

# Board Leadership and Development

June 1, 2005

# The Board?

- The Board is the group that is legally responsible for the organization: its mission and vision; its fiscal integrity; its financial well-being; its growth and progress.
- The Board members are our organization's investors.
- The Board members help mold the future and make the present possible.
- The Board does not manage the organization. That is the role of staff.

# The Board Your Organization Needs

- Large Board, fundraising oriented with Executive Committee doing the bulk of governance work.
- Small Governance Board. Separate fundraising Board.
- Mixed Board doing fundraising, policy making and governance.

# Expectations

- Regardless of Board type, every organization must expect:
  - Board members will attend a high percentage of meetings, having reviewed the materials and being prepared to participate productively.
  - Board members will actively participate in a Standing Committee, providing expertise, leadership and resources.
  - Board members will give and get resources for the organization.
  - Board members will advocate for the organization in the community.

# Expectations - II

- Board members will show honesty and integrity in all of their dealings with and for the organization.
- Board members will identify conflicts of interests and abstain from decisions in which there could be a conflict.
- Board members will educate themselves about the mission, vision and services of the organization.
- Board members will conscientiously review the budgets and financial statements of the organization to assure fiscal integrity.

# When to Recruit

- **ALL OF THE TIME**

- Too frequently, organizations wait until there is a crisis:

- the CEO leaves
- there is an ethics issue
- there is dissatisfaction among key constituents
- there is a funding crisis

# Recruitment Planning

- The Board Development Committee
- Assessment of the Current Board
  - Age
  - Gender
  - Areas of expertise
  - Ethnicity
  - Business affiliations
  - Personal network
  - Community affiliations
  - Philanthropic potential

# Recruitment Planning - II

- Identify the gaps in your Board composition
- Create or modify your board member position description/statement of expectations and responsibilities
- How to Find Board Members
  - Brainstorm a list of potential sources
  - Who is in your current Board's network?
  - What companies are in your service area?
  - Are there donors who might be good Board members?
  - Staff recommendations

# Recruitment Process

- Have a Board member meet with the candidate to discuss the organization and the Board's role. Ask the candidate to complete an application. Ask the candidate how he/she will benefit from Board participation and what assets he/she brings to bear.
- Assuming a positive first meeting, have a second Board member meet with the candidate to discuss the organization's strengths and challenges and current Board and committee work and how the candidate thinks he/she can assist the organization.
- Assuming a second positive meeting, have the candidate meet at a service site with the CEO/Executive Director.
- Based on input, the Board Development Committee may decide to place the candidate's name in nomination.

# Orientation

- New Board members need to be welcomed into the organization – mentoring.
- New Board members need to be educated about the Board and the organization so that they can be productive in their role.
- Board orientation may be carried out by Board members or the CEO/Executive Director

# Orientation Components

## ■ Orientation Manual:

- Mission and vision statements
- Strategic and Operating Plans
- By-Laws and Articles of Incorporation
- Director and Officer Position Descriptions
- Committee Descriptions
- Conflict of Interest Statements
- Board Member Annual Participation Plan
- Board policies and ways of work
- Financial policies and procedures

# Orientation

## ■ Orientation Manual – continued

- Human Resources policies, including volunteer
- Organization chart
- Program policies and procedures, descriptions, current statistics, service locations
- Current budget, current financial statement and latest audit
- Contact information for Board members and key staff
- Calendar of events and Board meetings
- Core publications: brochure, annual report, newsletter

# Board Retention

- A plan for continuous learning and involvement
- Board members are effective and stay when:
  - The expectations are clear
  - They feel that their contributions are valued
  - Their personal reasons for joining are met
  - Their contribution is time-limited and finite

# Board Retention

- They have the opportunity to evaluate themselves and the Board as a whole.
- They are given feedback about their performance, including recognition for a job well done.
- They have relationships with other Board members – a sense of team.
- There is a plan for continuous Board education, based on annual needs assessment and new challenges or changes in the environment.

