

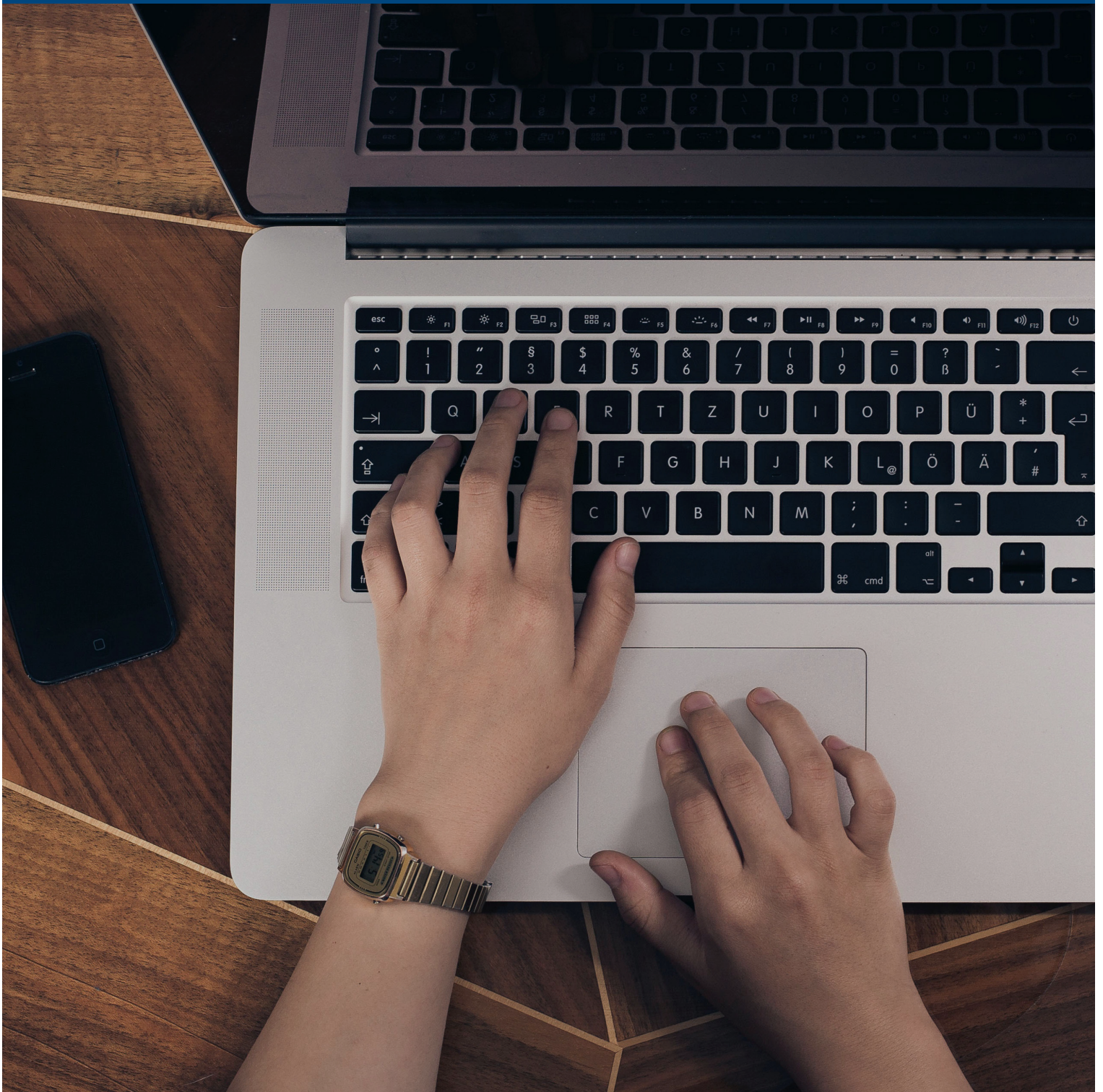


2018 Top 5 Nonprofit Governance Challenges (and Solutions)

A Study Guide for Nonprofit Leaders

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On January 24, 2018, I presented another installment of our ongoing “Governance for Lunch” webinar series with Gulf Coast Community Foundation (GCCF). This series has become one of my favorite presentation opportunities. Not only is GCCF an exceptional partner (and Wendy Deming – who spearheads the series – an incredible strategic asset), but the high quality of audience engagement is practically intoxicating. This session did not disappoint. We had a larger audience and more questions than ever before. We did our best to address as many questions during the session as possible, but there were simply too many to cover in our brief time together.

