

# **Tools and Hints for Boards**

5/19/04

**Presented by BoardSource**

*Building Effective Nonprofit Boards*

# Effective Board Checklist

| <b>Characteristic of Effective Boards</b>                                    | <b>Does Well</b> | <b>Needs Improvement</b> |
|------------------------------------------------------------------------------|------------------|--------------------------|
| Has clarity about its roles and responsibilities                             |                  |                          |
| Pays attention to internal and external contexts                             |                  |                          |
| Structures board work to get important things done                           |                  |                          |
| Thinks strategically about board composition                                 |                  |                          |
| Evaluates its performance and uses evaluation to learn rather than criticize |                  |                          |
| Has the confidence to take risks                                             |                  |                          |
| Cultivates constructive relationships with staff                             |                  |                          |
| Communicates openly and honestly                                             |                  |                          |
| Works together as an effective team                                          |                  |                          |

## Trends in Nonprofit Governance

Boards should not grow stagnant. As the environment in which they operate constantly changes, boards must learn to adapt to new and different circumstances. New board members need to appreciate the context in which the board operates both by immersing themselves in the history and culture of the organization and by understanding the trends and developments affecting all nonprofit boards.

In general, nonprofit boards are experiencing the following transitions:

**From**

Enjoying the public trust

**To**

Having to be accountable

|                                                                                                                                  |                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Forging individual participatory roles at the discretion of the individual                                                       | Being expected to govern                                                                                                                      |
| Creating a loose federation of common interests                                                                                  | Maintaining a compact community aware of its culture and political dynamics                                                                   |
| Seeking comrades                                                                                                                 | Finding colleagues                                                                                                                            |
| Constituting large boards to ensure support                                                                                      | Right-sizing to ensure effectiveness                                                                                                          |
| Recruiting new board members based on personal relationships with existing members or strong emotional commitment to the “cause” | Recruiting selectively based on future board members’ skills and influence as they relate to the organization’s strategic focus and direction |
| Orienting new board members informally                                                                                           | Holding formal orientations                                                                                                                   |
| Agreeing to be a board member while being unclear about roles and expectations                                                   | Being clear about one’s responsibilities                                                                                                      |
| Holding meetings as the only avenue for decision making                                                                          | Employing varied means of communication and maximizing the use of technology                                                                  |
| Preparing agendas which reflect immediate past activities                                                                        | Preparing highly structured agendas to address key organizational strategies                                                                  |
| Meeting on a monthly basis to focus on key strategic issues                                                                      | Meeting less often and on a more ad-hoc basis                                                                                                 |
| Making decisions as a committee of the whole                                                                                     | Organizing effective committee structures to recommend policy to the board                                                                    |
| Providing financial oversight for a small, closed group                                                                          | Sharing relevant financial information with the entire board                                                                                  |
| Being uninsured and unaware of potential risks                                                                                   | Having sufficient insurance and a risk-management plan                                                                                        |
| Serving for life                                                                                                                 | Having and respecting term limits                                                                                                             |
| Making modest or no financial contributions to the organization                                                                  | Contributing personally to the financial security of the organization                                                                         |
| Having little or no involvement in fundraising                                                                                   | Being involved in fundraising according to one’s means, talents, and contacts                                                                 |
| Informally and irregularly assessing the                                                                                         | Structuring a regular review of the chief                                                                                                     |

performance of the chief executive

executive's performance as it relates to the organization's stated goals and expected outcomes

Focusing exclusively on the life and accomplishments of the organization

Focusing on the life, expectations, and accomplishments of the board, as well as the organization

## Virtual Board Meetings

The benefits and challenges of virtual board meetings are being tested by a growing number of nonprofit boards. Virtual meetings are any kind of official board gathering that doesn't take place in the traditional way, with all board members physically present together. The need for sharing information faster forces boards to find and adapt to new ways of communication. How should boards prepare themselves for new technology while still remaining effective in their decision-making?

### Legality of virtual meetings

Check state laws on this subject; some states do not allow deviations from regular board meeting set-ups. Clarify the guidelines for these special meetings in your bylaws.

### Types of virtual meetings

#### Telephone Conferences

Telephone conferences can be used to bring together a board that is widely spread out or when a quick decision is necessary. They are cost effective. The following guidelines ensure that everybody has equal possibility to interact:

- Prepare the meeting well. Set a strict starting time that is convenient for all participants; take different time zones into account. Make sure that everybody receives information prior to the meeting. Communicate the purpose for the meeting.
- Ask all participants to call from a quiet location to minimize background noise.
- Take roll call in the beginning to make sure you have a quorum.
- Ask speakers to identify themselves. This also facilitates minute taking.
- As in all meetings, allow only one person to speak at a time.

