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Get On Board! is based on Canadian and Alberta law and practice.

GET ON BOARD!

EDMONTON SOCIAL PLANNING COUNCIL 1992

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Part One

Introduction

1. The purpose behind the book

Non-profit organizations are full of well intentioned individuals. Indeed, the **dedication** which volunteers and staff of non-profit organizations show in their work is invaluable. Where would our society be without non-profit organizations and their hard-working members?

Equally important for a successful non-profit organization, however, are certain **organizational skills**. This book aims at helping to develop some of those skills for board members of non-profit societies. Board members are some of the most essential volunteers in a non-profit organization: they hold the ultimate responsibility for the direction and maintenance of an organization. A heavy demand!

Most board members of non-profit societies have had years of relevant **experience**. All of the individual board members draw upon this experience when they are asked to deal directly in helping people. **Cultural or arts groups**, and **political advocacy groups** may also find this workbook useful. There are, of course, all kinds of such organizations: from infant care centres to seniors' lodges,

from disease prevention groups to palliative homecare, from political action caucuses to performance groups. All of these may benefit from use of this book.

This workbook is especially designed for overworked non-profits (is there any other kind?). Therefore, any of its exercises, placed at the end of each section, can either be done as a **group**, whether that is the board as a whole or any of its committees, or each of them can be completed by an **individual**, away from a board meeting, perhaps as preparation for a board meeting. It is up to the non-profit group how you would like to work with it. **Get On Board!** can also be done in conjunction with further board development, including an outside facilitator from **The Edmonton Social Planning Council**. At the end of the book is a bibliography of useful books and articles, arranged according to topic, for groups wanting further information.

Above all, **Get On Board!** is intended to be **useful**. Write in it, photocopy the exercises (for your own *personal* use only, please), underline in it or highlight sections. And if some parts of it seem strange, or unhelpful, or for any reason inappropriate to your board, change them as you see fit. Re-

member, you are the experts in your field. Sift through the advice which is offered here, and keep only what you like.

"...hundreds of leaders in thriving community organizations [were asked] what makes their group succeed. "Strong board of directors" was on every list."

Joan Flanagan, *The Successful Volunteer Organization* (1981:118)

2. Remembering the dedication to a cause

One thing that non-profits all have in common is **volunteers** (often the same volunteers!). Voluntarism, the practice of **helping** others, has a long and distinguished history. You should already be proud of yourself, for continuing in this fine tradition.

Sometimes, everyone loses sight of the forest for the trees. When volunteer board members are besieged by seemingly endless meetings, and overwhelmed by mountainous piles of paper, it is difficult to remember the dedication which first attracted them to the cause. This is a common feature of non-profit organizations.

When this happens, it is important to take time to regain the **perspective** that as a board member, you are helping others. What exactly this means can vary from one individual to another. It might mean re-reading the documents or book that

first got you "fired up" about the cause; it might mean spending an afternoon as a front-line volunteer; it might mean writing a letter to the newspaper trying to promote public awareness of your organization's issue. Whatever it is, it is very important to do.

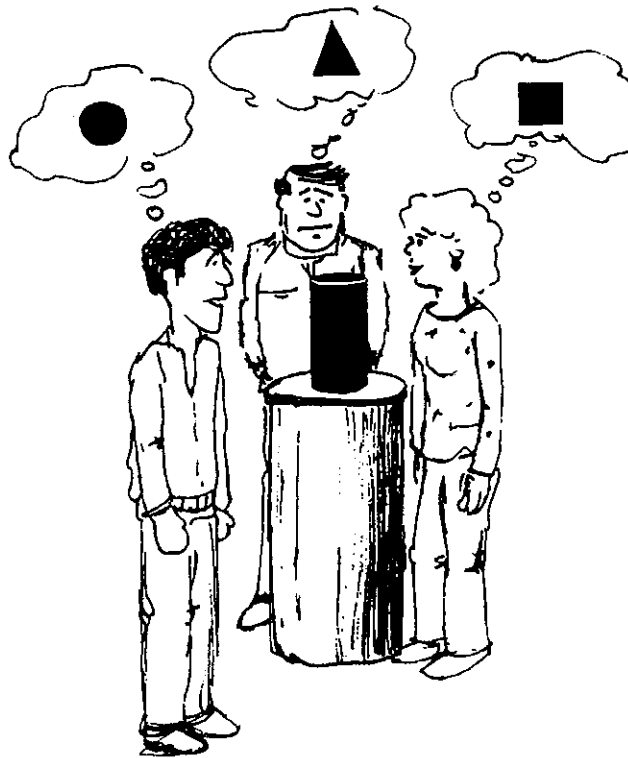
In Section XII of **Get On Board!** can be found a discussion of the principles of **evaluation**. Although no one seems to like evaluations, they are extremely useful for a number of reasons. The reason which is important here is in reminding board members of the value of their organization. Comparing the "before" to the "after" pictures can be a valuable way of recognizing just how influential your organization is for changing your corner of society. When you begin to question whether all of your work has really made a difference, it is time to examine your organization's evaluations. They will almost always show that you have made a difference.

How big of a difference your group can make depends on a lot of factors: some beyond your control, other well within it. Boards which are **effective**, committees and meetings which are streamlined and well run, and group interaction which is able to deal well with conflict are perhaps the factors over which you have the most control. An organization which is "organized" is much better able to influence society for the better than one in which the biggest problems lie inside the agency. An effective organization also helps board members devote their energies to the cause instead of wasting them on the problems of the agency.

So look at **Get On Board!** as an aid to rededicating yourself to your cause.

"A group needs more than an issue, a goal, or a mission in order to make something happen. It needs a well-thought-out program, a sound financial base, and effective staff and board of directors, and good community relations."

Joan Hummel,
**Starting and Running a
Nonprofit Organization** (1980:5).



Exercise One

Why did I get involved in this organization?

Rate answers from 1 (for most important reason) to 10 (for least important reason). This is a confidential exercise. Adapted from Lorie McMullen, The Board Staff Workbook (no date:3).

	<i>Rating</i>
For the personal satisfaction?	_____
To utilize special knowledge or skills?	_____
To acquire special knowledge or skills?	_____
To be involved in activities which are important to me?	_____
To be involved with others?	_____
To help others?	_____
For recognition?	_____
To help previously received?	_____
To strengthen my personal sense of purpose?	_____
To utilize my leisure time?	_____
Other _____	_____
_____	_____

Exercise Two

Answer the following questions. Share your answers with other board members, if you like.

When anyone asks me, “what does this organization do?”, how do I answer?

Of all of the things which this organization has done, which one gives me the greatest sense of pride or accomplishment?

What was the situation in the community on our agency’s issue before this organization got started?

What would the situation in the community be like if this organization did not exist?

Of all of the projects in which I am involved right now (including work, home life, etc.), how does my participation in this organization rate, in terms of interest and sense of personal fulfillment?

Circle one. Highest High Average Low Lowest

Part Two

Non-Profit Organizations

3. Becoming a non-profit

A non-profit organization may be defined in the following way:

“...a nonprofit organization is, in essence, an organization that is barred from distributing its net earnings, if any, to individuals who exercise control over it, such as members, officers, directors, or trustees...”

Henry Hansmann,
The Yale Law Journal (1980:838).

The Ministry of **Consumer and Corporate Affairs** handles the incorporation of provincial non-profit societies in Alberta, under the **Societies Act**. Most other provinces and states have similar processes for incorporation. Incorporation may also be done with **Revenue Canada Taxation**, according to the **Canada Corporations Act**, for national or interprovincial organizations. Both acts, and the equivalent acts of other provinces, require that non-profit societies have a constitution or bylaws, which enumerate their regulations in a legally binding way. All non-profits must also be supervised by a board of directors, elected from the membership. Non-

profits are also obliged to hold a general meeting at least once a year, in which changes to the bylaws are approved by the general membership, and in which elections to the board are held.

