

Board governance

February 8, 2022

PMAP 3210: Introduction to Nonprofits
Andrew Young School of Policy Studies

Do your check-in!

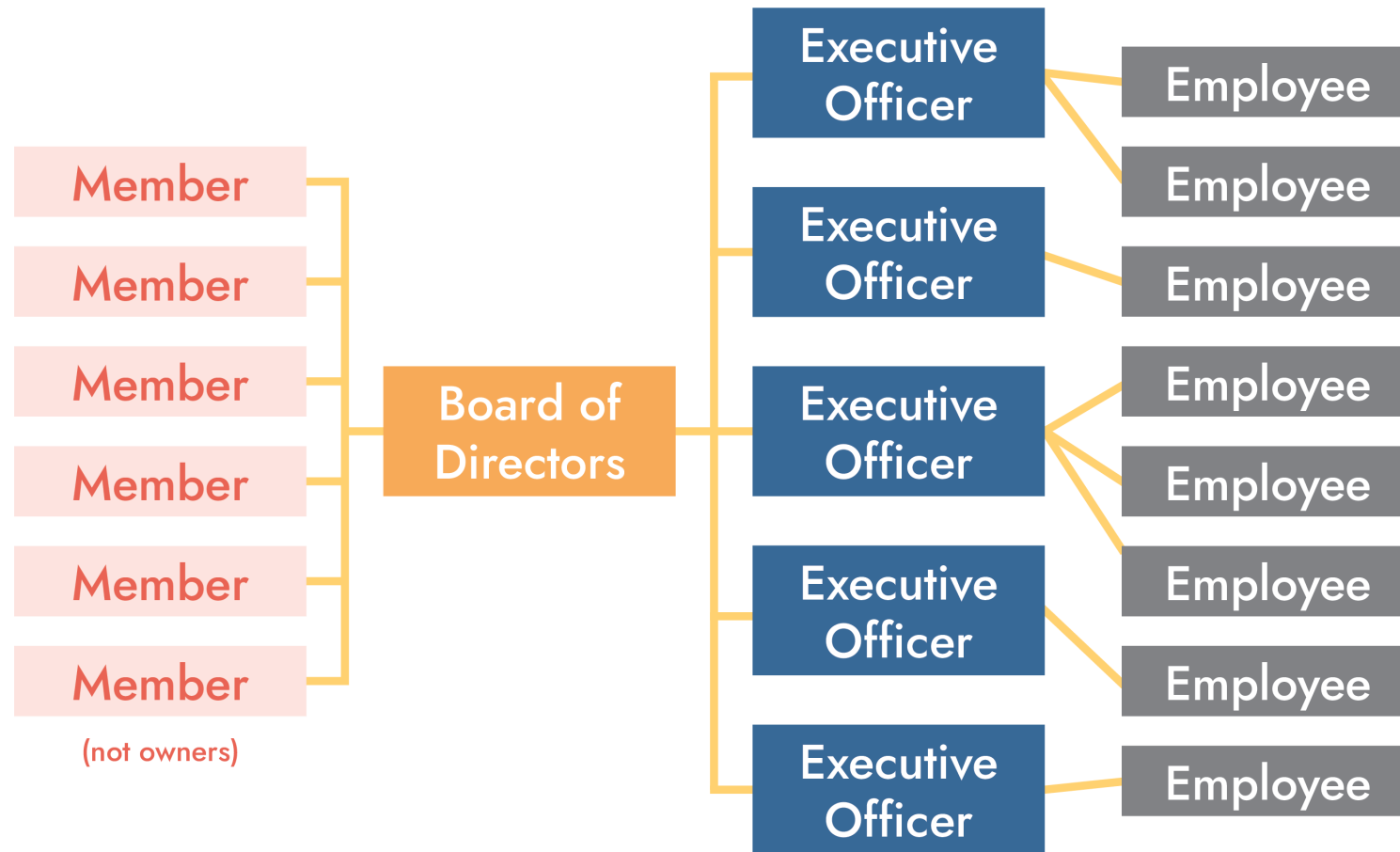
Plan for today

What do boards do?

What makes a good board?

**What do
boards do?**

Typical nonprofit structure



What is a board?

**A group of volunteers
who help direct the nonprofit**

**The board sets the strategic
vision for the nonprofit**

Requirements

Legal requirements for being
a nonprofit board member:

Be 18+ years old

That's it.

Board member legal duties

Duty of Care

Due diligence

Monitor finances

Supervise management

Duty of Loyalty

Put nonprofit's interests above own

Avoid conflicts of interest

Duty of Obedience

Keep nonprofit in line with law and mission

Avoid mission drift

Board responsibilities

Personnel

Select new board members

Appoint, advise, evaluate, dismiss the CEO/executive director

Planning

Approve policies and programs

Maintain clear mission and purpose

Establish standards for performance and hold the organization accountable

Board responsibilities

Finance

Ensure sound financial management and transparency

Approve budget

Fundraising

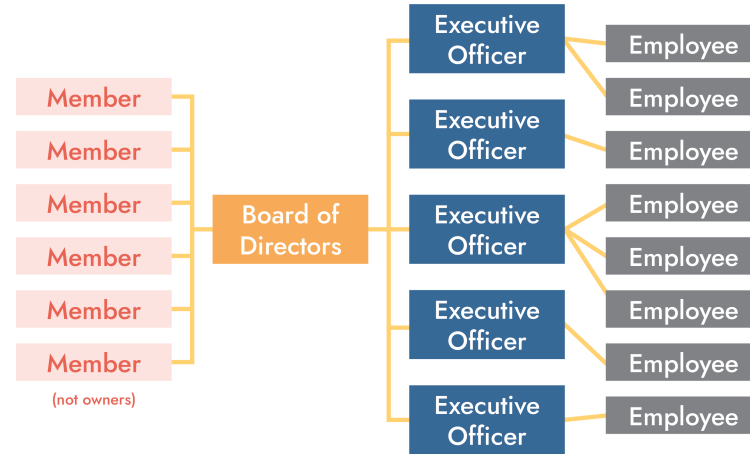
Approve plans for fundraising events

Contribute and participate

Public Relations

Encourage outside participation in the organization.

