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Building a High-Performance Board

May 16, 2023

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Building a High-Performance Board: Agenda

- ◆ What really matters
- ◆ Board lifecycle
- ◆ Board size
- ◆ Board recruitment
- ◆ Annual performance goals and assessment
- ◆ Board giving
- ◆ The board and fundraising: There are many ways to help
- ◆ Board meetings
- ◆ Board Chair
- ◆ Board Chair/Executive Director relationship
- ◆ Summary
- ◆ Appendix: Nominating and on-boarding



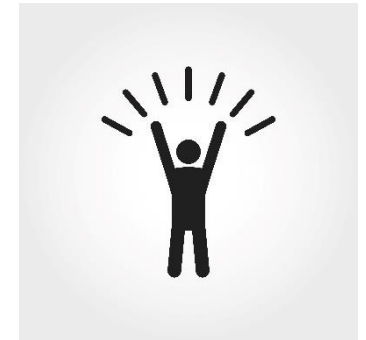
Board Effectiveness

The Board's three core functions: Setting direction & strategy, providing oversight, and ensuring adequate resources.

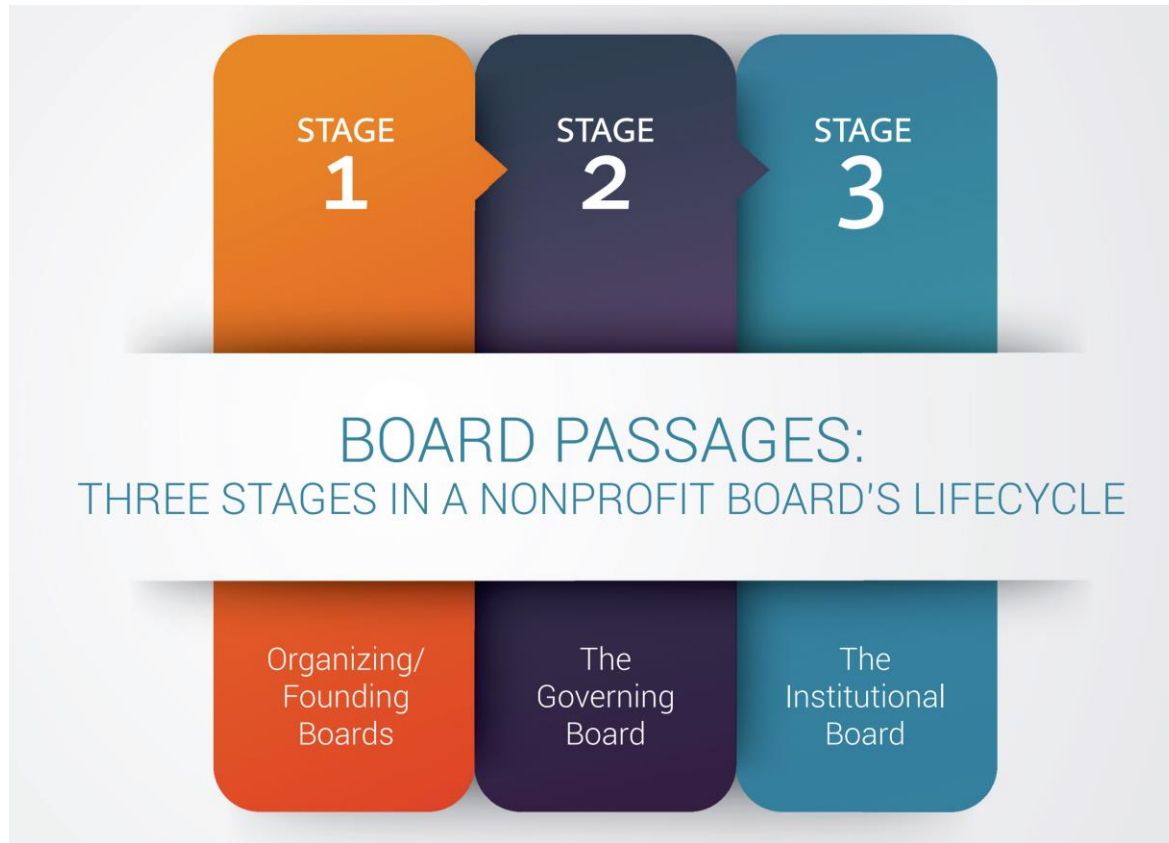
- ◆ **“Oversight is necessary but not sufficient to define the work of an effective board.**
- ◆ **Leadership activities**—providing *strategic support and expertise, raising funds, building community support*—that further the organization's goals are also essential. Which of these activities the board should focus on, and what the right level of their involvement is, will vary depending on the organization's specific priorities.
- ◆ **How the board does its work**—i.e., its people, culture, decision-making processes, and structures—is as important as what it does. Clarity about what the organization is trying to accomplish helps answer questions about how to choose the ‘right’ approaches.”

