



# InfoNetwork

Volume 1, Issue 4

February/March 2007

**Helping  
New Yorkers in  
need since  
1922.**

The Federation of Protestant Welfare Agencies promotes the social and economic well-being of greater New York's most vulnerable by strengthening human services organizations and advocating for just public policies.

#### IN THIS ISSUE:

- P2
  - ◆ BOARD RESOURCES
  - ◆ GET ON BOARD
- P3
  - ◆ VALUE OF BOARD COMMITTEES
- P4
  - ◆ EXPERT'S CORNER
- P5
  - ◆ GET ON BOARD
  - ◆ BOARD RECRUITMENT & PLACEMENT
- P6
  - ◆ GET ON BOARD

Please feel free to contact the editor, Angela Spruill, at [aspruill@fpwa.org](mailto:aspruill@fpwa.org) or 212.801.1323.

## INFORMED LEADERSHIP: BUILDING AND SUSTAINING EFFECTIVE GOVERNANCE PRACTICES

*Building a nonprofit board is not necessarily the challenge. Sustaining an effective, high impact nonprofit board is.*

Board structures and operations are usually dictated by an organization's life cycle and culture. Those in their infancy stage, like most "startups" and grassroots agencies, will certainly look differently than larger nonprofits with more complex infrastructures. Notwithstanding, it is important that organizations build an effective board from the outset. Good governance practices can guide the growth and shape the direction of the nonprofit for years to come.

The Federation of Protestant Welfare Agencies understands that effective board development involves helping agency leadership maximize the board's potential to drive their missions and accomplish institutional goals and objectives. To that end, FPWA successfully administered two Governance Projects: one four-year initiative funded by the New York City HIV Care Services of the Medical and Health Research Association (MHRA), and a one-year project funded by the American Express Foundation. These programs not only recruited and placed professionals from diverse backgrounds on nonprofit boards, but trained them in key governance areas through the Informed Leadership Series, a four-part board development training program.

This issue of InfoNetwork will feature best practices on how to engage in good governance. Because our members represent myriad board structures and operational models, adapting the ideas to suit your organization's unique board development goals is encouraged.

For more information about board recruitment and placement, contact Karen Giacalone at [kgiacalone@fpwa.org](mailto:kgiacalone@fpwa.org) or 212.801.1332. For more details about board development training, contact Deborah E. Reid at [dreid@fpwa.org](mailto:dreid@fpwa.org) or 212.801.1356.

Fatima Goldman, Executive Director/CEO

## GET ON BOARD: BUILDING BLOCKS FOR

Most people join boards because they are civic-minded, community-oriented or have a helping heart; however, they are often not equipped with tools for providing good governance or an understanding of how to govern an organization. As Peter Dobkin Hall states in *A History of Nonprofit Boards in the United States*, "Boards and individual trustees are often unpleasantly reminded of aspects of their responsibilities that had never been sufficiently spelled out." Historically, people have joined boards without any prior knowledge or understanding about board service, the nonprofit sector, or clearly defined roles and responsibilities.

*(Continued on page 2)*

## BOARD RESOURCES: BOARD CANDIDATE RECRUITMENT

### Federation of Protestant Welfare Agencies

Recruitment, referral and training of candidates to serve on Boards of member agencies—Contact (Board recruitment and referral): **Karen Giacalone**, 212.801.1332, [kgiacalone@fpwa.org](mailto:kgiacalone@fpwa.org); Contact (Board development training): **Deborah E. Reid**, 212.801.1356, [dreid@fpwa.org](mailto:dreid@fpwa.org)

### United Way of NYC, Linkages Program

Recruitment, referral and training of candidates to serve on nonprofit Boards—Contact: [linkages@uwnyc.org](mailto:linkages@uwnyc.org)

### Junior League of NYC

Recruitment, referral and training of candidates to serve on nonprofit Boards Contact: **Carmel Napolitano** at 212.288.6226, [npbch@nyjl.org](mailto:npbch@nyjl.org)

### Websites for Board Development Resources

**Board Source**  
[www.boardsource.org](http://www.boardsource.org)

**Charity Channel**  
[www.charitychannel.org](http://www.charitychannel.org)

**Governance Matters**  
[www.governancematters.org](http://www.governancematters.org)

**NY Journal of Philanthropy**  
[www.philanthropy.com](http://www.philanthropy.com)

**NY Non-Profit Times**  
[www.nptimes.com](http://www.nptimes.com)

## GET ON BOARD: BUILDING BLOCKS FOR GOOD GOVERNANCE

*(Continued from page 1)*

Regardless of where your organization or board is in its development, the following information can help get your board on track. The best board is an informed board. You can “get on board” by, first, helping the board understand nonprofit characteristics and trends, board structures and operations, and board roles and responsibilities. A resolute board member will be a better ambassador and stronger advocate for the organization. Consequently, if the board does not believe in the mission of the organization, then who will?

### Board Development and Orientation

An effective, high impact board has clear leadership responsibilities, goals and objectives that are connected to the mission of the organization. Establish and maintain a board effectiveness plan to foster board development, orientation and evaluation.

