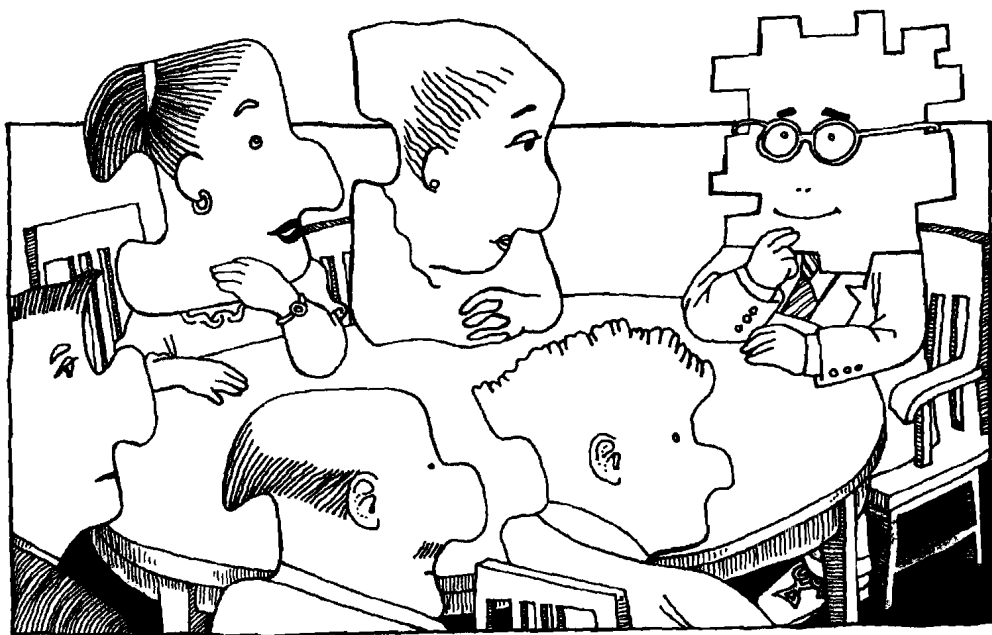# Chapter 3

Building a Board of Directors

Honest differences are often a healthy sign of progress.
—Mohatma Gandhi

The vast body of literature about nonprofit boards of directors speaks volumes, literally, about their importance. A nonprofit organization lacking dedicated individuals with diverse skills and expertise on its board of directors has little hope of realizing its vision. Committed board members bring planning, management, financial, and program expertise to the organization. They also provide contributions, fundraising contacts, and influential voices in the community to speak of the organization's importance and needs. Their stewardship and ability to involve

others will keep both new and mature organizations on track as they work to realize their mission and vision.

In the United States and other countries with established nonprofit sectors, boards of directors (or trustees) are charged with the governance of an organization. In countries without a formal nonprofit sector, a group of people still must assume a high level of responsibility for an organization's governance and well-being. While the original vision and impetus that launched an organization may have come from one or a few individuals, many others are needed to turn that vision into reality, including staff and committee members, volunteers, and donors.

But those who serve on the board play a special role, as it is largely the quality of their leadership that will determine an organization's success. Their profile in the community will directly influence how the organization will be regarded and supported, and it is no exaggeration to say that their personal integrity can either make or break a venture. The importance of choosing board members wisely—especially in an organization's founding stage when the effort is vulnerable yet the need for committed and proactive leadership is pressing—cannot be overemphasized.

If an organization is founded mainly through the efforts of one person, that individual will generally aspire to leadership, either as a staff member (i.e., executive director) or officer of the board of directors (i.e., president, or chair). He or she might choose to serve in both capacities or to step aside once other responsible and committed leadership emerges. In any event, wise founders will make it a top priority at the very outset to involve new people as members of a planning, steering, or organizing committee. This core group will provide initial leadership until a board of directors is formally established.

By inviting new people to serve on an interim or organizing committee, founders and core groups can identify candidates for board membership, benefit from their talents right away, and learn more about them—and their ability to support the founder's vision—by working together. Some of these individuals will continue their involvement as board members; others may continue to play a part in the life of the organization, but not necessarily on the board or staff.

Start-ups may find it difficult to resist the temptation of inviting people to join the board without first getting to know them. Actually, founders and young organizations are in stronger positions than they realize to solicit the participation of highly desirable individuals because board membership can bestow knowledge, power, visibility, status, contacts, and satisfaction. In fact, a study conducted by James E. Austin in 1996 at Harvard found that U.S. executives—individuals many organizations want on their boards—say that board membership helps them make valuable business contacts, affords opportunities to sharpen their business skills in a new setting, and provides personal satisfaction. The study found that some 81 percent of managers and executives surveyed were significantly involved in the nonprofit sector; that 82 percent of the 316 CEOs polled served on boards; and that most sat on more than one board, and 36 percent sat on six or more.

Organizations, then, would do well to solicit board membership from a position of strength—since they have so much to offer—and not involve a person formally until they have become totally comfortable with that prospective board member's character, motivation, commitment, and skills. No child should be entrusted to a stranger.

The following overview of board selection, structure, responsibilities, and dynamics is not meant to be exhaustive. The intent of this chapter is to offer a kind of expanded checklist that founders, staff members, board members, and others can apply to their own organization. The Additional Resources section at the end of this chapter enumerates excellent sources for in-depth study.

Key Elements of Board Operations

A nonprofit board comprises a number of elements, all of which must work together harmoniously for an organization to achieve its mission.

- *Members* establish and update the organization's vision and mission.

- The *chairperson* coordinates, motivates, mediates, trains, and encourages board members; leads board evaluation; makes sure the board focuses on governance, not management; acts as chief representative of the organization to its constituencies, and as the principal fundraiser; and works closely with the executive director.

- *Other officers* work with the executive director and chair to coordinate the board's work and help make things happen.

- *Standing committees*—development, executive, finance, fundraising, nominating, program—meet regularly.

- *Other committees*—audit, bylaws, personnel, strategic planning, vision/mission review, and special ad hoc committees such as special events—meet as necessary.

- *Meetings* address organizational priorities without micromanaging, and result in action on committee findings and recommendations.

- *Agendas* are developed by the chair and executive director to accomplish the board's business.

- *Board minutes* serve as a brief, readable report of actions taken, items discussed but held over, items postponed, and new business.

- The *executive director* brings information and new trends to the board's attention and carries out the board's instructions.

The Board of Directors: Its Responsibilities

Once more, an organization's vision and mission provide the starting point for our discussion. In Chapter 2 we saw that a group's vision and mission provide the basis for its choice of legal operating structure. We now turn to a nonprofit's governing structure—the board of directors—to explore how it can help the organization achieve its mission and realize its vision.

The board of directors is the governing body of an organization, the mechanism for channeling and directing the time and energy of other volunteer leaders. A basic understanding of board members' responsibilities is actually provided by law: "A board member must act as a prudent person." A board member is not required to know everything about running an organization. Neither is he or she expected to anticipate all outcomes, but rather to use common sense and to act accordingly. Board members act prudently, for example, by not committing an organization to new programs until sufficient funding is either pledged or in hand.

Meeting according to a schedule prescribed in the bylaws, nonprofit boards discuss and vote on an organization's highest priority issues. They set policy and perform such vital functions as hiring and evaluating key staff, approving operating budgets, establishing long-term plans, and carrying out fundraising activities. They also address vision and mission review; budget review and adoption; ongoing monitoring of expenses and income; and the board's own renewal process, including recruitment and orientation of new members, and assessing its own performance.

Although the literature abounds with lists of nonprofit boards' responsibilities, the following ten are frequently chosen by many nonprofit experts:

1. Ensure adequate resources

2. Determine the organization's mission and purposes

3. Select and support the executive director, review his or her performance, and establish personnel policies

4. Ensure effective management and planning

5. Ensure effective fiscal management and legally compliant operations

6. Organize the board so that it works efficiently

7. Approve budgets, and determine and monitor the organization's programs and services

8. Select and orient new board members

9. Enhance the organization's public image

10. Evaluate the board's own performance

1. Ensure Adequate Resources

Perhaps no board responsibility is more important than fundraising. This responsibility must be institutionalized so that when members of a board approve a project or organizational budget, they know that it is up to them to make sure adequate funds are available.