This study guide is meant to address the questions that arose from the webinar, and to give directors additional “food for thought” they can share with their board, during their board’s own “governance for lunch” session. We hope this guide proves useful, and we would love your feedback. Please let us know how you use this guide by sharing your story on Twitter @BoardEffect and @GovTechGeek.

Also, to get the full white paper on the “Top 5 Governance Challenges and Solutions,” visit this page: boardeffect.com/top-governance-challenges-solutions/

TOP 5 GOVERNANCE CHALLENGES – SYNOPSIS

1. Implementing Best Practices
2. Building Board Diversity
3. Leveraging Social Media
4. “Refreshing” the Board
5. Using Tech Effectively



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CHALLENGE #1:

What Are Best Practices in Governance?

In terms of implementing best practices, we first covered what we meant by “best practices” in nonprofit governance. I believe the following provide a useful set of broader “best practices” that can encapsulate many specific tactics:

- Understanding roles & “swim lanes”
 - Clarity on governance vs. management
 - Ensuring board members understand that volunteering and governing are different
 - Ensuring your staff understands that their attendance at board meetings is at the pleasure of the board and their role is only to answer questions/provide context – but NOT weigh in on decisions

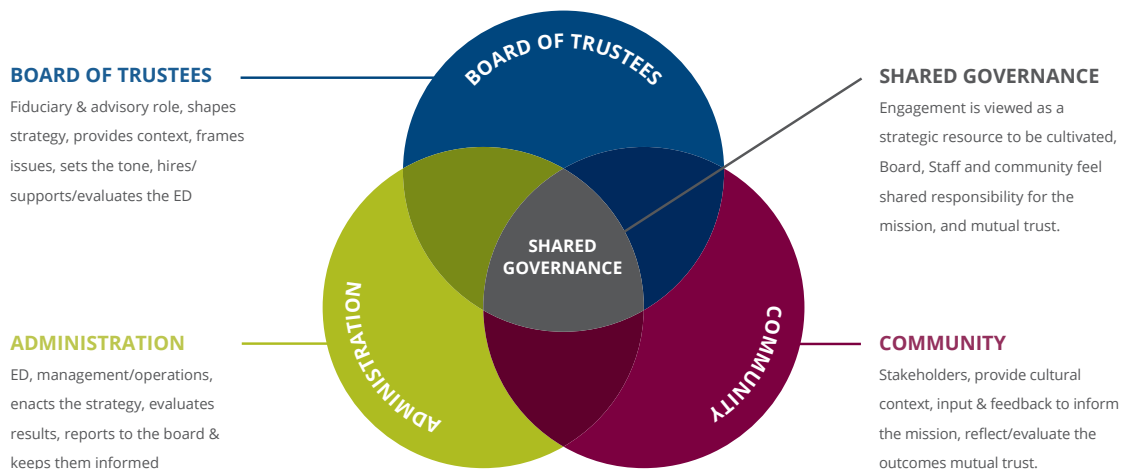
- Being a responsible fiduciary and fundraising
 - Performing the duty of care, duty of loyalty and duty of obedience required by law
 - Ensuring the organization has the resources needed to carry out the mission
 - Providing financial oversight and guidance on responsible growth

- Supporting the Executive Director (ED) by offering context/insight
 - Framing issues/challenges facing the organization
 - Coaching & supporting the ED, serving as a sounding board, group of trusted advisors
 - Hiring, retaining, compensating, overseeing & evaluating the ED, and ensuring a succession plan is in place

- Leveraging personal/professional networks & serving as an “evangelist” for the mission

- Fostering accountability & transparency
 - Making sure the voice of the stakeholder is represented at the board table
 - Engaging the community in board decisions
 - Being ethical, responsive, proactive and open to meaningful dialogue

WHAT DO BEST PRACTICES IN GOVERNANCE LOOK LIKE



HOW CAN BOARDS IMPLEMENT BEST PRACTICES?

