

Best Practices and Tools for Not-For-Profit Boards

Second Edition

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Preface

HIGHLY publicized governance failures have members of not-for-profit boards doing a whole lot of soul searching. What is the real role of the board? What can boards and individual board members be held liable for? Where is the dividing line between board responsibility and staff responsibility? How do we know if the right things are actually being done in our organization, and how do we determine what the right things really are? What skills and abilities do good members bring to the board table? What should we really be discussing at board meetings?

The list of questions could go on. The important thing to note, however, is that asking questions is a significant first step—it indicates a sincere desire to learn, and a willingness to consider new ways of doing things.

The authors of this publication met in 1987 in St. John, New Brunswick, while attending the annual Canadian Society of Association Executives conference. We both hold fond memories of that conference and, in particular, the friendships and priceless networks that began to form that week. They are a true testament to the value of not-for-profit organizations.

In a very real sense this publication is a product of association. It is a direct result of the dialogue and information on governance we have gained over the years serving on boards and from others in the not-for-profit sector. The practices and tools contained herein have the potential to bring about positive change in your not-for-profit organization—we hope they do precisely that.

Acknowledgements

It only seems right to thank the members of our CSAE family—the members and employees of CSAE both past and present, who continue to support the notion that continuous learning is as necessary as, well, oxygen.

In particular the authors wish to thank Jarett Kingsbury, CAE, for his research efforts, Michael Pealow for his creative cartoon drawings, and the friends and family who supported us while visions of board members and gavels danced in our heads.

Finally, we dedicate this publication to not-for-profit board members who share a hunger for knowledge about governance—they are the ones who will make a real difference to their organizations. It is for them this publication was written.

Introduction

This publication is about solving problems—problems that present themselves time and again in not-for-profit boardrooms. Our goal is to help you solve those problems by enhancing your knowledge and skills, and through that, your ability to contribute as a volunteer in a positive way.

Using a no-nonsense approach, we present in these pages tried and true practices that have helped other not-for-profit organizations achieve excellence. Not only do we share successful practices and competencies, we take them one step further by providing you with a number of handy and easy to use tools.

There are countless books on the market designed to support board members and their activities. Getting the right combination of publications can be expensive: some are challenging to read, contain nice but not necessarily need-to-know information, or lack real practices or helpful tools. We concede that the Internet is a source of a great amount of information, but a director might have to visit 30 or 40 websites to get the information provided in this publication. In addition, referencing an Internet site with practices and tools during a board meeting is not always possible, nor is it practical. This book is meant to go to meetings with you, and perhaps reside in your organization's Volunteer or Director's Handbook. This publication is one of the key documents that should be provided at every orientation for new directors or other senior volunteers.

The practices and tools contained herein are handy references to help directors face challenges and pursue opportunities as they arise. A handy reference chart is provided [insert reference] to help you find the practices and tools relating to the situation at hand. Ease of use and relevant information should have board members referring to this book on a regular basis.

This publication can, if referenced frequently, play a key role in developing volunteer leadership competency and capacity. This is the second edition of this competency-based must-have reference for directors and senior volunteers. As needs change or new information is brought forward, the publication will be updated.

Not-for-profit organizations are constantly scrambling to stay focused, make sound decisions, and achieve desired outcomes. Leadership, strategic management, and continuous improvement are key competencies that make significant differences in the level of success they achieve. The practices and tools provided in this publication support these key areas as well as other critical volunteer leadership competencies. Understanding these and other required competencies allow you to identify areas for improvement, and access additional supportive information.

How To Use This Publication

To help you make the best use of this publication, what follows are some typical scenarios faced by not-for-profit boards, and links to applicable sections and tools. The practices and tools attached to each scenario are not meant to be exhaustive, but are provided as a guide to help you see how to apply the resources in this publication to the challenges facing your organization.

Scenario 1—Whose job is this anyway?

In your organization there is often confusion about what the board, committees, and staff should be doing, and what each is accountable for. You have been assigned to look into the situation, and include recommendations as part of your report to the board. What information can you use from this publication to inform the board and develop recommendations?