Why would an organization wish to be incorporated, and gain charitable status? Often, the reason is **financial**: an organization needs to raise money and believes that it can attract donations or government grants if it does these things. This is because a group must become a non-profit society before applying for **Charitable status**, after which all donations are exempt from federal income tax. This is a federal matter, under the jurisdiction of the **Charities Division of Revenue Canada**. Not all non-profit societies are eligible: some recreational and political organizations cannot receive tax-exempt status. Organizations may seek to learn whether potential donors are influenced by tax exempt donations, and whether they are eligible for government grants and program money *before* beginning the lengthy process of incorporation and receiving charitable status.

There are many other reasons why an organization may wish to be incorporated, as indicated by Lorie McMullen in *The Board Staff Workbook*:

1. A corporation has a **legal existence**

- which is more definite and permanent.
2. Members of the organization hold only limited personal liability for **debts or other liabilities** of the society.
 3. The incorporated organization may hold title to **property** and **contract** in its own name.
 4. Incorporation gives any majority of members the **power to bind others** by their acts.
 5. Incorporation is often necessary to receive **funding** from governments, foundations, and other funding bodies.
 6. Incorporation lends **credibility** to an organization before the community, governments, funders and supporters.

Likewise, there are alternatives to incorporation as a non-profit society, as Joan Flanagan lists in her book, *The Successful Volunteer Organization*. Some of these are: remain an informal group; join with an already existing larger organization with a similar mission; become a co-operative, a collective or a for-profit corporation.

There are advantages and disadvantages to each. If you are considering non-profit status, it might be helpful to list on a piece of paper reasons for and against incorporation. This can be done individually or in a group, through the process known as **brainstorming** (listing quickly as many ideas as you can, then sorting through them to group similar thoughts and eliminate some). If you do decide to incorporate, write or telephone your provincial department of Consumer and Corporate Affairs for an applica-

tion and information. To become a Registered Charity, write or telephone Revenue Canada, Charities Division for an application and information (for organizations in Alberta, see Section 35 in this book). You may wish to ask a lawyer, perhaps acting in a **pro bono** capacity for your organization, to review your applications.

Exercise Three

Are our organization's bylaws complete?

*Answer these questions with your copy of your society's bylaws at hand. For convenience sake, you may wish simply to list the page and section number of the bylaw. Check (✓) the right-hand column if you cannot find the answer. Indicate this to the board. Adapted from Joan Flanagan, *The Successful Volunteer Organization* (1981:32).*

	Unsure
1. What is the official name of the organization? <hr/> <hr/>	
2. What is the mandate or purpose of the organization? <hr/> <hr/>	
3. Who is eligible to become members? <hr/> <hr/>	
4. What membership dues, if any, must be paid? <hr/> <hr/>	
5. How may memberships be revoked or cancelled? <hr/> <hr/>	
6. How often must meetings be held? <hr/> <hr/>	

7. How many members must be present to establish a quorum for business to be done?

8. What officers are necessary, how are they chosen, and how long do they serve?

9. When are elections held?

10. What committees exist and how are they chosen?

11. What are the duties of each of the officers?

12. How are bylaws changed?

4. Are there differences between for-profit and non-profit organizations?

As you are doubtless aware, in many cases for-profit and non-profit agencies fulfill similar functions. The types of professionals who actually provide the services are often the same in both cases. As a result, there is the **potential for identical services**. In recent years, governments have been more and more inclined to equate for-profit and non-profit agencies and services. Are there essential differences? Some of the literature, like Unterman and Davis' *Strategic Management of Not-for-Profit Organizations*, or the popular "**management by objectives (MBO)**" approach, argues that there is no essential difference. Is there a case to be made for the **unique contributions** of non-profits?

Obviously, the first major difference between for-profit and non-profit agencies is the **profit** factor. For-profits may indeed work to improve human lives, and they may also have an important cause which they serve. But their bottom line is profit. For a business, no other factor can replace profit as the key without unbalancing and potentially destroying the organization. As Richard Wacht states in his book *Financial Management in Nonprofit Organizations*, both for-profit corporations and non-profit organizations have the goal of **financial solvency**, that is, their need for money to keep going. Non-profit organizations have, however, a second, more important goal: the **public welfare** (or at least the welfare of a segment of the public). While for-profit groups may try to better society, it is only a secondary result. For non-profits, social improvement must be foremost. To look

at it in another way, let us use the distinction set by Ronald Braswell and colleagues in their book *Financial Management for Not-for-Profit Organizations*. According to them, both for-profits and non-profits have two sets of goals: 1) **efficiency**, and 2) **professional competence**. Both try to achieve both goals, but for-profits tend to be motivated primarily by the former, non-profits by the latter.

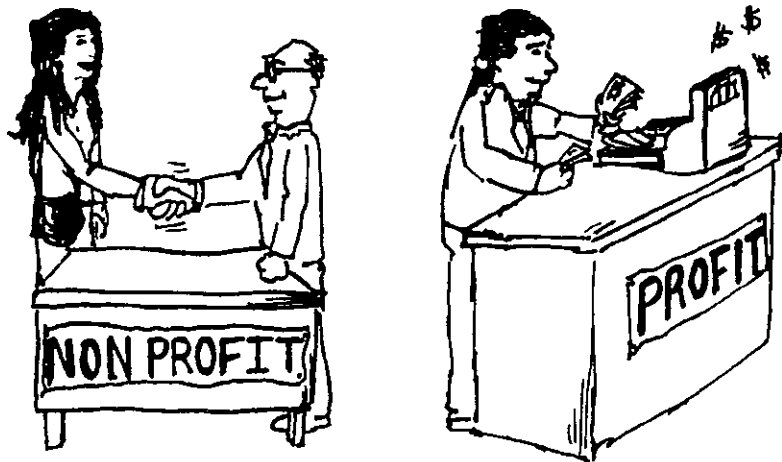
Another difference between for-profits and non-profits is usually seen in the importance given to **cost-effectiveness**. Most for-profit organizations only offer programs or services if the resources (financial, human, material) needed to offer them are less **in the short-term** than the resources returned to the company. Non-profits, in contrast, are usually geared more toward programs and services which fulfill their mission, and offer only **long-term cost-effectiveness**. One of the key arguments in favour of the popular Head Start Pre-School program, for example, is that in the long-term, it is more cost-efficient than the later social costs of government assistance to adults who do not do well in school. As pointed out in James Sorensen and Hugh Grove's article "Using Cost-Outcome and Cost-Effectiveness Analyses for Improved Program Management and Accountability", the usefulness of cost-effectiveness in a non-profit must be subordinated to service.

It is perhaps easier to compare for-profits and non-profits when **fees for services or products** are charged. In this case, the choice is with the consumers, who pay the organization which best responds to their needs. This situation may become more complicated when governments become involved. Again, some governments have traditionally favored non-profits, which are essentially run in

the same way as themselves (that is, the board of directors of a non-profit hold the trusteeship of their organization in the same way as members of government hold the trusteeship of the province or country).

More recently, however, governments have tended to favour **privatization**, the transference of public services to private agencies, either for-profits or non-profits. Governments who support privatization pay these agencies to provide services, using public funds to support their work. **Competition** in this area is not unknown, and non-profit organizations may find it difficult to compete with for-profit companies for government contracts because of differences in priorities. Because of privatization, non-profits have been obliged to look at other funding sources: private donors, more fees for services, and the issue of short-term vs. long-term cost-effectiveness.

No one denies, therefore, that the relationship between non-profits, for-profits, and government is changing. A strong and yet flexible board is probably more likely to weather the changes.



Part Three

Board Trusteeship

5. Why have boards?

Committees are notoriously bad at decision making. To use the common adage: “Too many cooks spoil the broth”. So why are non-profit societies entrusted to several individuals for their survival and safe-keeping? Boards are often criticized as slow-moving or inefficient, conservative, or an authority in name only. You may have experienced some of these problems. Why has this structure developed in the non-profit sector? Robert Mueller (although not writing specifically about non-profits) distinguishes five major roles for board members in his book *New Directions for Directors*. They are:

- “1- the statutory and **fiduciary** “trust” role;
- 2- the **evaluative** role concerned with the performance of the chief executive officer and the company;
- 3- the **participative** role - involvement in selected assignments with the executive management or directorate committees;
- 4- the resource or **consultative** role - providing wisdom...;

- 5- the change agent, or **catalyst** role where the board itself innovates”.