That board members have an obligation to donate money (as well as time and energy) to an organization should, with few exceptions, be a condition of board membership, and should be discussed early on with prospective board members. In addition to providing a guaranteed level of support each year, board giving sends a message of utmost importance to donors—that the board is active and committed.

Most board members are also expected to solicit contributions, and it would be difficult for a board member unwilling to contribute to the organization to solicit from others. To be sure, there are exceptions to this rule. A person who cannot make a significant donation but who can raise sums from others or provide essential expertise, representation, or reputation can still be a valuable board member. At the same time, "give or get" is the prevailing view on the matter, and an organization able to report 100 percent board giving gains a great deal of leverage.

It's best that either the board's chairperson or members of the development committee, not the executive director, solicit contributions from other board members, as people generally give more to their peers. This approach will raise more money and also avoids placing the director in an uncomfortable position, even if he or she is an excellent fundraiser and solicitor.

The goal for board giving should increase each year. Board members with substantial means and commitment to the organization can be asked to consider making a significant pledge, which could be paid over several years. Such gifts not only assure an organization of ongoing support and increase its ability to plan; they also stimulate giving at higher levels by setting an example.

With the government reducing its support of the nonprofit sector while at the same time restricting nonprofits' advocacy activities, the role of board members in fundraising has never been more important. Today more than ever, successful fundraising requires board members to open doors, solicit large donors, join staff in visiting prospective foundations and corporate contributors, and participate in planning fundraising and public education campaigns. In addition to donating cash, stock, and other property, board members can undertake many other fundraising tasks, including selling tickets to special events, soliciting memberships, participating in meetings with prospective funding sources, hosting benefits at home, and speaking to gatherings of potential supporters.

All board members should learn the art of raising money and should be willing to exercise that ability on behalf of their organization. Chapter 11 of this book, "Face-to-Face Solicitation," will prove helpful to board (and development committee) members who are willing to solicit but need some background. The majority of today's nonprofit leaders—both board and staff members—have learned these skills through their own direct experience; they have not had to depend solely on wisdom passed down by word of mouth through successive generations within an institution, as was once the case. The nonprofit sector's enormous growth has created the need for more formal education, and the various aspects of fundraising are being codified and taught at colleges and universities, workshops, and seminars.

2. Determine the Organization's Mission and Purposes

The discussion in Chapter 1 highlights the role board members, or members of a start-up's core group, can play in developing an organization's vision and mission statements. Once vision and mission have been framed, the board should review the statements from time to time to assess their currency, and revise or update them if necessary. Just as board members will refer to their group's vision and mission in speaking with others, they should keep the statements in mind when reviewing program and budget proposals, considering candidates for board membership, and, generally, in all their deliberations.

3. Select and Support the Executive Director, Review His or Her Performance, and Establish Personnel Policies

Selecting an organization's chief executive is perhaps the most important decision a board can make. Revisiting vision and mission statements should be the first step in the hiring process, as the director's job is to move the organization ahead on the path set forth. The board should then take stock of the organization's current needs and resources. Because different strengths are required of chief executives at different stages of an organization's development, this inventory will suggest the kind of individual to hire. Boards must also make sure that the organization's working environment will support the new director in meeting their expectations.

Based on this information, a job description should be drafted and decisions made about compensation, benefits, and so on. However the search is then conducted—by board members, by a committee of the board, or by a search firm—the final choice belongs to the board. Once the new director has been hired, it is the board's job to support that person in every way, a task frequently assigned to its executive committee. This support includes making sure expectations are clear; providing ongoing feedback; making introductions to community leaders, organizations, and significant donors; including the new director in social events; and being aware of the director's personal situation.

Clearly stated expectations also form the basis for assessing the new director's performance. Concrete goals, mutually agreed upon, facilitate the assessment, which should be undertaken in the spirit of helping the director perform most effectively. Of course, the board's own performance must also be considered. It's virtually impossible for a chief officer to do his job if board members are not doing theirs. To provide a measure of objectivity in the assessment process, boards sometimes hire an outside consultant.

Most nonprofit organizations are employers at one time or another. In fact, colleges and hospitals may be among a community's largest employers. However, some nonprofits, especially smaller ones, see traditional employer–employee issues as incompatible with their idealistic, altruistic aspirations. Many old-fashioned nonprofit bosses hold the attitude that working for a charitable purpose affords psychological benefits so great as to outweigh any mere material compensation such as salary increases and better benefits packages. Such an attitude fosters unnecessary conflict and tension—nonprofit employees obviously have the same needs as workers in the for-profit sector.

Because the nonprofit's products are usually the services of their employees and volunteers, tending to their concerns is of paramount importance. The effective hiring, training, evaluation, and compensation of employees is one of the best ways for an organization to accomplish its work. The board, therefore, should include individuals with expertise in human resources. Although few boards can match the personnel resources available to large corporations, most organizations can enlist human resource specialists or other professionals in the helping professions, such as training, social work, and psychology.

Board and staff work together to accomplish the same objectives, but the relationship is hierarchical out of necessity, since the board is ultimately responsible for fulfilling the organization's purposes. Board and staff roles can easily become clouded by such factors as proprietary feelings on the part of an executive director, particularly when he or she is the group's founder; a

history as a passive or rubber-stamp board; a negative interaction of personalities; or a desire to avoid conflict. An effective organization is guided by a carefully crafted balance between staff and board authority. Simply put, staff members are responsible for day-to-day operations, whereas the board sets long-term policies.

4. Ensure Effective Management and Planning

Although these two terms have not always been associated with the nonprofit sector, they are indispensable to the effective implementation of programs. Management means guiding the available human and financial resources toward the smooth and efficient accomplishment of established goals. A board of directors hires an executive director to serve as the manager of an organization, but the board still needs to make sure that this function is adequately carried out.

Planning refers to the mapping out of an organization's programs, activities, and finances so that it can operate in a coherent and focused manner. Whether you are planning a short-term project such as a fundraising event, developing a new program area, or undertaking long-term strategic planning, it is the quality of your planning that will largely determine the success of your efforts. (See Chapter 4 for a more detailed discussion of planning.)

By paying careful attention to both management and planning functions, board and staff can help move an organization along the best possible course toward advancing its mission. Increasingly, college courses and degrees in management and planning, as well as workshops and seminars, are being offered to nonprofits. Board members and staff should seek out such opportunities, or recruit individuals with expertise in these fields from other nonprofits or businesses.

5. Ensure Effective Fiscal Management and Legally Compliant Operations

A board of directors is not an advisory body. A board has the actual power to establish the major policies that govern the affairs of an organization—in fact, in many countries it is accorded this responsibility by law. A board also has the ethical and, in some areas, legal responsibility to make sure the organization operates in accordance with the law. For example, in the United States, if an organization fails to pay its employees' withholding taxes to the Internal Revenue Service, the board, collectively and individually, is ultimately responsible for the full payment of those taxes. Directors' and officers' insurance cannot protect board members from this responsibility—many boards have been taught a painful and unexpected lesson in this regard. Faced with both important legal and ethical responsibilities, a board is urged to exert its authority.

Most people can learn to understand the fiscal matters that come before a nonprofit board, but it is crucial that at least one member have substantial experience in financial management to serve as the board's guide. Such a person would logically serve as treasurer. Prospective candidates for this office include accountants, comptrollers, and others with finance experience, either in the nonprofit, corporate, or public sectors.

Once this competency is added to its ranks, a board is in a better position to understand its regular financial statements and to make informed financial decisions entailed in reviewing and

approving the annual operating budget, assessing anticipated revenues, and approving new expenditures. Although the treasurer is likely to be the board member with the greatest financial expertise, all board members should understand basic financial concepts and be familiar with the organization's numbers. An organization's credibility can sink if its finances are poorly understood or handled. For instance, in the United States, in addition to penalties for late payment of employees' federal withholding taxes, incorrect expenditures of foundation grant monies can result in serious repercussions.