Success: What matters

- ◆ Board Engagement (which is key for effectiveness and for maximizing board giving)
 - Talents are being put to good use
 - Expectations are clear
 - Meetings are interesting
- ◆ Clarity about where you are trying to go as an organization.
- ◆ Annual definition of success: How does the board know it did a good job?
- ◆ Inside and outside views
- ◆ Balance between work that needs to be done and the board members to do it
- ◆ A clear Board/Executive Director relationship



Board Lifecycle



Key stages of nonprofit boards

- ◆ Early stage/founding boards: The board is hands-on. **Focus is more on doing than governing.** Informal operating style.
 - Typical transition tensions: Board looking to staff to get work done. Staff may resent board's interference—or be expecting more from the board. Relationship may require renegotiation. Board grows to staff committees. Potential for old board/new board dynamic.
- ◆ Governing boards: Focus on governance, financial capacity, development, and systems. **Committees become essential** for effective board functioning.
 - Typical transition tensions: It is increasingly the board's responsibility to raise money, supported by professional staff. Board grows to increase community representation and support an increasing number of independent committees.
- ◆ Institutional boards: Program outcomes are aligned with strategic plan. Diversified funding sources. Systems are in place.

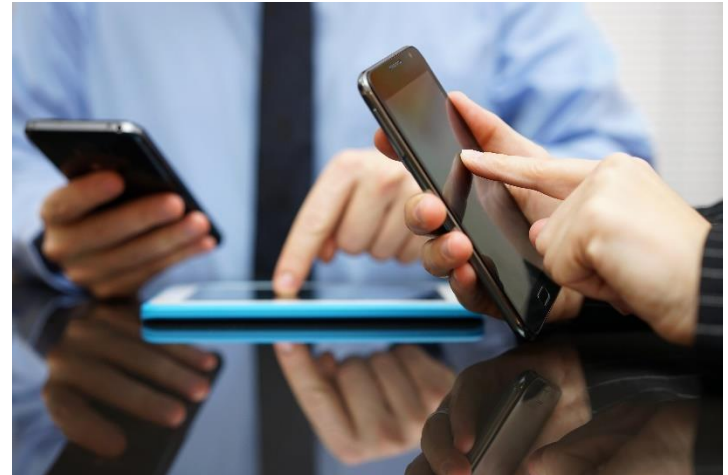
Board size: Why 12+ board members?