**Board Development:** Board development should take on a two-pronged approach, which includes membership and training.

Effective board development involves keeping the board engaged in ongoing recruitment and meaningful board diversity. Recruiting individuals who represent various sectors, including business, community and government, and diversifying board composition to reflect different ages, backgrounds, experiences and skill sets can truly buttress board development efforts. In addition to recruiting diverse professionals representing myriad differences, nonprofits should pay careful attention to current trends and characteristics around board recruitment, placement and membership effectiveness. For example, a nonprofit serving at-risk youth or seniors should have two seats reserved on its board for youth or seniors. This will clearly convey that the organization has included critical voices at the decision-making table. Organizations benefit from effective boards that clearly represent diversity in age, gender, race/ethnicity, religion, sexual orientation, and even disability. A diversified board’s contributions are vital to program development and other institutional matters. Boards are evolving and moving away from the traditional composition of board membership, while attempting to become increasingly younger and savvy.

Training workshops, seminars or presentations can also be planned as an integrated part of board meetings. Many boards struggle with understanding financial records; therefore, a training workshop could help bolster the board’s knowledge in this area.

**Board Member Orientation:** Coordinated by the Board Nominating or Board Development committee, each board member should receive an orientation package, which includes a board manual, organizational mission, bylaws, a sampling of meeting minutes, a meeting calendar, an annual report, financial statement or budget report, and key organizational documents. During orientation, remind board members that their service will require time and commitment. Orientation will help cultivate the board member’s role as an ambassador and advocate for the organization.

*(Continued on page 5)*

## GET ON BOARD: BUILDING BLOCKS FOR GOOD GOVERNANCE

*(Continued from page 2)*

Orientation should also introduce committee structures to board members, who should serve on a committee where they can demonstrate a strength and a committee that provides a “learning curve.” More specifically, a board member with human resources experience and an interest in fund development may serve on the board’s Personnel Committee (strength) and the board’s Fundraising Committee.

### Defining Individual and Collective Roles and Responsibilities

Because of increased public interest in charity accountability, specifically related to corporate mismanagement and, in other instances, blatant theft of monies and services, nonprofits need criteria for self-regulation, clearly defined roles and responsibilities, and guidelines for performance standards. Set by the National Charities Information Bureau and the Philanthropic Advisory Service of the Council of the Better Business Bureau, there are specific functions that govern board service and determine performance standards. These standards hold organizations accountable. The board should perform its expected and required tasks to ensure the organization’s viability and integrity, and constructively address necessary issues.

FPWA has offered “Are You Wearing Sox?” seminars for nonprofits to understand aspects of the Sarbanes-Oxley Act of 2002, related to ethics and accountability. We wanted nonprofits to not only understand key board roles and responsibilities, but to learn about essential board functions such as evaluation, fiscal oversight, fundraising, governance, legal, management review and supervision, operations, personnel practices, planning, policy development, and public information. These functions can be described in the board operations manual.

**Legal:** A nonprofit board has essential duties in legally governing the organization and providing oversight: a duty of care, a duty of loyalty, a duty of obedience. (These essential duties require the board to use due diligence, a structured, systemic research effort to accumulate the facts necessary for making informed decisions thereby increasing the chances of the organization’s success, to exercise its duty of care.) The board exercises its duty of loyalty by acting in good faith and in the best interest of the organization by using procedural safeguards and standards of fairness where there is conflict of interest. To demonstrate accountability, the board has a duty of obedience to ensure that the organization adheres to the laws and rules governing its formation and status as well as its own mission and bylaws. Although this is the full board responsibility, the board may assign the Executive Committee, in partnership with the organization’s counsel, to execute these duties.

**Evaluation:** Evaluation of programs and staff are important to ensuring that outcomes are being achieved, met or accomplished. Likewise, the board should evaluate the chief executive’s performance and conduct a board self-evaluation to measure performance results.

*(Continued on page 6)*

## BOARD RECRUITMENT & PLACEMENT: FINDING THE RIGHT MIX TO SERVE ON YOUR BOARD

When asked to identify their ideal board candidate, most organizations think corporate and fiscal types. While it’s true that individuals with backgrounds in banking, accounting and investing can assist with fundraising and fiscal accountability issues, a board comprised solely of such individuals may not be the strongest one to carry out your mission.

Ideally, a board needs individuals with legal, real estate, strategic planning, marketing and PR skills. The value of telling others cannot be overestimated, so having strong communicators is very helpful. It is important to measure the successes and results of the organization so the board believes and can share the story with others. Skill sets are also needed in program development and mission-focused areas. Some bylaws include seats on their board for former clients, who may be most motivated to assist in a hands-on way, as well as with fundraising and program planning.

The right “mix” includes some members who have corporate contacts, know how to get them involved and are willing to devote the time necessary to cultivate their interest. Once you bring great people onto the board, utilizing them and giving them the support they need cannot be overemphasized. The end result will be talented, engaged and effective supporters for the organization.

