

“Tell Me Again - Why Do We Have a Board of Directors?”

OR

Effective Recruitment, Use and Engagement of Nonprofit Boards

Vital: Management Training and Technical Assistance Project Webinar

Barbara Paradiso

Agenda

- I. Why do we have Boards of Directors?
- II. Basic Responsibilities of Nonprofit Boards
- III. Differentiating and Maintaining Clear Board/Staff Roles
- IV. Understanding Governance vs. Management
- V. An Intentional Process - Identifying the Right Mix
- VI. Recruitment Strategies
- VII. Techniques for Board Engagement
- VIII. Resources for Troubleshooting Problems

A New Organization

- New domestic violence organizations are generally formed when a concerned group of people identify an issue or need and want to do something about it.
- If that group decides to structure themselves as a legal entity, they have three choices:
 - A for-profit
 - A nonprofit
 - Petition government

The Decision to Be a Nonprofit

- Decision is based on the kind of activities the group will engage in.
- Differences Between Nonprofits, Commercial Enterprises and Public Entities:
 - Purpose for Existing
 - Tax Responsibilities
 - Market Test
 - Ownership

The Nonprofit Choice

Nonprofits play a vital role in fulfilling community needs that are not met by commercial enterprises or government entities.

A Partnership with Government

There are many critical needs out there for which there is not sufficient public will to demand services from government... We will make you a deal:

- You organize, not for your own gain but for the community's (contribute to the general welfare);
- Set up a corporation owned by the people whose governance will be entrusted to volunteers reflective of the community;
- We will offer you some privileges that will help to ensure your business can succeed.

Tax Exempt Status

Tax exempt status is determined by the federal Internal Revenue Service (IRS):

- Government maintains the right to tax corporations on the profits they earn. To get the government to waive that right – a corporation must apply for tax exemption.
- A corporation is considered a for profit until it proves otherwise.
- Must demonstrate that it has been created/ will operate for particular purposes and according to guidelines spelled out in the IRS code.
- One guideline: IRS Organizational Test – establish an original Board of Directors

All that to say...

As a nonprofit organization, we have a Board of Directors because – we must.

- Ownership of non-profit organization lies with the people. The community places the fulfillment of the corporation's mission "in trust" to a board of directors who serve without compensation.
- The Board represents the interests of the community.

Knowing What you Need!

Basic Responsibilities of Nonprofit Boards

5 Basic Responsibilities of Nonprofit Boards:

1. **Determine mission and purpose.**
2. **Select the chief executive.**
3. **Support and evaluate the chief executive.**
4. **Ensure effective planning.** Boards must actively assist in implementing and monitoring the plan's goals.
5. **Monitor and strengthen programs and services.**
Which programs are consistent with the organization's mission; monitor effectiveness.

5 More...

6. **Ensure adequate financial resources.** Fundraise!
7. **Protect assets and provide proper financial oversight.** Assist in developing the annual budget; financial controls in place.
8. **Build a competent board.**
9. **Ensure legal and ethical integrity.**
10. **Enhance the organization's public standing.** An ambassador.

Governance is Governance; Governance is not Management

Governance - Decisions and actions linked to:

- Forming/affirming the mission, values and direction;
- The organization's long term performance;
- The conservation and expansion of institutional assets;
- The processes used to identify, discuss and decide matters of strategic or symbolic significance

Management - the process of dealing with or controlling things or people; the responsibility for and control of a company or similar organization

Board or Staff?

Which of the following 8 common nonprofit functions is primarily the job of the staff?

1. ____ Establish an annual budget.
2. ____ Develop new programs or services.
3. ____ Assess the performance of the executive director.
4. ____ Establish policy regarding programs.
5. ____ Set the agenda for the Board meetings.
6. ____ Select the auditor.
7. ____ Identify, recruit and select new Board members.
8. ____ Create a fundraising plan.

Identifying the Right Mix

“The value of a board member is not only what’s in their head, but also the networks and the reputational capital they bring that allow them to contribute deeply to the organization.”

- *Jeri Eckhart-Queenan*
Partner, Bridgespan Group

An Intentional Process

The first question that nonprofits should consider as they start to formulate their board recruiting plans is:

- What are our key strategic priorities, and
- What new skills, expertise or perspectives might we need on our board to help us achieve those priorities?

Step Two

Create a grid. List the characteristics, connections, constituency, skills, etc. You are looking for in new board members. Be sure to consider:

- The three W's – Wisdom, Wealth & Work
- Governance (not Management) skills
- Knowledge in strategic areas
- Diversity - Ethnicity/race; gender; communities served; people served

The Challenge

90% of nonprofits find it 'somewhat difficult' or 'very difficult' to find qualified board members

- Center on Nonprofits and Philanthropy of The Urban Institute

Don't Settle!

You deserve a strong, highly skilled, participative board – don't settle for anyone you can get!

A good process attracts good members.