Table 1: Roles and Responsibilities

Issue	Practice	Tool	Action Required
Apparent lack of relevant policy regarding roles, responsibilities, and relationships	How does a board develop policy (page 45)	Developing policy checklist (page 113)	Develop governance policies to clarify roles and responsibilities
	How do we keep policies current (page 46)	Policy review (page 114)	Ensure all policy is reviewed regularly so it is top of mind
	Do we need a policy on board/staff relations (page 53)	Chart of responsibilities by major activities (page 124)	Develop, distribute, and regularly review chart of responsibilities
	What is the job of the CEO/Chair (page 57)	Sample CEO job description (page 130)	Establish and document job description for the CEO
Directors' orientation is not meeting needs	What should be contained in a board orientation (page 35)	Director's guide essentials (page 102)	Establish an orientation policy and process
	What are the legal obligations of a board member (page 48)	Due diligence checklist (page 116)	Ensure board members know what they need to know
	Should we have a board development policy (page 50)	Determining the board competency gap (page 121)	Determine how competency voids will be addressed
Committees not clear about expectations	How can we make committees effective and accountable (page 64)	Committee activity plan (page 142) Sample committee job description (page 143)	Ensure delegation to committees is clear and documented
Without clearly assigned responsibilities, difficult to evaluate strategies and performance	How do we evaluate strategy and performance (page 63)	Strategy evaluation checklist (page 141)	Ensure reporting allows the board to measure results and take corrective action when indicated

Scenario 2—How can we make the right decision?

At a recent board meeting, a board member advanced a suggestion for a new service and wants it implemented right away. On the surface, you think the new service sounds attractive. You are concerned, however, that your organization's staff is unfamiliar with the proposed new service. As a board member, you feel that if you support the decision to proceed immediately you will have not fulfilled your directorial duties because you are not certain it fits with priorities. What information can you use from this publication to ensure due diligence occurs regarding the risk and the proposed new service?

Table 2: Making Decisions

Issue	Practice	Tool	Action Required
Where does it fit with the strategic and business plans	What should a business plan include (page 61)	Business plan framework (page 138)	Review the strategic and business plan—if neither exists, work on development
Priorities are not clear	How do we determine priorities (page 62)	Priority setting questionnaire (page 140)	Set priorities and resist spreading your resources too thin
There appears to be no feasibility review and risk assessment undertaken	What are the legal obligations of a board member (page 48)	Due diligence checklist (page 116)	Remind board members that due diligence reduces risk
	What is our risk management role (page 76)	Key risk management questions (page 162)	Ensure risk management practices are being applied
There is no criteria to develop a new service	What about product development and abandonment (page 56)	New product evaluation tool (page 128) Product abandonment tool (page 129)	Ensure your limited resources are put to the best possible use

Glossary

Unless otherwise stated, the following summarizes the abbreviations and acronyms used in this publication.

Term	Definition
CEO	Chief Elected Officer; also known as the board Chair
CSO	Chief Staff Officer; also known as an Executive Director
EEA	External Environmental Analysis [report]
SWOT	Strengths, weakness, opportunities, threats [analysis]

When reviewing a Best Practice in Section 1, look for the toolbox,



, to guide you to the relevant Tool in Section 2.

About the Authors

James Pealow

James Pealow, MBA, CMA, CAE, CMC, has worked in association management since 1980, serving as CEO with major not-for-profit organizations and as volunteer leader for six associations. He is currently Managing Partner of Association Management, Consulting & Evaluation Services.

Mr. Pealow delivers leading-edge association management seminars and workshops, makes national and international presentations, and has written many articles in *Association*[™] magazine.

Jim developed five graduate level online courses for CSAE's Certified Association Executive (CAE[®]) program. He has instructed association management courses on the Internet for sixteen years and has insight into thousands of associations. He developed hundreds of practices for the best practices exchange area for CSAE and served as best practice content manager.

His publication, *Benchmarking and Best Practices for Associations*, is must reading for those either working in or planning a career in association management. In addition he has authored four other association related publications.

He has consulted with over 160 associations on such projects as strategic management, product and service assessments, membership growth, marketing, communications, online education, surveys, governance restructuring, policy development, board training, benchmarking and best practice projects, certification and standards, interim leadership, and association turnaround.

His current interest is converting associations to knowledge-based decision-making organizations.

Sandi L. Humphrey

Sandi L. Humphrey, CAE, served as an association executive for over twenty years. A majority of those years were spent as CEO of a not-for-profit association comprised of boards, where the pursuit of board effectiveness occupied a significant amount of her time.

Today, Sandi provides consulting services to the association community, with a particular emphasis on board governance. She also serves as lead instructor for CSAE's Certified Association Executive (CAE®) program, and as editor of CSAE's *Association*™ magazine.

In addition to this publication, Sandi is co-author of the *Guide to Positive Staff-Board Relations for Directors of Not-for-Profit Organizations*, the *Guide to Effective Committees for Not-for-Profit Organizations*, and *Canadian Association Management*, the definitive source of information on leadership, latest developments and best practices in the not-for-profit sector. Each of these publications was published by, and is available through, CSAE.