In non-profits, all of these roles are also important.

A key to the value of boards is **trusteeship**. In other words, the non-profit agency is entrusted with the board. In a sense, a “**social contract**” is created between the board members and their constituencies for the success of the organization. The board is voted into its position by the members of the organization, and in return for their trust, they expect results. As Mueller writes: “The most important challenge that the board has is the continuity of its existence... at least until its task is done.”

This **fiduciary** (from the Latin *fides*, “trust”) role as **trustee** is at the heart of the board member’s commitment. So important, in fact, the responsibility of the position is not readily given to one person, even though this person may be paid to oversee the operations of the agency, as its executive director. Instead, the **direction** of the organization is entrusted to several individuals, who represent in themselves the values which the membership wants expressed in its organization: competence, experience, leadership, dedication, etc. This is the essence also of political **democracy**. For the non-profit organization, its board members provide a balance to

the authority of the staff in the agency, and an **evaluation** of their work. The involvement of many ensures that the organization reflect the values of a range of experts in the cause. The advantages of “many cooks” is seen to outweigh its disadvantages.

Moreover, in smaller organizations, like those without a paid staff, board members are frequently asked to perform many of the activities of the organization. Even in larger organizations, certain tasks are left to board members when staff are committed to other work. Such tasks are usually seen as falling within the domain of the board member’s **commitment** to the success of the agency.

Because board members are often chosen for their experience or expertise, they are frequently asked to assist the executive director or other staff in operations of the agency. They may be asked to enlist the support of colleagues or friends in **advice** or **consultation**. In this sense too, they represent the broader interests of the community in the organization, and help to ensure **community good-will** as well as compatible goals between the non-profit and the broader society.

Finally, board members may also participate in activities designed to clarify or change the **direction** of the organization. In some of the literature this is called **governance** or **management**. At the root of this aspect of the role of board member is the question, “**How best can the cause be promoted or the mission fulfilled?**” Answering this question may involve an analysis which requires all of the expertise and experience of the several individuals who make up the board. In this last task, the full commitment of the board members, as trustees, is demanded. Ultimately it is they who will maintain the **cause** of the organization.

“Governing Boards have ultimate responsibility for:

1. Establishing and implementing the organization’s purpose or mission.

2. Setting the rate of progress which the organization will undertake in achieving its purpose or mission.

3. Providing continuity for the governance and management of the organization’s affairs.

4. Confirming the organization’s identity within the community.”

Marion Paquet, **A Handbook for Cultural Trustees** (1987:7)

6. Board accountability

In a direct sense, boards of non-profits are directly accountable to their memberships, according to the law. Recent literature, however, which has examined the issue of accountability, has recognized at least six important groups, which may be called “**constituencies**” or “**stakeholders**”, all of which have in some sense entrusted the board. They are:

1. The eligible membership.
2. The actual membership.
3. The target population.
4. The client population.
5. The potential funders or supporters.
6. The actual funders and supporters.

The first group is the **eligible membership**. As eligible members, these are the persons who are capable of taking memberships in the organization. Almost all non-profits restrict this membership in some ways; geographical restrictions are the most common, in which only persons living in a certain area (a city or province) are eligible. Many non-profits have other restrictions: sex restrictions (Boy Scouts or Girl Guides would be an example here), age restrictions (which some seniors' groups have), racial or ethnic restrictions (e.g. organizations for Natives or persons of Lithuanian descent). Linguistic restrictions are also a common feature of most non-profits, although these are often assumed or informal rather than stated or formal (does your group offer services in a language other than English?).

Obviously, some restrictions in membership are necessary. Without geographical restrictions, for instance, a group might become far too large to organize. Many other restrictions are based on the principle of like persons sharing like interests. As such, these restrictions may be positive (keeping the group focused on one set of issues) or negative (fear of important issues being submerged when others who don't understand take control in the group). As a group, you may wish to rethink your restrictions. Are they really necessary?

Another key group which has entrusted your board is the **actual membership**, those who currently hold memberships in your organization, or if your group does not have memberships, those who participate directly and personally. Granted, they are a subset of your eligible membership. But by enlisting themselves as members, they have shown a direct interest in the organization. In most non-profits, it is the actual members who vote to select board members. So in a direct way, your po-

sition as board members depends on them.

Furthermore, board members have another close tie with the actual membership: they are usually required to be members in good standing in order to accept their position. The actual membership is much more prone to change than the eligible membership. Unless your agency has life-time memberships, the number and character of your yearly membership fluctuates. Most provinces have laws (such as Alberta's Societies Act) regulating memberships in non-profit organizations.

The **target population** is the third group to whom you owe allegiance as a board member. These are the people whom you are trying to reach with your organization, its services, or its products. They are likely also part of your eligible membership, but not necessarily. The target population for day care centres is infants and small children; their eligible membership is these children's parents and other adults.

Ultimately, the target group are the people whom you hope to help, and so they deserve special attention when making plans as a board. Individual board members may well be part of the target population, a technique which an agency might use to remind itself of its duty to the target population. For instance, a group designed to help youth might have at least one "youth representative" on its board. This must be done without **tokenism**, however, meaning the withholding of real power in the organization from such a representative although a nominal position is given.

Fourth, the **client population** or **service receivers** is another important group of which boards must be aware. This is usually a subset of the target population. These are the people who are currently receiving the services of the agency.

Again, they must be kept in mind when the board formulates policy. Again, they are sometimes found on boards for their first-hand knowledge of the services of the agency, and to help boards keep this accountability in mind.

The fifth group are **potential funders and supporters**. This includes all of those people from whom your organization hopes to receive help, either in the form of donations of money or grants, or donations of time as volunteers, or simply their good-will toward the organization, seen in references on behalf of your organization, or referrals to clients or other volunteers. Many non-profits of a controversial nature may feel a need to tailor their programs to maintain a positive image with these people. In that sense, they are being accountable to what they perceive are the attitudes or priorities of funders or volunteers.

Related to this group are **actual funders and supporters**. Many non-profits solicit **targeted funds**: that is, funds that must be used for a specific purpose. This results in non-profits tailoring their programs to meet those funding requirements. Non-profits may also have to reorient programs for volunteers. If an organization wishes to promote daytime informational series, but can find no volunteers who can donate time except in the evenings, they must examine how important those programs are to the group, and whether staff time should be devoted to the project. This is definitely not to say that non-profits should only engage in expedient projects, but in such a situation, choices must be made about the priorities of the agency. This changes its accountability (Please see Table One, page 16).

Each board *must* decide, when policy is made, what principle will be used when the interests

of its different constituencies differ. Which of the differing interests of each of these “stakeholders” in its organizations will take precedence is never an easy decision. Some boards feel most accountable to their actual membership, who have had the most direct hand in choosing them (like a social club). Others might feel that their eligible membership is the most important (like a community improvement group). Still others might feel the need to be accountable only to their target population (like a disease awareness agency), and some only to their clients (like a counselling centre). And others still to potential or actual funders and supporters (like United Ways).

