

Boardroom Bearings

Navigating to Board Excellence

October 3, 2014



First birthday for *Boardroom Bearings*



Happy Birthday to *Boardroom Bearings*! When I started developing this newsletter last year and sent the first issue on October 1, I was not sure where it might lead. All I knew then (and all I know now) is that I enjoy access to a wealth of information about boards and have a career full of governance experience that I wanted to share.

Birthdays offer an opportunity to express gratitude and I'd like to thank Jessica Schumacher, my daughter and business partner, for her encouragement and technical support as I learned the newsletter-production ropes. She is a terrific teacher, coach, and editor!

I'd also like to thank the many readers of the newsletter. Knowing that you find the topics interesting and useful is the best reward of all.

Why is the title *Boardroom BEARINGS*?

Readers who know me, know that the name of my company, Centerpoint Institute, derives from a strong navigation metaphor. "Finding my way" has been a theme throughout my life. As a girl, I loved exploring, hiking, finding trails, and using maps; early in my career, I led many back-country adventures for teenagers; as an adult I love independent travel -- both domestic and international. I even wrote a business plan once for a youth camp based on the concept of "true north" because I believe that finding one's own direction is essential to success in life.

A compass "bearing" is the direction you are headed. In the nonprofit boardroom, knowing one's bearings is essential to success. We "take a bearing" when we want to know what direction we need to travel to get from point A to point B. We "get/find our bearings" when we are trying to understand where we are and where other things are. When we become confused, we say we have "lost our bearings."



So "Boardroom Bearings" just made sense.

In This Issue

[Why Boardroom BEARINGS?](#)

[Matrix Map... Powerful tool for mission-focused nonprofits](#)

[Board Action Calendar](#)

[Interview with Mike Trench, Community Foundation of Will County](#)

[Question of the Month](#)

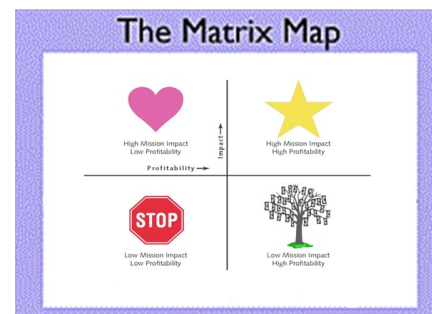
Matrix Map.... Powerful tool for mission-focused nonprofits

Here is a terrific resource for those readers interested in a fresh approach to support integrated decision-making! The first three paragraphs of the article make the case:

"It's easy to embrace the concept of the Dual Bottom Line, but harder to apply it in a real-world board setting. For example, board members - and many staff - are seldom familiar with all of the programs and activities of the organization. While there may be a strong sense that 'all our programs are great,' there may not have been any discussion about which programs are, in fact, those with the greatest or most important impacts. Even people with financial expertise may feel uncertain about how to make decisions that are more nuanced than 'stick to the budget and at least break even.'

"Board meetings unintentionally support this kind of fragmentation. They take each subject on its own: first the financial report, then the program report, and then the fundraising report. The Matrix Map aims to change that.

"The Matrix Map is a visual tool that plots all of the organization's activities - not just its programs - into a single, compelling image. By illustrating the organization's business model - through a picture of all activities and the financial and mission impact of each one - it supports genuinely strategic discussions."



[The article](#) is full of concrete examples and how-to steps. Both board and staff will make better decisions - find their bearings - because they are using this matrix map.

Board Action Calendar

It happens! Small nonprofits, especially those without staff, can forget their IRS filing responsibilities and LOSE that 501.c.3. determination they worked so hard to attain. And what about fundraising registration if the organization raises money in states where it is not incorporated? Another responsibility to remember is payroll taxes. Non-payment of these taxes can result in very high penalties and board members may become personally liable.

What is a board to DO? Navigate to the BoardSource website and download this FREE resource: [Board Action Calendar](#).



