

# Non-Profit/Ministry Board Overview, Responsibilities, Composition, and Member Profile

## Perspectives on Board Leadership

**Summary of Purpose.** Several views: A) “Be the shepherds of the organization.” B) “Rather than steer the boat by managing day-to-day operations, the board provides foresight, oversight, and insight.” C) “The *Board’s* job is, on behalf of *stakeholders*, to *see to it* that the organization *achieves* what it should and *avoids* what is unacceptable.”

1. The *Board’s* job: It is the Board's responsibility to govern with authority as a group, not a collection of individuals.
2. On behalf of *stakeholders*. The Board is NOT the organization themselves but are a microcosm of its stakeholders. The Board must know who the stakeholders are and what they desire, even more than supporting management.
3. *To see to it*. Possessing a commitment to assure, not simply to hope that things come out right, requires three steps: a) Describe "right"—that is, the criteria that would signify success. b) Hold top management accountable for reaching these criteria. c) Systematically check to see if criteria are being met, i.e., monitor performance regularly.
4. *Achieves* what it should. Validate that sufficient benefits accrue to the right recipients to be worth the right cost.

## Philosophy and Principles = Policy Governance

To fulfill Board leadership effectively, the Board employs a philosophy of Policy Governance:

1. **Unity.** The Board speaks with one voice or not at all.
2. **Operation.** Policies that prescribe how the Board itself will operate. A board must explicitly design its own products and processes. Define and delegate, rather than react and ratify.
3. **Policy-driven.** Board actions should predominantly be policy decisions, i.e., formulate policy by determining the broadest values before progressing to more narrow ones; determining the ends, specifying the results, recipients, and costs of results intended.
4. **Oversight.** Forge a linkage with management that is both empowering and safe. Monitor CEO performance rigorously, but only against policy criteria: i.e., a) Policies that limit (not prescribe) CEO authority about methods, practices, situations, and conduct; b) Policies that delineate the manner in which governance is linked to management.

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## Board Responsibilities and Functions

- 1) **Strategic:**
  - a) **Articulation.** Create and/or approve a statement of mission and purpose that articulates the organization's goals, means, and primary constituents served. The mission or case statement should explain what makes the nonprofit unique, clearly express the organization's goals and desired impact on constituents served and make a compelling case for why donors should provide financial support.
  - b) **Alignment.** Collaboratively help the organization align its programs to its mission and strategy. Help frame decisions as well, determining which issues should be addressed, and why, especially with respect to new opportunities or challenges.
- 2) **Organization Leadership:**
  - a) **Selection.** Define the CEO's responsibilities and undertake/oversee a careful search to find the most qualified individual for the position. If appropriate, assess organizational strengths and weaknesses plus opportunities and threats, to inform the selection process.
  - b) **Compensation.** Establish compensation policies and guidelines and determine and document rationale for appropriate compensation for the organization's chief executive.
  - c) **Advise/Support.** Serve as a trusted advisor to the CEO as s/he develops and implements the strategic plan. Ensure that the chief executive has the moral support and professional assistance needed to advance organizational goals.
  - d) **Oversee/Evaluate.** Create a process to evaluate the executive's performance and identify specific board members to carry out this task on behalf of the entire board.
  - e) **Board Excellence.** Ensure an approach that effectively and efficiently sustains the Board's functions. Include creating the profile, prerequisites, and priorities for board candidates, plus recruiting, vetting, orienting, developing, assigning, evaluating, and transitioning them.
- 3) **Advocacy**
  - a) **Stakeholders.** Represent key constituents' views to convey unfiltered perspective TO the organization. Act as an ambassador FOR the organization's mission, goals, programs, and accomplishments to its stakeholders and constituents.
  - b) **Network.** Provide access to Board members' network of relationships. Leverage their skill sets and personal and professional networks to promote the organization's mission, programs, and services.
- 4) **Performance Oversight.** Collaborate with the CEO to optimize organization performance. Confirm and strengthen programs and services which are consistent with the organization's mission. Ensure that there are clear indicators and metrics for tracking progress and outcomes. Monitor and evaluate actions taken when the organization's programs / services aren't true to the mission or not achieving desired impacts.
- 5) **Fiduciary**
  - a) **Financial sustainability.** Secure adequate resources to ensure the viability of the organization and to fulfill its mission. Play appropriate role in fundraising through planning, empowering, promoting, contributing, and/or soliciting.
  - a) **Financial Integrity.** Serve as trustees of the organization's assets and ensure its fiscal health. Collaborate with the CEO to approve annual budgets and longer-term financial plans, ensure appropriate oversight and internal controls, and monitor key financial indicators. Oversee independent audits to preserve the organization's financial standing.
  - b) **Investment Policy.** Sponsor, approve, and monitor outcomes of an investment policy that specifies how the organization will manage investable cash in a responsible manner.
- 2) **Risk Management.** Recognize relevant laws plus operational, reputational, and other risks that could affect the entity's integrity. Certify that the organization adheres to legal regulations and ethical standards. Ensure that management proactively mitigates risks through policies, procedures, and commercial insurance.

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## Legal Obligations for a Nonprofit Board Member

- 1) **Duty of Care:** Participate actively in making decisions on behalf of the organization they are serving and exercising their best judgment in doing so.
- 2) **Duty of Loyalty** — Put the organization's interests before their personal and professional interests when acting on behalf of the organization in a decision-making capacity.
- 3) **Duty of Obedience** — Ensure that the organization complies with the applicable federal, state, and local laws and adheres to its mission.

## Composition of the Board

The Board is comprised of a balanced blend of members who populate a conceptual matrix that matches evolving organizational needs. (Ideal candidates possess several attributes).

- 1) *Dimension #1.* Credentials and practical skills that create needed expertise to address issues.
  - a) **Functions:** Finance/accounting, legal, marketing, fund-raising, communications, public relations, human resources, information technology.
  - b) **Experiences:** Executive, strategy, consulting, project management, risk management, government, trade association, philanthropy, ministry, church, other nonprofit board.
- 2) *Dimension #2.* Intrinsic personal traits that generate healthy diverse perspectives.
  - a) **Demographics:** Ethnicity, gender, age, geography.
  - b) **Ecclesial:** Denominational affinity and complementary branches of the Church.
  - c) **Connections:** Networked to resources, stakeholders, donors, beneficiaries.

## Board Member Qualifications

### Skills/Style/Qualities

- 1) **Personal:** Spiritual and emotional maturity; humble; ethical integrity; engaged learner; motivated and committed; eager to participate; accountable.
- 2) **Interpersonal:** Reliable team-player; respectful and diplomatic; collaborator/facilitator; consensus-building decision-maker; compatibility with and empathy for executive staff.
- 3) **Communications:** Active listener; candid and assertive but positive; not contentious or argumentative; competent/comfortable in public speaking.
- 4) **Leadership:** Big picture view; mission-focused; vision-clarity; delegate details to staff; potential to head a committee or be board chair.
- 5) **Mindset:** Passion for the cause/mission; strategic forward thinker; open to creative fresh ideas; solutions oriented.
- 6) **Practical:** Clarity about board role; no conflict of interest; donation potential; time capacity for meetings and work/preparation between meetings; electronic information management; hybrid remote/onsite communication.