How do you negotiate a lease for office space with a prospective landlord? What are permissible grassroots lobbying activities for U.S. nonprofit organizations under Section 501(c)(3) of the Code? What laws should a board of directors be aware of when firing an employee? What types of fundraising activity require special reporting procedures to the state in which your organization conducts its business?

The list of legal issues you will face during the life of your organization goes on and on. Some boards believe that occasional legal questions can be handled easily by calling a lawyer friend. That might work sometimes, but it won't always; having a qualified lawyer on a board will help ensure that all legal matters are dealt with properly. At the same time, all board members should familiarize themselves with the basics of nonprofit law. As in financial management, legal foresight is the best way to make sure that problems do not arise.

The need for professional legal help becomes clearest during periods of crisis, when documents such as bylaws must provide the means of resolving thorny issues. But legal oversight is no less important in other areas, such as filing annually with the charities registration bureau or government agencies, or informing the board what constitutes a quorum for decision-making purposes, when necessary.

6. Organize the Board So That It Works Efficiently

Board Structure: Officers

Who guides a board in its work? Who makes sure that a board does its job? These tasks fall to the officers of a board, who are appointed, selected, or elected by their peers. Officers are usually referred to as president and vice president(s), or chair and co-chair(s), as well as secretary and treasurer. Nonprofits are often required by law to list board officers in their articles of incorporation and enumerate their functions in a set of bylaws. Active, responsible officers are essential if a board is to function smoothly and efficiently, and ensure that its members derive satisfaction from their work. Officers play an important role in making sure that the board and its committee tackle their work efficiently and effectively.

Board Structure: Committees

Board committees help a board work effectively by investigating and developing policy options for the board's consideration, and by distributing the work equally. Committees are the vehicles for drawing on members' skills and expertise and for expanding their participation beyond meeting attendance. When committees function well, they enrich the experience of the group's

Learning the Hard Way

When I was 23, I learned the hard way about my fiscal responsibilities as a board member. I joined the board of an innovative, state-funded alcohol recovery program geared to the gay and lesbian community. It was one of the first programs to be geared to a specific community, and was innovative because all the people that worked within the program had to be recovering alcoholics with a year or less of sobriety. The idea was that the whole staff would be very close to the problems that their clients faced. Board members, on the other hand, did not have to meet these criteria. In fact, many of us had little experience with drug and alcohol problems, and could not have anticipated the problems we would face.

The executive director was a brilliant woman who had been through many recovery programs. She was tough, funny, and articulate, and I never questioned anything she said. I thought my job was simply to come to meetings and to help raise money. Before a year had passed, the director started coming late to board meetings, and eventually, stopped coming completely. The treasurer of the board reported getting phone calls from creditors, and then the director disappeared. She left a pile of unpaid bills with no paper trail of how money had been spent—financial chaos. She had not stolen the funds, but it was clear that neither she nor any of her staff had managed the money properly.

Payments on the grant from the state were suspended and the state revenue service's audit deemed that the money had been squandered and that the agency had to pay most of it back. The audit noted carelessness but no wrongdoing, and expressed that the board had not exercised appropriate supervision.

Since the organization disbanded, it was able to settle with the state for much less than was owed—about $2,000 per board member. Although this was a very generous deal on the part of the state, it was a third of my salary and took me three years to pay. I look back on it as one of the cheapest lessons I have ever learned. I will never underestimate the responsibilities of the board again.

—Kim Klein

members, create more productive and interesting meetings, and give the members a chance to develop closer relationships.

A committee can be composed of both board members and nonmembers. In fact, an important (though unstated) committee function is to serve as a vehicle for getting to know prospective board members. Candidates with the skills and expertise needed by committees can be asked to serve in a definite capacity rather than simply being invited to "join the board." By presenting the organization's expectations and requirements to a prospective board member before he or she is elected—and by giving that candidate the opportunity to accept the "job description" and show that they understood it—a board can avoid some of the problems of ineffectual "rubber-stamp" boards.

A board's standing committees should be enumerated in an organization's bylaws. They most frequently include the executive, development, finance, nominating, and program committees. Following is a brief description of the function each performs:

1. The *executive committee* is a smaller body empowered to act on behalf of the full board between regularly scheduled meetings. Central to an organization's operations, it usually comprises the board's officers and meets regularly to deal with pressing issues, to hold preliminary conversations about certain matters needing refinement and focus before being presented to the full board, and to make routine decisions that don't need the full board's approval. The executive committee works closely with the executive director and other senior staff members, as appropriate.

2. The *development committee* directs the board's fundraising activities. It educates board members about the organization's programs and funding needs, and helps them become better informed about, and comfortable with, the fundraising process. Working closely with the executive director and board chair, it focuses members' work in identifying, cultivating, and soliciting contributions from the outside community, and, together with the board chair, soliciting gifts from other board members.

3. The *finance committee* oversees the organization's financial operations. This committee performs the final review of the annual budget, recommends it to the full board, and then monitors its implementation. It works closely with the executive, development, and financial directors in the role of reviewer and advisor, but it does not become involved in daily operations unless there is no staff.

4. The *nominating committee* performs the vital role of identifying and recommending candidates for board membership, as well as cultivating and nominating officers. The importance of this committee is frequently overlooked, but the results of its work will largely determine an organization's success. This committee is also responsible for the orientation and training of new board members, and for the board evaluation process.

5. The *program committee* monitors an organization's programs for implementation and consistency with the strategic plan. Working with the executive and program directors, the program committee also presents program proposals developed by staff to the board, makes recommendations, and reports progress. As with all other board committees, the program committee limits its involvement to oversight and planning.

Other standing committees can include building and grounds, investment, personnel, public affairs, strategic planning, and others, as appropriate. Nonstanding committees are usually formed for short periods to perform specific functions. These would include audit, vision/mission review, special events, and strategic planning committees, to name a few.

One final word about committees. The board must value their work and take their recommendations seriously. On the other hand, committee members must understand that the board as a whole must make the final decision on their recommendations.

Board Structure: Meetings

Two keys to productive board meetings are focusing on governance, not administration, and using time efficiently. The board chair—with the help of the executive director—is responsible for maintaining the meeting's focus and efficiency, and making sure that the organization's top priorities are addressed. The chair and executive director should review the minutes of the last meeting for action items and, as appropriate, contact those responsible to make sure their work has been done and that they are ready to make their report. Of course, the chair should know the report's findings well before the board meeting.

To ensure that meetings are energizing and productive, a good presiding officer sets the agenda in consultation with other members of the executive committee and staff leadership well in advance of upcoming meetings. It is then essential that the agenda, along with background information, be sent to board members. A member of the executive committee might even phone board members to see if they have any questions. Not only will these procedures ensure that discussions and decisions are more substantial, but board members will take their responsibilities more seriously if they can come to the meeting well-informed.

During the meeting, the chair must be attuned to the sense that more information is needed. If pre-meeting preparation has been thorough, this should rarely occur. But if it does, the chair can delegate the matter to a board committee for further investigation. That committee can then present its findings and recommendations at the next board meeting.

If a board finds itself focusing on details rather than major policy issues, something is awry. Executive directors and board leadership must ensure that issues are framed properly to elicit the best thinking of board members, who are taking time from work, family, and friends to attend meetings. By eliciting opinions on the matters at hand, keeping the discussion on track, and moving matters along, the chair can help maximize members' participation. If board members become disinterested and inactive as a result of unproductive meetings, absences and resignations will shortly follow, and new candidates will hesitate to join a board known to have a lot of deadwood.

Carefully prepared meetings—where substantive issues are thoughtfully presented, discussed, and acted on—will, on the other hand, deepen board members' commitment, for they will see that their time and expertise are highly valued. The organization will have sent the message that their opinions matter, that they are important. Feeling appreciated is a basic human desire. Applying this principle to institutional development almost guarantees success.