Challenges:

- The chair's role is demanding in ensuring that everybody is incorporated in the discussion. Without visual signals the chair needs to be especially observant.
- All participants must be prompt, have access to quality phones, and be able to speak clearly.

#### Video Conferences

Videoconferences facilitate communication, as participants are able to see each other, even if today some instability in the picture is still common. High cost of facilities and equipment does not make this meeting method available to many boards. It is not cost-effective unless board members are able to rely on their own company equipment or bring some members together to a mutual meeting site.

## **Internet meetings**

Online board meetings should not replace traditional meetings, but may bring numerous benefits:

- Unless you use scheduled chat rooms, board members do not need to be at one location or at their computers at the same time. You can fix a starting point and a deadline for communication. Private schedules can be accommodated.
- Reports and documents could be accessible with a password at the organization's website. Exchange of documents, comments, and corrections can be easy and speedy.
- E-mail communication between board meetings provides endless possibilities for keeping board members informed, sharing knowledge, and adjusting to individual needs.

Even when the procedure is clearly communicated, some hurdles may still exist:

- All board members may not be equally at ease with computers.
- Online meetings may turn into over-analysis of words and generate unnecessary messages. Reaching a decision may take longer than during traditional meetings.
- A written record of all communication may raise liability concerns and inhibit free expression of opinions.
- For large boards, this may not be the most efficient method of exchanging views.
- Due to volume of messages, writing up the minutes can be a laborious task, even if it is mostly text editing.

## **Benefits of flexible meeting procedures**

- Cost of traveling and time pressures can be controlled or virtually eliminated.
- Through technology, faster decision-making is possible as board members can communicate without having to arrange a physical meeting.
- Globalization or regionalization of boards is easier to manage.

## **Challenges of flexible meeting procedures**

- Meeting organizers have to be sensitive to the specific requirements for different types of meetings or these events end up wasting participants' time.
- All members may not have sufficient technical proficiency or access to appropriate tools.
- Speed by itself does not necessarily create good governance; technology can help when time is of essence. Without sharing information electronically before a quickly called meeting, board members won't be prepared to make good decisions.
- The chair has an added burden to involve every board member. Without physical presence, the quiet board members can remain unchallenged.
- Follow up with summaries or further confirmation of decisions is necessary.
- Face-to-face contact and personal interaction still remain essential for all boards.

## **References**

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## Consent Agenda

Creating an efficient meeting agenda is an issue with which many chairs struggle. Standard, repetitive items often eat up the agenda and not enough time is left to focus on serious deliberation. Consent agendas are one way of liberating the allotted meeting time in order to concentrate on important issues requiring careful discussion.

### What is a consent agenda?

A consent agenda is a component of a meeting agenda that enables the board to group routine items and resolutions under one umbrella. As the name implies, there is a general agreement on the procedure. Issues in this consent package do not need any discussion before a vote. Unless a board member requests a removal of an item ahead of time, the entire package is voted on at once without any additional explanations or comments. Because no questions or comments are allowed on the content, this procedure saves time.

### What items should be included in a consent agenda?

Routine, standard, non-controversial, and self-explanatory are adjectives that well describe consent agenda items. Here are some examples:

- Minor changes in a procedure (E-mail is added as an acceptable method of communication to announce a change in a meeting schedule)
- Routine revisions of a policy (Essential change of dates)
- Updating documents (Address change for the main office)
- Standard contracts that are used regularly (Confirmation of using the traditional in-house contract with a new vendor)
- Confirmation of conventional actions that are required in the bylaws (Signatory authority for a bank account or acceptance of gifts)
- Committee and previous board meeting minutes

### How to make a consent agenda function efficiently

Information on the items to be included in a consent agenda is distributed to board members well ahead of the meeting. This allows thorough examination of the routine items without using up valuable meeting minutes. If a board member has a question, he or she can contact a referenced colleague to clarify a concern. If this is not helpful enough, during the meeting before a vote, any board member may request that an item from the consent agenda be removed and discussed separately. To keep the process intact and efficient, this is the only comment allowed concerning the

contents of a consent agenda. To streamline the process even more, board members could be invited to contact the chair prior to the meeting to request that an item be removed.

