

# Session IX Readings

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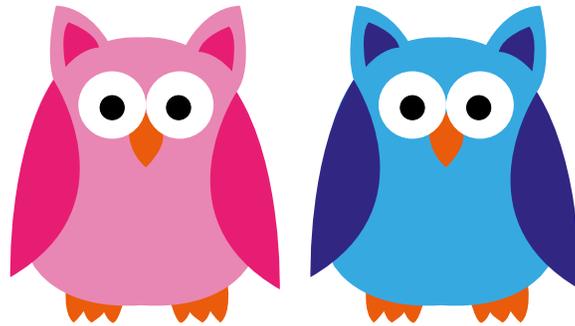
Board Leadership  
August 2021



ASPEN  
IMPACT



## Claws n' Applause



What ruffles my feathers about my board	What makes me float with joy about my board
e.g., Makes decisions based on emotions and anecdotes	e.g., Speaks enthusiastically about our organization at meetings with donors and the general public



## Board Committees

Committees are like bunnies: If you have a few, it's comforting and reassuring. If you have a lot, it's not. Generally speaking, no matter the size of the organization, it is usually best to have somewhere between three and five standing committees. The most frequently useful are Executive, Finance/Audit, Fundraising/Resource Development, and Programming. Some boards also benefit from committees for Law/Risk, Community Engagement/Marketing/Public Relations, Membership, and/or Governance/Board Development.

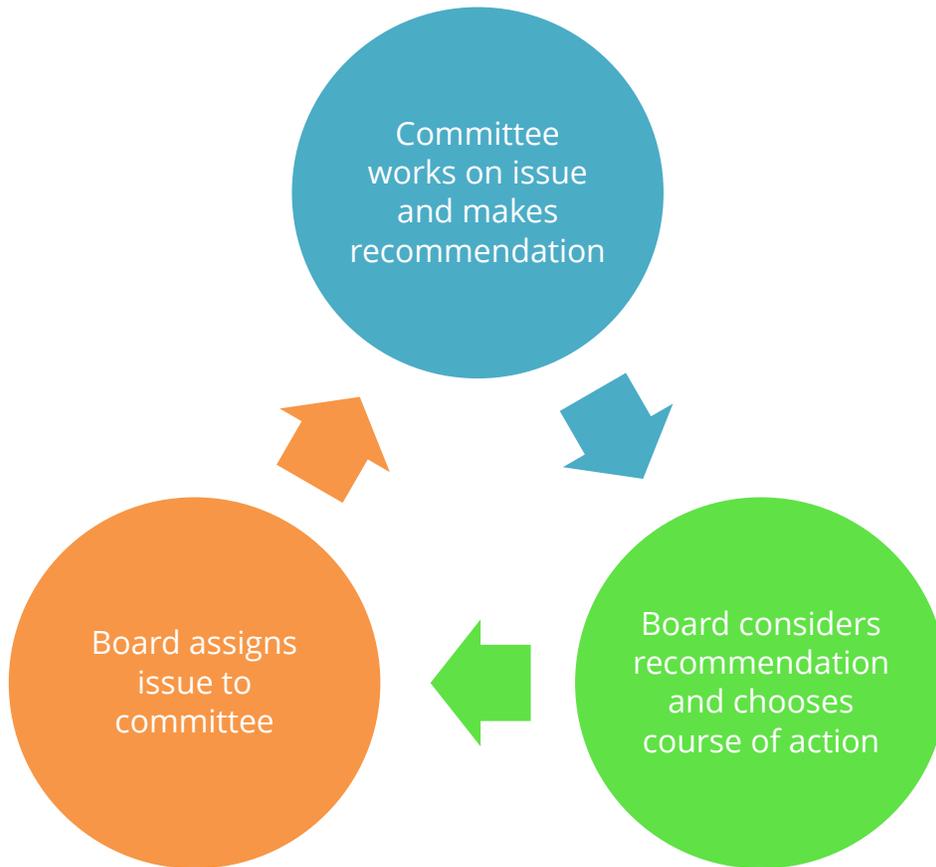
## Relationship Between Committees and the Board