# Our Biggest Asset

- An active, committed Board of Directors is the biggest asset an organization can have.

# **A Road Map for the Future**

**Strategic Planning  
For Not for Profits**

**June 1, 2005**

# The World Around Us

- 30,000 Not for Profits in Illinois
- 64% have budgets under \$500,000
- 8% of the State's workforce
- Increased competition for public and private funding
- Shrinking pool of public funding
- Unrestricted gifts are growing slower than organizational budgets
- Higher expectations of organizations – effectiveness, outcomes
- Top end of the pyramid is driving campaign success
- Vountarism in general is up, but not for fundraising

# Defining the Future

- Strategic planning is the process we undertake to ask the hard questions
- It is the process through which we set our direction for the next 3 to 5 years
- It is Board driven, but involves all levels of the organization
- It results in a written plan with goals and measureable objectives.

# The Hard Questions

- Is our mission still the right mission? Is it responding to a current community need?
- Are our services still the right services, those most needed by our community?
- Are our services delivered in the most effective way?
- Should we change our services? Expand? Eliminate?

# More Questions

- Do we have enough human resources to deliver our services?
- Are we financially viable?
- Can we sustain our organization over the next three years?
- How do we differentiate ourselves from other organizations to gain market share?
- How do we and can we partner with other organizations to respond best to our community's needs?

# Strategic Planning Is About Making Change

- It is a dynamic processes that questions the status quo.
- It focuses on improving/building upon current strong foundations.
- It defines strategies and plans to meet significant challenges.
- It is based on an honest evaluation of the organization's current state and potential.

# The Process

- Objective analysis of all facets of the organization
- Review of the external environment – community, service population, not for profit sector, financial environment, competition, government affairs
- Definition of opportunities that the organization could seize and the threats that it faces

# The Process

- Creation of strategies to seize opportunities.
- Creation of strategies to overcome the threats.
- Development of goals, objectives and plans with timelines for each strategy with assigned responsibilities.

# Be BOLD

- Strategic planning should result in NEW ideas, New thoughts, Bold Actions
- Strategic planning is not just about doing what we have always done.
- The strategic plan should challenge the organization.

# Case Studies

## ■ Organization A:

- \$5 million operating budget; 70% government funding
- Has had surpluses the last three years.
- \$2 million fund balance
- Provides services to the elderly: home delivered meals; companion volunteers; transportation; activities; housing
- 50 staff members; 200 volunteers
- Serves Lake and McHenry counties
- Serves 800 clients per year.

# Opportunities

- Expand services to more people or broader geography.
- Increase the effectiveness of the services – best practices, quality assurance, continuous quality improvement, outcome measurement.
- Start a new service.
- Work with other organizations to build an elder network.

# Threats and Challenges

## ■ Organization B

- \$3 million budget
- Fund balance of \$500,000.
- Organization is 90% funded by government grants.
- Deficits of more than \$100,000 each of the last three years.
- Provides services to youth: counseling, therapy, educational support, social activities.
- Serves 500 youth per year in Lake County.
- Has 25 professional staff, 20 full-time and 5 part time.
- Has 50 volunteers.

# Thinking Outside of the Box

- Not for Profits are living in difficult times
- To survive and grow, we must do things differently.
- Strategic planning can help us get there.
- It's helpful to have an external consultant facilitate the process – objectivity, can challenge people, broad experience
- The plan itself must not end up on a shelf collecting dust.

# Putting the Plan into Action

- The 3 – 5 year goals in the plan should become the key goals in the organization's annual operating plans.
- Every activity should be checked against the mission and strategic goals. If it isn't consistent, should you be doing it?
- The Board must own the strategic plan, move it forward and hold senior management accountable for moving it forward.

# Board Leadership

- For effective Strategic Planning to occur, organizations must have:
  - Cultures that embrace change and growth
  - Willingness to do an honest, critical self-assessment
  - Strong senior staff leadership . . .

and most importantly

- Boards that focus on the big picture and the future