### **What precautions need attention?**

As consent agendas are not yet automatically included in meeting procedures, their use needs to be well explained to all board members to ensure that everyone understands both the rationale and the steps involved. To achieve the objective of a consent agenda — to save valuable discussion time for meaningful issues — it is important to make sure that board members receive support materials well before voting, and that they familiarize themselves with the details. When putting the agenda together, the chair and the chief executive need to pay special attention to include only items that are suitable for mechanical processing. Board members need to be vigilant so that debatable issues do not accidentally pass through without appropriate deliberation.

### **References**

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|                          | <b>1936 &amp; BEFORE<br/>PRE-BOOMERS<br/>SILENT<br/>GENERATION</b>                                                                                                               | <b>1937-1945<br/>INTERIM<br/>GENERATION</b>                                                                                     | <b>1946-1964<br/>BABY<br/>BOOMERS</b>                                                                                                                                                                                                                                                     | <b>1965-1978<br/>BABY BUSTERS<br/>GENERATION X</b>                                                                                                                                                                                                                           | <b>AFTER 1979<br/>MILLENNIALS<br/>GENERATION Y</b>                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>MAJOR EXPERIENCES</b> | <ul style="list-style-type: none"> <li>• World War II</li> <li>• Depression</li> <li>• Sacrifice/hard work for a better future</li> </ul>                                        | <ul style="list-style-type: none"> <li>• Takes on characteristics of both generations (pre-boomers and baby boomers)</li> </ul> | <ul style="list-style-type: none"> <li>• Prosperity and largest segment of society</li> <li>• Responsive marketplace and public</li> <li>• Crunched by own size</li> </ul>                                                                                                                | <ul style="list-style-type: none"> <li>• Dot Com Prosperity</li> <li>• Technological Pioneers</li> <li>• Competition with boomer resources</li> <li>• McCauliffe Incident</li> <li>• 40% products of divorce</li> </ul>                                                      | <ul style="list-style-type: none"> <li>• Boomer and buster parents with active grandparents</li> <li>• High technology/the Net</li> <li>• 2-income families and prosperity</li> <li>• No Pearl Harbor or Woodstock</li> <li>• Negative potential of the individual (Columbine, terrorism, etc.)</li> </ul>                                                                                                     |
| <b>KEY MOTIVATORS</b>    | Stability and Security                                                                                                                                                           |                                                                                                                                 | Respect and Success                                                                                                                                                                                                                                                                       | Enjoyable experience Many options/freedom                                                                                                                                                                                                                                    | Instant Gratification Truth and Team Play                                                                                                                                                                                                                                                                                                                                                                      |
| <b>FREQUENT VALUES</b>   | <ul style="list-style-type: none"> <li>• Loyalty</li> <li>• Experience is the best teacher</li> <li>• Pay your dues</li> <li>• Respect for authority and institutions</li> </ul> |                                                                                                                                 | <ul style="list-style-type: none"> <li>• High social conscience and self interest</li> <li>• Work as part of self identity</li> <li>• Credentials important</li> <li>• Demand for involvement in decision making</li> <li>• Hard work for institution one feels appreciated by</li> </ul> | <ul style="list-style-type: none"> <li>• Some unknown end; how time is spent is more important than what is being done</li> <li>• Sense of entitlement, little loyalty to institutions</li> <li>• Keep options open</li> <li>• Cynical</li> <li>• Entrepreneurial</li> </ul> | <ul style="list-style-type: none"> <li>• Drifting between jobs, experiences and people; nomadic</li> <li>• Distrustful of government and media, but driven to change things</li> <li>• Close bonds developed with friends</li> <li>• Desperate for connection</li> <li>• Lack of heroes</li> <li>• Reason reigns over emotion, spirituality</li> <li>• Bright, optimistic, extremely well educated.</li> </ul> |



# Governance Committee: Sample Description

*Traditionally, nonprofit boards have informally used nominating committees to identify and recommend new board members. Often these committees would meet just a few times a year, usually in advance of an annual meeting at which new board members would be elected. A growing trend among boards is the establishment of a committee to deal with a broader range of governance issues.*

**Charge to the Governance Committee:** The Governance Committee is responsible for ongoing review and recommendations to enhance the quality and future viability of the board. It focuses on five areas, with specific duties dependent on board needs at any specific time, as well as evolving practice.

## **A. Board Roles and Responsibilities**

- Lead the board in regularly reviewing and updating the board's statement of its role and areas of responsibility, and the expectations of individual members.
- Assist the board in periodically updating and clarifying primary areas of focus for the board – the board's agenda for the next 1-2 years based on the strategic plan.