Remember that educating board members on best practices is a marathon, not a sprint. Be patient and persistent.

Provide board members with information on best practices and then have people take turns presenting one new concept or practice at each meeting. We all learn best when we have to use new information right away, so asking board members to take responsibility for the “teaching” role will help the new practices stick.

Board management software can help funnel information such as articles, links to online resources, briefing books, planning calendars and mission documents to board members. Having everything online in a central, organized repository allows trustees to learn at their own pace and helps members stay focused on board development goals.

QUESTIONS ASKED ABOUT BEST PRACTICES

1. [What are some] best practices for managing the evaluation of the Executive Director and [what is] the role of governance in that process?

a. I'm a big believer in providing an annual performance evaluation of the Executive Director. I've been in the position of being a senior executive and know how infrequently I would receive feedback – I absolutely craved it. Everyone wants to know when they've done something valuable for others. And, we also need to know when we've missed the mark and how we could do it better next time. While not everyone craves constructive feedback, it's the responsibility of the board (just like any other supervisor) to provide it – both in the moment, and on an annual basis as part of a performance review.

I think the following is an ideal process:

- i. At the end of the calendar year or fiscal year, the Board Chair, perhaps along with the Executive Committee, sits down with the Executive Director to discuss their plans and priorities for the upcoming year.
- ii. Together, the ED and board leaders should look at the ED's most recent job description and update it to reflect any changes to the overall focus and priorities for the role.
- iii. The job description, along with the ED's set of priorities for the coming year, and the organization's mission/core values should form the basis of the questions included on the ED's performance evaluation.
- iv. The ED, the full Board and the ED's direct reports should all be asked to complete an anonymous online review for the ED that rates the ED's performance against the job description and priorities set for the year. If this review is conducted online, it can be completely anonymous – and thus nobody will know who said what – including the ED.
- v. The Board Chair & the Executive Committee should review the results, and then invite the ED in for a conversation – highlighting areas of achievement, and any areas for growth in the coming year. Together, they should craft an individual development plan for the next year, and review the ED's succession plan (or create one if it doesn't currently exist. Remember – none of us is free of risk; no matter your ED's current situation, we never know what might happen. Not having a succession plan is a GIANT risk. Don't do this to your nonprofit!)
- vi. All of this should be considered in setting the ED's compensation package for the coming year, along with competitive salary data for your industry and region.
- vii. Repeat Steps i-vi every year.

2. I believe staff should be invited to the Board meeting. What do you think? What if they are not?

a. That can be a great idea, but only if staff members attend board meetings for the right reasons. Staff should not (and cannot) weigh in on board decisions. If you are a staff person attending a board meeting, this might be one of the greatest challenges – there’s absolutely no doubt you’re going to have opinions, but you MUST keep them to yourself. You are ONLY there to answer questions, and when appropriate, provide background information and context. If you find yourself starting to try to convince, persuade, cajole or weigh in, you’ve gone out of bounds. So, ask yourself – can I play by these rules? If not, stay out of the boardroom. It can be painful to watch how the sausage gets made; it’s not for everyone. And, by the way, don’t be surprised or offended when the board asks you to leave the room for executive session. They are doing their jobs. It’s a best practice for the board to hold regular executive sessions. There are a host of issues that they might have to discuss that for a variety of legal and moral reasons cannot be discussed in front of you or anyone who wasn’t elected/appointed to be a board member.

3. How would you suggest we address our board, which says they want to adhere to best practices, but act entirely against them? Can you address what each of the primary roles’ (board chair, chief executive, governance committee and consultant) responsibility is in implementing best practices?

a. Let’s tackle this one step at a time. Without knowing anything more about the specific “best practices” they are acting counter to, it’s sort of hard to offer specific actions. But I can offer the following: Involve your governance committee in taking ownership for the board’s overall education and development plan for the year. Make a list of the specific areas of best practice that you feel the board isn’t addressing, and share that at the governance committee meeting and suggest that they consider developing a schedule for education on each issue. Education can take many forms – watching short videos, reading an article and discussing what one learned, bringing in an external speaker, etc.