Recommended items on the action calendar include:

- * Filing requirements (IRS Forms 990, 990-EZ, 990-N, etc.)
- * Fundraising registration
- * Employee payroll
- * Federal grant reports
- * Chief executive performance evaluation
- * Conflict of interest policy
- * Annual audit
- * And MORE....

Thoughts from the perspective of a community foundation leader: part one

Mike Trench serves as Executive Director of The Community Foundation of Will County; I interviewed him in September to ask about his thoughts on nonprofit governance:

Question: What are the characteristics of an effective board member?

Mike said that the total package is comprised of two domains: personality and skills.

Personality traits include:

- * **Passion.** "Having a passion for the mission of the organization," Mike said, "may seem obvious, but sometimes board members serve because a friend asked them to serve - not because they actually have a passion for the cause."
- * **An inquiring mind.** "Wanting to learn and understand" both the work of the organization and governance responsibilities. Genuine curiosity brings innovation to the board's deliberations and processes.
- * **Team spirit.** "An ability to work as part of a team is essential because a belligerent or Lone Ranger member can destroy the partnership that is so essential to a high-functioning board," Mike said.

Skills that effective board members need include:

- * **Fundraising.** "ALL board members must play a role in fundraising." Some of the key roles Mike identified are asking (for contributions), networking, and making a personal gift. He said, "Each member must have a strength in one of these roles - and then use it."
- * **Taking responsibility.** "Being a good manager of processes and peers, or being a strategic thinker...The board should not use its board-meeting-time to do the work of committees. Since committees should be the workhorses of the board, it is essential that committee leaders actually LEAD - do the work delegated to them."
- * **Use of talent.** "Whether members' skills are in the areas of finance, education, community development, marketing, or program ideas, their talents should be used where they best fit the needs of the organization and its mission."

Question: What is one vital change that boards can implement to improve board composition and diversity?

Mike said, "The old way of recruiting new board members should end! When board recruitment consists of asking current board members, 'Who else do you know who will serve on this board?' the board limits itself to friends of friends and they only get more of what they already have, rather than expanding and diversifying." Instead, Mike advocates for using a board profile to identify the gaps and then recruiting to fill the gaps.

He added that an essential message is often overlooked when recruiting new board members: "It is all about SERVICE. Don't we even talk about 'serving' on a Board? Service is more about 'giving' than 'getting.' Being on a Board for what you will 'get' (business connections, prestige, stronger resume, hanging out with friends) doesn't really 'serve' the Board. Instead, during the time that you serve on this board, the organization needs to be one of the top three priorities for your giving - of Time, Talent and Treasure."

For 25 years of his career in the nonprofit sector, Mike has reported to a board as a senior staff person or executive director and has worked with 17 different board chairs. His experience as board member includes service on several professional association boards.

Next month, look for Part Two of the interview with Mike.

See [two examples of board profile charts here](#). Look for "Board Composition Matrix from Colorado Nonprofit Association" and "Board Profile Worksheet from MAP."

**Question of the Month****Q: Can staff take over the board secretary's role?**

A: Yes, it is acceptable - and actually advantageous - for the executive director to appoint a staff member to handle secretarial duties. Having a staff member take meeting minutes allows each board member to fully engage in board discussions.

This staff member can support the work of the board in many ways including maintaining board handbooks, policy manuals, and recording and distributing minutes and other documents. Most boards that use a staff secretary, however, continue to have an elected Secretary who is full voting board member and whose name is listed on corporate documents as an Officer.

Please remember: you are invited to submit questions simply by emailing them to kdw@centerpointinstitute.com. And if you have a troubling board issue and need someone to talk it over with, confidentially, call 815-545-1300 or send email.

Boardroom Bearings...

...is written by Katheryn Wiedman, Ph.D, a BoardSource Certified Governance Trainer at Centerpoint Institute. You may reach her at kdw@centerpointinstitute.com or at 815-545-1300.

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