



RISKY Misconceptions

by Sara Peterson

In the nonprofit world, the role and function of a board of directors is often misunderstood. Often board members and management struggle to define their roles and balance their working relationship. Straightening out these issues with clear communication is essential for the board to function properly.

Misconception #1: “Working on a nonprofit board is volunteer work—not corporate governance.”

Though some of the specifics of governance in for-profit and nonprofit corporations are different, nonprofit governance is still corporate governance—and the same rules apply.

- Common law duties of care, obedience, and loyalty apply.
- State statutes and regulations apply.
- Federal statutes and regulations apply.

Within those state laws are requirements for your organization’s bylaws (what must be in them) as well as limitations (what can’t be in them) and gap-fillers (what happens if something is missing). Just knowing what is in your bylaws and voting on periodic amendments is not enough.

Misconception #2: “I serve on a fundraising board, so governance rules don’t really apply to my work.”

Once incorporated as a nonprofit, the rules apply to each member of the board. The board of directors is collectively responsible for the business of the organization. It is important for members to be prepared for meetings, to record votes or abstentions, and to openly discuss expectations and obligations of the job. The board and the organization’s staff must work together to ensure that proper recruitment, orientation, training, and support (even insurance) is available to the board.

Today’s board members are expected to take on a full spectrum of roles. Their responsibilities may range from governing duties to staff projects to volunteer work and donor activities. Responsibility for an organization increases as a person moves from an initial role as a donor, through various levels of volunteering, to a position on the board. So board members need to be aware of the role they are playing at any given time—donor, volunteer, or organizational governor. Maintaining this awareness can help organizations stay focused on higher-level board governance activities, rather than spending precious meeting hours and energy on volunteer or quasi-staff activities.

The duties of a board member are many, so clarifying roles and responsibilities is an important step toward more effective and efficient governance. (For more information on defining board member roles go to www.larsonallen.com/publicservice/index.asp.)

Misconception #3: “We should be a ‘working’ board not a policy board right now.”

The way in which the board of directors works together, structures its activities, and allots its time depends on the developmental needs of the organization. An organization in its early developmental stages traditionally calls for a working board and attracts board generalists—people who can step in to

help stuff envelopes or make phone calls. A more mature organization may have a prestige board that might focus on fundraising, external relationships, and higher-level issues. Tension is created when the composition of the board and the organization's needs are not aligned.

To be successful, an organization and its board must collectively understand where they are in their evolution and what their greatest needs are. Boards should regularly step back and seriously contemplate their role, the type of members needed to fulfill that role, and the structure that will meet the organization's governance needs. Board retreats are an ideal opportunity to accomplish this type of organizational soul searching.

Misconception #4: "I don't want to burden my board with a lot of meetings each year."

An organization is not burdening board members by providing them opportunities to interact with other board members and staff or giving them a chance to get to know the organization better. Boards—like any team—need time to gel. It takes time to build relationships. It takes time to learn the board responsibilities, the way the organization works, and the organization's weaknesses. A board member can't just be given a packet of information about the organization and immediately begin to make strategic decisions about its future.

Board members should expect to make a time commitment to the organization they are serving. In recent years, the time invested in corporate board service has grown significantly. One survey of corporate boards showed that between 1992 and 2002, the hours per year spent in preparation, travel, and meetings jumped from 95 to 173. Though few nonprofit organizations would dream of asking for that much time from their board members, the time and level of responsibility has increased for nonprofit board members as well.

It's true, time is precious, and good directors are in high demand, but if the organization's needs and expectations are clearly communicated when a board member is first recruited, the member who accepts the position is well aware of the demands of the work ahead of them.

However, when you are requesting a significant amount of time from board members, make certain you are respectful of their obligations outside their board service. And be certain that their time spent with the organization is efficient and productive:

- Ensure that board members receive materials in a timely manner.
- Make sure the amount and level of information is appropriate to their position.
- Start and end meetings on time.
- Make sure meetings are run efficiently.

Misconception #5: "Some members are micromanaging. I need more from the board—but not managers."

Executives often face boards that either manage too much or fail to engage in the organization or their responsibilities. The first step is to take the time to understand what is really going on. Micromanaging is almost never about board members wanting to get in the way or take over. More often it is a symptom of another issue. For example:

- Boards tend to manage intensively during an internal transition, external turbulence, or crisis. Some boards may not know how to shift gears as the organization grows out of the crisis. An honest conversation about where the organization currently stands will help.
- Some members may believe they were recruited because they have special knowledge, talents, or interests—so they enthusiastically use them. Clearly defining the members' roles will help align their skills with the organization's needs.
- Members may not understand the difference between operational issues and strategic governance issues. These members may need a more

thorough orientation and some education.

- Some members may be better at working on details than delegating or thinking strategically. At different points in an organization's evolution it is appropriate to look at the makeup and structure of a board to determine if the board's assets are being fully utilized. Some members may be better at volunteer committee work than governance.

Misconception #6: "My board is not engaged."

At the other end of the spectrum is a board that is perceived as not engaged. However, what might appear like an unenthusiastic or even apathetic board, may simply be a board that does not understand its responsibilities and whose members have duties they are not excited about. Clearly communicating the organization's expectations of board members and possibly reassigning some responsibilities can re-engage a sluggish board.

- Clear job descriptions are a necessity. New members should be oriented, trained, and given the information they need to be successful. Board members who are not living up to a high standard of performance (including attendance at meetings) should be contacted early on to make sure they understand their roles.
- Reigniting a member's passion for the mission may require that you find a role that is closer to the heart of the mission and less administrative. For instance, if board members joined the organization because they felt strongly

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about housing issues but have only had an opportunity to work with the organization's personnel problems, it is important to find roles closer to the mission where they can use their skills.

The nonprofit board as training ground

When functioning properly, the boardroom provides both the nonprofit and the corporate world with a unique opportunity to productively interact on common ground. Businesses enjoy the exposure as good corporate citizens, while nonprofits benefit from board members with a wide range of professional skills and experience, as well as access to a corporate network. For both the corporate and nonprofit worlds, the nonprofit boardroom has become a venue through which to teach young leaders about governance and leadership in preparation for future roles of even greater responsibility. But to be successful, nonprofit boards require training and clear roles—just as for-profit boards do. 🌟

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