7. Approve Budgets, and Determine and Monitor the Organization's Programs and Services

These tasks are the essence of a board's governance function. Boards will, correctly, devote substantial time to planning, but they must also make sure that the plans are being implemented properly, and must also address whether an organization has sufficient resources to carry out the plans they've developed. In its oversight capacity, a board must resist the temptation to

micromanage the organization. Not only does this blur the division of responsibilities between board and staff, it also sends a harmful message to the staff: "We don't trust your work." Additionally, involvement in administration and program activity distracts a board's attention from its primary governance and development responsibilities.

8. Select and Orient New Board Members

Nonprofit leadership must always be on the lookout for new board candidates for several reasons:

- No matter how active and committed a board may be, it will welcome the stimulation provided by a new board member's ideas, expertise, contacts, and enthusiasm.

- Few organizations consistently have the necessary complement of skills on their boards.

- As an organization's funding mix changes—from predominantly government and foundation sources to individual and corporate donors, for example—the board will need to recruit people with expertise and experience in personal solicitations and corporate fundraising.

- A board's numbers must be replenished continually: members' terms regularly expire, some members rarely attend meetings, and others may resign.

In seeking out new board members, organizations must avoid choosing people whose only qualification is that they share the same vision and values. They must instead reach out to the wider community to identify people with the expertise they need; if the candidates are not already sympathetic to their goals and values, the organization must then share with them the importance of their vision. This is the more productive approach to building a board.

Prospective board candidates with desired skills can be identified through other nonprofit organizations, including larger agencies, institutions, hospitals, universities, professional trade associations of fundraisers and public relations professionals, and even public relations and fundraising firms themselves.

Professionals in these fields certainly can strengthen your board of directors, but you should not be discouraged if you are unable to engage them as board members. What is important is that the board members you do recruit are committed to learning about fundraising. Raising funds from individuals and other philanthropic sources is a skill that can be learned and that may well develop into a deeply satisfying experience. Remind them that in asking for support, they also are giving a gift to the prospective donor: the opportunity to feel good about himself or herself by making a difference in the world.

Identifying Skills and Expertise

Just as a contractor secures the services of electricians, carpenters, plumbers, and bricklayers to build a house, the organizers of a new nonprofit venture should identify the tasks before them. Once again: it is the group's vision and mission that determine what those tasks are. Once the

tasks are defined, the organizers can then identify the skills and expertise needed by the board to get the work done. Candidates for board membership with these qualificaitons can be seen as belonging to one of three "clusters."

1. *Natural constituents.* Natural constituents are the people with whom you are working to bring about the changes that will directly improve their lives. This group clearly has the greatest practical investment in the work, and as a result, may well provide the passion and drive to inspire others to make similar commitments. This group often devotes the most time and energy to your efforts—again, because its stake in the group's success is high. Also, a board should reflect the people it represents in one way or another. In part, the passion that people bring to a board is fueled by their personal experience in dealing with the issue at hand. Bear in mind, too, that many foundations look for racial, ethnic, and gender diversity on the boards and staffs of organizations whose grant requests they are considering.

2. *People with program expertise.* People with program-related expertise in your field may or may not be immediately affected by your work. If, for example, you are establishing a public-interest law center or a women's health program, you would want experienced lawyers and medical practitioners on your board. For financial reasons, it's unlikely you'll be able to hire all the experts you need; including program experts on your board is a practical alternative. Assuredly, they must sympathize with your mission and be willing to support it. For example, the Long Island Mothers Against Drunk Driving (MADD) chapter has on its board a psychologist who also runs weekly victim support groups, as well as doctors, elected officials, and civic leaders who bring to the board specific and relevant areas of expertise. A good way to proceed in building your board is to identify the occupations that bear directly on your work. If your field is public-interest law, for example, your list should include lawyers, judges, law professors, and legal workers.

3. *People with nonprofit expertise.* The third cluster consists of people with skills pertinent to the general needs of nonprofit organizations. Such areas of expertise include:

   • Accounting (and other knowledge in fiscal matters)

   • Law, especially nonprofit corporation law

   • Fundraising and development

   • Marketing, communications, and public relations

   • Human resources and personnel

   • General management

   • Planning

   • New information technologies

Soliciting Board Membership:
Two Board Recruitment Stories (Successful and Otherwise)

Case 1

Several years ago, I was invited by letter to join the board of a well-respected organization in New York City, my hometown. Accompanying the invitation was an extensive packet of literature about the organization. They even enclosed an addressed and stamped reply envelope. After weighing their invitation for a week, I declined. Why?

I was naturally flattered, and initially receptive to the idea. Then I asked myself a practical question: "Why are they interested in me as a board member?" Sounds like common sense, doesn't it? I needed to know before I jumped in for "the good of the cause." While I was sure to derive some satisfaction from knowing that X organization was working on a matter close to my concerns, I considered the invitation further in the light of my own interests, which included

1. increasing my own knowledge of issues;

2. enjoying the company of like-minded people;

3. serving in a leadership capacity among my peers;

4. meeting new people;

5. broadening my experience to enhance my consulting skills.

I was unable to answer fully how participating on the board of this organization would match my interests. Also, no one from X organization took the trouble to contact me personally to ask if I had any questions. Working under the press of other matters, I chose not to contact them to suggest a meeting and merely declined their invitation.

- Accounting and fiscal expertise

- Advocacy and public policy

Unfortunately, too many nonprofit leaders do not recruit beyond their immediate circle of friends and acquaintances or do not go beyond the first cluster—natural constituents. They may suspect that professionals, and businesspeople in particular, will not be sympathetic to their pursuits. In response to these concerns, you should seek out likely prospective board candidates and discuss with them what your organization is about and what your needs are. You will then be in a better position to judge whether your initial concerns were well founded.

By keeping the three clusters before you, you will have a shopping list of the human resources you need for your organization to grow and prosper.

Case 2

Around the same time, I had the task of recruiting new fundraising committee members for an organization whose board I co-chaired. A fellow board member recommended someone who was skilled in areas our organization currently lacked. As a first step, I called up our prospect to suggest that we meet to discuss our organization's work and explore if she would serve on our fundraising committee. Before the meeting, I invited the executive director to join us and mailed our prospect a packet of our literature. At the meeting, we discussed our organization, its vision, and its values and explained in some detail why we thought our prospect could make a valuable contribution to our work. She thanked us for our invitation and promised us a decision shortly. Within ten days, she decided to join us and became an active and hard-working member of our committee.

Why did one organization fail while the other succeeded? Because in the second case, the approach was better prepared and more personal. It was clear that we had inventoried our own needs and given serious thought to the specific contributions she could make. Gratified by the worth we placed on her abilities, she also realized that she could derive good feelings and personal satisfaction from her involvement.

The obvious lesson of these two stories is that thoughtful approaches to potential board or committee candidates pay off. A second lesson is that the hardest workers in an organization are those who know that their talents are valued.

— Michael Seltzer

Finding Board Candidates

Once an organization has inventoried the skills and expertise needed by the board, it needs to identify candidates for board members. Here are a number of methods for finding qualified prospects:

1. Approach local corporations and businesses. Contact the department responsible for community relations, human resources, public affairs, or charitable contributions to see if there is an employee recruitment program to match employees with community service opportunities.

2. Approach your local Volunteer Action Council or its counterpart, or any other agencies that specialize in recruiting volunteers.

3. Seek out the advice of local funders, such as foundation staff, United Way officials, and government officials who have an interest in your field of endeavor.

4. Contact executive directors and board officers of large, established nonprofit institutions in your community, as well as of those whose efforts are similar to yours, for their suggestions.

5. Speak to religious leaders in your locale to see if they can recommend any candidates, particularly from their own congregations.

6. Include in any promotional and membership materials pleas for volunteers with the specific skills you are seeking.

7. Ask for volunteers at any canvassing efforts, open houses, special events, and benefits that your organization sponsors.

8. Check with local chapters of professional trade associations such as the Bar Association, Chamber of Commerce, and Public Relations Society.

9. Discuss your needs with representatives of civic groups, such as Kiwanis, Soroptomists, Hadassah, Junior League, Rotary, Lions, Jaycees, and the like.

