



57 Tips on Board Service

by

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Note from Susan:

I hope you find this short summary related to board service informative. Many are blog posts I've written over the last few years based on personal experience and observations of client boards. Please contact me (susan@schammond.com) if you have any questions.



Thirteen Questions to Ask When Invited to Serve

Many of us want to be more than a warm body in a chair when we serve on a nonprofit board. Here are thirteen questions to ask before you say yes:

1. **Why me** & why now?
2. Could I first **join a committee**? *This will give you a better sense of how things are done.*
3. What **skills & talents** are needed? *If they can't tell you...*
4. **How many open board seats** need to be filled? Why are the seats open?
5. How are the **terms** laid out? *The most common is 2 3-year terms.*
6. What are the **term limits**? *The most common is 2 terms, 6-years in total, if terms limit are enforced.*
7. **How often do people step down** before their term is up & why?
8. **What is expected of a board member** as far as time, talent, treasure & contacts?
9. **How can I benefit** by being involved? *This is not a bad question. Why serve if you aren't going to either learn something or meet new people?*
10. In **what areas does the board get bogged down in** and/or what issues do they have trouble addressing?
11. Do the **executive director and/or founder serve as a voting member** of the board? *This means the only time you can have a discussion about the ED is in executive session. It can be uncomfortable.*
12. **Do 100% of the directors make an annual contribution**? What is the **expected amount**?
13. Does the board conduct an **annual evaluation** of their overall and individual performance?

By asking these questions early you might prevent making a decision you will soon regret.



Fifteen Due Diligence Questions for Serving on a Nonprofit Board

1. Term limits-do they exist as part of the by-laws and are they enforced?
2. Directors' & Officers' insurance: is it in place and does it include employment practices? Ask for a copy of the summary page.
3. Accountants:
 - a. Who are the accountants? Get the names of the partner and manager.
 - b. When was the last review or audit?
 - c. What did the last management letter say if one was issued? If one wasn't issued, ask to speak with the partner from the CPA firm?
4. Is the Executive Director a voting member of the board?
5. Is the founding team still involved with the organization? Do any sit on the board?
6. How much turnover has there been on the board and with the executive director position?
7. Where are the banking/investment relationships?
8. How and where does the organization raise its funding?
9. Is there a conflict of interest policy? Please provide a copy.
10. Who handles the accounting & bookkeeping? Has there ever been an incidence of fraud?
11. What is the desired amount of the board donation and is there 100% participation?
12. What law firms does the organization work with when an issue arises?
13. When was the last board self-evaluation?
14. When was the last strategic plan completed? Has the strategic plan been updated to reflect what was implemented?
15. Ask to review:
 - a. The Form 990 for last two years.
 - b. The reviewed/audited financial statements for last two years.
 - c. The current internal financial statements and budget.
 - d. By-laws & Articles of Organization.
 - e. If a recently established nonprofit, IRS Form 1023, the document filed to apply for tax-exempt status.



Six Lessons from Board Service

I agreed to join the board of a prestigious organization after what I thought was a thorough process to determine the work that was expected of me. But daily I began to receive email from other board members of things I was expected to do and meetings I was expected to attend. I had time to do the tasks of the committee I chaired and attend board meetings. That's it.

I joined this board to meet more people and help with a specific task for an organization I am a long-time member of. Instead I ended up counting the months until my one-year term was up.

When I questioned the governance person who recruited me on how to manage the level of work and why I hadn't been informed of all these additional "duties" I got a less than satisfactory answer.

So what did I learned?

1. **Do you due diligence and then some.** Not only speak to the board members currently serving but speak to those recently departed and some who may have served a few years ago.
2. **Set boundaries** and be vocal about what you can or can't do. Volunteering can become a bottomless pit that eats up your time.
3. Realize there are **many within the organization that think things are running fine** the way they are. Trying to change an organization as one person can be like trying to turn a freighter around...it takes time and planning.
4. **Find allies or a "board buddy"** you can go to for guidance. I found someone who had served for several years and shared my distaste for some of the wasted activities.
5. **Delegate.** Get over any uncomfortable feeling about asking another busy person to do something. You're busy too. You'll feel less burdened. But, make sure they understand the objectives and the deadline for the task.
6. Try to **keep your perspective by turning it into a learning situation.** This too will end but in the meantime determine what benefit you can realize from your involvement.



Seven Tips for Recruiting & Qualifying Board Members

The alternative title for these tasks might be "it's more than warm bodies." If you desire a great board with well-attended, well-run strategic-focused meetings then consider the following:

1. **A small number of high-performing, well-connected directors** are more important than many members who know little and no one.
2. It's not enough to know why you want someone to serve. You also need to **understand why they want to serve**.
3. **To recruit the right people requires being honest and candid** about the organizations strengths, weaknesses, opportunities & threats. If you can't easily articulate your SWOT I suggest you figure it out before you start talking to people.
4. **Friends & family generally make poor board members**. They're either overly critical or rubber-stamp your every decision.
5. **It's important to get references** from people you trust on prospective board members. How someone performs in other areas of their life can be telling as to how they'll perform on your board.
6. **A prospective board member's skills and talents need to satisfy the organization's needs**. It's not enough that they believe in the organization's mission. It's unlikely you will be able to "plug them in" somewhere. *When I joined a small nonprofit's board I noted two of us had substantial financial management skills. The board needed to be reorganized. I would suggest what it didn't need was more financial types.*
7. Once you've recruited new board members **help them get acclimated quickly**. Provide a board manual, orientation and perhaps assign an experienced board member to be their "buddy" for the first few board meetings.

Recruiting good board members is as critical as recruiting senior staff. There is a lot to lose if you have a board "miss hire".