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Each committee exists to serve the needs of the board and, in a nonprofit with just a few staff, to extend the capabilities of the staff. The board assigns a topic to a committee, the committee studies the issue and makes a recommendation about how to proceed, and the board then makes a strategic decision that takes the committee's recommendation into consideration. For example, what blend of grants, major gifts, and general donations should your nonprofit seek? A Fundraising Committee may research the opportunities by examining the availability and requirements of various grants and donors. The committees could then recommend a combination such as 25% of money from foundation grants, 25% from government grants, 25% from major gifts, and 25% from general donations. The board may then approve this blend, assign board members to take action on the pursuit of major gifts, and ask the Fundraising Committee and staff to take action on the other funding channels. A committee might study effective practices and policies for guiding and evaluating an Executive Director, decide on the logistics for a special event, draft an organizational budget for the next fiscal year, or identify key audiences for community outreach efforts. Some of these items may be important enough to call for a board vote once the committee has vetted the options.

The board, meanwhile, must think about the "big picture" of overall mission impact, resource priorities, market position, and organizational direction, so it should receive important insights from its committees without becoming bogged down in the details. When board members participate in committees, they must adjust their mindset and focus when they shuttle between their roles as board members and committee members. A board member might reason, "As a board member, I am not going to fret about the specifics of a special event during Wednesday's board meeting. As a committee member, though, I will plunge into the details once my Fundraising Committee reconvenes next Thursday." Sometimes board members stray into committee-level conversations, so the board should designate at least one board member as the "cat herder" to be responsible for speaking up during these moments and guiding the board back to the more strategic kinds of dialogue it ought to be having.

A simple visual like this can help the board and its committees understand the relationship between the two:



## Committee Representatives

A committee should have 1-3 board members, 1-3 staff members, and 1-3 representatives from the community at large. This blend serves important purposes within each committee:

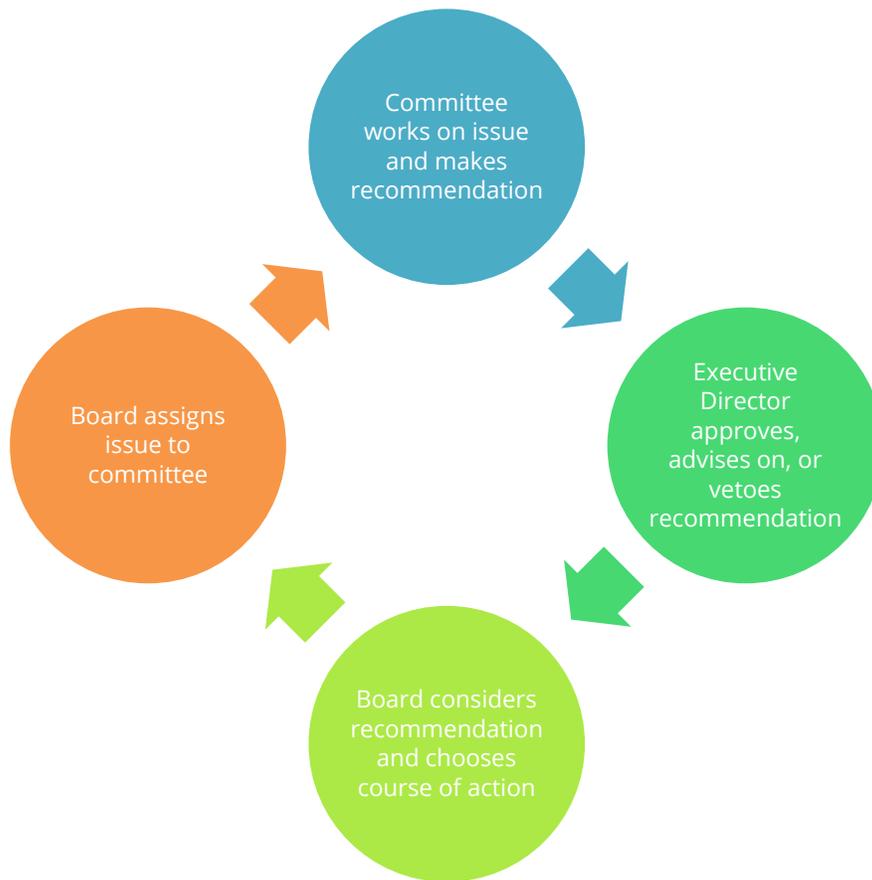
- The board members provide a link to board priorities and policies. They ensure the committee aligns its work with the overall strategies and long-term vision of your nonprofit.
- The staff members provide perspectives and wisdom on the practicality of each idea, the implications for community relations, the context of relevant failures and successes in the nonprofit's history, and other crucial details that the other committee members might not otherwise realize.
- The community representatives provide insights on how external stakeholders may perceive the nonprofit and its goals, what those stakeholders hope to see from the nonprofit, and how the nonprofit might engage with external entities in order to build its resource base and visibility.

