



Be an Effective Board Member



READY to go
Mobile Guide

Learn the basics of how a nonprofit board operates and your role(s) and responsibilities as a board member.



Roles

What is a Nonprofit Board and What Does it Do

The board of directors is the governing body of the nonprofit. Because nonprofits are publicly owned, a board of directors serves to represent the interests of the organization as its legal voice and to guide its strategic direction. A board of directors leads organizations through important tasks and decisions.

Roles of the Individual

As a board member, individual members are bound by the legal and ethical duties of care, loyalty and obedience.

Care

The duty of due care chiefly requires that you act with common sense and informed judgment when making a decision on behalf of the organization and its beneficiaries. The standard of care is that which “an ordinarily prudent person in a like position would use under similar circumstances.”

Loyalty

The duty of loyalty is fundamentally about putting the interests of the organization before the interests of any individual or entity. You must make decisions you believe to be in the best interests of the organization and be fair in your dealings with the nonprofit, and must not seek to benefit personally from the activities or resources of the nonprofit.

Obedience

The duty of obedience holds board members responsible for keeping the organization on course. As a board member, you must be faithful to the nonprofit organization’s mission, follow the organization’s governing documents, and comply with state and federal laws.



Roles of the Collective

As a collective, the board's most significant role is guiding the nonprofit forward and ensuring its success.

Governance

The board's role in governance of the nonprofit focuses on two key areas: achieving the organization's mission and ensuring the viability of the organization. The board should adopt and practice processes for making and implementing decisions that are in the best interests of the organization and will advance its mission. Additionally, the board should have a system for analyzing effectiveness and establishing accountability.

Steward Mission

The board's stewardship role requires that they keep the organization focused on its mission. This means that your mission and vision are well understood by all board members, staff, and volunteers and that the organization's goals and strategies will make meaningful progress toward achieving the mission. Some questions you can ask yourself to determine if the nonprofit you serve is mission-centric include:

1. Is our mission statement concise and inspiring to stakeholders?
2. Are our revenue sources in line with the nonprofit's mission and values?
3. Are new board recruits passionate about our mission?
4. Do we choose the mission-serving option over the easy one?
5. How do we forecast and plan for change to avoid the temptation to broaden or change our focus?

Ambassador

Your organization's reputation is one of its most vital and valuable resources. As a board member you have a responsibility to maintain the trust of your stakeholders, beneficiaries, and the greater community. Being an ambassador takes this responsibility a step further and means you are helping people become closer to the nonprofit by sharing your connection to the mission, experience with the organization, and how they can get involved.

Some simple ways to be an ambassador include:

- Attend the nonprofit's functions, bring friends, and network with attendees
- Engage with your nonprofit's social media profiles to increase its visibility and reach
- Contribute to the organization's newsletter and encourage your contacts to join the mailing list
- Participate in fundraising efforts by hosting tours with donors or writing thank-you notes
- Speak publicly about your nonprofit to community and service groups
- Make an annual financial gift of an amount that is meaningful to you

Board/Staff Relationship

Authority is Collective

The authority of the board to take action on behalf of the organization is exercised collectively. This means that board members have no inherent individual authority or power. Some organizations are big enough to have committees that work outside of board meetings. The leaders of these committees must make reports to the whole board and have the board vote upon and approve important decisions. Board members must not act unilaterally or actively work against the decisions made by the collective.

Government vs. Management

In most nonprofits, the board of directors takes on the role of governance and management of the daily operations is the responsibility of the staff. In the simplest terms, the board of directors envisions the future of the organization and the executive director operationalizes that vision.

Expectations of the Executive Director

In working with an executive director, the board can expect this senior leader to manage the day-to-day responsibilities of the organization, including managing staff and volunteers, overseeing program implementation, managing budgets, and maintaining open lines of communication with the board.

Executive Director's Expectations of the Board

The executive director reports directly to the board and can expect the board to provide clear strategic direction, approval of reports and annual budgets, accountability in performing their governance function, and adequate supervision of the executive director's performance.





Responsibilities

Responsibility of Individuals

Individual board members cannot adequately perform in their role without taking responsibility for the following:

Active Participation

Properly fulfilling your duties as a board member requires that you must be active in organizational management. In practice, this means showing up to meetings prepared, asking questions to inform your judgement, reviewing the performance of the executive director, and protecting the organization from theft or mismanagement, among other activities.

