation to downplay the responsibilities of board membership. New board members will eventually find out what the true expectations are and if they are different from what they were told before coming on to the board, you're in trouble! It includes some of the basic expectations that most organizations have for their board members. It is not intended to serve the needs of every organization; consider the starting point in the design of a job description that matches your needs.

**The Executive Committee**

Another critical element in board effectiveness is a functioning executive committee. In most organizations, the Executive Committee consists of the four executive officers of the Board: the president, vice-president, secretary, and treasurer. Sometimes other members of the board are included as part of the Executive Committee: for example chairs of the standing committees or at-large members from the board to assure representation of diverse viewpoints.

The Executive Committee plays three critical roles: planning the agenda of board meetings, making decisions on behalf of the full board, and serving as a communication link with other members of the board, especially the committee chairs.

Planning the agenda of board meetings: It is the responsibility of the Executive Committee
to meet regularly before board meetings with the Executive Director to develop the board meeting agenda.

Making decisions on behalf of the full board: In between the regular meetings of the board, the Executive Committee, during its own meeting, is able to make decisions that can't wait for the next regular board meeting or on matters that the full board has delegated authority to the Executive Committee. In both cases, the Executive Committee receives its authority from the full board and needs to report on its decision-making at the subsequent meeting of the board.

Serving as a communication link with other members of the board. In order to be effective, the board must foster communication among its members in between regular meetings. The Executive Committee can play a vital role to insure that this happens utilizing telephone, fax and email.

To facilitate its work, the Executive Committee should meet on a regular basis. For example, if the board holds its regular meetings on the monthly basis, the executive committee might also meet monthly in between the regular board meetings. The president and executive director should develop an agenda for the Executive Committee in advance of its meetings.

Here is a process that will assist the executive committee its work. When the Executive Director and board president meet, they should begin by identifying agenda items that can be appropriately handled by the Executive Committee itself. These items would be placed on the Executive Committee's meeting agenda than as action items. In placing such items in this category, board president and Executive Director are assuming, based on past practice as well as relevant bylaw language and board policy, that such items are appropriate for Executive Committee decision-making. The next agenda category includes those items that would be appropriate for executive committee discussion and/or referral to the full board as action items or as information items. In this instance, the Board President and Executive Director are making the judgment that the executive committee lacks authority to act directly on such items. Their discussion of such items during the Executive Committee meeting may lead to recommendations for future action by the board as a whole but the Executive Committee will stop short of making a decision on its own.

A third category of executive committee meeting agenda items would be those items that are offered to Executive Committee members for their information only; they don't require action by the Executive Committee or by the board as a whole, but the Board President and Executive Director consider this information as important enough to share with other members of the Executive Committee.

By working with an executive committee agenda organized in this manner, the members will use their meeting time much more effectively and efficiently, resulting in decisions on matters that are appropriate for executive committee action. More importantly, they will lay the groundwork for effective decision-making by the board as a whole by reviewing, and if appropriate, making recommendations for board action for items that must be handled by the full Board of Directors. They will also avoid spending unnecessary time on information items that require no real discussion or board deliberation.

As a result of such a meeting process, the executive committee can then construct an agenda for the full board meeting that places priority on action items. It can be seen that by taking care of its own work in an effective way, the executive committee facilitates effective decision-making by the board as a whole. An executive committee meeting agenda planning form can be found at the end of the article.
The Committee Structure

As important as the Executive Committee is, it's only one part of the total committee structure. You can't begin to talk about an effective board without talking about committees of the board. They do the bulk of the work of the organization, thereby freeing the full board for attention to matters like long range financial planning and policy development.

An effective committee structure helps to increase the involvement of board members because it gives them an opportunity to use their skills and experience. They provide a training ground for future leaders -- both for individuals who are currently board members as well as non-board members who may be asked to serve on the board in the future. They increase the visibility and outreach of the organization by including non-board members in committee membership. Committees provide a means for information to flow from the community, clients, and line staff to the board. Committees also give members the chance to freely and discuss issues in an informal setting. Finally, committees serve as excellent problem-solving and decision-making groups because of their small size.

There are at least six elements of committee effectiveness:

**Written Committee Description.** First, there should be a written description of what is expected of each committee to guide the chair and members. The description should summarize the purpose of the committee, its composition and selection procedure, and the specific duties of the committee. There is a sample of a fund development committee description at the end of the article.

**An effective committee chair.** The next element is an effective chairperson. In general, the committee chair should be a board member. This helps to assure that the leadership of the committee is "in sync" with that of the Board as a whole. In seeking an effective chair, we're looking for two things: content knowledge and experience relevant to the work of the committee as well as proven leadership and people skills that will be essential if the committee is to work effectively.

Depending on the size of the organization, the committee chair will be responsible for preparing agendas for the meetings, assigning responsibilities to committee members and doing some of the follow-up to make sure assigned work is being done by members. In some instances, paid professional staff may be assigned to assist the committee chair but this is not always the case.