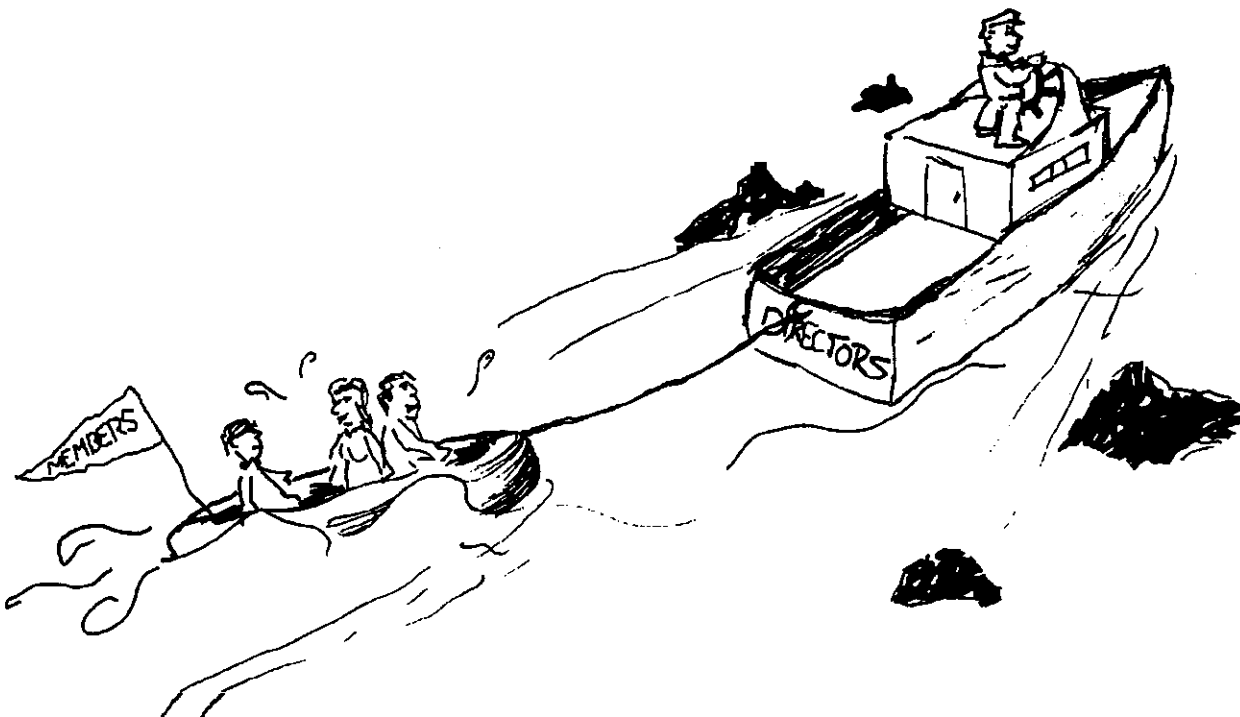
It is essential that individual boards make some decisions about their accountability. To whom does your board owe its greatest allegiance? Whose interests take precedence over all others? It may not be easy to decide this, but a board which has not decided this is open to all kinds of problems when trying to establish policy. The attempt may seem impossible, but is essential. One method of doing so might be to attach to every policy debate the following questions. Even such a simple step as this can provide needed foresight when making important policy decisions:

1. How will this policy affect our eligible membership?
2. How will this policy affect our actual membership?
3. How will this policy affect our target population?
4. How will this policy affect our client population?
5. How will this policy affect our potential funders and supporters?

6. How will this policy affect our actual funders and supporters?

Table One

<i>THE CONSTITUENCY CHART OF A NON-PROFIT:</i>		
	Directly involved with organization	Indirectly involved with organization
Membership	actual members	eligible members
Service Recipients	client population	target population
Funders and Supporters	actual supporters	potential supporters



Exercise Four

The eligible membership of our organization has the following restrictions:

Complete this exercise by marking a check (✓) in the first column if your organization has no restrictions in this category, specifying what restrictions exist in the second column if that is the case, and justifying those restrictions in the third column. Some organizations may wish to reconsider restrictions on membership.

	<i>None</i>	<i>or...</i>	<i>why necessary?</i>
Geographical			
Income			
Racial/ethnic			
Language			
Age			
Sex			
Physical ability			
Health			
Marital status			
Other:			
Other:			

Does our actual membership reflect all segments of our eligible membership?

Yes ___ No ___

Which segments are well represented?

Which segments are not well or not at all represented?

Exercise Five

Who are our organization's constituencies or stakeholders?

Complete the following sentences in the boxes. Answer the question at the bottom of the page, then discuss with the board as a whole. Great differences between individual board members signals a need for discussion and clarification.

The eligible membership of our group is...

The actual membership of our group is...

Total number of current members:

The target population of our group is...

The client population of our group is...

The potential funders and supporters of our group are...

Names of potential funders:
Names of agencies from whom we might receive referrals:
Groups most likely to donate time or money:

The actual funders and supporters of our group are...

Names of current funders:
Agencies from whom we receive referrals:
Total number of current volunteers:

In my opinion, the group or groups to which we owe our greatest accountability are... because...

Part Four

Board Membership

7. Structure and size of a board

Most provinces have regulations (like the Societies Act in Alberta) requiring non-profit societies to be directed by a board of directors which includes or has in addition the following positions:

- The **chairperson** or **president**. This person bears the responsibility for the conduct of the board's meetings, and represents the organization's purposes to the larger community.
- The **vice-chairperson** or **vice-president**. This person acts in the absence of the chairperson.
- The **secretary**. This person bears the responsibility for the accurate recording of the minutes of the board's meetings, for the keeping of board bylaws, policy statements, and board correspondence, for board members' notification of meetings of the board, for the listing of all of the organization's members and for the collection of membership dues.
- The **treasurer**. This person has the responsibility for the accounting of the funds of the organization, its budget and expenditures.

Together, these positions may form the **executive** or **officers** of the board, although such a grouping is not necessary (and John Carver, in *Boards That Make a Difference*, argues strongly against a separate group for officers). In addition, many non-profit societies chose to formalize the position of **past chairperson** or **past president**. Such a title may entail duties similar to those of the vice-chairperson or vice-president in other groups. Many groups also choose to combine the positions of secretary and treasurer in one person, or have several vice-presidents each in charge of a different division within the agency.

These positions and titles, and their responsibilities, are well known and need no further elucidation. What should be stated, though, is that while these positions must exist to satisfy the provincial regulations, it is up to the board as a whole to decide the amount of authority which each title brings with it. In other words, the legal responsibility of the executive members is to see that these things are done, and not necessarily to do them themselves.

The trusteeship of the organization belongs to the **whole** board, not only to its executive members. What are essentially administrative positions tend to be imbued with great authority when other board members **abdicate** their own power, or when

board members are chosen who have little dedication to the organization. Non-profit boards do not need to function in this manner.

When an executive functions smoothly on a board, many otherwise bothersome administrative decisions can be handled efficiently. The board may decide to leave the setting of agendas with the secretary; the maintenance of order in the meeting can be left to the chairperson. The review of the monthly financial report can be handled by the treasurer.

Once again, it is up to the board as a whole to define its executive's functions. Some boards are experimenting with **rotating** executive positions; this helps to prevent the collection of too many responsibilities into too few hands, although some individuals may be unsuited to leading meetings. Meetings may theoretically be chaired by any board member, for instance. For example, some boards choose to have co-chairs, who divide between them the duties of the chairperson.

In addition to the formal structure of a board, the **informal structure** of a non-profit society is an important feature and very distinct. The informal structure often ignores the "official" channels, but decisions are made and authority is exercised all the same. People who come from families where the decision of a family "matriarch" or "patriarch" was forever overriding decisions of parents will understand clearly this structure. In fact, Robert Mueller in his book *New Directions for Directors* distinguishes three types of leadership which exists on boards: the **responsible leader** (leader in the organizational structure), the **effective leader** (makes the actual decisions), the **psychological leader** (most powerful within the private structure of the members).

While all of these roles may be played by

the same person, they often belong to separate individuals. Those individuals may not even be on the board, but may be the founder of the organization, a staff member, or past board member. One way of finding out who performs these functions might be to ask yourself the following questions, as Mueller proposes:

1. Who is responsible when things go wrong? (**the responsible leader**)
2. Who asks all the questions? (**the effective leader**)
3. Who cannot be absent for important decisions? (**the psychological leader**)

Informal power structures are present in almost every social situation. The attempt should not be to eliminate them (which would probably be impossible) but to limit their dominance by seeing them clearly.