Reasonable Inquiries

Before making any decision, board members should request and obtain all necessary background information and reports to promote informed decisions. You should use your own best judgment in voting and not be afraid to ask questions.

Engage Services of a Professional

You should be able to reasonably rely on information from the organization's staff, its lawyer, accountant, and any other outside advisors to fulfill your responsibilities as a board member. In working to mitigate risk on behalf of the organization, the board has the right, if necessary, to engage the services of outside advisors at the organization's expense to assist it with a particular matter.



Responsibility of the Collective



What specific actions are required of the board to exercise its role in guiding the organization?

Board Development

A vital responsibility of the board is their own self-assessment. You should have at least an annual opportunity to provide feedback, identify areas for improvement, consider additional supports, and hold each other accountable.

Manage the Chief Executive

The board of directors is responsible for hiring and, if necessary, removing the executive director. They are also responsible for supervising the performance of the executive director, evaluating that individual's performance, and setting their compensation.

Bylaws, Policies, and Reports

The board is responsible for ensuring the completion of governance tasks such as adopting and amending the bylaws, approving budgets and reports, reviewing and authorizing organizational and personnel policies, and establishing checks and balances.

Fiscal Health and Adequate Resources

Being accountable for the organization's success means ensuring that it is fiscally healthy and has adequate resources. Therefore, the board must play a role in fundraising and make certain that the organization has enough resources to fulfill its mission. Board responsibilities include authorizing major borrowing, reviewing and approving major gifts as needed, establishing financial controls and adopting policies that safeguard the organization's financial health.



Structure

Officer Positions

How many board members and which officer positions are required by law differs from state to state. Generally speaking, it is strongly suggested that a board include at least three officers: president, secretary, and treasurer. Below are some typical duties associated with each position.

President

The president of the board is generally responsible for presiding at meetings of the board, signing documents and contracts approved by the board, assisting the executive director in preparing meeting agendas, and coordinating the executive director's annual performance review.

Secretary

The secretary is responsible for maintaining compliance regarding the organization's record keeping. Tasks generally assigned to the secretary consist of scheduling meetings and complying with notice requirements, maintaining complete and accurate meeting minutes, and assuring the organization's corporate records are filed.

Treasurer

The treasurer tracks and keeps the rest of the board apprised of the organization's financial position. Some tasks associated with the position of treasurer include chairing the finance committee, working with the executive director and/or finance director to provide the board with financial reports prior each meeting, participating in the annual audit, ensuring tax forms are filed in a timely manner, and participating in the development and approval of the annual budget.

Expectations

Job descriptions are essential to recruiting and retaining board members. All new and current board members should expect to be provided with job descriptions (not just officers). All new and current board members (not just officers) should receive a job description.



The Purpose of Committees

Committees are a vital tool through which the board can increase productivity. The board has the authority to establish any number of committees, determine whether they are standing or ad hoc, how many committee members are required, and if non-board members will be allowed to participate. The authority a committee holds is delegated by the board and the committee must report on their progress at board meetings, often presenting research or recommendations for board approval.



Standing committees are those that are intended to exist in perpetuity.



Ad hoc committees are formed for a specific task or purpose and dissolved after it is achieved.

Common Standing Committees

It is common for nonprofits to establish a few standing committees tasked with continuing duties. Among the most common standing committees are the Executive, Finance, and Fundraising Committees.

The **Executive Committee** generally consists of the board officers and is empowered by the board to take limited action on issues that arise between meetings of the full board. The Executive Committee is often responsible for creating the board meeting agenda.



The **Finance Committee** is often chaired by the treasurer and generally works with the organization's finance director or bookkeeper to keep track of the organization's financial health. They are typically responsible for reviewing financial reports ahead of board meetings, ensuring the organization has proper financial controls, and participating in the audit process.



The **Fundraising Committee** is responsible for ensuring the organization is conducting an adequate level of fundraising relative to the revenue needs of the organization. Its responsibilities generally include working with staff to develop and implement a fundraising plan, supporting staff in their efforts to raise funds, involving their fellow board members in fundraising activities, and ensuring ethical standards are upheld (such as donor recognition and restrictions).



Common Ad Hoc Committees



Board Development

Responsible for tasks such as board succession planning and recruitment, orienting new board members, and conducting the annual board assessment.



Audit

Focuses on ensuring an independent audit is performed but may also serve a general fiduciary oversight role in annually reviewing financial risk and financial controls.



