Understanding Boards

Building Connections:
Community Leadership Program

“Our population demographics are changing and the pace of social change is increasing. Everyone demands accountability. Our … organization boards must change to reflect these local interests and concerns. It is important that board members share a similar concept of the organization’s vision and dream, how it plans to accomplish that dream and how it will reach defined goals effectively.”

-- Sieverdes and Hardwick

Objectives

• Learn about trends affecting boards and their management
• Be able to develop and assess organizational plans
• Learn ways to structure board activity
• Learn ways to assess board effectiveness

Drivers of Change in Boards

• Generational and demographic trends
• Governance trends
• Operation and liability trends
• Finances and fund-raising trends
• Ethics, image, and public relations trends
• Specialization and collaboration trends
• Technology and data management trends
Generational and Demographic Trends: The Potential of Generation-X for Boards

- Gen-X engages in a wide variety of activities and have a short attention span
- Gen-X focuses on entrepreneurship that includes few constraints.
- Gen-X shows greater acceptance of diversity and improved racial and ethnic relations

Drivers of Change in Boards

- Governance: Boards are focusing less on show-and-tell reports about programs during meetings and more on action-oriented discussions.
- Operation and liability: Boards are getting smaller. This increases the level of individual responsibility and impact.

Drivers of Change in Boards

- Finances and fund raising: Board members are changing from respected families, key personalities and traditional community leaders to business and political leaders and individuals with the financial means or the ability to direct financial support to the organization’s programs.
- Ethics, image and public relations: Boards are moving from an internal board-oriented focus to external relationships, and from informal to formal relations and structures.

Drivers of Change in Boards

- Specialization and collaboration: Boards are moving from stand-alone models to collaborative relationships and becoming more client-oriented. This clarifies special functions and roles in the provision of services and also addresses overlapping interests.
- Technology and data management: Boards are relying more on electronic mail and conference calls to communicate on decision-making, reports and agenda items.
Board Planning

Keep Plans Simple!!

Fight the urge to make them complicated.

Board Planning

Key Guidelines

• Set broad policy directions based on the values and goals of the organization
• Analyze global, national and regional trends that affect the organization.
• Identify local strengths and opportunities, particularly in relation to other organizations.
• Select a few key issues.

Board Planning

Key Guidelines

• Conduct further analysis of external and internal factors
• Develop goals, objectives and strategies
• Develop a plan of action.
• Evaluate, modify and update the plan.

Structuring Board Activity

Size and Tenure

Board Size Policy Suggestions
Public boards are most effective with 5 to 7 members and nonprofit organization boards are most effective with 8 to 12 members, but there is no magical number.

Suggested Policies Regarding Tenure
 Proposed length of a single term is 3 years. Proposed number of allowable consecutive terms is two terms.
Structuring Board Activity
Governing More and Managing Less

- Develop a strategic plan and adhere to it.
- Link the current agenda to the strategic agenda.
- Monitor the success of the organization’s initiatives.
- Develop clear expectations and a plan of action for the board of directors.
- Direct the executive director to prepare strategically.

Structuring Board Activity
Governing More and Managing Less

- Structure meetings to direct the board’s attention to matters of policy and strategy.
- Develop and use a consent agenda.
- Determine priorities and organize the agenda accordingly.
- Assess the performance of the board on a regular basis.

Assessing Effectiveness
How to Know Board Membership Works

- Devote time, attention, and consistent effort to board recruitment and retention.
- Be honest in discussing the issues.
- Build relationships that foster trust.
- Look for skills as well as attributes in prospective board members.
- Engage new board members in meaningful activities based on their skills, talents and interests.
- Follow sound development practices to create a positive working climate for all board members.

Assessing Effectiveness
How to Know the Board Works

- Legal responsibility
  - Recognize the board’s legal responsibility to the organization and constituents.
  - Uphold the public trust.
  - Plan, manage and take steps to reduce risk to the organization, its personnel, and its constituents.
Assessing Effectiveness
How to Know the Board Works

- Fiduciary responsibility and financial management
  - Understand the board’s fiduciary responsibility.
  - Maintain a financially sustainable organization.
  - Maintain financial assets in compliance with legal codes.

- Policy formation and planning
  - Focus the board’s attention on issues that matter most to the organization and its constituents and stakeholders in the short term and long term.
  - Ensure that the board has the information needed to make informed decisions about key issues in a timely manner.
  - Ensure that the board has the confidence to take risks or allow risks to be taken by staff.