

# Board governance

**September 22, 2022**

PMAP 3210: Introduction to Nonprofits  
Andrew Young School of Policy Studies

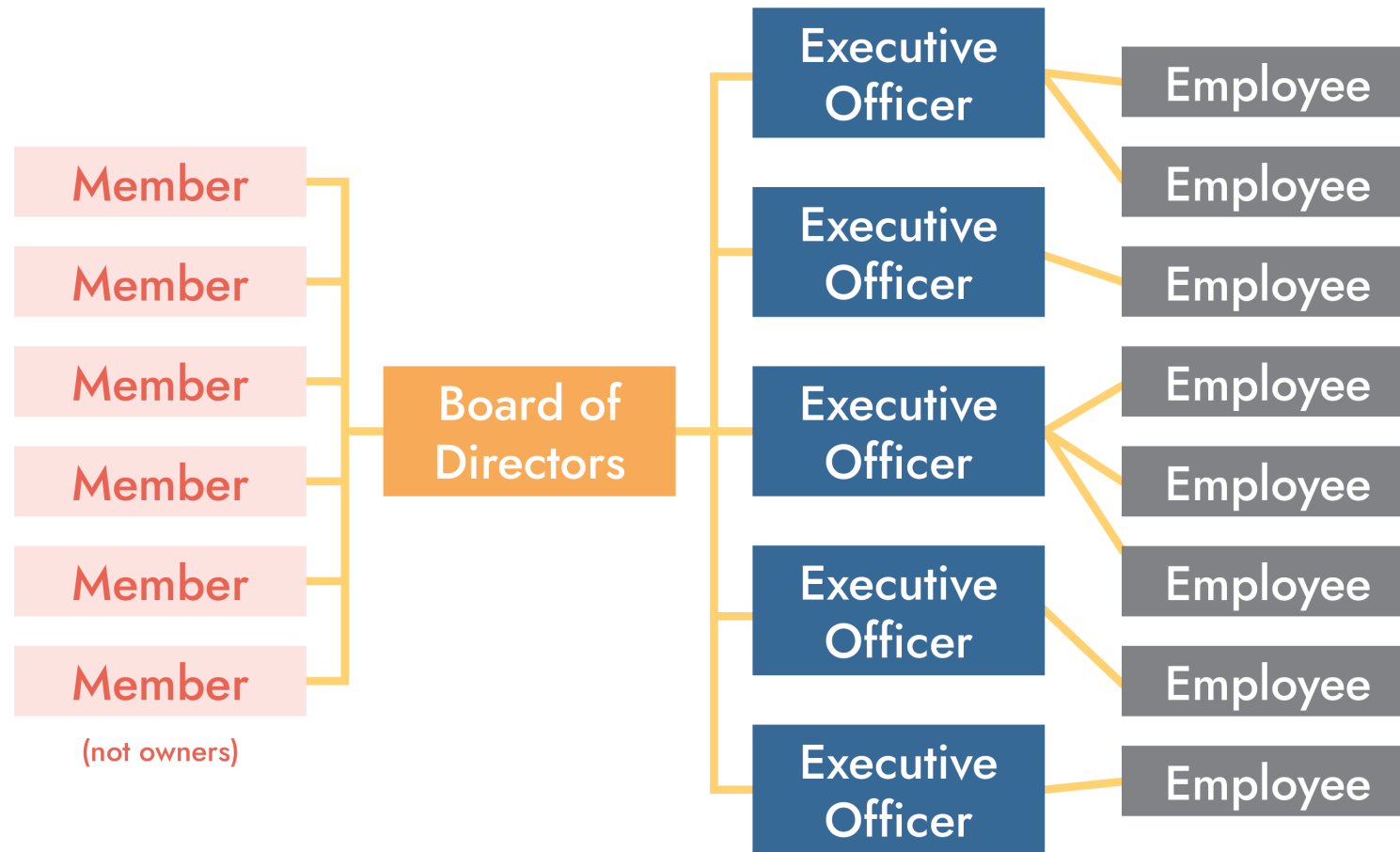
# Plan for today

What do boards do?

What makes a good board?

**What do  
boards do?**

# Typical nonprofit structure



# What is a board?

**A group of volunteers  
who help direct the nonprofit**

**The board sets the strategic  
vision for the nonprofit**

# Requirements

Legal requirements for being  
a nonprofit board member:

**Be 18+ years old**

**That's it.**

# Board member legal duties

## Duty of Care

Due diligence

Monitor finances

Supervise management

## Duty of Loyalty

Put nonprofit's interests above own

Avoid conflicts of interest

## Duty of Obedience

Keep nonprofit in line with law and mission

Avoid mission drift

# Board responsibilities

## Personnel

Select new board members

Appoint, advise, evaluate, dismiss the CEO/executive director

## Planning

Approve policies and programs

Maintain clear mission and purpose

Establish standards for performance and hold the organization accountable



# Board responsibilities

## Finance

Ensure sound financial management and transparency

Approve budget

## Fundraising

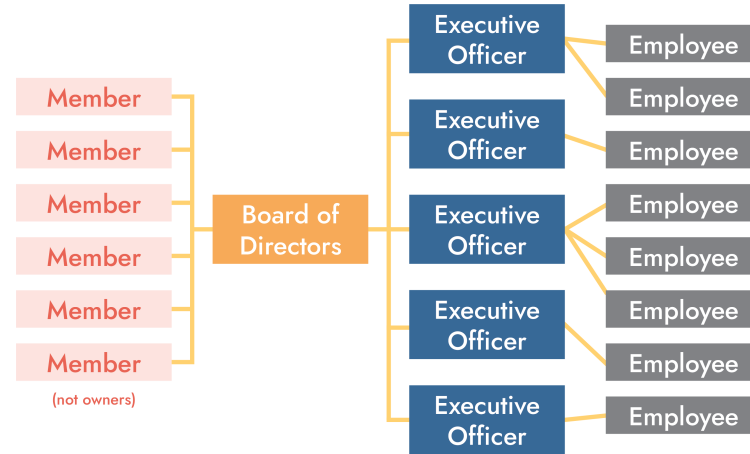
Approve plans for fundraising events

Contribute and participate

## Public Relations

Encourage outside participation in the organization.