Finally, many non-profit organizations differ greatly in the **size** of their boards. Although there are no ready numbers on the ideal size, most prefer about **eleven** members. Groups should not even consider the suggestions of some, for boards as large as forty members. As Cyril Houle writes in *Governing Boards*, a board "should be small enough to act as a deliberative body... [and] large enough to carry the necessary responsibilities." Also, a board should be an **odd number** so that ties when voting may always be broken, although practically, absences at a meeting or abstentions may change this. Here are some of the factors, however, which favor larger and smaller boards. Which factors are important to your organization?

Reasons for a Larger Board:

1. Desire for greater diversity on board.
2. Desire for greater representation of community, or greater representation of certain parts of the community.
3. Desire for as many individuals as possible involved in policy-making for the organization.
4. Large number of committees which require staffing by board members.
5. Easier to establish a quorum.

“All that any organizational plan can do is to provide a framework that makes relationships among people more logical. The framework must be operated by the people involved, and they will quickly make it conform to their own capacities and purposes.”

Cyril Houle,
Governing Boards (1990:61)

Reasons for a Smaller Board:

1. Desire for easier consensus on difficult issues.
2. No need for committees, which requires all board members to function together in all decisions.
3. Too large a board will create an “inner board” who does the work or makes the decisions.

Exercise Six

What are the duties of the executive members of the board?

Write the title of the executive members of your board above the double line. On each of the single lines, write the functions of these board members. In the column on the right-hand side, put a check (√) wherever there is a duty that you would be interested in, and think yourself capable of doing. Then discuss as a board the possibility of a rotating executive.

Title:

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Exercise Seven

What is our organization's informal structure?

Answer the following questions. This is a confidential exercise.

Who seems to know everything that goes on in the organization?

Who seems to be always asking questions at the board meetings?

Who seems the most organized of the board members?

Who "needs" to be present for important decisions to be made?

Who seems to be held responsible when financial difficulties arise?

Who seems to be held responsible when administrative difficulties arise?

8. Board membership

Deciding the composition of a non-profit board is no simple matter. There are some similarities, however, in what most boards look for in new members. There is also much literature on the subject.

Joan Hummel in her book *Starting and Running a Nonprofit Organization* writes there are five qualities which should be sought when recruiting onto a board:

- 1) **administrative skills ;**
- 2) **competence in program areas;**
- 3) **connections to the constituents;**
- 4) **leadership in the community**
- and 5) **other "personal" factors,** that is, whether potential board members are white or persons of color, men or women, aged, adult or youth, upper-, middle-, or working-class, francophone or anglophone, etc.

It becomes clear you need people with legal, marketing or financial skills as well as people with expertise in programming or policy-making; people with connections to individuals or organizations (including funders) and people who are leaders in a community or segments of it. To these we might add two more of a practical nature, from Mueller's *New Directions for Directors*:

- 6) **commitment and interest, or dedication** to the organization, and
- 7) **availability** for board work.

It is clear how important **diversity** is for a board, for the following reasons. First, it is the expertise of the board as a whole that makes for a successful organization; it would be unlikely to find all

of these characteristics in each board member. Second, diversity in board members also helps to represent the board to a larger constituency, and to ensure that the views of more segments of the population interested in or affected by your organization are seen.

Some boards also like to recruit on the basis of **experience** with the agency, either as a staff member, as a volunteer, or as a client. This is primarily because of their first-hand knowledge of the programs, services, or products of the organization. Presumably, these persons have a great interest in the organization. Their insight into direction can be invaluable, and their dedication to the group is strong.

There are particular problems when a current staff member, volunteer, or client joins the board. First, a decision must be made about whether they must end their previous position when they become board members. Second, all concerned (both within and outside of the organization) must know this person's influence will be no greater or no less than any other member of the board. That is, a staff person will not secretly "run the show", nor will a client be only a "token representative". In this regard, rumor is as damaging as reality, so it must be clear. Third, there can be no room for potential **conflict of interest**: a staff/board member voting for staff pay raises, a client voting to restrict client access to services, etc. For all of these reasons, it is difficult to see how a staff member could function simultaneously as a board member. A volunteer may also wish to take a leave of absence from other volunteer duties while serving on the board.

What is especially important is that these issues be worked out **in advance**. It can be very

damaging (not to mention legally vulnerable) for a non-profit organization to have to struggle with these issues while they are happening. It is best for all concerned to have clear policies about:

1. Whether staff persons, volunteers, and clients can be nominated as board members,
2. Whether they must then forego their previous association with the agency (that is, resign as staff or volunteer, or take a leave of absence),
3. Which board member (likely the chairperson) will decide when there is a conflict of interest.

Some boards prefer to recruit on the basis of **accountability**, from their target population. This brings similar issues as with clients. Members of target populations have a first-hand insight into many of the issues with which the board must concern itself, and a strong interest in seeing good things happen. On the one hand, members of target populations must also be convinced that their participation on the board is not mere **tokenism**, and their concerns will be taken seriously. On the other, members recruited from target populations must not feel that their concerns are worth more than the other board members.

Some might feel there is an inherent injustice in recruiting solely on the basis of '**accidental**' **qualifications**, that is, race, ethnic background, sex, or age. But it is not necessary to recruit someone solely on that basis. It is in the best interests of everyone to recruit members of minority groups who have needed skills, or members of the target group, or volunteers with the organization. The cause of diversity (and hence, the cause of importance to the

greater community) is served by this process.

Joan Flanagan, in *The Successful Volunteer Organization*, adds a useful list of reasons why **not** to invite someone onto a board. They are worth considering as a final note:

Anyone with a **conflict of interest**; **paid staff**; anyone who '**wants to learn more about you**'; anyone you hope will give you a lot of **money** or anything else 'once he or she gets to know us.'

"Anyone invited to be on a board should seriously consider whether the rewards of acceptance are outweighed by the rewards of declining."

Cyril Houle,
Governing Boards (1990:28)



<u>Board Member:</u>	<u>EXP</u>	<u>INF</u>	<u>PAS</u>	<u>TAR</u>	<u>STA</u>	<u>VOL</u>	<u>CLI</u>	<u>SKI</u>	<u>ACC</u>	<u>Other</u>
<u>Total numbers:</u>										

Answer the following questions. Share your results with the board.

Which category is the best represented in the organization? Why might this be the case?

Which category is the least represented in the organization? Why might this be the case?

9. Board orientation and recruitment

The non-profit system of regular elections of board members is one of its greatest strengths, and one of its greatest weaknesses. The potential for an involved, dedicated membership to take turns serving on the board, in an interesting, expert group of people is always there. So is the potential for **cronyism**, the domination of the board by its veteran members, new members being “kept in the dark”, and lack of decisions by the board as a whole, with the inevitable result: difficulty in finding board members willing to give their time to such a futile effort.

One of the best ways to keep boards alert is through the **education** of its members. Clear knowledge about what the board does, how it functions, and what rights and responsibilities it has is invaluable, especially for its new members. A **board manual** is especially helpful in this regard. It may contain any or all of the following:

1. Statement of purpose of the organization; a mission and vision statement.
2. Organization’s structure.
3. Complete list of bylaws.
4. The latest financial statements.
5. This year’s and next year’s budget and copies of the annual reports.
6. The fund-raising strategy.
7. Names and telephone numbers of the current board members and their biographies if available.
8. Names and job descriptions of the current staff.
9. Recent newsletters, newspaper or magazine clippings about the or-

ganization.

10. List of the organization’s programs, services, and products.
11. List of standing board committees (if any).

Of course, the organization that wants to give these to board members must have them readily available.

Orientation of board members can also happen through presentations by staff about services, documents for board perusal, interaction with other agency boards, even short courses and seminars.

The orientation package is also very useful for potential board members. Imagine how such an impressive packet would appear to the person who has been asked to join the board. A well-oiled machine, indeed! This person might be easily **integrated** into the board, knowing clearly the policies already in place, the method for decision making, and the financial situation of the agency.