- ◆ So you can staff your committees and task forces
 - Executive Committee
 - Finance Committee
 - Governance/Nominating Committee
 - Development Committee
 - Program Committee
 - Audit Committee (this functions more like a task force with limited service around the audit)
 - Strategic Planning Task Force, for example
- ◆ Recommendation: At least four board members per committee
- ◆ Succession Planning, e.g., Vice Chair and Assistant Treasurer
- ◆ Board giving
- ◆ Consider inviting non-voting members to serve on your committees
 - Add expertise in areas where you are not as skilled as you'd like to be
 - Further engage community members and prospective donors

Increasing the number of board members

Common challenges

- ◆ Your current board members have already shared their connections
- ◆ Tendency to only look at people you know
- ◆ Looking for multiple new board members
- ◆ Unclear expectations

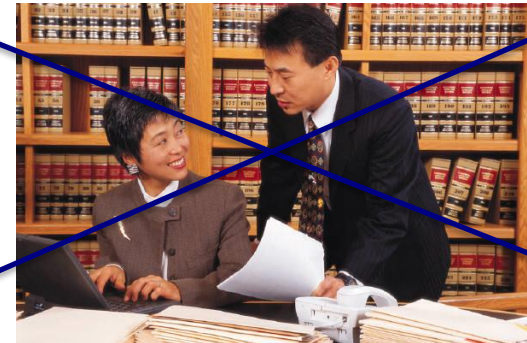


Board recruitment: What will new recruits be DOING?

- ◆ What do you need your new recruits to do over the next 18- 24 months?
 - Top two or possibly three critical tasks
 - The key to board engagement is immediate involvement

Top three critical tasks and associated committee:

1. _____
2. _____
3. _____

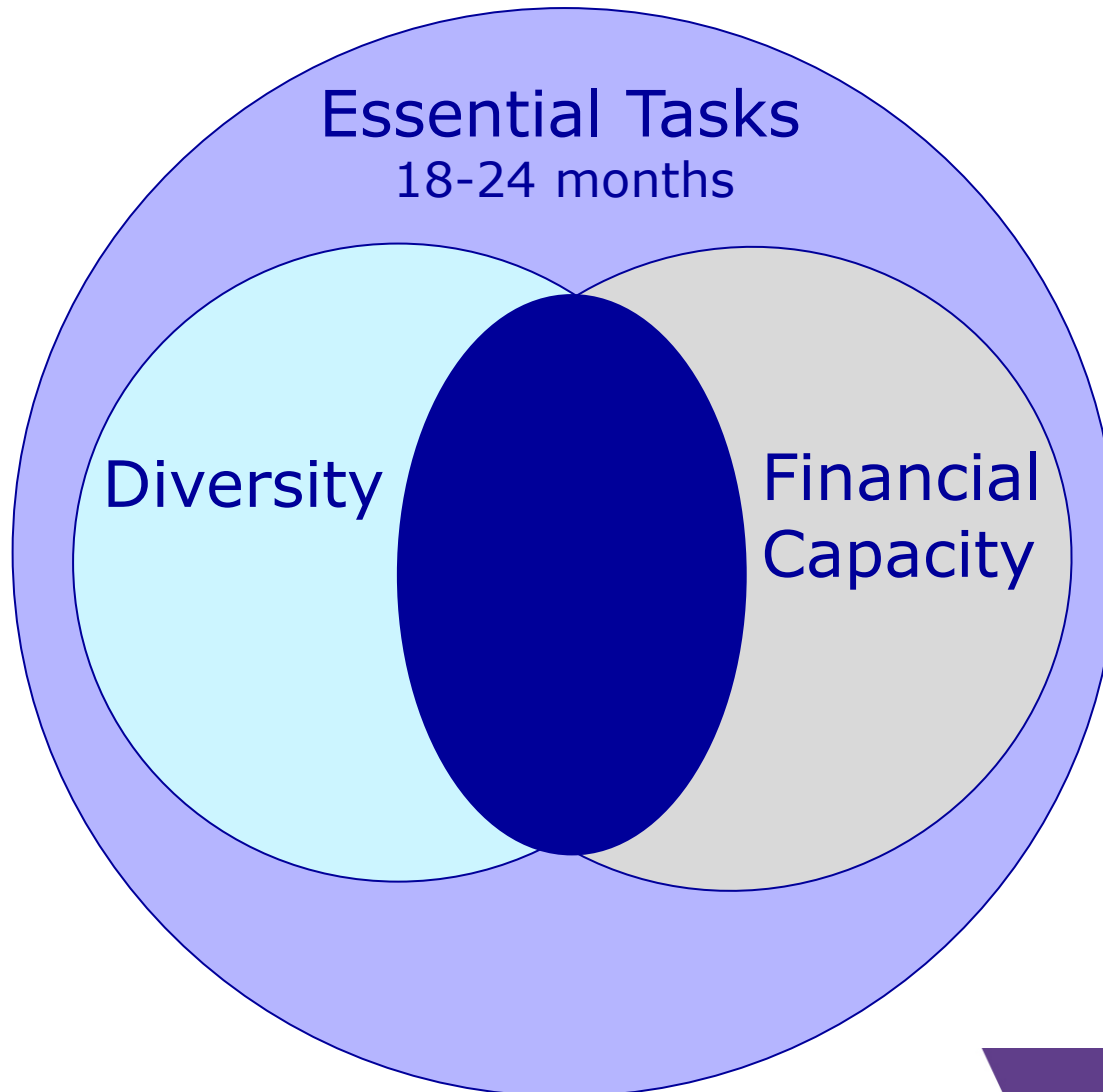


It's not, "We need a lawyer."
(Unless you do.)

It's we need people who can
(examples):

- Serve on the Finance Committee in the Assistant Treasurer role
- Connect us to potential grassroots community partners
- Help us make real estate decisions

Recruitment Overlay



Board Recruitment Strategy

What is the first thing prospective board members look at when considering board service?



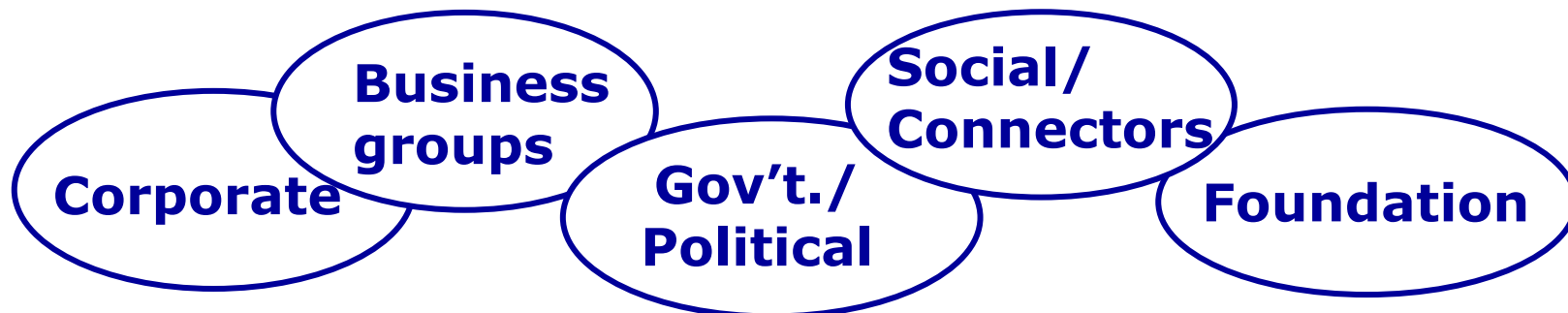
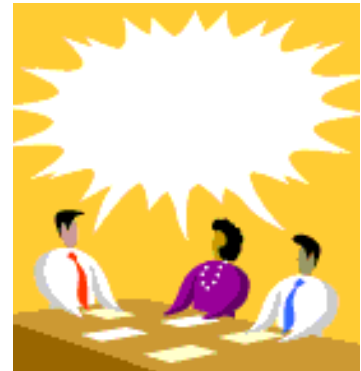
Current board makeup.

The Truth About What Nonprofit Boards Want, by June Bradham, CFRE

Who would you like on your board?

In the context of your three essential tasks:

- **Goal: A list of 15-20 names**
- Who can help you develop the list?
 - Who would you like on your board?
 - Who knows people you would like on your board?