**Members thoughtfully appointed.** The next element of committee effectiveness is members who have been thoughtfully appointed. Each standing committee is generally composed of a core of five to eight members. They can be a mix of board and non-board members and should be recruited with the following question in mind: What tasks is the committee responsible for and who among our members and supporters possess the skills and experience needed to complete those tasks? As is the case with other forms of volunteer recruitment, every effort should be made to match the needs and requirements of the committee and the skills, knowledge and interests of prospective committee members. In many cases, prospective board members, as part of the recruitment process, will be given information about the board committee structure with suggestions on where they might best fit. For example, a prospective board member who has much skill and experience in fundraising would most likely be asked to serve on the fund development committee. In the end however, regardless of the preferences of board leaders, the individual board members should be able to select the committee assignment that they feel will best meet their needs, while at the same time, meeting the needs of the organization.

**Accountability to the board.** The next element of committee effectiveness is clear accountability to the Board of Directors. This begins with a written committee description that describes what the board expects from the committee. There should also be an effort to link the
committee description with relevant strategic plan language. Again, using the fund development committee as an example, the committee description would reflect a major goal and supporting strategies that address the issue of agency funding. Under the umbrella of the funding goal and strategies, committee leadership would develop an annual fundraising strategy and supporting work plan in line with the funding strategic goal. This work plan would contain objectives incorporating measurable outcomes, and these measurable outcomes would be the basis for regular reporting of the committee to the board as a whole. An example of a committee reporting form that reflects this approach can be found on page --. Regardless of the approach used, it is important that the board clearly communicate to all of its committees what kind of reporting its expects and with what frequency.

Well -- run meetings. The last element of committee effectiveness is well run meetings. In a sense, if a committee reflects the first five indicators of effectiveness -- a clear description of its work, a chair that knows how to lead, a solid match between the interests, skills and experience of individual members on the one hand, and the needs and requirements of the committee on the other, a good mix of board and non-board members, and direct accountability to the board -- we will have the makings of excellent committee meetings. It will still be important to provide for meeting space that matches the needs of the group, a written meeting agenda and any necessary information mailed out to members in advance of the meeting.

The organization, as part of the overall board education and training program, should also be prepared to provide training to committee members to help them sharpen their skills.

Annual board self-evaluation process

Another key component in building an effective board is the establishment of a process for annual self-evaluation of the board. A well-planned recruitment process and an effective committee structure lays the groundwork for improved board performance. However, every so often the board as a whole needs to step back and look at itself. A process for board self-evaluation will help to maintain a high level of performance. It happens informally when directors get together and talk about individual and board concerns. But a formal process is also necessary. Notice that we are speaking of "self evaluation" of the board. In order to maximize board member commitment to the process, it is important that they are actors in the assessment process, rather than the passive recipients of someone else's evaluation of their performance.

An effective board evaluation process includes the following features:

Annual process. An effective process for self-evaluation of the board will be conducted on a regular, yearly basis. A good time is mid way into the board year -- by then, board members have had an opportunity to demonstrate their commitment and enough time remains to take corrective action if necessary.

Two-way Communication. In order to have board member support for the process, the evaluation will need to be viewed as a vehicle for two-way communication to provide feedback on performance to individual board members and also to solicit feedback from individual board members on the performance of a board as a whole and the level of support that they receive from their leaders as well as staff. A thorough evaluation would cover two areas: individual board member performance and a look at board and committee operations as a whole. Each board member should first be asked to assess their performance as a board member in critical areas such as input into policy and decision-making, committee participation, and fundraising. Board members should also be asked if there are any factors that have helped or hindered their performance. Finally they should be asked what they would need to maintain or increase their level of commitment.
Follow-through. An effective evaluation process will also lead to concrete plans for corrective action including a commitment on the part of the board to follow through so that the results of evaluation process lead to measurable improvements in board performance.

Board member accountability. The results of this assessment can then used by the President and Executive Committee to determine which board members deserve positive feedback for acceptable performance and which board members, because of inadequate performance, need to be reminded of their responsibilities. And finally, an effective evaluation process will relate directly to the overall board recruitment and nominations process. For example, a board member who has not followed through on commitments is unlikely to be asked by the Board Development Committee to run for a second term even though the bylaws may allow for this.

Just-in-time Board Orientation

Another component of board effectiveness is training and orientation provided in a timely manner. The problem for many organizations is that it can sometimes take new board members several months and even a full year before they begin to function effectively in their role as board members. In order to speed up the learning curve, some boards are beginning to deliver board orientation on a "just-in-time" basis. New board members are provided with an advance program of orientation training to prepare them to hit the ground high running. Here's how such a board orientation program might work: even before a prospective board member is voted on to the board, he or she will receive detailed information about the organization, the workings of the board, expectations for individual board members, and other vital information. An effective "just-in-time" board orientation program will also focus on the strategic plan of the organization. It is critical that prospective board members are familiar with the mission, vision, major goals, and strategies of the organization. After the new board member has been brought onto a board, additional information and training is provided so that, to the greatest extent possible, new board members will be able to participate in their first meeting with confidence. In this way the productivity of new board members is assured.