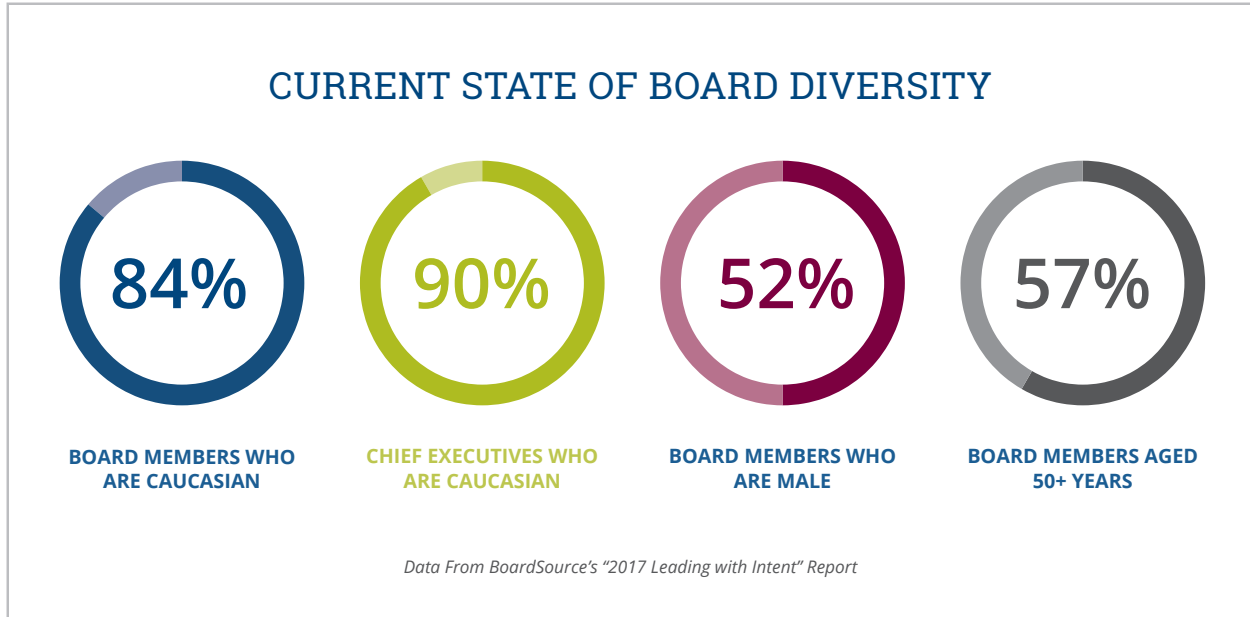
One of the best ways to get board members to absorb any information is to make them responsible to teach it to the rest of the board. This solution can work brilliantly. The governance committee can organize the process – assigning a topic to each board member to research and a specific board meeting date when they will present a session to the board. I always think it’s a good idea to give the individuals who currently struggle with a specific area that topic to research and present. You’d be amazed how this can transform the dynamic.

Meanwhile, don’t misuse consultants. Consultants can do a few things really well – namely, suggesting new ways to view old issues, giving an external voice to your existing frustrations, and providing avenues/tools/examples for you to explore. Unfortunately, consultants can’t solve your problems for you. They can, however, support, coach and cheer you on while you solve your own problems – and love doing it!

CHALLENGE #2 & #4:

How Can We “Refresh” the Board and Add Diversity?

Take a fresh look at diversity; stop thinking diversity is just about “checking boxes” on a list of demographics.



Organizations first need to determine the skills and expertise they need on the board — for example, finance, fundraising or advocacy — and then find diverse candidates with those skills. They must identify the gaps on your board in terms of approaches to decision-making, attitudes, networks and other variables we sometimes forget to consider. Then, they must create job descriptions for each board seat they want to fill. They must approach professional associations and other organizations that can broaden their network into communities where they currently lack connections – ask them if they can help share the job description within their networks, and even better, if they can think of a few candidates they would be willing to introduce them to.