Recruitment Strategies

1. Cultivate new board members

- **Too many nonprofits wait until the last minute to look for board members.** It takes months, sometimes even years, to identify, find, cultivate and qualify individuals with the skills, knowledge and passion that you want in a board member.
- Board recruitment is an ongoing process – make it a priority activity of the board

Recruitment Strategies

2. Create a Board Committee

- Create a committee of board members (maybe include a volunteer and staffer) to strategize; recruit; brainstorm and evaluate candidates; etc.
- Consider a “Board Development/Governance Committee” vs. “Nominating” whose focus goes beyond nominating to ensuring effective governance practices - that the board is fulfilling its role effectively, and evaluating itself regularly to ensure that it is fulfilling its obligations as a caretaker and steward of the nonprofit.

Recruitment Strategies

3. Cast a Wide Circle

- Post your "Great Board Member Wanted" ad on free websites that match people seeking boards to join with nonprofits seeking board members., e.g. [VolunteerMatch](#) and [boardnetUSA](#) .
- Contact state associations: CNA; CO Society CPA's, CO Bar Association
- Reach out to United Way, Chamber of Commerce; Large corporations
- Promote from the ranks - Start with your dedicated and active volunteers, maybe former staff
- Consider your donors
- Ask your current board and staff for recommendations
- Communicate the fact that you're recruiting board members through multiple channels, e.g. newsletter, word of mouth, and media
- Contact board training programs

Recruitment Strategies

4. Think Creatively!

- Place a "Help Wanted--Volunteer Board Member" ad on your lobby bulletin board, in your newsletter, in the neighborhood newspaper, or in the alumni newsletter of a local college.
- Form a "One Hour Recruiting Task Force." Draw up a list of 20 well-connected people of the sort you would want on the board but who you suspect wouldn't join. Call those twenty people and ask them to come to one meeting of the Task Force over lunch. Tell them that at the lunch they'll be told about the organization and what it's looking for in board members. At the end of lunch they'll be asked simply for the name of one person they think would be a good board member. The Task Force is disbanded. The day after the lunch call up each of the nominees and begin by explaining who nominated them.
- Board Member Swap: Pick four local organizations where you don't know anyone, but you'd like to (examples: NAACP, Japanese American Citizens League, Accountants for the Public Interest, community hospital). ask to have coffee with one of their leaders. Over coffee suggest that your two organizations recommend "retiring" board members to each other as a way of establishing organizational links and strengthening ties among communities

Embarrassed to Ask?

When a board is in really bad shape, members might be embarrassed to ask anyone they respect onto the board – just when really strong new members are desperately need. What to do?

- Try using one of the above strategies, but with this approach: "I even feel guilty asking someone like you to join a board that's as weak and confused as this one. But this organization has a unique role to play in solving the problem of domestic violence. What's really needed is a total overhaul of the board. I'd like you to work with me and two others of the same mind to work with the director to recruit six new members and really make this board work. We meet every month for two hours on Tuesday morning (specifics). Would you work with me on that committee?"

Recruitment Strategies

5. Plan for Reaching Out

- Establish a time line
- Create a plan that does not overburden committee members , e.g. contact one potential candidate a month
- Consider a "buddy system"
- Host a forum

Recruitment Strategies

6. Be selective

- Interview candidates:
 - How have you already demonstrated a passion for organizations like ours?
 - Can you fulfill our board's fiduciary and legal oversight responsibilities?
 - Do you have the time?
 - Can you fulfill our fundraising requirement?
- Will the person be a good cultural fit?
 - Shared values;
 - Get along well with current board

Recruitment Strategies

7. Use a Good Follow-Up/Through Process

- Debrief session with the full Governance Committee; discuss each candidate's fit (in relation to your grid) and what role you would see them playing on the board
- Send a formal invitation to those candidates you choose
- Send a formal "not at this time" thank you to those you have declined
 - Consider "test driving" candidates you may not be sure of. Invite them to participate on a working committee of the board.

Next Steps- Onboarding

Techniques for Board Engagement:

- Written job description – be clear about expectations! From them and for them
- Develop an orientation packet; orient new board members – train them – especially members never been on a board before
- Provide board members a binder with Articles of Incorporation; By-laws; recent board meeting agendas and minutes
- Prepare written descriptions of committees including responsibilities, guidelines and goals
- Consider a mentor or Board "buddy"

Techniques for Board Engagement - Ongoing

- Keep meetings brief and well focused - Stimulate the broadest possible participation by members
- Engage board members in the exciting, strategic work of community change making; Do not stick them in meetings where they fuss over minutia or get reported at.
- Acknowledge members accomplishments and contributions in a variety of ways – newsletter; at meetings; in minutes
- Annual schedule of meetings determined a year in advance
- Circulate clear and thorough information materials including an agenda 1-2 weeks in advance of each meeting
- Maintain complete and accurate minutes of each meeting
- Find out and USE each board member's unique skills and interests

Techniques for Board Engagement – The Dismount

Your ideas?

QUESTIONS?

Additional Resources

- National Council of Nonprofits:
<http://www.councilofnonprofits.org>
- BoardSource: www.boardsource.org
- The Bridgespan Group: www.bridgespan.org
- Blue Avocado: <http://www.blueavocado.org>
- Free Management Library:
<http://managementhelp.org>
- VGC Governance Matters: <http://vcg.org>
