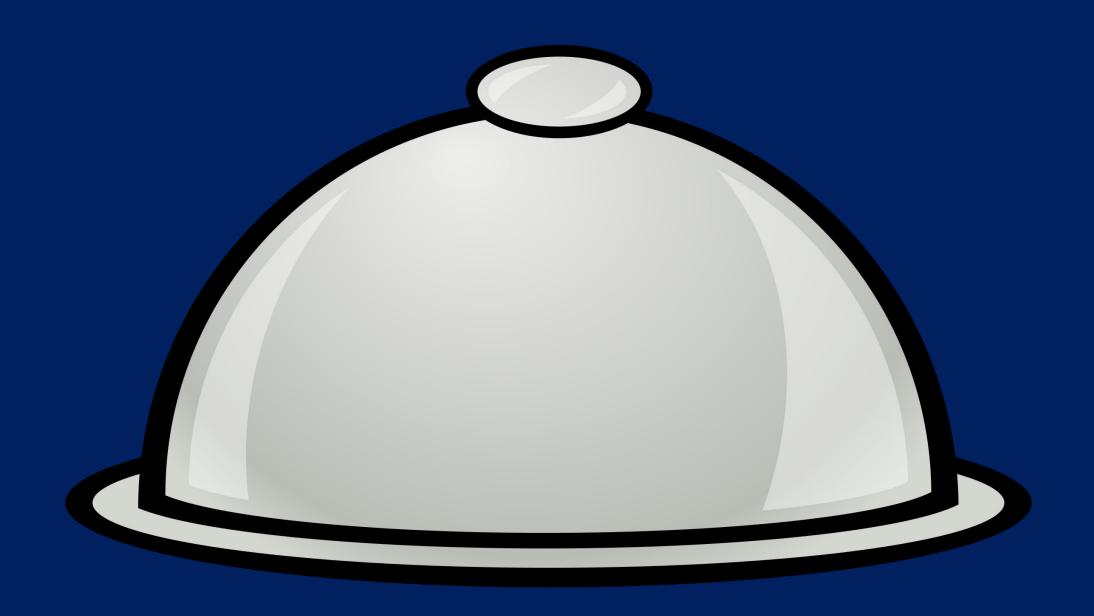


Effective Board Governance



















BOARD MEMBERS FORGET: THEY ARE LEGALLY BOUND BY 3 CORE DUTIES:

The Duty of Care = prudent decision-making

The Duty of Loyalty = disclosing/avoiding conflicts

The Duty of Obedience = obeying bylaws and laws











Fiduciary Governance:

Is performing due diligence to ensure that the management of the organization is solid, in compliance with the law and with the mission, that resources are available, accounted for an deployed in the best way possible.

Strategic Governance

Focuses on the organization's strategic priorities to move it from its present state to its preferred state.

So how do we get there?



DETERMINE WHERE YOU'RE HEADED

What are our strategic priorities?

How can the board help us get to where we want to go?



DETERMINE THE RIGHT STRUCTURE

- What do we expect of board members?
- > What type of committee structure do we need?
- How many board members do we need to be effective?
- What changes, if any, do we make to our governance docs to support this structure?



DEVELOP MATERIALS THAT CLARIFY AND CODIFY EXPECTATIONS

Clear description of Board duties

Current policy manual and governance documents



Types of policy documents

- > Agreement of Board duties
- > Conflict of interest (statement and disclosure form)
- > Confidentiality
- Document retention and destruction
- Whistleblower
- Gift acceptance policy

WHERE DO I FIND SAMPLES?

USD NONPROFIT LEADERSHIP AND MANAGEMENT MASTER'S PROGRAM BEST PRACTICE LIBRARY

https://digital.sandiego.edu/npi-bpl/

Then...

> Clarify expectations with current members

Develop a plan for celebrating those who want to exit

FIND PEOPLE WHO LINE UP WITH YOUR STRATEGIC GOALS AND NEEDS



Meet with prospective board members to familiarize them with your work and to solidify their commitment.



What do prospective board members need to find out?

What is the mission?

- What is the strategy?
- What are the expectations?
- What is the culture of board meetings?







SAMPLE

Board Member Duties

As a voting member of the corporation, each director of THE CORPORATION has full authority and responsibility to act in accordance with California nonprofit corporation law, meeting standards of conduct described as the duties of care, loyalty and obedience.

The Duty of Care - The duty of care describes the level of competence that is expected of a board member and is defined as the care that an ordinary prudent person would exercise in a like position under similar circumstances. This means that a board member must exercise reasonable care when he or she makes a decision as a steward of the organization. To do so, a board member must regularly and consistently attend meetings and come to them prepared and informed – having carefully reviewed and considered any distributed materials in advance of a discussion or vote.

The Duty of Loyalty - The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization that puts the interests of the organization above his or her own. This means that a board member can never use information obtained during the course of board service for personal gain or to benefit another organization or individual with which he or she has an affiliation. In addition to addressing conflicts of interest, the duty of loyalty also characterizes a standard whereby board members speak in one voice following decisions that are made at a meeting.