Technology can help create a profile of the skill sets that current board members have. Some board management software allows organizations to create detailed profiles of each board member, including

information about the members' terms of office, skills, demographics and affiliations. The profiles can be kept confidential but still allow the board to create a high-level board composition matrix. The matrix makes it easy to spot gaps and enables the nominating committee to develop a more targeted set of criteria for new board candidates.

QUESTIONS ASKED ABOUT BOARD DIVERSITY & DEVELOPMENT

1. Please explain the "Blue Ribbon Nominating Committee" idea.

- a. This is an incredibly effective way to broaden your network, and directors should **read the original article by Jan Masaoka, available on her Blue Avocado blog**, for a more concise description.

CHALLENGE #3:

Leverage Social Media

Boards that are reluctant to dive into the social media pool do the following:

1. Embrace the potential; overcome the fear
2. Provide coaching for the board
3. Get expert counsel
4. Don't cringe, lean in
5. Think "community engagement"
6. Set policies and be willing to adapt

Why is this important? We now live in a world where national policy can change based on a presidential tweet. This is not the time to ignore the power social media brings. Don't fool yourself – you're already ON social media, whether it's intentional and controlled by you, or not. People are already talking about you online. If you don't know who they are, and what they're saying, you're absolutely missing out on an opportunity to engage with them, and if they are saying things that are incorrect or unkind, you're missing an opportunity to share your side of the story (gently, kindly and constructively).

QUESTIONS ASKED ABOUT BOARDS USING SOCIAL MEDIA

1. What rules or guidelines can be set for nonprofit board members and how they use their own social media channels? We had a board member whose personal tweets used language and content not in line with our mission or values. We had to counsel her off. How do we prevent this in the future?

- a. When directors join a board, they are obligated to uphold a standard known as the “Duty of Loyalty” – which means that they must put the organization’s interests ahead of their own. Normally, this gets tested in cases of Conflicts of Interest – where a board member (knowingly or unknowingly) tries to advocate for a decision that would personally benefit them. However, in this case, it was tested when the board member tweeted things that ran counter to the organization’s mission. If she was doing this in such a way that her comments could be tied back to your organization (for example, she used her own/real name, and she’s listed on your website as a board member), then, unfortunately, she was in breach of her “Duty of Loyalty” and must be removed from the board.

To answer your question, there’s not really any way to avoid this ever happening again. Rather, I would take the approach of providing annual guidance on how to be an effective evangelist for your nonprofit’s mission. Give everyone talking points. Pre-write some tweets directors can easily paste and forward (mix and match). When they tweet, encourage them to retweet and “favorite” your comments. And make a suggestion that if they want to have an online alter ego, that’s fair game...as long as that alter ego can NEVER be traced back to who they really are. I actually know quite a few talented writers who have multiple online personalities. You would have no idea who they really were – and this is done VERY conscientiously, because if their funny/snarky/irreverent alter ego tweets were ever traced back to them at their day jobs, they might find themselves unemployed. The point is that board members have to be BOARD MEMBERS first. I’d suggest having an annual refresher, and maybe including some language about Code of Conduct as part of the Conflict of Interest statement you make them sign every year anyway. This is a way to take care of two goals with one form.

CHALLENGE #5:

Leverage Tech Tools Wisely

At BoardEffect (and Diligent), we believe that board members and top executives have the power to create positive outcomes for the stakeholders of their organizations. And we believe that when they are empowered with the right information and tools, they will do the right thing. When leaders do the right thing, we all benefit. For us, developing technology that causes governance to evolve is an imperative – it's time for leaders of every organization to be empowered to ask the right questions at the right time. Together, our team has created a variety of tools that help leaders lead better.

I hope you'll want to know more. I'm sure you already know that I want to tell you more about what we do! All you have to do is let us know what your challenges are, and our incredible team of Governance Advisors can share the tools we've built to help address those challenges in innovative ways.





We're passionate about the work of boards, which drives how we develop the BoardEffect solution. Boards operate in a series of overlapping cycles: a regularly scheduled meeting cycle, an annual operating cycle, and the cycle of longer term board development and engagement. BoardEffect's solution supports boards' interdependent responsibilities across these ongoing cycles.

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