The Executive Director may serve on committees, but he or she should also have some advisory or veto power on recommendations that emerge from each committee's work.



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What happens if the committee wants to launch a new program, but the Executive Director believes the program would damage your nonprofit’s reputation or stretch the staff beyond its ability to perform at a high level? What happens if the committee recommends a course of action that would compromise an agreement the Executive Director is finalizing with a community partner? The specifics of a future disagreement between the Executive Director and a committee may be hard to anticipate, but your board can minimize the chance of a conflict by establishing a policy about how the Executive Director may approve, advise on, and/or intervene in the work of the board and its committees. Accordingly, you might adjust the above diagram by inserting a role expressly for the Executive Director, as in this version:



## Task Forces and Timely Adjustments

Committees aren’t the only mechanisms to support the board and extend the staff. Your board may also create a task force that will run for a defined period of time to tackle an issue. For example, if your nonprofit is thinking about moving to a new location, it could set up a task force to evaluate the options for a period of three to six months. After this period, if the task force’s work is not done, its chair may request that the board give permission for the task force to continue its work until the project is complete, or for another round of three to six months, whichever comes first. It’s often wise to label a task force based on a



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specific problem or solution it is addressing, such as Leadership Succession, Pandemic Response, or Merger Task Force.

Committees may have time limits, too, so they will not outlive their usefulness. The board may specify in its bylaws that, for example, the board may renew, reconfigure, or eliminate a given committee every two years. Even a standing committee such as the Executive Committee should undergo a periodic review and adjustment so that it will stay fresh and relevant. This periodic activity may also serve as a check against any committee becoming too powerful or straying into topics that diverge from the group's purpose. To make this process objective, the board may designate one or two of its board members, or an outside advisor, to conduct the periodic reviews and recommend committee adjustments for the board to approve or reject. The board should include these reviews and upgrades in its calendar, such as by designating one or two spring meetings to cover these matters.



*Your committees can rise to the occasion and reach new heights!*



## Compensation and Bonuses

These guidelines from the Internal Revenue Service can help a compensation committee gauge what kind of compensation and bonuses are reasonable for an Executive Director:

“If an organization meets the following three requirements, the payments it makes to a disqualified person [e.g., an Executive Director] under a compensation arrangement are presumed to be reasonable, and a transfer of property or the right to use property is presumed to be at fair market value. The requirements...are:

1. The compensation arrangement must be approved in advance by an authorized body of the applicable tax-exempt organization, which is composed of individuals who do not have a conflict of interest concerning the transaction,
2. Prior to making its determination, the authorized body obtained and relied upon appropriate data as to comparability, and
3. The authorized body adequately and timely documented the basis for its determination concurrently with making that determination.

“Documentation...should include the terms of the transaction and the date of its approval, the members of the authorized body present during the debate and vote on the transaction, the comparability data obtained and relied upon, the actions of any members of the authorized body having a conflict of interest, and documentation of the basis for the determination.”

*Source: [www.irs.gov/charities-non-profits/charitable-organizations/rebuttable-presumption-intermediate-sanctions](http://www.irs.gov/charities-non-profits/charitable-organizations/rebuttable-presumption-intermediate-sanctions)*

In short, be sure to collect data that would justify the amount of any compensation/bonus.

