



Nonprofit Board Effectiveness

Debra W. Hertz, Ph.D.
The Strategy Group
Dwhertz@gmail.com

Boards are changing fast!

Sources for this report:

- Board Source
- Bridgespan Group
- Common Fund Institute
- FAR Therapeutic Arts & Recreation
- Blue Avocado
- Nonprofit and Voluntary Sector Quarterly
- Nonprofit Quarterly
- Independent Sector
- Minnesota Council of Nonprofits

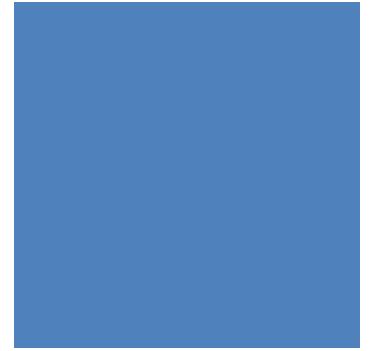


The public demands transparency.



- Sarbanes-Oxley
- Donors have information and understand it better.
 - Charity Navigator
 - Guidestar

Competition is keen for board members.



- Oldest baby boomers are winding down.
- Younger board members operate differently.
- Experienced board members are even harder to recruit.
- Civic incentives often overshadowed by business and family demands.

Resources are squeezed tighter and tighter.

- Funding, both private and public, is volatile.
- NPO management layers are very thin.
- Competition is high.
- Corporate giving continues to decline.



Technology promises access and efficiency.



- Online resources provide value with board portals and acceptance of electronic meetings.
- Teleconferencing is efficient and more widespread.

Board diversity (or lack thereof) is a missed opportunity.

- Boards are not diverse by most demographic measures.
- Circles of influence grow with more diverse board membership.
- Funders scrutinize board composition and put pressure on boards to incorporate more diverse voices and skills.

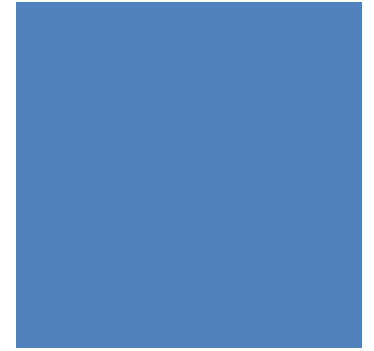


Governance models are shifting.



- Caretaker board model fading
- Board structure focus more on *strategy, impact* and *advocacy*.
- Younger board recruits attracted by this shift.
- Mission remains the anchor.

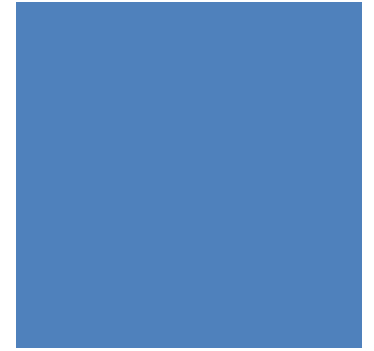
Board Responsibilities



1. Adherence to Mission
2. Fiduciary & Legal Oversight
3. Executive Director & Board Oversight
4. Leadership Activities

Mission Adherence

- Approve mission
- Review periodically – at least once every 5 years
- Refer to mission when making strategic/financial decisions



Fiduciary & Legal Oversight

- Approve annual budget
- Review financial statements & key financial analyses
- Ensure financial controls are in place and followed
- Ensure organization complies with legal requirements & investment policies
- Oversee independent audit
- Ensure 990s are filed on time
- Ensure applicable legal policies are in place & enforced



Executive Director & Board Oversight

- Hire, support, evaluate and – if necessary – terminate the executive director
- Set compensation
- Ensure board processes (recruitment, orientation, development and departure) function smoothly



Leadership Activities

- Strategic planning
- Fundraising
- Community engagement
- Human resource alignment
- Culture
- Decision-making
- Structure & Information



Board v. Staff Responsibilities

	Board	Staff
Direct strategic planning process	X	
Assess stakeholder needs		X
Develops annual program goals & objectives		X
Prepare budget		X
Approve budget	X	X
Fundraising	X	X
Hire, supervise & discharge staff (paid & unpaid)		X
Address staff grievances		X
Act as community ambassadors	X	X
Recruit new board members	X	
Plan board agenda	X	X
Sign legal documents	X	



THE STRATEGY GROUP, L.L.C.

About Us

The Strategy Group (TSG) is a strategic advisory firm that strives to provide transformative guidance, direction and support to nonprofit organizations and philanthropists. We believe in the boundless potential of nonprofits to enrich our lives, strengthen our communities and transform our world. TSG's services include organizational planning and assessments, transition management, leadership development, merger negotiations and integration, and philanthropic advising.

Mission

We work to strengthen the impact of nonprofit organizations as they pursue mission-related excellence.

Our Values

We pursue our mission with passion and joy. Our work is based on the values of:

- Integrity
- Professionalism
- Honesty
- Respect
- Impact

For more information, please contact:
Debra Hertz, Ph.D., Managing Director
Dwhertz@gmail.com or 203-249.8959