- And remember: Former board members, donors with whom you have a relationship, and people who have been circling for a while.

Consider using a Board “Prospectus”

- ◆ It’s a marketing tool
 - What’s the big idea? Why do you exist?
What problem are you solving?
 - What impact are you having (the sizzle)?
- ◆ <Nonprofit> at a glance: Make it easy for a prospective board member to grasp your key metrics, e.g., operating budget, staffing, etc.
- ◆ Clear board expectations
 - Attendance
 - Board meetings and committee service
 - Giving expectations
 - What success looks like
 - Term limits



A sample Board Prospectus template will be provided.

How does the board know it did a good job?

Board goals for the next 12 months:

1. _____
2. _____
3. _____



The Truth About What Nonprofit Boards Want,
by June Bradham, CFRE

“The single greatest indicator of an organization’s <individual gift> fundraising success is the amount of board giving.”

Low-level giving minimums suppress major gifts & exclude

# Board	Gift Size	Total	
0	\$ 25,000	\$ -	0%
1	\$ 10,000	\$ 10,000	33%
1	\$ 5,000	\$ 5,000	17%
10	\$ 1,500	\$ 15,000	50%
0	\$ 1,000	\$ -	0%
0	\$ 100	\$ -	0%
12	Board Giving	\$ 30,000	
	Gift Average	\$ 2,500.00	
	4x multiplier	\$ 120,000	

# Board	Gift Size	Total	
1	\$ 25,000	\$ 25,000	43%
2	\$ 10,000	\$ 20,000	34%
1	\$ 5,000	\$ 5,000	9%
2	\$ 2,500	\$ 5,000	9%
3	\$ 1,000	\$ 3,000	5%
3	\$ 100	\$ 300	1%
12	Board Giving	\$ 58,300	
	Gift Average	\$4,858.33	
	4x multiplier	\$ 233,200	

Note: Board giving has a multiplier effect on total individual giving.

Ways board members can help with fundraising

- ◆ Door opener



- ◆ Thanker



- ◆ Cultivator: Manages a set of 2-5 relationships, depending on complexity.

- ◆ Sidekick: Accompanies staff



- ◆ Host



In addition to making their own annual gift!

Path to increasing board giving

- ◆ Annual giving requirement: 100% board giving
 - No “group asks.” A board member, e.g., a member of the Development Committee, asks their peers for their annual gift one-on-one. Support provided by development staff.
 - TIP: Monthly giving is a great option for some board members!
- ◆ Giving amount: Board members make <nonprofit> one of their top three charitable giving priorities
- ◆ Recruitment: 3-4 board members who can make an “impact gift”
- ◆ Annual board giving goal: Increase incrementally each year

Effective Board Meetings

- ◆ Meeting Agenda and materials delivered in advance
- ◆ Consent Agenda
- ◆ Using meetings to address strategic question(s) that require board input
- ◆ Education & training:
 - About <nonprofit>
 - About board service
- ◆ Social component: Time for board members to get to know each other
- ◆ End on time

Effective Board Chair

Excerpted from *How to be a Good Board Chair*, Harvard Business Review:

- ◆ Be the Guide on the Side (create conditions that allow others to shine)
- ◆ Be available
- ◆ Remain impartial
- ◆ Take committees seriously
- ◆ Own the prep work
- ◆ Don't be the boss (the board is the collective "boss")

And a couple of other specifically nonprofit-related points:

- ◆ Partner with the Executive Director to shape the meeting agendas
- ◆ Keep an eye on board member engagement
- ◆ Create a culture of valuing diverse opinions and open discourse
- ◆ Model the way in fundraising

Board Chair/Executive Director relationship

- ◆ Mutually agreed upon, well-defined boundaries
- ◆ The board and Executive Director have a shared view of the board's involvement in the decision making process.
- ◆ Board-level decisions are also clearly distinguished from areas where the board can expect to have input into an executive director's decision, or where it will only be informed about decisions (perhaps even after the fact). The agenda of each board meeting clearly reflects the agreed-on decision-making process.

