Boardroom Bearings

Navigating to Board Excellence

June 2016

You Probably Already Know This, but...

The Department of Labor has issued new federal rules that make more employees eligible for overtime pay. The new rules take effect in December, 2016.

In "How Nonprofits Should Comply with New Federal Overtime Rules" - a news release from the Chronicle of Philanthropy - you will find ten resources to help you understand the new rules. There are items from the Department of Labor, the Council on Foundations, the National Council of Nonprofits, a law firm, plus two webinars from Independent Sector.

Image courtesy of Stuart Miles at FreeDigitalPhotos.net

What has been your experience with...

...board management platforms?

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Let's use the *Boardroom Bearings* community to discover how organizations use the Internet to manage board business such as meeting materials, policy manual, board handbook, calendars, etc.

I'd like to hear from organizations that are using board portals or board management software to organize the work of the board; I will write a summary for next month's newsletter. Please contact me at 815-545-1300 or kdw@centerpointinstitute.com.

In This Issue

Nonprofit Jargon

As someone who enjoys words, I was drawn recently to a posting on nonprofit jargon. Readers were invited to nominate their personal un-favorites. Do you recognize any of these?

- Strategic partnerships
- Sustainable, sustainability, replicable, scalable
- Impact, collective impact, impactful
- Results, outcomes, outputs
- Continuous improvement

- Leverage
- Deep dive
- Promising practices
- Capacity building
- Empowering, empowerment
- Synergistic
- Low-hanging fruit


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Having read the same article, a colleague with extensive experience in the nonprofit sector who is currently serving as chief executive of a foundation in California wrote the following:

> The use/overuse of both jargon and acronyms has had such a "comprehensive," "impactful" effect upon both "donor-centered" and "client-centered" programs designed to "address the needs" of the "under-served" and sometimes even the those who are "extremely under-served" so it is "incumbent" upon us to develop "unique programs" that will "break the cycle" of....blah, blah, blah. I found each one of these uses of jargon in a single proposal this morning!!

If you could use a good laugh, you might enjoy reading "21 irritating jargon phrases and new cliches you should replace them with"

And on the more serious side, check The Communications Network, Jargon Finder
The definitions are worth reading! I clicked on "At risk", the first item on the list, and found the suggested language very useful.

10 Great Questions to Ask Again and Again


Image courtesy of Stuart Miles at FreeDigitalPhotos.net

Years ago in graduate school, we studied decision-making theory. Scientific, rational, heuristic, probability, subjective probability, etc. My personal favorite was "Muddling Through." The Muddling Through theory is based on the idea that decision-making is rarely rational, logical, or linear. Instead, most people make decisions incrementally - they muddle through -- one step in one direction, wait to see how things turn out, followed by another step in a slightly different direction. Or, in some cases, blunder into a quick, and sometimes not-so-great, decision.

Here is a short posting that offers ten questions for situation analysis. Boards, chief executives, and just about anyone could use some or all of these questions when a decision must be made.

Is Your Organization as Careful as It Should Be?

All organizations that serve children or any other vulnerable population must exercise reasonable due diligence by doing background checks on employees, volunteers, and board members. Yes, board members too - even though it may seem unlikely that they would interact with service recipients.

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According to Susan Maslow, attorney at Antheil, Maslow & MacMinn, "Even the smallest nonprofit should adopt safety-related policies based on nationally recommended guidelines developed by experts." Imagine how it would reflect on your organization if board membership gave a predator credibility in the community.

Maslow wrote, "At the very minimum, the background check should cover Social Security Number Verification, an FBI National Criminal Search and a state specific

Sex Offender Registries Search." She also recommends "Completion of a formal written application, work history verification, reference checks, driving history checks, an in-person interview by appropriate professional(s), [and] completion of orientation and training requirements."

See Best Practices: Background Checks for Nonprofit Board, Staff and Volunteers (cited with permission 5/28/16).

Financial Oversight is Essential, but it is Hardly Sufficient

Here is a fine article from Nonprofit Quarterly that will make you THINK about enlarging the board's financial role - especially in light of shifts in the operating environment since the recession and, for Illinois readers, in light of our state's financial chaos: Beyond Financial Oversight: Expanding the Board's Role in the Pursuit of Sustainability.

The author, Jeanne Bell, writes, "The truth is that one of the roles that most decently functioning boards play quite well is providing financial oversight. Compared to other board functions, financial oversight is relatively clear: there is a dedicated officer role, the treasurer; nearly all boards have a finance committee; and there are tangible products such as an annual budget to approve, financial statements to distribute, and an auditor to select."


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"The problem is none of those tangible products in and of themselves has anything to do with nonprofit sustainability. And it is sustainability that is keeping executive directors up at night, not financial oversight."

Bell asserts that boards spend too much time providing oversight on things that already happened and not enough time considering the financial road ahead.

"For too long, too much of our boards' finance focus has been on reviewing the past. For many nonprofits, this meant decision making was too slow in the face of the mounting recession. Modest reserves were depleted, and organizations were left exceedingly vulnerable during a time of great community need. The lesson of the recession is that boards must engage not only in financial oversight but also in the pursuit of sustainability. To do this well, boards have to be composed of financially literate members who engage in real-time analysis and focus on answering the complex business-model questions their organizations face today."

The article includes five discussion questions you can use to launch a discussion of "making the pivot from an oversight orientation to a sustainability orientation."

Question of the Month

Q:What topics have been covered in the Question of the Month column?

A: Answers to the following questions can be found in past issues posted here:

1. Is it ok for couples or others who share a close personal relationship to serve on your board at the same time? (November 2013)
2. What is a consent agenda? (December 2013)
3. How big should the board be? (January 2014)
4. What is conflict of interest? (February 2014)
5. How can we improve board meetings? (March 2014)
6. Should staff serve on the board? (April 2014)

7. Should senior staff attend board meetings? (June 2014)
8. Should you expect a board member to donate his/her professional services to the organization? (July 2014)
9. When our (well-liked) executive director retires or steps down, is it OK to offer him/her a seat on the board? (August 2014)
10. What is the board's responsibility to improve itself? (September 2014)
11. Can staff take over the board secretary's role? (October 2014)
12. Can a nonprofit have someone who is not a board member on a board committee? (November 2014)
13. What's the difference between an advisory board and a board of directors? (December, 2014)
14. What should you do if you don't agree with a board decision? (January, 2015)
15. What is a quorum? (February, 2015) Ellis Carter, filed in Bylaws
16. What does ex officio mean and do people serving ex officio vote? (March, 2015)
17. When motions are made, should the number of people voting be recorded in the minutes? (April, 2015)
18. How many years should a strategic plan cover? (July 2015)
19. Meeting after meeting, our board barely meets quorum requirements. We never have full attendance. What can we do? (August 2015)
20. What is "executive session"? (September 2015)
21. Does the chair vote in case of a tie? (November 2015)
22. What are the pros and cons of term limits? (January 2016)
23. We have a couple of board members who miss a lot of meetings. What should we do? (February 2016)
24. Can board members be held personally liable for financial mis-steps of their nonprofit? (March 2016)
25. Why do we need directors and officers (D&O) liability insurance? (April 2016)

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Please remember:
You are invited to submit questions by emailing them to kdw@centerpointinstitute.com. And if you have a troubling governance issue and need someone to talk with, confidentially, at no charge, call 815-545-1300 or send an email.

Boardroom Bearings...

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