## **B. Board Composition**

- Lead in assessment of the current and anticipated needs for board composition. Determine the knowledge, attributes, skills, abilities, influence, and access the board will need to consider the issues that will arise in the foreseeable future.
- Develop a profile of the board as it should evolve over time.
- Identify potential board candidates and explore their interest and availability (i.e., establish a pool of candidates).
- Nominate deserving individuals under criteria to be elected as board members.
- In cooperation with board chair, meet annually with each director to assess his or her continuing interest in board membership and the term of service. Work with each director to identify the appropriate post (director role) he or she might assume.

## **C. Board Knowledge**

- Design and oversee a process of orientation, including information prior to election and during first cycle of board activity for new members (usually 1 year).
- Design and implement an ongoing program of board information and education.

**D. Board Effectiveness**

- Lead the periodic assessment of the board's performance. Propose, as appropriate, changes in board structure, role, and responsibilities.
- Provide ongoing counsel to the board chair and other board leaders on steps she or he might take to enhance board effectiveness.
- Regularly review the board's practices regarding member participation, conflict of interest, confidentiality, etc., and suggest improvements as needed.
- Periodically review and update the board's policy guidelines and practices.

**E. Board Leadership**

- Take the lead in succession planning, i.e., recruit and prepare for future board leadership.
- Nominate board members for election as board officers.

# Summary Checklist: Tips for Successful Committees<sup>1</sup>


1. Develop a **specific commission** that clearly defines the committee's purpose, functions, and tasks. Develop written statements of committee responsibilities, guidelines, and annual goals, and review and revise them periodically.
2. Appoint an **effective chairperson** who clearly understands the organization, the role of the committee, and the importance of conscientious committee leadership. Assign an **effective staff member** to work closely with the committee chair.
3. Thoughtfully choose **committee members** whose experience, skills, and interest support the goals of the committee and complement the abilities of their fellow members.
4. Create written job descriptions for committee members. State expectations clearly. Distribute tasks reasonably among members.
5. Arrive at a clear understanding of the relationships and respective roles of board, committees, chief professional officer, and other staff.
6. Give committee members thorough information to aid in their decision-making.
7. Make timely reports to the board on committee actions and recommendations, allowing the opportunity for members to consider the information before discussion.
8. Set terms of service for committee members to ensure new perspectives and to give board members the opportunity to contribute in different areas.
9. Set meeting schedules well in advance, in consultation with members. Make **effective use of meeting time** by sending materials and an agenda to members well ahead of scheduled meetings and by moving through the agenda in a businesslike way.
10. Schedule an orientation session for new committee members.
11. Conduct an annual evaluation to assess the committee's accomplishments in relation to its goals.
12. Recognize and express appreciation for the achievements of committee members.

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<sup>1</sup> Whenever possible make use of short- term task forces or ad hoc committees with a limited life span rather than relying on a system of a large number of standing committees.

## **Characteristics of an Effective Board/Staff Partnership**

- Common Expectations
- Cooperative Planning
- Cooperative Evaluation
- Open and Honest Communication
- Respect



**Results in a clear and common understanding of...**

- Where the organization is going.
- Why the organization is going there.
- How the organization will we get there.
- How the organization will know it has arrived.

# Outstanding Board Practices

- Governance structures, operations, and relationships built around organizational vision, mission, and values
- Boards that “pay attention”
- More effective board and committee meetings
  1. Fewer but more strategic meetings
  2. Use of the consent agenda
  3. Meetings allow for enhanced relationship building
  4. Ongoing board meeting evaluation
  5. Board development activity included on each board agenda
- Governance committee guiding and institutionalizing ongoing board development
- Diminished role of the executive committee
- Fewer board standing committees, more task forces and organization-wide groups
- Understanding roles; agreed upon job descriptions/expectation statements for the (collective) board, individual board members, officers, committees and committee chairs
- Formal board self-assessment every 2 – 3 years, including a retreat and ongoing monitoring
- Term limits and/or planned means of keeping the board ‘fresh’
- Executive session at each board meeting
- Technological advances incorporated into board operations (technology clause in bylaws; electronic participation, online meetings, publishing board agenda and minutes on Web site, agendas sent to board via documents or from a confidential board message center)
- More compact time-frame in governance leadership/succession planning and selection; term limits for officers and committee chairs
- Parliamentary procedure alternatives to Roberts Rules of Order
- Formal new board member orientation program balanced between information about the organization and individual board development education and training
- Audit committee as a standing committee on boards with a million dollar operating budget
- Annual review by the board of risk management issues