As important to the information, however, is the **personal contact**. A board member who is enthusiastic about an organization attracts others who wish to dedicate themselves to the same goals. A chance to participate in previous organizational functions, as a guest or one-time volunteer, gives the individual an opportunity to investigate both the people involved with the organization, and the importance of their service. Hence, the responsibility for recruiting and orienting potential board members falls squarely on the shoulders of the current board. If you cannot interest people in joining the board, what does that say about your current board?

Once a person shows an interest in joining the board, they must be told fully about the **commitment** expected of them. This may be too much for some people, who prefer single donations of time or

money to long-term projects. Keep these people in mind for ad-hoc committee work or fund-raisers. Potential board members are usually listed on a "slate" of candidates which is presented before the general membership at the annual general meeting. A slate has the advantage of selecting well qualified individuals for the board, known for their past support of the organization, but can be seen by members to be perpetuating a select group or elite. Additional nominations must be taken from the floor, and vacancies on the slate might be left to support such nominations, which come directly from the membership. Voting then must take place, unless there are less than or exactly the number of candidates required, in which case they are acclaimed.

Most board members of non-profits are elected for terms of two or three years. These positions are staggered so that elections for half or one-third occur every year. This assures continuity on the board. Organizations must determine for themselves the desirability of individuals running for consecutive terms of office. The disadvantage of creating a clique or oligarchy of powerful members may be outweighed by the need for continuity or certain valuable skills. Conversely, having too many continuing board members invites stagnation.

"The most important thing you can give a new [board] member is the chance to participate in an organization that gets results."

Joan Flanagan, **The Successful Volunteer Organization** (1981:110)

Part Five

Mission and Mandate

10. The mission statement

The **mission statement**, or **statement of purpose** of a non-profit organization, is simply what it hopes to accomplish by its existence. It is an **ideal**; one sentence is usually sufficient. Joan Flanagan, in *The Successful Volunteer Organization*, feels that a board's "job is to write a clear, simple statement that will reflect the goals of the group and still allow healthy diversity within the group." By keeping the statement broadly worded, your organization encourages creativity in achieving that mission.

The **purpose** of the organization is requested as part of the incorporation application, and was probably written as part of that process. A member of the board may wish to locate this for comparison. The wording of the mission statement is written by, and can only be changed by the board as a whole. This is in a sense its central task, since all other tasks of the board revolve around this one. Any changes to the mission statement must be ratified at the annual general meeting required of all non-profits.

Finally, Thomas Wolf, author of *Managing a Nonprofit Organization*, believes that every year,

the board should test for what he calls "**organized abandonment**". This, he states, is to see whether "the mission is no longer appropriate or there are other organizations that can achieve it more effectively". In most cases, there is little need to revise drastically a mission statement. There are instances, rare though they may be, when an organization accomplishes its mission, and must either disband or formulate a new mission.

It is more useful for our purposes to look at ways in which the mission statement can be improved. There are no restrictions on revisions to the mission statement. Clarification is always in order, however. Moreover, the mission statement is the best place to begin any program planning done by the board.

Exercise Nine

What is our organization's mission?

Complete the sentence.

Our mission statement is...

Circle one answer. Complete the sentences. Then discuss with other board members, if you like. You may wish to add this information directly into the mission statement.

Does our mission imply a time-frame? <i>i.e.</i> Our mission will be complete when...	Yes	No	
--	-----	----	--

Does our mission imply an eligible membership? <i>i.e.</i> Our organization is open to...	Yes	No	
--	-----	----	--

Does our mission imply a target population? <i>i.e.</i> Our organization is intended to help...	Yes	No	
--	-----	----	--

Exercise 10

What is the chief obstacle to our organization's mission?

Complete the sentence.

The main obstacle to achieving our mission statement is...

Answer the following questions. Compare your answers to the answers of other board members.

For how long has this obstacle existed? Is it a perpetual problem?

What would you say is the major underlying cause of the problem? Is it social, or economic, or political?

Is part of the problem a material one? Lack of resources, personnel, facilities, money?

Is part of the problem an intellectual one? Lack of commitment, lack of interest, lack of awareness?

Is part of the problem an emotional one? Discrimination or prejudice? Blame or fear? Lack of compassion or understanding of the mission?

Is the general public aware of the mission? Is it part of the problem, or allies?

How do the different levels of government feel about the mission? Are they part of the problem, or allies?

How do other human service organizations similar to your organization feel about the mission? Are they part of the problem, or allies?

Exercise 11

What can we do about the obstacles to our organization's mission?

Divide the answers from the previous exercise into three categories, corresponding to the three columns. Keep these answers in mind when planning for the organization.

**Problems over
which the Board
has FULL control**

**Problems over
which the Board
has SOME control**

**Problems over
which the Board
has NO control**

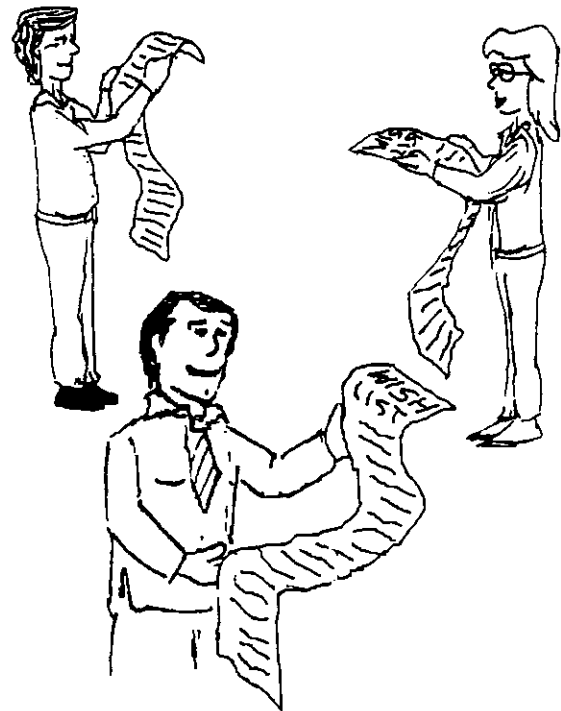
Problems over which the Board has FULL control	Problems over which the Board has SOME control	Problems over which the Board has NO control

11. The target population

The **target population** or **population at risk**, has already been considered in the sections on board accountability and board recruitment. The target population, however, is also essential for clarifying the mission. The persons whom you hope to help by the existence of your organization should play a major role in clarifying the mission statement. That is, it should always be remembered any cause is only effective if it is focused on people. A literacy campaign, for instance, cannot be successful if it is centred on books, however creatively written or widely available, but must be centred on **people** who cannot read, who must be reached. In other words, the **accessibility** of your organization and its services must be, with the mission, uppermost in board member's minds. The for-profit sector has realized this for some time, and dedicates a major portion of their efforts to what they call **marketing**.

Boards must not fall into the trap of thinking about the target population as **helpless** or hopeless (even if the mission statement can never be fully accomplished) or passive recipients of help. Many non-profit organizations are run by the same people whom they target: ethnic or cultural groups, women's groups, etc. The target population can be **empowered**. Other non-profits seek to assist historically disempowered groups: recipients of social assistance, the mentally challenged or disabled, the terminally ill. Still others combine the two types of assistance, empowered members helping disempowered members of the same group: women's shelters, gay and lesbian rights groups, native Canadians' support centres.

An organization, however benevolent, which does not maintain strong ties with the target population risks becoming **isolated** from the realities and needs of the very people it wishes to help. The tendency is always there to assume what others want without asking; this tendency is fatal to a human service organization. Such a group will simply become obsolete. **Needs assessment**, the gathering of information about what the target population wants, is vital *before* beginning any group or service. Moreover, an organization's ignorance of community needs may mean their program is **hindering** rather than **helping** their mission, when they make uninformed policy decisions. A non-profit must always be willing to evaluate and improve its connection to its target population, and to let the target population help to direct the course of the agency.



Exercise 12

Is our organization focused on our target population?