Human Resources

Responsibilities may consist of reviewing personnel and compensation policies, assessing the performance of the executive director, and may also support the executive director in handling grievances. The size of the organization is a determining factor in the necessity and scope of this committee.

Composition

Size

The number of board members required depends on the state where the nonprofit was incorporated. Generally, your organization's bylaws will include a minimum and maximum number of board members. But what is the right size? The answer depends on your organization's size, scope, and diversity goals. A bigger board may be able to better distribute the workload but struggle with accountability. A smaller board may be more flexible but also more prone to burnout and lack a diversity of perspectives. While the ideal board size will be unique to your organization, generally 7 to 13 board members is both sufficient and manageable.

Recruitment and Succession Planning

The board of directors should develop a succession plan for recruiting new members and fostering smooth leadership transitions. This plan should be in constant application and include identifying desirable skills and qualities, prospecting and engaging candidates, and orienting newly elected board members. Boards must also be mindful of when the removal of a member is deemed necessary and be prepared to take appropriate action. As a best practice, your by-laws should outline term limits for board members and officer positions, as well.



Board Management

Board Management

A well-functioning board of directors is essential to the health and sustainability of your nonprofit.

Board Notebook

A functional tool for organizing your board materials and orienting new members, a board notebook should include copies of important information your board of directors need to have at hand. Resources commonly found in the board notebook include:

- governance documents
- policies
- meeting agendas and minutes
- committee reports
- financial statements
- meeting schedule
- board contact list
- committee roster and meeting schedule



Orientation Process

It's all too common for board members to feel unsure of their role and unprepared to fulfill their responsibilities because they were never properly oriented. Providing new members, even those with prior board experience, with an orientation will help manage expectations and launch them into their new role ready to contribute. The orientation meeting should include two to three current board members along with key staff members. The orientation team should provide the new member a complete board notebook, talk them through the contents, and answer any questions they may have. New board members should have an opportunity to meet staff members (bonus points for introducing them to a client or beneficiary) and take a tour of the facility if you have one.



Effective Meetings

Notice and Materials

It is vital that all board members receive adequate notice ahead of meetings in order to minimize the potential of not securing a quorum, or minimum number of voting members. Advance notification also ensures that committees, officers, and others with reports to present have time to submit materials to the board for review prior to the meeting. Strive to have the agenda and supporting materials to board members at least one week in advance of the meeting.

Decision Making

The board is responsible for making important decisions that impact the success of the organization. Voting procedures generally follow this format:

- A decision requires a vote and a motion is made
- Another board member seconds the motion
- All present have an opportunity to ask questions and discuss
- The board chair asks for a vote
- Each board member casts a vote of yeah or nay
- The result is recorded in the minutes

The board may also delegate authority to others, such as committees or staff members, but ultimately the board is responsible for the organization's acts and cannot delegate away their responsibility to govern.

Executive Session

There are times when the board finds it necessary to engage in confidential discussions around sensitive issues. When the need arises, the board has the right to call for an executive session. These private meetings are generally exclusive to board members, although the board may choose to extend an invitation to certain staff (such as the executive director), external advisors, or legal counsel.

If decisions are made during the executive session, they must be recorded but the minutes can be kept and approved separately from the regular meeting minutes.

Minutes

Your minutes serve as official and legal record of board meetings as well as a written account of discussions that took place. The minutes should include meeting details such as the name of the organization, date and time, meeting location, and list of those present. Decisions made by the board must be recorded, including the motion presented and its author, the second and who made it, and the outcome. There is no specific rule, however, regarding the level of detail necessary in recording conversations. It is generally sufficient to summarize that a discussion on a particular topic was held and list a few key points made on the subject.

Assessment

Follow these guidelines when offering the job to a candidate.

Self-evaluation

In order to assess their effectiveness and identify room for improvement, the board of directors should assess the functioning of the board as a whole at least every three years. The process should be transparent and confidential, but it's a good idea for the board to review the tabulated results as a group to collaboratively design action steps that address weak areas. Additionally, board members may also be given the opportunity to reflect on their own performance and identify ways to increase their impact.

Development

The board is responsible for their own development and enhancing their ability to fulfill their obligations to the organization. Using the information gathered through the board evaluation processes to reflect on what talents and assets are important to your organization is a good first step. The board should also be mindful of other resources available to them as well as opportunities to participate in training and education.