Note: The Board hires the Executive Director. The Executive Director hires everyone else.

Summary

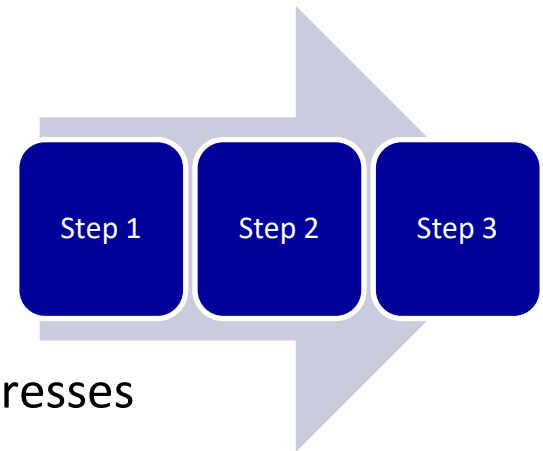
- ◆ Determine **strategy**: What is important? Where are you going?
- ◆ Coordinate **board size** and the **skills** you need with where you want to go
- ◆ Establish a clear **board recruitment and onboarding process**
- ◆ Use **committees to get the work done**
- ◆ Set **annual goals** for the board and measure against them (How do we know we've done a good job?)
- ◆ Use meetings to take advantage of **varying perspectives** and the **collective “brain trust”**
- ◆ Ensure **financial resources**—and if you want to grow, **take the fundraising lead**
- ◆ Offer **training** and **education** to board members

Next steps

1. _____
2. _____
3. _____

Appendix: Board Nominating Committee

- ◆ Clarify the nominating process
 - Prioritize the names you have received and determine who will make the call.
 - When does the candidate meet the ED?
 - Who else does the candidate meet if s/he expresses interest after the first meeting?
 - How often does the board vote on new board members?
- ◆ Goal: 4-5 new board members



Appendix: Board Onboarding process

- ◆ Board Handbook
- ◆ New board member orientation
- ◆ Engagement plan for each board member based on their interests and skills—what committee or project? Get them going ASAP!



And a board “thank you” process.

Resources

- ◆ BoardSource www.boardsource.org
- ◆ Boardsource <https://boardsource.org/three-stages-nonprofit-board-lifecycle/>
© 2017.
- ◆ Bradham, June, CFRE. *The Truth About What Nonprofit Boards Want*, © 2009. John Wiley & Sons.
- ◆ Bradham, June, CFRE. sgENGAGE Blog: *A New Standard for Board Giving*, September 1, 2017.
- ◆ Chen, Jane. Harvard Business Review, *Should your business be nonprofit or for-profit?*. February 1, 2003 <https://hbr.org/2013/02/should-your-business-be-nonpro>
- ◆ Shekshnia, Stanislav. Harvard Business Review, *How to be a Good Board Chair*, March-April, 2018.
- ◆ The Bridgespan Group, *Becoming a More Effective Nonprofit Board*. <https://www.bridgespan.org/insights/library/organizational-effectiveness/becoming-a-more-effective-nonprofit-board>

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- ◆ *Becoming a More Effective Nonprofit Board*, The Bridgespan Group:
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- ◆ BoardSource www.boardsource.org
- ◆ *How to be a Good Board Chair*, Stanislav Shekshnia, Harvard Business Review, March-April, 2018
- ◆ sgENGAGE Blog: *A New Standard for Board Giving*, June Bradham, CFRE, September 1, 2017
- ◆ *The Truth About What Nonprofit Boards Want*, June Bradham, CFRE, © 2009. John Wiley & Sons.
- ◆ *What is a Consent Agenda for a Board Meeting*, Jeremy Barlow, Board Effect, February 6, 2016 <https://www.boardeffect.com/blog/what-is-a-consent-agenda-for-a-board-meeting/>