10. Find out if any hospitality organizations, such as Welcome Wagon, exist in your community, and if so, inform them of your needs. They very often provide the first contacts for a community's newcomers, who are potential recruits for civic efforts.

The process of identifying, cultivating, and soliciting individuals for board membership is virtually the same as the fundraising process. It's also the same as the process for securing pro bono work, soliciting chairs and committees for special fundraising events, recruiting advisory committee members, and virtually any other activity that involves people. The factors common to all these activities are thoughtful planning, identifying how the person being approached will benefit, being clear about your expectations, and considerate, efficient communication.

Plato might not have been referring to nonprofit boards when he said, "The beginning of the work is the most important part." But his words give additional weight to the importance of telling prospective board members—during your first serious discussion—what will be expected. Providing a prospective candidate with a written description of what his specific responsibilities would be is essential. A written description not only helps a prospect decide whether to continue or end his or her candidacy, but it also should amount to an informal contract should the candidate eventually join the board.

After a candidate agrees to undertake the outlined responsibilities, he or she should be invited to work with the organization for a time to make sure the fit is right for both parties. If it is, the candidate can then be recommended by the nominating committee to the board, which will vote on the candidate.

9. Enhance the Organization's Public Image

Board members may be called on to appear in public on behalf of the organization at fundraising events, conferences, rallies, seminars, and the like. These are wonderful opportunities for members to demonstrate the group's talents and expertise, and to enhance the organization's public profile.

Directors' and Officers' Insurance

Directors and officers of nonprofit organizations, like their corporate counterparts, are occasionally the subjects of lawsuits. Commercial liability insurance does not normally protect the board members against such allegations as wrongful termination or discrimination in hiring practices. Nonprofits are, therefore, strongly advised to purchase Directors' and Officers' Insurance to provide protection against allegations of wrongdoing, especially in regard to employment practices. This form of insurance will cover all past, present, and future directors and officers, volunteers, trustees, committee members, and the nonprofit entity itself. Premiums in 1999 were roughly $1,000 per $1 million of coverage; policies can be purchased from insurance brokers or over the Internet from various providers (search words: directors officers insurance).

10. Evaluate the Board's Own Performance

The board of directors of a nonprofit organization evolves and changes over time, even as the organization itself progresses through its own life cycle. Often, a start-up nonprofit will rely on board members to engage directly in the operation of the organization until staff resources are developed. The nature of the board's work then typically shifts to policy, strategy, and infrastructure development, with an executive and staff handling the management and administrative functions of the organization. Because this delineation of responsibilities is not always clear, it is essential that board and staff functions be spelled out precisely. Only in this way will it be possible to evaluate the board's performance fairly.

Ensuring adequate orientation of new board members and maintaining communication between the board and the executive director are prerequisites to any serious board evaluation effort. Evaluating the effectiveness of one's board requires a clear understanding of what is generally expected of its members.

The objective of board evaluations should be to identify ways of best utilizing the time and resources that members bring to the organization, and to understand better how to make the experience of leading the organization as rewarding as possible for those who volunteer their time. However, evaluations do not substitute for the solid orientation of board members, and should not be viewed as opportunities to educate or steer boards; this should be accomplished through more direct means of communication.

Boards must not only monitor a nonprofit's programs and finances; they must also encourage and enforce a culture of nondiscrimination, personal dignity, and freedom from any form of harassment. They must make sure that procedures have been created to address complaints both within and outside the organization relating to discrimination and, specifically, sexual harassment. While staff leadership must make sure that a group's day-to-day work is free of any hint of discrimination or harassment, the board is the court of last resort for resolving issues arising from either. The board may designate a personnel committee to address these areas, or it may act

Conflict-of-Interest Policy

It is prudent for nonprofits to establish a conflict-of-interest policy to prevent situations from developing where board members appear to have derived personal profit or gain from their involvement. Such a policy may require that board members disclose their affiliations with other agencies or organizations, and may require members with such affiliations to refrain from participating in decisions involving the affiliated agency. An organization's conflict-of-interest policy can be applied to board members, staff, consultants, and volunteers.

Here is a sample conflict-of-interest policy:

This conflict of interest policy is designed to help directors, officers and employees of the [ORGANIZATION NAME] identify situations that present potential conflicts of interest and to provide [ORGANIZATION NAME] with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though a director, officer or employee has or may have a conflict of interest with respect to the transaction. The policy is intended to comply with the procedure prescribed in Minnesota Statutes, Section 317A.255, governing conflicts of interest for directors of nonprofit corporations. In the event there is an inconsistency between the requirements and procedures prescribed herein and those in section 317A.255, the statute shall control. All capitalized terms are defined in Part 2 of this policy.

1. Conflict of Interest Defined. For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

Outside Interests.

    (i) A Contract or Transaction between [ORGANIZATION NAME] and a Responsible Person or Family Member.

    (ii) A Contract or Transaction between [ORGANIZATION NAME] and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative.

Outside Activities.

    (i) A Responsible Person competing with [ORGANIZATION NAME] in the rendering of services or in any other Contract or Transaction with a third party.

    (ii) A Responsible Person's having a Material Financial Interest in; or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative of, or consultant to; an entity or individual that competes with [ORGANIZATION NAME] in the provision of services or in any other Contract or Transaction with a third party.

Gifts, Gratuities and Entertainment. A Responsible Person accepting gifts, entertainment or other favors from any individual or entity that:

(i) does or is seeking to do business with, or is a competitor of [ORGANIZATION NAME]; or

(ii) has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from [ORGANIZATION NAME];

(iii) is a charitable organization operating in Minnesota;

under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of [ORGANIZATION NAME].

2. Definitions.

A. "Conflict of Interest" is any circumstance described in Part 1 of this Policy.

B. "Responsible Person" is any person serving as an officer, employee or member of the Board of Directors of [ORGANIZATION NAME].

C. "Family Member" is a spouse, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.

H. "Material Financial Interest" in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person's or Family Member's judgment with respect to transactions to which the entity is a party.

E. "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of pecuniary relationship, or review of a charitable organization by [ORGANIZATION NAME]. The making of a gift to [ORGANIZATION NAME] is not a Contract or Transaction.

3. Procedures.

A. Prior to board or committee action on a Contract or Transaction involving a Conflict of Interest, a director or committee member having a Conflict of Interest and who is in attendance at the meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting.

B. A director or committee member who plans not to attend a meeting at which he or she has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.

C. A person who has a Conflict of Interest shall not participate in or be permitted to hear the board's or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his or her personal influence with respect to the matter, either at or outside the meeting.

D. A person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote. The person having a conflict of interest may not vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of [ORGANIZATION NAME] has a Conflict of Interest when he or she stands for election as an officer or for re-election as a member of the Board of Directors.

E. Responsible Persons who are not members of the Board of Directors of [ORGANIZATION NAME], or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board or committee action, shall disclose to the Chair or the Chair's designee any Conflict of Interest that such Responsible Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Responsible Person. The Responsible Person shall refrain from any action that may affect [ORGANIZATION NAME]'s participation in such Contract or Transaction.

In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the Chair or the Chair's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.

4. Confidentiality.   Each Responsible Person shall exercise care not to disclose confidential information acquired in connection with such status or information the disclosure of which might be adverse to the interests of [ORGANIZATION NAME]. Furthermore, a Responsible Person shall not disclose or use information relating to the business of [ORGANIZATION NAME] for the personal profit or advantage of the Responsible Person or a Family Member.

5. Review of policy.

A. Each new Responsible Person shall be required to review a copy of this policy and to acknowledge in writing that he or she has done so.

B. Each Responsible Person shall annually complete a disclosure form identifying any relationships, positions or circumstances in which the Responsible Person is involved that he or she believes could contribute to a Conflict of Interest arising. Such relationships, positions or circumstances might include service as a director of or consultant to a nonprofit organization, or ownership of a business that might provide goods or services to [ORGANIZATION NAME]. Any such information regarding business interests of a Responsible Person or a Family Member shall be treated as confidential and shall generally be made available only to the Chair, the Executive Director, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy.

