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| Lancaster-Lebanon

Best Practices for Nonprofit Boards

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Bob Thomas- Certified SCORE Mentor



With a distinguished 33-year career in college and university administration, including 26 years in senior executive roles, Bob brings extensive leadership experience to the nonprofit sector. For 12 years, he served as President/CEO of a Lancaster-based nonprofit, managing a staff of 55 and a \$5.5 million annual budget while providing housing and financial counseling services.

Bob holds a Ph.D. and is a graduate of the Harvard Business School Institute for Non-Profit Executives. His commitment to community service is evident through board memberships with three Lancaster nonprofits, including serving as chair of one.

As a SCORE mentor since 2018, Bob has guided 45 nonprofit clients and presented six webinars on nonprofit management for Lancaster Lebanon SCORE. His passion for education, leadership, and community impact has been a hallmark of their career.

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About SCORE

As a resource partner of the SBA, we help small businesses by:



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Request a SCORE mentor at www.score.org/find-mentor

Agenda

- Key Purposes and Roles of a Nonprofit Board
- Desired Composition of the Board
- Role in Development/Fundraising
- Recruitment of Board Members
- Board Member Orientation
- Board Engagement
- Board Evaluation

Key Purposes of a Nonprofit Board

1. Nonprofits are incorporated and sanctioned by the IRS as organizations with charitable, religious, educational, artistic and other social welfare missions as opposed to those whose primary purpose is generating profits for owners of businesses while providing products/services.
2. Tangible benefit for non-profits are exemption from federal, state and local taxes and the possibility to raise funds via tax deductible contributions. Donors should consult their income tax professional to determine the deductibility of their gifts.
3. For profit businesses are governed by their owner(s). In contrast, nonprofit boards of directors are comprised of unpaid volunteers. Nonprofit Boards govern their organization have fiduciary responsibility to their organizations' missions and not the founder.

Key Roles of a Nonprofit Board

Board of Directors is responsible for:

1. Establishing direction of the organization
 - Developing & approving/mission and vision
 - Developing & approving strategic directions
2. Securing staff and delegating to them the authority to manage the organization; evaluation of nonprofit Executive Director
3. Ensuring organization has financial resources needed to fulfill its mission, oversight of revenue generation, from gifted and program revenues.

Key Roles of a Nonprofit Board continued

4. Providing oversight of the organization's functions.

- Monitoring implement of strategic initiatives
- Ensuring compliance with applicable law and ethical standards- governance (Examples: By Laws, conflict of interest, HR, Whistleblower, fundraising)
- Establishing/enforcing financial policies

At their best, boards should and can be valuable asses for nonprofit and development of them is a key challenge for these organizations.

Board Composition

Individually board members should be:

1. Committed to the organization's mission.
2. Prepared to devote time to fulfilling their responsibilities
3. Attend meetings, serve on committees, support events and programs.
4. Keep informed, serve as organizational representative in the community, helping with fundraising, etc.
5. Be willing to make personal financial contributions to the best of their ability.
6. Avoid conflicts of interest.
7. Refrain from micromanaging organizations activities/programs.

Board Composition continued

8. Collectively, and ideally, a board's members should have knowledge/skills in:

- Organizational leadership & management
- The organization's mission
- Financial management
- Fundraising / resource development
- Marketing / public relations
- Community connections
- Legal issues



The Role of Boards in Resource Development

1. Not all board members will be rich and generous, and not all have to be comfortable in asking people for money.
2. But.....all members need to be willing to personally support the organization and support resource development activities in some way.
3. For example, board members can help with resource development by:
 - Introducing people who have resources to the organization and its fundraisers
 - Personally inviting people to organization activities
 - Writing personal notes on donor solicitation and thank you letters, making phone calls.
 - Reviewing/approving the organization's resource development plans and tracking progress in meeting goals

Recruiting and Engaging Strong Boards

Successful engagement of Boards begins with the recruiting process.

1. Consider personal characteristics and skills mix you want for your board - commitment to mission of organization, ability to work with others, think clearly, willingness to work and participate with others
2. Red flags – interest in enhancing resume / reputation, personal agendas, dogmatic, desire for power
3. Develop a profile of the needs your board has (see Board Composition)
4. What strengths does you board need now and what will it need over the next 3 years?
5. Identify prospects

Recruiting Strong Boards continued

Sources of ideas for possible Board members:

- Current board member
- Staff
- Volunteers
- Partner organizations
- Civic organizations, churches
- Community leaders
- Current supporters (organizations and individuals)
- Businesses – associates, colleagues, co-workers
- Those who have benefitted from programs / services
- Local government, colleges
- Review personal contact lists

Cast a wide net

Recruiting Board Members

Cultivating prospective board members:

- Send information about organization
- Invite to events/activities, facility tours
- Invite to serve on committees
- Involve Executive Director / President / CEO



Recruiting Board Members

Inviting prospective Board Members

- Review and provide in writing the role of board and **expectations, including expectations of fundraising or personal contributions** of board members
- Share meeting schedule, possible committee assignments



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Recruiting Board Members continued

Sample Expectations:

- Prepare for and participate in board and committee meetings, including appropriate organizational activities when possible. Understand and embrace fiduciary responsibilities.
- Know the organization's mission, goals, policies, programs, services, strengths, and needs, as well as the larger ecosystem and its collective purpose.
- Act as an ambassador for the organization when in public, speak only with one voice outside of board room.
- Volunteer outside of board role when appropriate.
- Suggest to the appropriate committee possible nominees for board membership who would make significant contributions to the board and organization.
- Serve in leadership positions and undertake special assignments willingly and enthusiastically. Attend all board meetings and come prepared to participate

Orientation for New Board Members

Orientation should include:

1. Providing a handbook

- Board list / contact info
- Board and board member responsibilities
- Bylaws / Committee charters
- Mission / vision / values
- Organizational chart
- Strategic plan
- Financial information (operating budget)
- Board policies (conflict of interest, liability insurance, etc)
- List of key staff
- Meeting schedule
- Program and event schedules

Orientation for New Board Members continued

2. Hold new board member orientation session(s)

- Led by board chair, CEO
- Review handbook contents
- Review current financial statements
- Provide recent meeting minutes
- Introductions to staff and other board members
- Review strategic plan
- Facility tour

New Board Members should understand the organization's mission, objectives, policies, programs, services, strengths, and requirements, along with its broader community impact and shared purpose.

Engaging Board Members

When truly engaged, board members will become your nonprofit's best ambassadors, advocates, strategists, and all-around supporters.

- Focus on board's role vs. management's; ensure roles of each are understood, develop a partnership mindset
- Use meetings to discuss strategic issues vs. routine updates, encourage discussion and Q & A
 - Run effective meetings, agenda, topics for discussion, new initiatives
- Assign follow up tasks to groups/individuals, request follow- up reports, hold board members accountable
- Develop a Culture of Philanthropy- everyone is accountable for fundraising.

Engaging Board Members continued

- Communicate between meetings, send regular reports and updates
- Survey board members for their interests, offer opportunities that fit their motivations
- Ask board members to help based on their area of expertise, be specific
- Streamline your board management with technology, online access to pertinent information, ease of communication between board members
- Offer/conduct regular board assessments
- Show appreciation

Board Effectiveness Evaluation

Board Self-Assessment is a structured process by which the board evaluates its own performance. Why perform a board self- assessment?

- **Enhanced Board Performance:** Identifies areas where the board can improve its effectiveness.
- **Increased Accountability:** Encourages board members to take responsibility for their roles.
- **Improved Communication:** Fosters open dialogue among board members.
- **Strategic Alignment:** Ensures board activities align with the organization's mission & goals.
- **Stakeholder Trust:** Builds trust with stakeholders by demonstrating a commitment to good governance and continuous

Board Self Assessment continued

The following areas are generally assessed:

- **Governance:** Evaluation of the board's understanding of its governance role, adherence to bylaws, and effectiveness in policy-making.
- **Strategic Planning:** Assessment involvement in setting & monitoring the strategic direction.
- **Financial Oversight:** Review ability to oversee financial health, budgeting, & fundraising.
- **Board Dynamics:** Examination of communication, collaboration, & the overall functioning.
- **Meetings:** Analysis of the effectiveness, efficiency, and productivity of board meetings.
- **Committees:** Evaluation of the work and structure of board committees.
- **Individual Contributions:** Each member's participation, engagement, and commitment.

Board Effectiveness Evaluation Process

The process typically involves:

- **Questionnaire:** Board members complete a survey on various aspects of performance.
- **Self-Reflection:** Members reflect on their contributions and duties.
- **Facilitated Discussion:** Members review survey results and discuss improvements.
- **Feedback Collection:** Input from staff, volunteers, and partners.
- **Action Plan:** Develop a plan to address issues and implement improvements.
- **Implementation and Monitoring:** Implement the plan and monitor progress.
- **Regular Review:** Conduct the self-assessment regularly, often annually.

Helpful Nonprofit Board Resources

- *The Board Building Cycle: Nine Steps to Finding, Recruiting and Engaging Nonprofit Board Members.* Board Source
- *Governance as Leadership: Reframing the Work of Nonprofit Boards.* Chait, Ryan & Taylor. Jossey Bass
- **National Council of Nonprofit** – Board member job descriptions; charitable solicitation map; fiscal sponsorship agreements; how to start a nonprofit; etc. <https://www.councilofnonprofits.org/running-nonprofit/governance-leadership/board-roles-and-responsibilities>
- **LinkedIn / Volunteer Match / AARP Create the Good** – for board members but also look at larger banks, accounting firms, insurance agencies and law firms for volunteers because they like community employee involvement.
- **Board Descriptions:** Sample job description for a nonprofit board member <https://www.bridgespan.org/insights/board-member-job-description-sample>
- **501Commons:** <https://www.501commons.org/resources/tools-and-best-practices/boards-governance>



Helpful Links

- Find SCORE resources for small businesses at www.score.org/templates-resources
- Find more SCORE live and recorded workshops and courses at www.score.org/get-business-training
- Book an appointment with a SCORE mentor at www.score.org/find-mentor
- [add more helpful links if / as appropriate for this webinar topic]



Questions?

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