Furthermore, consider the idea of awarding a bonus not only to the Executive Director, but to fellow staff members as well. This practice is a great way to recognize your team's work and convey the value of your organization as a whole.



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“Knowledge is the most democratic source of power.”

*Alvin Toffler*

“Originality consists in thinking for yourself, and not in thinking unlike other people.”

*James Fitzjames Stephen*

“If the world were perfect,  
it wouldn't be.”

*Yogi Berra*

" You can't build a reputation on what you are going to do."

*Henry Ford*



## Board Orientation Materials

Have you heard a board member mutter, "...I wish I'd known that when I started" or "oh, that's why...I'd always wondered about that"? One of the best ways to strengthen a board is to conduct a thorough orientation for each new board member. A related approach is to host a refresher or update for your whole board every 2-3 years. Your nonprofit may have evolved in ways that even your veteran board members might not fully realize.

These items are great to include in a board packet. To ensure your new board members read and fully grasp the contents, it's helpful to have an existing board member walk through the contents together with each newcomer. There are many topics in this list, so it may be worthwhile to conduct your orientation in phases over several weeks.

Item	Topics to Cover
Mission, vision, and audience	Why does your nonprofit exist? What change is it determined to make in its field, and for whom?
Values	What are your nonprofit's cornerstone values: Honesty? Transparency? Teamwork? Empathy for the disadvantaged? Ferocious advocacy?
Programs	What does each program do and how does its work advance your mission and vision? What should a board member be equipped to tell others about these things? Provide an elevator speech about your nonprofit.
Organizational chart	Provide names, pictures, and bios to help your new board member get to know and appreciate each person on your staff and board. Diagram how key decisions get made by the staff, committees, and board.
Organizational history	Tell the quirky and inspiring story of how your nonprofit has evolved. Include pictures and dates from pivotal moments.
Community history and demographics	Why is your nonprofit located where it is, as opposed to somewhere else? What issues are important to the community you serve? How has this community evolved? What challenges or opportunities are on its horizon?
Ways to have impact as board members	What should a board member think about before, during, and after board meetings? What does it mean to think strategically? What is a board member's role in overseeing your nonprofit's resources, spreading the word about what you do, and connecting your nonprofit to helpful resources?
What not to do	What activities are beyond the scope of a board member? When should a board member check with peers or with the



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	Executive Director before taking action on an idea? What behaviors would violate your bylaws or statement of values?
What to do outside of board meetings	Describe how board members may participate in committees, encourage ideas from community members, observe field operations, conduct special projects, attend events, raise funds, and so on. Indicate how a board member should speak up if something seems amiss in the way your board or your organization runs.
Officer and committee roles	Who holds what offices on your board and committees? How does one prepare for such roles? What leadership paths are possible for a new board member?
Nonprofit culture and rules	Many board members are unfamiliar with differences between the nonprofit and private sectors in terms of governance (who makes decisions), funding (fund accounting is very different from what one might find in the private sector, especially for items such as restricted gifts), relationships between the Executive Director and the board, and so on. Summarize the similarities and differences.
Technical matters	Provide a guide to key terminology in your industry, file-sharing tools for board members, and other important “how to” details that will help a new board member access and share information.
Roster with contact information	Provide a handy sheet with contact info for board members and key staff members.
Board performance scorecard	Provide a tool for board members to regularly evaluate their own performance and that of the board as a whole.
Key dates	Provide a calendar of board meetings, special sessions (e.g., visioning, budget approval, audit discussion, performance review, etc.), and special events for the next 12-24 months.
Bylaws and minutes	Include the bylaws and recent board meeting minutes.
Financials	Include the annual budget, timely financial statements, and a summary of key sources and uses of funds.
Strategy	Provide materials that describe the strategic priorities and direction of your nonprofit.
Ecosystem	Diagram relevant players in your field, such as key service partners, competitors, funders, and policy makers. Summarize differences between your nonprofit and other groups that a new board member might confuse with your own.



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## Multimedia

Share pictures and post links to videos that will help a new board member appreciate what you do and how your work fits into the broader context of the social issue you address.

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