Where does management fit?



Management = executive team

Executive director/CEO and staff

Usually paid; direct day-to-day activities of the nonprofit

Where do boards come from?

Elected

Self-perpetuating

Hybrid

Elected boards

Membership elects the board

Pros

Nonprofit more responsive to members' needs and priorities

Cons

Membership divisions reflected in board

High turnover makes it hard to sustain long-term strategies

Board skills may be uneven because of popularity contest

Self-perpetuating boards

New board members selected by existing board

Pros

Continuity of culture, goals, and priorities

Can target members with specific skills

Cons

May become unrepresentative of the community

Too stable to respond to changes

Often give too much authority to the CEO/ED

Hybrid boards

Some positions are elected;
some are appointed or ex officio

Pros

Combines the
advantages of elected and
self-perpetuating boards

Cons

Different interests and
loyalties may lead to a stalemate

Executive committee

Boards often have internal committees

Most common (and important) is the **executive committee** of board officers

Chair

Vice chair

Secretary

Treasurer

Executive board can have the power of the full board for lots of decisions

Other committees are useful too, depending on size and needs

Finance committee

Marketing committee

Strategy committee

Special kinds of boards

Advisory boards

Famous, rich, well-connected, or expert people who want to be affiliated with the nonprofit but don't have time for actual governance

Client boards

Members of the community the nonprofit serves who consult with the governing board and executive team

Decisions to be made

Board elected, self-perpetuating, or hybrid?

Board size?

Quorum size?

Should *ex officio* members (like the CEO/ED) have a vote on the board?

How should the executive committee be formed?
Nominated or open?

**Find the board for a nonprofit you're interested in. Who's on it?
What expertise do they bring?**

**Find a nonprofit with an advisory board.
Who's on it? Why do you think
the nonprofit sought them out?**

**What makes
a good board?**

"Effective governance by the board of a nonprofit organization is a rare and unnatural act."

"Nonprofit boards are often little more than a collection of high-powered people engaged in low-level activities."



Is your board adding value or simply wasting its members' time?



The New Work of the Nonprofit Board

What should board members bring?

Wealth, wisdom, work?

Board recruitment and diversity

Why care about board diversity?

Recruit board members with different:

Expertise (legal, fundraising, fiscal, personnel management)

Ages

Races and Religions

Backgrounds (government, business, nonprofit)

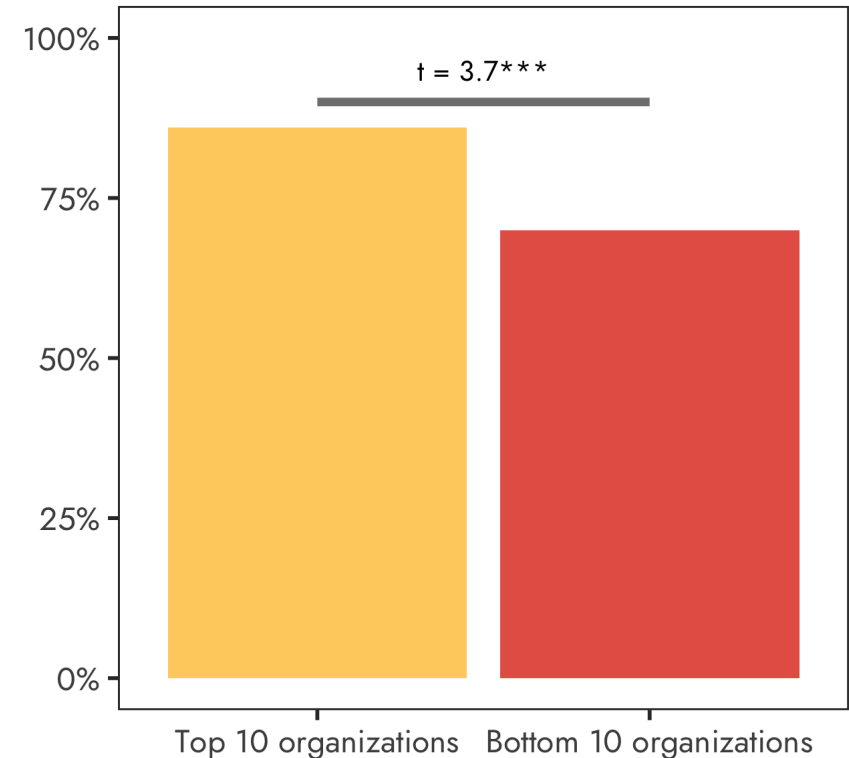
Experiences (clients of the nonprofit, advocacy work, volunteering)

Best practices

Best practices

**Top 10 organizations
used 86% of the
correct procedures**

**Bottom 10 organizations
used 70% of the
correct procedures**



Your most important things