The Duty of Obedience - The duty of obedience requires board members to be faithful to the organization's mission, to the bylaws and policies governing this corporation, and to laws pertaining to California nonprofit corporations. Board members are not permitted to act in a way that is inconsistent with the goals of the organization. A basis for this rule lies in the public's trust that the organization will manage its resources to fulfill the organization's mission.

In addition to these legal duties, board members of CORPORATION are expected to:

- Attend regular Board Meetings (X NUMBER PER YEAR), read the materials that have been distributed prior to the meeting, and come prepared to discuss the matters presented in the agenda.
- 2. Determine and be vigilant of the mission and purpose of THE CORPORATION by ensuring that its goals, means, programs and services reflect the highest ideals of THE CORPORATION. This includes becoming familiar with THE CORPORATION's programs, helping to develop a well-conceived strategic plan for the organization, monitoring the progress of the plan, and regularly reviewing THE CORPORATION's on-going initiatives to assure impact and mission congruence.
- 3. Select, annually evaluate, and support the chief executive with the moral and professional support s/he needs to advance the work of THE CORPORATION and serve its constituencies.
- 4. Develop and adopt key policies and procedures that assure sound operational and ethical practices; approve contracts as appropriate.

- 5. Review and approve the annual budget and oversee the fiscal and operational performance of THE CORPORATION in such a manner that ensures that its resources are prudently allocated and its assets are protected.
- 6. Ensure THE CORPORATION has adequate resources for carrying out its work. This includes paying annual board member dues of \$XXXX, per year (secured either through a personal donation or solicited contribution). [Alternative language] Ensure THE CORPORATION has adequate resources for carrying out its work. This includes making an annual contribution to THE CORPORATION that is personally meaningful to the board member.
- 7. Enhance the public image of THE CORPORATION by acting as an ambassador and bridge-builder for the organization. This includes having the ability to clearly articulate the mission of THE CORPORATION, describe its programs, accomplishments and goals to others in the community, and inform the chief executive of relevant community concerns.
- 8. Contribute to the work of THE CORPORATION by serving on at least one working committee.
- 9. Develop and maintain a clear, constructive, collegial and communicative relationship with staff and fellow board members during interactions at board meetings and through service on at least one working committee. Members are encouraged to express themselves by making constructive suggestions, to consider the points of view expressed by others and by all means, to maintain the confidentiality of board discussions.
- 10. Build and maintain a competent governing board by understanding the qualities and qualifications sought in board members, assisting with new board member identification and recruitment, welcoming and helping to orient new members, and participating in an evaluation of one's own and the board's performance as a whole.

Building an Effective Board: Worksheet

I.		List 3-5 strategic priorities for your organization:	
		For example: Increase the size of our audience/number of tickets sold.	
	1.		
	2.		
	3.		
	4.		
	5.		
II.		List the top fiduciary priorities for your organization:	
		For example: Implement a new data base system for tracking patrons (season ticket and holders).	single ticket
	1.		
	2.		
	3.		
	4.		
	5.		
III.		What kind of help/expertise do we need to accomplish these priorities?	
	1.		
	3.		
	4.		



IV.	What type of support structure/how many people do we need to make that happen?
	For example: A committee of board members and non-board members that will meet monthly with
	staff to

V. <u>How will that structure impact how our board operates at present?</u>

For example: If task-oriented committees meet monthly, perhaps the board should meet...



Pat Libby's Guide for Reimagining Your Board

Reframe the board's role into two primary buckets: fiduciary and strategic responsibilities.





2

Ask yourself: Where are we headed as an organization?

- a. What are our strategic priorities?
- b. How can the board help us get to where we want to go?
- c. What do we need the board to do to ensure that we are a well-managed and forward-thinking organization?



3

Determine the right structure for enabling those things to happen. Ask yourself:

- **a.** What do we expect of board members?
- **b.** What type of committee structure do we need? What are our expectations for the work of those committees? Who will staff them?
- **c.** How will those committees relate to the board as a whole? What kinds of decisions can they make on their own and which

must be brought to the board?

- **d.** How many board members will we need to be effective?
- **e.** How often does the board need to meet as a group?
- **f.** What changes, if any, do we need to make to the bylaws to support this new structure?



4

Develop materials and a plan that clarifies the new expectations of board members and can be used to recruit new board members.

- **a.** Create a clear description of board member duties.
- **b.** If current members don't want to engage at this level, develop a plan for celebrating their service as they transition out of their leadership role (also consider developing an honorary board).
- **c.** Make sure that your policy manual and governance documents are up to date.



5

Decide who in the community can help advance the strategic and governance needs of the organization.

- **a.** Set up meetings with prospective board members to review these expectations and to determine whether they are the right fit for your organization. Be clear on where you think their service will be most needed.
- **b.** Have subsequent meetings on site to familiarize prospective board members with your work.
- **c.** Ensure that incoming board members understand the commitment they are making to the organization.

