

Boardroom Bearings

Navigating to Board Excellence

January 12, 2015



Series on Board Responsibilities: Ensure Adequate Resources

This issue of Boardroom Bearings is the third in a new series on the basic responsibilities of a nonprofit board.

The November issue explored the board's responsibility to set organizational direction by determining the mission. In December, the focus was on ensuring effective planning. (See those two newsletters [here](#)).

This month we look at the board's responsibility to ensure the resources necessary for the organization to act on its mission.

As usual, the newsletter also includes articles on other topics as well as the Question of the Month.

Responsibility: ensure adequate resources

The nonprofit and voluntary sector is home to a wide range of organizations from very large hospitals and universities which fund their operations primarily from fees or tuition to small community-based groups which survive on charitable contributions. Some organizations, such as religious congregations and private membership organizations, operate without government funding. Others, particularly those serving the elderly, poor, or disabled could not survive without the steady flow of funds from federal, state, and local government.

Revenue models for different types of organizations in the sector are extremely varied and include fees-for-service, dues, tuition, government contracts and grants, foundation and corporate grants, commercial enterprises, and private donations. Whatever the revenue mix, boards should ensure that sources are diverse so if one or two sources decline precipitously, the organization can continue to operate.

Regardless of the type of organization or sources of funding, the board is responsible for ensuring adequate resources for their organization to fulfill its mission. The board carries out this responsibility by:

- Approving plans and goals
- Approving the budget and financial goals
- Establishing fund-raising policies
- Selecting and supporting a resource-savvy CEO
- Recruiting board members who will raise funds or

In This Issue

Responsibility: ensure adequate resources

Tips for improving fundraising performance

Stinkin' thinkin'

To go forward, will you retreat this year?

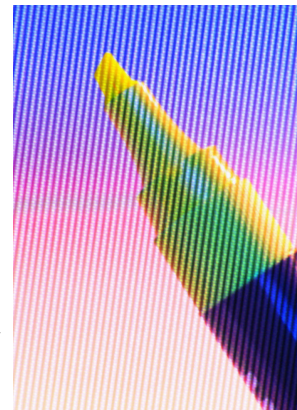
Question of the month

- otherwise support the organization's revenue model
- Helping to implement the fund development plan and participate in fund-raising activities.

Tips for improving fundraising performance

Probably no other board responsibility causes more consternation among board members than the expectation that they make a personal financial contribution and ask others to give.

While individual giving by board members has improved over the years, according to the 2014 National Index of Nonprofit Board Practices (BoardSource) only 60% of nonprofits surveyed achieved 100% of board giving. And according to the same survey, only 6% of board members said they were "very comfortable" with asking for donations. Slightly more, 12%, said they were "very comfortable" with meeting donors, and 24% were "very comfortable" with identifying donors.



To improve board members' participation in personal giving as well as in asking others to give:

- Develop a policy that defines the board's fund-raising responsibility.
- Use a board job description that clearly states fund-raising expectations both for personal giving as well as for participation in fund-raising activities.
- Provide fund-raising training.
- Be sure all board members can speak passionately about the organization and have key messages about the impact of the organization's programs and services.
- Provide an array of ways board members can support the fund-raising effort so they can choose activities with which they are comfortable.
- Set achievable goals, starting small if the board is new to fund-raising.
- Celebrate like crazy when goals are reached.
- Capture "lessons learned" so improvements can be made.

[Here is a questionnaire](#) on board fundraising culture that can be used to identify areas of strength and areas to improve.



Stinkin' thinkin'

One purpose for this newsletter is to provide thought-provoking articles that readers can use to promote board discussion. I ran across "[Stinkin' Thinkin'](#)" a couple of months ago - it may spark a conversation about funding your nonprofit.

To go forward, will you retreat this year?

Organizations that hold an annual retreat for board members and the management team find things run more smoothly the rest of the year – the board governs more effectively and the staff feel more connected to the board's vision, thinking, and direction-setting.

Investing in time and space for the board and staff to interact, think, innovate, and focus on the organization's potential will pay dividends down the line. Be sure prospective board members know that participating in the annual retreat is expected and add it to board members' position description. Build retreat expenses into the annual budget just like salaries, travel, and office expenses.



Here are some suggestions for retreats:

- Because people usually support what they help to create, involve both board and staff in decisions about the retreat - date, topic, location, etc.
- Establish the expectation of 100% full-time participation.
- Create a plan for the retreat that includes the purpose and expected outcomes. Communicate the plan to board and staff.
- Get out of town. Choose a location offering fresh air, room to move around, and free-time options that promote interaction.
- Use an experienced facilitator who will keep discussions on track, ask the hard questions, and provide a neutral, third-party perspective. Even if a board member or staff member has facilitation skills, they should not be the retreat facilitator because 1) they are not neutral and 2) their attention and voice are needed in the discussion not in keeping track of the discussion.
- Provide for record-keeping so decisions reached are implemented in the coming months.
- Relax, laugh, and enjoy the time together. Social capital built during retreats is money in the bank later in the year when the board and staff are working hard to achieve their goals.

Question of the month



Q: What should you do if you don't agree with the board's decision?

A: Good decisions usually are the result of healthy debate. The board culture should foster a climate in which all views are welcome. After all, if everyone were to hold the same opinion all the time, it would be a boring world!

Eventually, after all board members' views on a topic are expressed, a decision needs to be made. If the board operates according to some version of Robert's Rules of Order, when a vote is taken the majority rules. Dissenting votes and abstentions should be recorded in the minutes. When a board operates on a consensus model, discussion continues until everyone agrees with the decision being made.

In either case, once a decision is reached, all board members need to speak with "one voice." It is not acceptable for those who disagreed with the decision to talk about it outside the board room or use media of any kind to establish their position in opposition to the board. This principle of confidentiality is part of the board members' fiduciary responsibility.

When you absolutely oppose the board's decision and feel that you cannot maintain confidentiality, you should resign.

[Here is an excellent resource](#) that further addresses the topic of board members' duty of confidentiality. It discusses the source of the duty of confidentiality, when the duty of confidentiality is engaged, suggestions for a confidentiality policy, and consequences of breaching the duty of confidentiality.

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, call 815-545-1300 or send an email.

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