C. This policy shall be reviewed annually by each member of the Board of Directors. Any changes to the policy shall be communicated immediately to all Responsible Persons.

as a whole. Many mature organizations do not have separate personnel committees, but new and developing nonprofits should consider creating such a committee to develop personnel policies and procedures, and to ensure that these are clearly stated in an up-to-date manual. In any event, board and personnel committee members must be careful not to undermine the authority of the chief executive in these areas.

Tips

- It is essential that prospective board members be told what is expected of them before they are proposed for election. Asking people to join the board without providing a "job description" is sure to create an ineffective board.

- Build a board slowly; doing so actually accelerates the work of an organization if supportive, active members are chosen as a result. Proceeding carefully can provide the necessary time for learning why an individual wants to become a board member, and deciding whether their agenda is compatible with your culture, vision, and mission.

- Cultivate board members continually. Do not assume that once members are elected to the board, they don't need nurturing; in most cases, their participation and giving depends on it. Make sure you know what benefits they expect to derive from membership, and if their work warrants it, make sure to deliver those benefits.

Additional Resources

Publications

Abbey, Leslie A. *Corporate Governance: A Guide for Not-for-Profit Corporations.* New York: Lawyers Alliance for New York, 1996. 50 p.

Designed to assist managers and directors of New York nonprofits in complying with the New York Not-for-Profit Corporation Law. Sections cover the purpose and content of corporate documents including the certificate of incorporation, by-laws, resolutions, minute book, and the corporate seal; an overview of the structure of nonprofit corporations including the roles of members, directors, officers, and staff; and a discussion of the duties and potential liabilities of the board of directors.

Andringa, Robert C., and Ted W. Engstrom. *Nonprofit Board Answer Book: Practical Guidelines for Board Members and Chief Executives.* Washington, DC: National Center for Nonprofit Boards, 1997. viii, 197 pages.

Written in question-and-answer format, provides basic information about the functions, structure, tasks, and selection of nonprofit boards. Indexed.

Axelrod, Nancy R.; Centro Mexicano para la Filantropia. El papel que juega un director ejecutivo en la conformacion y desarrollo del consejo directivo en las organizaciones sin fines de lucro = The chief executive's role in developing the nonprofit board [in Spanish]. Spanish edition. Washington, DC: National Center for Nonprofit Boards, 1997. 23 p.

Bernstein, Philip. *Best Practices of Effective Nonprofit Organizations: A Practitioner's Guide.* New York, NY: The Foundation Center, 1997. vii, 183 p.
    Identifies and explains the organizational processes adopted by successful nonprofits.
    Topics covered include defining purposes and goals, creating comprehensive financing
    plans, evaluating services, and effective communication.

Bonavoglia, Angela. *The Trustee Connection: Making a Difference.* New York: Women and Foundations/Corporate Philanthropy (Far From Done Reports; No. 6), 1994. 36 pages.
    Presents a detailed account of women and foundation trustees, based on in-depth personal
    interviews with seventeen women trustees of various foundations representing different
    regions, ages, backgrounds, races, classes, ethnicities, and types of foundations. Provides
    insight into the workings and thinkings of a seldom-studied but highly influential group.
    With bibliography and resource list.

Bowen, William G. *Inside the Boardroom: Governance By Directors and Trustees.* New York: John Wiley & Sons, 1994. xx, 184 p.
    The author, who has served on the boards of six prestigious nonprofit institutions as well
    as high-profile business organizations, explores the role of the board of directors in
    nonprofit and for-profit organizations, and offers recommendations on how boards can
    better serve the interests of their organizations and stakeholders. Appendices include
    presumptive norms and capsule profiles of selected organizations. With bibliographical
    references and index.

Brudney, Jeffrey L., and Vic Murray. "Do Intentional Efforts To Improve Boards Really Work? The Views of Nonprofit CEOs." *Nonprofit Management & Leadership* 8 (Summer 1998): 333–348.
    Based on a survey of more than 3,000 Canadian nonprofit organizations (851 returns were
    received), the authors identify some of the factors that lead nonprofits to implement
    changes in their boards. With bibliographic references.

Carver, John. *Boards that Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations.* 2nd ed. San Francisco: Jossey-Bass Publishers (Nonprofit and Public Management Series), 1997. xxiv, 241 p.
    Orients board members to their role as strategic leaders, emphasizing the necessary aspects
    of governance: making policy, articulating the organization's mission, and sustaining its
    vision. Helps boards to concentrate their energies on the overall purpose of their
    organization and guides them in working with managers to accomplish that purpose.
    Presents procedures for evaluating the executive staff, delegating authority to management,

making decisions as a board, and establishing bylaws for the board's self-governance. Bibliographical references.

Carver, John, and Miriam Mayhew Carver. *Reinventing Your Board: A Step-By-Step Guide To Implementing Policy Governance.* San Francisco: Jossey-Bass Publishers (Nonprofit and Public Management Series), 1997. xxi, 232 p.
    Provides practical advice to implement the theoretical framework outlined in the author's work "Boards that Make a Difference." At the core of the program is the creation of a set of policies for governance of an organization, and achievement of board and staff commitment to those policies. Numerous sample policy documents are provided. Indexed.

Chait, Richard, Thomas Holland, and Barbara E. Taylor. *Improving the Performance of Governing Boards.* Phoenix, AZ: Oryx Press (American Council on Education/Oryx Press Series on Higher Education), 1996. xiv, 161 p.

Connors, Tracy Daniel, ed. *The Nonprofit Handbook: Management.* 2nd ed. New York: John Wiley & Sons (Nonprofit Law, Finance, and Management Series), 1997. xxi, 809 p.
    This handbook is a comprehensive reference guide to the policies and procedures shared by a great majority of small- and medium-sized nonprofit organizations. Contains drafts of policies and procedures as well as sample plans, forms, records, and reports. Divided into four parts: Interactive Strategic Planning, Quality Management, and Leadership; Human Resources; Communication, Fund Raising, and Information Management; and Accounting, Finance, and Legal Issues. Includes bibliographic references, a glossary, and an index.

Daley, John M., F. Ellen Netting, and Julio Angulo. "Languages, Ideologies, and Cultures in Nonprofit Boards." *Nonprofit Management & Leadership* 6 (Spring 1996): 227–240.
    Examines three types of languages that are dominant within the board of directors of nonprofit human services agencies: mission, operations, and manners. Suggests that these languages are connected to values and express ideology.

Dart, Ray, Pat Bradshaw, Victor Murray, and Jacob Wolpin. "Boards of Directors in Nonprofit Organizations: Do They Follow a Life-Cycle Model?" *Nonprofit Management & Leadership* 6 (Summer 1996): 367–379.
    Uses data from a survey of Canadian nonprofit organizations to empirically test the life-cycle model of a nonprofit's board of directors. Suggests that while formal structural elements of board behavior change in the manner suggested by life-cycle models, the more behavioral aspects of nonprofit boards do not.

Donovan, James A. *Fifty Ways to Motivate Your Board: A Guide for Nonprofit Executives.* Orlando, FL: Donovan Management, 1997. 108 p.

Dorsey, Eugene C.; Centro Mexicano para la Filantropia. El papel que desempena el presidente del consejo directivo en las organizaciones sin fines de lucro = The role of the board chairperson [in Spanish]. Spanish edition. Washington, DC: National Center for Nonprofit Boards, 1997. 27 p.
Spanish translation of "The Role of the Board Chairperson," originally published in 1992.)

Firstenberg, Paul B. *The Twenty-First Century Nonprofit: Remaking the Organization in the Post-Government Era.* New York: The Foundation Center, 1996. xxii, 247 p.
Provides a road map for organizations seeking to enhance their performance both in program design and execution and in achieving financial health. Encourages managers to: adopt the strategies developed by the for-profit sector in recent years; expand their revenue base by diversifying grant sources and exploiting the possibilities of for-profit enterprises; develop human resources by learning how to attract and retain talented people; and explore the nature of leadershipages. Provides profiles of three nonprofit CEOs: McGeorge Bundy, William G. Bowen, and Joan Ganz Cooney. Includes bibliographic references and index.