# Where does management fit?



**Management = executive team**

**Executive director/CEO and staff**

**Usually paid; direct day-to-day activities of the nonprofit**

# Where do boards come from?

Elected

Self-perpetuating

Hybrid

# Elected boards

Membership elects the board

## Pros

Nonprofit more responsive to members' needs and priorities

## Cons

Membership divisions reflected in board

High turnover makes it hard to sustain long-term strategies

Board skills may be uneven because of popularity contest

# Self-perpetuating boards

New board members selected by existing board

## Pros

Continuity of culture, goals, and priorities

Can target members with specific skills

## Cons

May become unrepresentative of the community

Too stable to respond to changes

Often give too much authority to the CEO/ED

# Hybrid boards

Some positions are elected;  
some are appointed or ex officio

## Pros

Combines the  
advantages of elected and  
self-perpetuating boards

## Cons

Different interests and  
loyalties may lead to a stalemate

# Executive committee

Boards often have internal committees

Most common (and important) is the **executive committee** of board officers

Chair

Vice chair

Secretary

Treasurer

Executive board can have the power of the full board for lots of decisions

Other committees are useful too, depending on size and needs

Finance committee

Marketing committee

Strategy committee

# Special kinds of boards

## Advisory boards

Famous, rich, well-connected, or expert people who want to be affiliated with the nonprofit but don't have time for actual governance

## Client boards

Members of the community the nonprofit serves who consult with the governing board and executive team



# Decisions to be made

Board elected, self-perpetuating, or hybrid?

Board size?

Quorum size?

Should *ex officio* members (like the CEO/ED) have a vote on the board?

How should the executive committee be formed?  
Nominated or open?

**Find the board for a nonprofit you're interested in. Who's on it?  
What expertise do they bring?**

**Find a nonprofit with an advisory board.  
Who's on it? Why do you think  
the nonprofit sought them out?**

**What makes  
a good board?**

**"Effective governance by the board of a nonprofit organization is a rare and unnatural act."**

**"Nonprofit boards are often little more than a collection of high-powered people engaged in low-level activities."**



*Is your board adding value or simply wasting its members' time?*



## The New Work of the Nonprofit Board

# What should board members bring?

**Wealth, wisdom, work?**

# Board recruitment and diversity

Why care about board diversity?

Recruit board members with different:

Expertise (legal, fundraising, fiscal, personnel management)

Ages

Races and Religions

Backgrounds (government, business, nonprofit)

Experiences (clients of the nonprofit, advocacy work, volunteering)

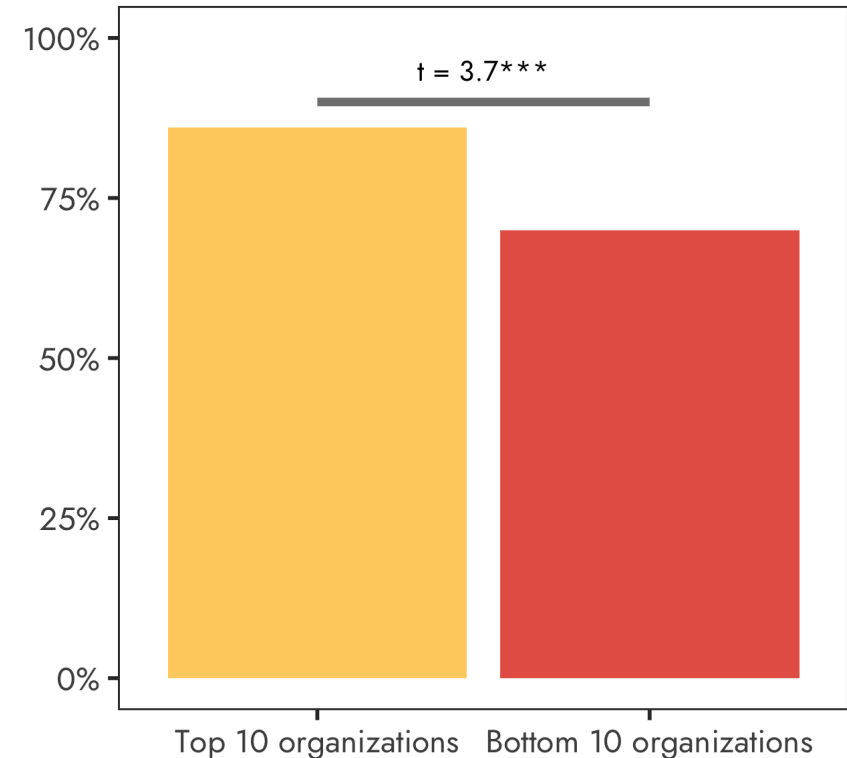
# Best practices



# Best practices

**Top 10 organizations  
used 86% of the  
correct procedures**

**Bottom 10 organizations  
used 70% of the  
correct procedures**



**Your most important things**