Answer the following questions. Discuss in a group.

What is our primary target population?

What are our secondary target populations?

Are there members from the target populations on the board? If not, why not?

Do I as a board member have regular contact with persons from the target populations? If not, why not?

Is there regular contact between the target population and other members of the board? If not, why not?

How is the target population (apart from those who are already clients) reached by the organization? Through which programs? By what media?

Approximately what percentage of the organization's programs and services are directed at the target population? If less than about half, why?

Approximately what percentage of the organization's budget is directed at the target population? If less than about half, why?

Part Six

Board Planning

12. The vision statement

How is it possible to move from a mission (“what needs to be done”) to a plan of action (“how we do it”)? This is in a sense the quintessential problem of non-profit boards. Most approaches in the literature on non-profit boards begin with the **vision statement**, in what has been called “**educated dreaming**”. In the vision statement, board members decide what they would like to have happen in the organization to achieve the mission. To do this, they fantasize about what the organization will be like in the future (five or ten years from the present), assuming the best possibilities are realized and the most rose-colored forecast is used.

This model of planning can be extremely valuable in determining board values about the organization. In the vision, board members **brainstorm** about the group’s future profile. They should try to be as **detailed, unrestricted, and optimistic** as they can. What will the material resources (facilities, personnel, operations) of the organization be like? What will the financial situation (grants, donors, income) be like? What kinds of programs and services will there be? What will the organization’s

relationship be with the government, the public, the target populations and other agencies?

Such brainstorming can be done individually, in small groups, or with the board as a whole. When all board members have completed their vision for the group, the responses are compared. Common answers, or answers which are given common assent, become the vision of the board as a whole. The answers are compiled into a **general vision statement**. The vision statement becomes the basis from which all board **planning and goal setting** is done.

As Lorie McMullen states in *The Board Staff Workbook*, drafting a vision helps:

- produce a common **understanding** of the organization among all board members.
- **justify** the organization’s programs proudly and uniformly to funders and your community.
- **clarify** what the organization is about.
- cut down on “**burn-out**” of board members through conflicting, unstated individual visions.
- cut down on board time spent “**reacting**” to emergencies because of

- unformulated policies or goals.
- encourage a **team approach** to board involvement.
- **allocate** funds, materials, staff into the same, well-chosen channels.

Weiler's Law:

*Nothing is impossible for
the man who doesn't have to do it
himself!*

Exercise 13

What is my vision for our organization?

Answer the following questions. Share your answers with the group. Prepare a joint vision.

When I look into the future (optimistically!), I imagine that in ten years' time our organization will be like this...

The structure, personnel, and facilities of our organization will be...

The public awareness and acceptance of our organization will be...

Some of our most creative and effective programs and services will be...

13. Goals and objectives

A vision statement, no matter how impressive, will be valueless if it is not translated into **goals and objectives**. Although there is a lot of confusion about these terms and their precise meanings in literature on non-profit societies, it is not really necessary to distinguish them. Both relate to **implementation**: changing visions of the future into present reality. Some of these ways are more **over-reaching** (these are what are most often called “goals”), others more specific (what are called “objectives”), but any further distinction is usually more confusing than helpful.

Planning (sometimes called **preplanning**) is a much better technique for board action than **problem solving**, which is sometimes suggested as alternative action, as by Ralph Brody in *Problem Solving*. While some boards may need to do some problem solving, it has distinct disadvantages, among them, that it is **reactive** and happens after the fact. Boards are better advised to concentrate on forward thinking.

As such, the vision statement is the perfect place to begin to formulate goals for a non-profit. In essence, what you are attempting is the **realization** of your dreams about the organization. If for example, you envisioned a larger organization with a greater number of members, then one of your board’s goals is to increase membership. Some of your goals will relate directly to the mission (“**proximate goals**”, or “**ideal goals**”, or what John Carver in *Boards That Make a Difference* calls “**ends**”) and others (financial self-sufficiency, for example) will only be means to the end (“**operational goals**”, or “**corporate goals**”, or what Carver calls “**means**”), but there is little need to distinguish

these except to take note of them. You may wish to divide these goals into two columns.

Once you have established a set of goals, it is a good idea to **priorize** them. Unless your board has limitless energy, there are usually more goals than time in which to do them. By establishing an order of accomplishment, however, you can approach them systematically. Your chances of success are that much greater.

With a plan you can achieve a focus for programs, resources, staff and time. You will have a clearer sense of your board’s vision and identity and it will be easier to get a consensus from board members. With plans, an organization is attractive to sponsors and it reduces the burnout among board members and staff.

Exercise 14

How do we decide what are our goals?

Rephrase the parts of your vision statement as goals. Separate them into proximate goals (those directly related to your mission) and operational goals (those which indirectly help you to accomplish your mission).

PROXIMATE GOALS

E.g. Expand client base.

OPERATIONAL GOALS

E.g. Increase gov't. grants.

Exercise 15

How do we decide what are our objectives?

List five possible goals from Exercise 13a. Then brainstorm five ways in which each of those goals might be achieved. Remember to confine your answers to general ways of bringing about your goal, and leave the specific activities to the executive director and staff. Be creative! When you have decided which of the ways seem the most possible, and are also desirable (perhaps only one, perhaps all), these become your objectives. Best done in small groups, then discussed before the whole board.

Example: Increase organization's profile in community

1. Increase individual memberships	2. Expand public relations	3. Investigate new methods of media advertising	4. Expand services in important areas	5. Lobby for support with community leaders
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Goal #1:

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Goal #2:

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Goal #3:

--	--	--	--	--

Goal #4:

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Goal #5:

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14. The action plan

With a vision statement, and with goals and objectives, your planning is well under way. These ends, however desirable, will still not be translated into action unless there is some idea of the **time-frame** in which the work is to be done. Establishing a time-frame for a certain goal is also known in the literature as **short-term and long-range planning**, or as an **action plan**. Behind the differences in terminology is the same procedure: deciding which objectives will be done quickly, and which after awhile.

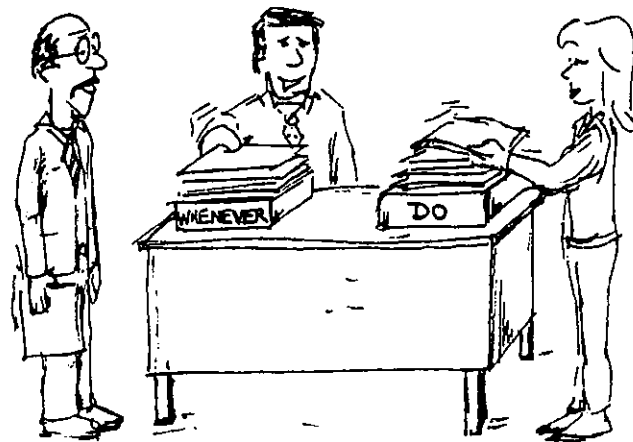
Most objectives can be forecast relatively easily. How long will it take the board, or an individual, working at an average pace, to do a certain thing? Some actions, once agreed, can be done almost immediately. Others are more complicated: they require additional time, or finances which are not immediately available, or they require a series of actions to be done in advance before they can be performed. It is part of the expertise of the board members to know in which category the objectives fall. It is not that everyone should know this, but at least one person on the board may well have had experience with a similar project. Here the board again demonstrates its usefulness to a non-profit agency.

Once an action plan is established, it is easy enough to plot onto a calendar for review. Obviously, not everything can be done at the same time, but several goals can be simultaneously accomplished by staggering their deadlines. Boards may wish to nominate one board member to oversee the

work as it continues. Board meetings can be used in part to evaluate progress on the project. Such planning also assists the evaluation process.

Boards should be wary about planning too far into the **future**. Some authors, like Thomas Wolf in *Managing a Nonprofit Organization*, believe that boards can plan as far as ten years ahead. Since no board members are likely to still be in their position, and perhaps not even the executive director, this might be unwise. Better for each board to plan its own future, than to be restricted by the vision of previous board members.