Fram, Eugene H., and Judy Withers. "Conflict of Interest in the Board Room?" *Nonprofit World* 17 (March–April 1999): 19–21.

Frank, Everett, and Karen Simmons. "Board Chair Succession: A Plan that Keeps Your Organization Running." *NonProfit Times* 12 (March 1998): 17, 24.

Frantzreb, Arthur C. *Not On This Board You Don't: Making Your Trustees More Effective.* Chicago: Bonus Books, 1997. x, 255 p.
Gives an overview of the board member's role. Chapters cover the mission of governance, ministry of philanthropy, motivation of giving, management process, and methods of accountability. Includes bibliography and index.

Fry, Robert P., Jr. *Creating and Using Investment Policies: A Guide for Nonprofit Boards.* Washington, DC: National Center for Nonprofit Boards, 1997. 24 p.
Guides nonprofit board members through the basics of investing and formulating investment policies for their organizations. Provides sample investment policies. Includes glossary and bibliography.

Gruber, David A. "Financial Reporting: Vital Tools for Board Members." *NonProfit Times* 13 (April 1999): 37, 58.
Lists several financial reports that board members might find useful for effective stewardship of an organization.

Harrison, Bill J. "When Board Members Don't Give." *Fund Raising Management* 29 (May 1998): 14–17.
Examines methods for dealing with board members who don't contribute as much as they might.

Harrison, Bill J. "Your Board Members Must Be Donors." *501(c)(3) Monthly Letter* 17 (September–October 1997): 1, 3.

    Many nonprofit organizations have board members who do not make financial contributions to their organizations, but the author posits that financial support is the principal goal of board members.

Harrow, Jenny, and Paul Palmer. "Reassessing Charity Trusteeship in Britain? Toward Conservatism, Not Change." *Voluntas* 9 (June 1998): 171–185.

    Assesses the changing nature of the governance role of trustees in Great Britain, presenting seven types of trustees and their predominant behavior or attitude regarding their relationship to the charity. With bibliographic references.

Herman, Melanie L., and Leslie T. White. *Leaving Nothing to Chance: Achieving Board Accountability Through Risk Management.* Washington, DC: National Center for Nonprofit Boards, 1998. 34 p.

Herman, Melanie L., and Leslie T. White. *D & O: What You Need To Know.* Washington, DC: Nonprofit Risk Management Center, 1998. 76 p.

    Answers the most frequently asked questions about liability protection for directors and officers of nonprofit organizations. Briefly discusses risk management, then outlines the legal duties of board members (though state laws differ) and suggests specific steps nonprofit administrators should take to monitor their exposure to risk. Technical descriptions of the elements of directors' and officers' (D & O) insurance are provided, with citations from actual policy forms. Includes glossary.

Herrington, J. Bryce. *The Nonprofit Board's Role in Establishing Financial Policies.* Washington, DC: National Center for Nonprofit Boards, 1996. 31 p.

Hirzy, Ellen Cochran. *The Chair's Role in Leading the Nonprofit Board.* Washington, DC: National Center for Nonprofit Boards, 1998. 16 p.

    A board chair must bring vision, objectivity, decisiveness, energy, and commitment to the position. Outlines ten essential tasks the chair should do in order to create and sustain an effective board. With bibliographic references.

Holland, Thomas P. "Strengthening Board Performance: Findings and Lessons from Demonstration Projects." *Nonprofit Management & Leadership* 9 (Winter 1998): 121–134.

    Reports findings from a multi-year study of the boards of twenty-four nonprofit organizations. The study used a control group design to assess the impact of interventions intended to improve the performance of the participant boards. Over a three-year period, ten boards received developmental interventions, and the other fourteen served as controls, receiving no interventions. It was found that the experimental group demonstrated marked improvements, while the comparison group did not. The study revealed that some of the obstacles to improving board performance are unfocused expectations, lack of clarity and

accountability, and resistance to trying new approaches. The research underscores the importance of engaging board members in creating their own development program, formulating their own goals for the board, and periodically evaluating their progress. Methods of reforming board governance structures and procedures are discussed. With bibliographic references.

Howe, Fisher. *The Board Member's Guide to Strategic Planning: A Practical Approach to Strengthening Nonprofit Organizations*. San Francisco: Jossey-Bass Publishers (Nonprofit Sector Series), 1997. xiii, 114 p.

Howe, Fisher. *Fund-Raising and the Nonprofit Board*. 2nd ed. Washington, DC: National Center for Nonprofit Boards, 1998. 16 p.
   Examines five key principles of fundraising as they pertain to nonprofit board members. These principles explain why board members must be involved in fundraising in order to be truly effective. The first principle states that the board alone is ultimately responsible for attracting funding resources to ensure the financial viability of the organization and its programs. The second principle clarifies the motivations of donors, explaining them as natural processes. The third principle involves the importance of the case statement to successful fundraising. Board members should be involved in preparing this statement, and should be able to explain the case persuasively to prospective donors. The fourth principle urges every board member to employ his or her own skills and interests in support of the fundraising effort. And the fifth principle examines ways to motivate board members to actively fulfill their fundraising responsibilities. Includes a board member's fundraising checklist, and a brief bibliography.

Hughes, Sandra R. *To Go Forward, Retreat!: The Board Retreat Handbook*. Washington, DC: National Center for Nonprofit Boards, 1999. 36 p.

Hughes, Sandra R., Berit M. Lakey, Marla J. Bobowick. *The Board Building Cycle: Nine Steps To Finding, Recruiting, and Engaging Nonprofit Board Members*. Washington, DC: National Center for Nonprofit Boards, 2000. 52 p.
   Includes a computer disk with sample worksheets, evaluation surveys, and other items for prospective and current board members.

Jackson, Douglas K., and Thomas P. Holland. "Measuring the Effectiveness of Nonprofit Boards." *Nonprofit and Voluntary Sector Quarterly* 27 (June 1998): 159–182.
   Authors offer evidence that the Board Self-Assessment Questionnaire (BSAQ), which they developed based on earlier research, provides "reliable, valid, and sensitive measures" of nonprofit board effectiveness and performance. The BSAQ, composed of sixty-five questions, was administered to 623 board members in thirty-four nonprofits. The questionnaire is reprinted. Includes bibliographic references.

Johnston, Janis, ed. *Turning Vision into Reality: What the Founding Board Should Know about Starting a Nonprofit Organization.* Washington, DC: National Center for Nonprofit Boards, 1999. 38 p.

Kile, Robert W., J. Michael Loscavio, and Jamie Whaley, ed. *Strategic Board Recruitment: The Not-for-Profit Model.* Frederick, MD: Aspen Publishers, 1996. xv, 141 p.
Intended to explain the process, systems, and techniques used by executive search professionals in order to illuminate effective board recruiting strategies. Suggests an eight-step process: 1) assembling the board development team; 2) assessing the organization's needs; 3) developing board position profiles; 4) scripting the organization's story; 5) researching candidate sources; 6) developing third-party referral networks; 7) contacting and meeting candidates; and 8) evaluating and selecting new board members.

Lansdowne, David. *Fund Raising Realities Every Board Member Must Face: A One-Hour Crash Course On Raising Major Gifts for Nonprofit Organizations.* Medfield, MA: Emerson & Church, 1997. 109 p.

Leifer, Jacqueline Covey, and Michael B. Glomb. *The Legal Obligations of Nonprofit Boards: A Guidebook for Board Members.* Washington, DC: National Center for Nonprofit Boards, 1997. 38 p.

Maiers, Randy. "Selection Process: The Business Approach to Nominating." *NonProfit Times* 13 (April 1999): 41–42.
Lists seven strategies used by for-profit entities, but rarely used by nonprofits, for selecting potential board candidates.

Maron, Rebecca M. "Self-Assessment: A Remedy for Dysfunctional Board Behaviors." *Association Management* 49 (January 1997): 51–53.
Provides a questionnaire and suggestions for improving a board's internal processes.