Summary

To summarize, an effective Board of Directors is built upon a number of key practices. The first is a thoughtful nominations and recruitment process that is viewed as parts of a broader effort to identify, involve, and develop board leadership. The second is the presence of an executive committee that facilitates the effective decision-making on the part of a board is a whole. The third practice is establishment of a committee structure. The fourth is a process for periodic evaluation of board performance. These processes and structures reinforce each other and lay the groundwork for board effectiveness in general and position the board for effective fundraising as well.
Executive Committee Agenda Planning Form

Date __________

I. Items for Executive Committee Action/Decision:
   1. 
   2. 
   3. 

II. Items for Executive Committee discussion and/or referral to full Board as action items (with or without recommendation) or as informational items:
   1. 
   2. 
   3. 

III. Items for Executive Committee information only:
   1. 
   2. 
   3. 

IV. Key items for next Board meeting:
   1. 
   2. 
   3.
Board Member Commitment Pledge

Directions: Read this commitment pledge, sign it and return it to the Board President. If you have any questions about the responsibilities you’ll be assuming, discuss them with the Board President or Executive Director.

I will exercise the duties and responsibilities of this office with integrity, collegiality and care. I pledge:

1. To establish as a high priority my attendance at all meetings of the board, committees and task forces on which I serve.

2. To come prepared to discuss the issues and business to be addressed at scheduled meetings, having read the agenda and relevant background material.

3. To work with and respect the opinions of my peers who serve this board, and to leave my personal prejudices out of all board discussions.

4. To always act for the good of the not-for-profit.

5. To represent this not-for-profit in a positive and supportive manner at all times and in all places.

6. To observe the parliamentary procedures, and display courteous conduct in all board, committee and task force meetings.

7. To refrain from intruding on administrative issues that are the responsibility of management, except to monitor the results and prohibit methods that conflict with board policy.

8. To avoid conflicts of interest between my position as a board member and my personal life. If such a conflict does arise, I will declare that conflict before the board and refrain from voting on matters in which I have conflict.

9. To support in a positive manner all actions taken by the Board of Directors even when I am in a minority position on such actions.

10. To agree to serve on at least one committee or task force, attend all meetings, and participate in the accomplishment of its objectives. If I chair the board, a committee or a task force, I will:

   • Call meetings as necessary until objectives are met
   • Ensure that the agenda and support materials are mailed to members before meetings
   • Conduct the meetings in an orderly, fair, open and efficient manner
   • Make committee progress reports/minutes to the board at its scheduled meetings

11. To participate in:

   • The annual strategic planning retreat
• Board self-evaluation programs
• Board development workshops and educational events which enhance my skills
• Fund raising and ensure the not-for-profit has adequate funding for its programs

My personal goals to improve my service as a board member are:

1.
2.
3.

If, for any reason, I find myself unable to carry out the above duties to the best of my abilities, I agree to resign my position as a board member/officer.

____________________________________
Board member’s signature
General Purpose

The Fundraising Committee is commissioned by and responsible to the Board of Directors to assume the primary responsibility for raising non-grant funds to meet the budget of the organization. The Board of Directors, in consultation with the Fundraising Committee, Finance Committee and Executive Director, will determine the fundraising goal for the Fundraising Committee.

Appointments and Composition

1. Appointments of the Chair and members of the Fundraising Committee shall be made annually by the President of the Board with the advice and consent of the Board in accordance with the By-laws.

2. Other members may be appointed and need not be members of the Board of Directors, subject to the conditions stated in the by-laws. These members are appointed annually by the President of the Board who may consult the Chair of the Committee.

Responsibilities

1. Develop an annual fundraising plan that will generate the funds needed to meet the non-grant fundraising goal.

2. Develop the necessary sub-committee systems to successfully carry out the fundraising events and activities that are part of the annual fundraising plan.

3. Supervise the functions of the sub-committees.

4. Develop a plan for involving Board members in the non-grant fundraising activities of the organization.

5. Investigate new fundraising projects, activities, and ideas for possible use in the future.

6. Annually submit objectives as part of the planning and budgeting process.

7. Annually evaluate its work as a committee and the objectives it has committed itself to and report on it to the Board of Directors.

8. Report to the Board of Directors at regular meetings of the Board in a manner determined by the Board.

Individual Board Member Evaluation Form
Your name: _______________________________________________________

Part 1  Are you satisfied with your performance as a board member in the following areas: (check spaces that apply below)

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<tr>
<th>Area</th>
<th>Very good</th>
<th>Adequate</th>
<th>Needs work</th>
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<tbody>
<tr>
<td>Input in policy development and decision-making</td>
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<td>Committee participation</td>
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<td>Fund-raising</td>
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<td>Community outreach</td>
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<td>Other</td>
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Part 2: What factors contributed to your performance or lack of performance in the areas above: (please be specific)

Part 3: Here's what I would need from the organization to maintain/increase my level of board commitment:

Part 4: Do you have any other comments or suggestions that will help the board increase its effectiveness