Six Steps for On-boarding New Board Members

The same steps used to onboard new managers and senior staff can be applied to new members of a board of directors. Orientation will shorten the learning curve and speed-up how soon you receive invaluable advice about issues facing your organization.

Here are six steps to help onboard a new board member:

1. **Assign a board buddy or coach.** It can be another board member or a senior member of your staff. Someone they can go to in addition to the executive director to have their questions answered.
2. **Have them visit your office and where services are delivered.** This can happen early in the recruitment process or soon after they have joined the board. It is important for board members to understand first-hand what the organization is doing and the impact on the constituents.
3. **Provide recommendations on educational events.** As a consultant on nonprofit governance I constantly stress to my clients, and the executive directors of the boards I serve on, the need to better and constantly educate their board. For new and long-serving board members any information gained about the issues facing your organization and your specific nonprofit focus as well as the constituents you serve is invaluable.
4. **Provide a list of books, publications, and websites** relevant to your organization and your specific nonprofit focus as well as the constituents you serve.
5. **Provide a Board Manual.** The board manual should include all the information a board member may need to refer to from time to time. Don't assume the information provided during the recruiting process has been retained or organized in one place.
6. **Host a reception** to introduce the new board member to the other members and key staff. This gets the relationship off to a good start and once again will speed up how soon you will receive invaluable advice.



Ten Tips for Improving the Impact of Your Board

Tip #1: Don't just fill the seats: Know who you are recruiting and why

- Regularly determine where there are gaps in skills and talent among the staff and existing board members and recruit to fill the gaps.
- Make sure there is clarity about the vision & mission of the organization and that the prospective board member is aligned with them.
- Identify how prospective and current board members individually can contribute and support the vision & mission. When it gets right down to it, appoint people to specific tasks if they don't volunteer.

Tip #2: Leading from any chair: Not everyone is a good board chair

- The board chair can make or break the board member's experience.
- If this is the first time someone is serving as a chair, have them mentored by the previous chair and/or get them a coach.
- A bad chair can cost you board members.
- Work with the nominating or governance committee to pick the right individual or to transition out the wrong individual. It's difficult but everyone will be relieved if you transition out someone who isn't working out.

Tip #3: Set expectations: Regularly review roles & responsibilities

- CEO/ED and board chair need to be on the same page about who is responsible for what.
- One way to do this is to use a Board Contract, a document that spells out what is expected of the board member and how the organization will be responsible to them. While not legally enforceable it gets the point across about roles & responsibilities.
- The board chair will need to reinforce this.
- New board members may need training in addition to orientation.

Tip #4: Orient & educate: Continuously educate

- Unless a board member is a recipient of the organization's services they don't know what you do.
- If you want them to be an ambassador you need to educate them when they start and throughout their term of service.
- Orientation & education are an area too many nonprofit boards don't invest in.
- It's also a good idea to assign new board members a buddy or mentor for their first few meetings if not the first year.

Tip #5: Spare the paranoia: Give the board and staff access to each other

- The CEO/ED needs a policy on what the staff can discuss with the board and when and vice versa.
- This access ramps up understanding by everyone of the organization and its key objectives.



Tip #6: Don't let them get lost in the weeds: Focus board meeting discussions on strategic issues

- Use a consent agenda which is a component of a meeting agenda that enables the board to group routine items and resolutions under one umbrella. Matters included in the consent agenda do not need any discussion before a vote. The entire package is voted on at once without any additional explanations or comments which saves time.
- Send materials a minimum of ten days in advance of the meeting; email distribution or a shared database on the web works well.
- Use the Finance or Executive Committee to examine the details leaving the board to address the strategic issue any situation presents.
- Do not read committee and task force reports if you don't use a consent agenda. Doing so just gives those unprepared a reason to always be unprepared.

Tip #7: Key metrics are your friend: Establish & use them to measure success toward strategic goals

- Educate the board on how to read your financial & operating data.
- Most board members can't read nonprofit financial statements or regular ones for that matter.
- So help them by using a "Dashboard" report to present the key metrics with comparisons to prior periods and budget. This will emphasize the most critical data and not distract by presenting too much information.
- Examples of key metrics: # of visitors or clients served, amount of interest earned on a particular restricted account, how a gift was utilized, and aging of pledges receivable.

Tip #8: Stay current: Periodically update your by-laws and other key governance documents

- By-laws should be reviewed and updated every two-three years. Any organization who has not recently updated their by-laws should do so. The laws have changed from the pretty arcane to the more understandable.
- Everyone on the board needs to sign a conflict of interest statement annually as a condition of continuing on the board. Allow no exceptions!
- Use term limits. Spare us the argument about losing donors. You lose potential board members when you don't implement and enforce term limits.

Tip #9: Keep it simple: Don't establish a committee when a task force will work

- Keep committees to a minimum-Finance, Nominating/Governance and Executive (if needed).
- Use the task force structure to build-in scheduled termination of the group, known as a "sunset clause".
- Use the task force structure as a way to vet potential new board members.

Tip #10: How we doing? Conduct annual board and CEO/executive director evaluations

- The board needs to evaluate itself as a whole and then the members need to anonymously evaluate each other's performance.
- The CEO should be reviewed annually by the HR committee and if there isn't one then by the executive committee.



About Susan C. Hammond

Susan C. Hammond consults with CEOs of small to mid-size companies and nonprofit organizations on the formation and facilitation of advisory boards, ways to enhance organizational financial intelligence, and governance. She is the author of the *Advisory Board Kit: A Comprehensive Guide to Establishing an Advisory Board*. Susan is a co-founder of the Center for Women & Enterprise and the South Shore Women's Business Network. She is active on a variety of nonprofit boards of directors and advisory boards and has served as a contract CFO/COO and strategic advisor to technology companies, professional service firms, and nonprofit organizations. For more information visit www.schammond.com.