## THE VALUE OF BOARD COMMITTEES

Developing a board self-assessment tool. Selecting a new firm to conduct an agency audit. Researching the best options for sale of air rights. Hiring a search firm for a new executive or a strategic planning consultant. These are just a few examples of the type of projects that might be handled by a board committee. Serving on board committees can be enjoyable and satisfying, especially when the committee accomplishes its purpose and has specific goals and measurable outcomes.

There is no one size fits all approach when it comes to determining which committees a board should have. Boards need to establish committees that are appropriate to their particular situation and assist the organization in fulfilling its mission. The types of committees include standing committees, special committees, and ad hoc committees. Standing committees should be included in the bylaws, as well as special committees (including whether non-board members may serve on these committees). Ad hoc committees are formed for a specific purpose and cease when the activities are completed. Common committees include the following: fundraising, finance (or budget), board development (sometimes called the nominating committee), program, audit, public policy, and personnel. In some cases, an agency with a large board forms an Executive Committee, which is a smaller group usually comprised of officers or committee chairs that meets more frequently than the full board. The Executive Committee can be quite effective in tackling the more meticulous decision-making for the board. They move forward the process by clarifying an issue, making recommendations or articulating the case for a particular decision when presented for the board's approval.

Committees add value to both the board and organization by making full use of members' expertise, time and commitment, and ensuring diversity of opinions on the board. They should not, however, supplant responsibility of each board member and must operate at the board level. If staff is determining the work of the committee, then it is likely not an effective committee and devalues the time of volunteers. However, a relevant staff person, as part of the committee or as its liaison, can be a great resource.

Board members often find they learn the most about the organization and gain the most fulfillment from their work in committees. The job is to get each member involved in a way that makes best use of his or her time and ultimately expands the individual's overall knowledge of the organization. Finally, remember that a committee is not the board and it is the entire board that is responsible for the organization.

### Five Key Questions About Your Agency's Committee Structure & What They Do

- ◆ Does the organization have the necessary committees to effectively fulfill the mission?
- ◆ What major tasks are delegated to each committee by the board?
- ◆ Do the individual members have the requisite skill sets to effectively perform their duties as committee members?
- ◆ How frequently do individual committees meet? Do they maintain minutes of their meetings?
- ◆ Do committees periodically report and make recommendations to the board?

## GET ON BOARD: BUILDING BLOCKS FOR GOOD GOVERNANCE

**Fiscal Oversight:** Increasingly, nonprofits are finding themselves in trouble because boards are unaware of how finances are being managed and appropriated. Fiscal oversight extends to every aspect of the organization's operations. The Board Treasurer who chairs the Finance Committee works with the Executive Director and Finance Director to establish and review the annual budget, financial statements and other fiscal records related to cash flow and investments. Together, they monitor all fiscal activities.

**Fundraising:** Moreover, 70 percent of the full board's and chief executive's primary responsibilities is to raise monies for the institution, under the leadership of the Fundraising Committee that works closely with the Executive Director and Development Director. A solid fundraising plan will facilitate, manage and monitor the organization's sustainability and solvency.

**Governance:** As a major domain of the board, governance gives leadership to the organization's philosophy, mission, strategy and annual goals and objectives. The board protects the standards of philanthropy, makes decisions and ensures that these are translated into practice and results, and reviews bylaws and board functioning periodically to ensure bylaws are applicable and board members are fulfilling their obligations.

**Management Review and Supervision:** The board appoints the chief executive, and should evaluate him or her on an annual basis. In this role, the board should develop a working partnership with staff around different activities, and maintain a balance of power. Review the results achieved by staff as compared with the organization's mission, annual and long-range goals, and expected performance.

**Operations:** The board is responsible for approving major actions of the organization. It reviews reports on organizational conditions, including financial health, sustainability, management operations, compliance with laws and practices affecting the organization, such as contracts, insurance, labor practices, and the audit.

**Personnel Practices:** The board maintains specific personnel practices for all staff, including such items as compensation, benefits, annual leave, grievance procedures, and personal behavior. The board ensures that personnel policies are current and administered properly.

**Planning:** The board is involved in planning – short-term, long-range, or strategic – for the board and organization. It reviews program goals and evaluates program outcomes delivered by directors. The board can request that program directors present more in-depth reports to them at board meetings.

**Policy Development:** The board sets policy for the organization's mission, vision, values and purpose. Additionally, the board develops and upholds policy guidelines for board composition and functioning. Often, specific policies are included in the bylaws and/or the board operations manual. The board may, for example, establish a policy about how donors are solicited or from whom donations would be accepted.

**Public Information:** The board enhances the public image of the organization. The board should ensure that promotion, fundraising, and public information accurately describes the organization's identity, purpose, programs and financial needs. The board also ensures the accuracy of annual financial and program reports, and authorizes audits and periodic evaluation of agency visibility, image, and brand management.

In addition to board functions, board roles and responsibilities can be clearly defined by establishing "job" descriptions for key or essential roles, such as the board chair, vice chair, treasurer, secretary, and committee chairs. In addition to these descriptions, boards can design committee descriptions or outlines as part of the bylaws. Sample descriptions can be obtained from [www.boardsource.org](http://www.boardsource.org), and organizations can tailor them for their board.