Martinelli, Frank. "The Board of Directors: Foundation for Success." *New Directions for Philanthropic Fundraising* 20 (Summer 1998): 25–43.
Wisdom about the responsibilities of nonprofit boards, specifically within the smaller organization, with suggestions for how to deal with common pitfalls. Explains the roles of board committees, such as the executive committee and the fundraising committee. Recommends assessment of board members' performance, as well as their self-evaluation, and provides a sample form. With bibliographic references.

Martinelli, Frank. "Encouraging Visionary Board Leadership." *Nonprofit World* 16 (July–August 1998): 11–14.
Provides a list of eight characteristics possessed by visionary leaders, seven barriers to visionary leadership, and details five key strategies necessary for building effective visionary leadership.

Masaoka, Jan. *All Hands on Board: The Board of Directors in an All-Volunteer Organization.*
Washington, DC: National Center for Nonprofit Boards, 1999. 22 p.
     Concise information specific to governance of an all-volunteer organization (AVO), with
     checklists, suggested readings, and resource list.

Mathiasen, Karl, and Teresa Santos, trans. Centro Mexicano para la Filantropia. El Consejo
En Transicion: Tres Momentos Claves En El Ciclo De Vida Del Consejo Directivo = Board
Passages: Three Key Stages in a Nonprofit Board's Life Cycle [in Spanish]. Washington, DC:
National Center for Nonprofit Boards, 1997. 27 p.

Michalko, Michael. "Seven Creative Ways To Energize Your Board Meetings." *Nonprofit
World* 16 (May–June 1998): 11–12.

Miller, Barbara. "Creative Brainstorming with Your Board." *Fund Raising Management* 27
(January 1997): 18–20.
     Advocates that fundraising professionals hold at least two brainstorming sessions a year
     with their board of directors to generate ideas and ease frustration.

Miller, Judith L., Kathleen Fletcher, and Rikki Abzug. *Perspectives on Nonprofit Board
Diversity.* Washington, DC: National Center for Nonprofit Boards, 1999. 35 p.

Moyers, Richard L. "Making Plans for the Board of the Future." *NonProfit Times* 13 (July
1999): 21–22.
     The changes in trends of board leadership are outlined and discussed.

Moyers, Richard L., ed. "Building a Bold New Board: Matching Mission with Minds." *Board
Member* 8 (January 1999): 10–13.

Murray, Vic. "Improving Board Performance." *Philanthropist/Le Philanthrope* 13 (January
1997): 33–37.
     Presents a review of what it takes to create effective boards for nonprofit organizations.
     Identifies the main factors affecting a board's operation. Gives typical problems that can
     arise and various approaches to handling them.

National Center for Family Philanthropy. *The Trustee Notebook: An Orientation for Family
Foundation Board Members.* Washington, DC: National Center for Family Philanthropy,
1999. ix, 83 p.
     An introduction to managing a foundation for those new to the field. Explains what
     trustees must do and cannot do, how to be an effective grantmaker, how to develop the
     board, how to ensure public accountability, among other issues. Provides several resource
     lists, and sample forms and policies related to grantmaking and board membership.

National Center for Nonprofit Boards. *Self-Assessment for Nonprofit Governing Boards: User's Guide and Questionnaire.* rev. ed. Washington, DC: National Center for Nonprofit Boards, 1999. 59 p.

> Discusses how self-assessment strengthens a board and the organization it governs, provides advice on administering the enclosed questionnaire, and describes how to interpret questionnaire responses. Also provides guidance on implementing a self-assessment retreat. Includes questionnaire/checklist, worksheets, and suggested resources. The set includes multiple copies of the questionnaire.

National Center for Nonprofit Boards; Suarez, Ray (narrator). *Meeting the Challenge: An Orientation to Nonprofit Board Service* [video]. Washington, DC: National Center for Nonprofit Boards, 1998. 35 minutes.

> Covers four critical areas of board responsibility: mission, oversight, resources, and outreach. With accompanying user guide.

Newman, Raquel H. "Handling a Troublesome Trustee." *Fund Raising Management* 28 (April 1997): 22–23.

O'Connell, Brian. *The Board Member's Book: Making a Difference in Voluntary Organizations.* 2nd ed. New York: The Foundation Center, 1993. 198 p.

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    Provides a self-assessment test for board members.

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    Sets forth eight initiatives that chief executive officers can take to develop and work effectively with their governing boards. The strategies recommended by the author include: 1) exercise authority; 2) maintain a healthy and mutually supportive relationship with the board chairperson; 3) encourage leadership; 4) participate in board recruitment; 5) provide thorough orientation for new board members; 6) plan and hold effective board meetings; 7) practice good communication; and 8) advocate and help plan board retreats or special workshops, including periodic board self-study sessions of its responsibilities, membership, organization, and performance. With bibliographic references.

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  Based on interviews conducted by the author, the book is directed to executive directors, board chairs, and board committee chairmen. Tebbe outlines five key roles, five success traits, and lessons for nonprofit boards. Case studies of twenty organizations are presented. Each case study focuses on a key challenge faced by the organization, and describes how the board was involved.

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Volunteer Consulting Group. *The Board Marketplace Program: A Community Action Plan To Bridge the Gap Between Nonprofit Boards and Potential Board Members.* New York: Volunteer Consulting Group, 1998. x, looseleaf pages.

> A Board Marketplace Program (BMP) is a community-wide initiative that opens two-way communication between local boards and people who wish to serve on them. This manual outlines the steps for establishing a program, and supplies worksheets and samples to facilitate the process.

Wagner, Lilya, and Mark A. Hager. "Board Members Beware: Warning Signs of a Dysfunctional Organization," *Nonprofit World* 16 (March–April 1998): 18–21.

Weisman, Carol E., comp. and ed. *Secrets of Successful Boards: The Best from the Non-Profit Pros.* St. Louis, MO: F. E. Robbins & Sons Press, 1998. 192 p.

> Various writers contribute chapters on topics including board meetings, strategic planning, legal issues, relationship with the executive director, volunteers, and use of the Internet.

Wood, Miriam M., ed. *Nonprofit Boards and Leadership: Cases On Governance, Change, and Board-Staff Dynamics.* San Francisco: Jossey-Bass Publishers (Nonprofit Sector Series), 1996. xviii, 246 p.

> Contains thirteen cases based on real-life issues in governance and leadership encountered by nonprofit board members, executive directors, presidents, and consultants. Questions for discussion and an annotated interdisciplinary bibliography are included at the end of each case. The cases are divided into three sections covering the role of external stakeholders in governance, complexities in the board-staff relationship, and interpreting mission and accountability. Includes index.

Internet

To get to the following links, go to: www.clark.net/pub/pwalker/
General_Nonprofit_Resources/Oversight_Groups

Council of Better Business Bureaus, Inc.

> Now on-line; includes a Directory of Better Business Bureaus. It also includes on-line information about charities. This site is growing quickly and provides a wealth of information.

The Internet Nonprofit Center (www.nonprofits.org)

> Provides a sample conflict-of-interest policy and links to other samples, as well as sample position descriptions for board president, chairperson, chief voluntary officer, and vice president/vice chair.

Mississippi State University Extension Servic (www.xt.msstate.edu/pubs)

> Provides staff position descriptions and sample job descriptions for board officers provided by the Support Center of San Francisco.

The National Center for Nonprofit Boards (www.ncnb.org/main.htm)

The National Center for Nonprofit Boards (NCNB) is dedicated to increasing the effectiveness of nonprofit organizations by strengthening their boards of directors. Through its programs and services, NCNB provides solutions and tools to improve board performance, acts as convener and facilitator in the development of knowledge about boards, promotes change and innovation to strengthen governance, and serves as an advocate for the value of board service and the importance of effective governance.

Volunteer's Legal Handbook: (www.ptialaska.net/~jdewitt/vlh)

Details on the legal liabilities of nonprofit organizations, including tax regulations, reporting requirements, and screening of volunteers.