Boards might be **cautious** to start new programs, even if that is the result of their action plan. Certainly, new programs require much more efficient organization and diligent dedication than the continuation of traditional programs. They should not be undertaken unless the board is committed to see it through. Joan Flanagan, in *The Successful Volunteer Organization*, lists good reasons to start a new program, some of which are: to improve the quality of **people's lives**; to enhance the quality of the **organization**; to produce dependable **income**; it will be **manageable**; and it is urgently **required** in the community.



Exercise 16

How do we establish an action plan to meet our objectives?

From Exercise No. 13b, write down in the left-hand column as many objectives as your board has decided are possible and desirable. Then mark in the successive columns what specific actions (by the board) toward this objective might be done immediately, what specific actions will take at least six months, what specific actions will take one year, etc. This will become your action plan. Best done in small groups, then discussed before the whole board. As a balance to the planning, compare the results of the action plan against the mission statement: do each of the actions help to accomplish the mission?

Objectives:	Immediately	6 months	1 year	2 years
E.g. Lobby community leaders directly	arrange mtgs. with 6 VIPs	meet at least 6 more VIPs	meet with city mayor	open house for all supporters
E.g. Increase memberships	ask for staff report on status	review staff report/adopt	use AGM to increase no.	ask for new staff report

Part Seven

The Executive Director And Other Staff

15. Function of the executive director

The **executive director**, the **staff director**, or the **chief executive officer** is the person hired to supervise the **operations** of the agency. As such, the executive director has the responsibility, and therefore the control, of all programs, services, products, and staff members of the organization. Literature on non-profits almost universally agree on this, and it is most forcefully stated in John Carver's *Boards That Make a Difference* and in Robert Herman and Richard Heimovics' *Executive Leadership in Nonprofit Organizations*. The executive director has been hired for her/his knowledge and skill at making decisions about which programs to support or create, about which services to offer or cancel, about which products to make and distribute, about which staff are necessary and best suited to the needs of the agency's operations. Realistically also, the executive director knows more about the functioning of the organization at all levels than either the staff or board.

The executive director, as a non-voting ("ex officio") member of the board of directors of a non-

profit society, should be intimately involved in the **planning** process. It is most appropriately the job of the executive director, with the help of the other agency staff, to **prepare a strategy or plan from the board's goals and objectives, and in keeping with the organization's mission**. The strategy contains information from the board action plan about: who will perform the necessary tasks, who will be responsible for the supervision of the project, what resources (space, personnel, etc.) will be needed to accomplish it, and how much money will be allocated to the plan. The strategy must be prepared by the executive director, who is the only person who knows what the separate units of the staff are capable of, and where the funding will come from. This strategy is then reviewed for approval by the board.

An important part to the executive director's job is the **financial strategy**, which, like the other strategies, involves translating the board's goals and objectives into specific steps. This is a two-part strategy: it must include a **budget** and a **fund-raising plan**. Some important aspects of fiscal management, like ongoing budgeting, performing **cost-benefit analyses**, and deciding whether or not to attempt **zero-based budgeting** (a for-profit system) are discussed in Simon Slavin's two-volume

book, *Social Administration*. These must be decisions by the executive director, however, although they must be accountable to the board through its financial experts. (Please see Table Two, page 51)

Much of the confusion surrounding the relationship between the board and the executive director, which exists in many non-profit organizations, concerns the responsibilities of the two in these areas. The modern **team** concept, where the executive director works *with* the board members in planning, is certainly better than the traditional **hierarchical** model, where the board decides its goals alone and obliges the executive director to implement them, in dispelling this confusion. Cyril Houle, in *Governing Boards*, calls the relationship between the board and the executive director “**a responsible partnership**”.

“...the reality [is] that, in most cases, the chief executive is the center of leadership for the organization.”

Robert Herman and Richard Heimovics, **Executive Leadership in Nonprofit Organizations** (1985:54)

16. Relations between the board and the executive director

The responsibilities of the board as concerns the executive director are essentially two-fold: **hiring**, and **supervision**. As a whole, or by a designated hiring committee, the board first creates a detailed **job description** for the executive director, then in-

terviews and selects the most appropriate candidate. Many non-profit books include sample job descriptions for executive directors. Obviously, only a board which knows its mission and long-term goals clearly can choose a candidate for executive director whose outlook **complements** the board's position. Once the executive director is hired, the board must oversee the implementation of their goals, through the operations of the agency by the executive director, in the spirit of the mission. This task is not so simple.

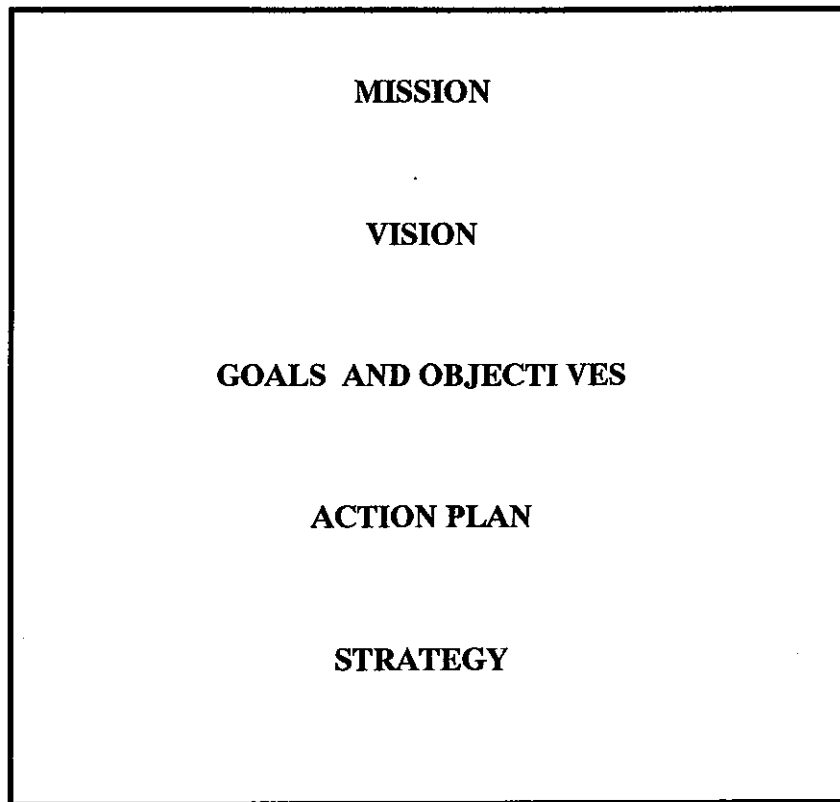
Because the duties and responsibilities of the executive director are so varied and deal with the heart of the agency (its programs, services, budget, etc.), the executive director is often much more aware of the **realities** of the organization than is its board. This can create problems. In some non-profits, the board tries to **control** the actions of the executive director down to the tiniest detail, so they can feel they are “in charge”. Alternately, the executive director can **censor** the information which the board receives so they think everything is always okay in the agency (and hence, the executive director is doing his job). Neither can be dominant.

A board must always direct the work of the executive director according to its mission and goals. Parallel to this, an executive director must always report to the board in terms of the organization's mission and goals. Keeping this in mind can spare the executive director's nightmare of the board's endless prying into needless details, and the board's worry of not knowing what is going on. Some questions which are helpful both in board inquiries into the agency's operations and in the executive director's reports to the board are:

1. How is this item (program, service, product, staffing decision) related to

Table Two

CHART OF BOARD/EXECUTIVE DIRECTOR PLANNING



- the **mission** of the organization?
Directly, or indirectly?
2. If indirectly, how does it support the direct **fulfillment** of the mission of the organization?
 3. Does the item also fulfill the requirement of being related to the **current goals** of the organization?
 4. For whom is the item most **intended**? The eligible membership? The actual membership? The target population? The client population? The potential funders or helpers? The actual funders or helpers?
 5. How does the item fulfill or support the agency's need to assist its **target population**?
 6. What is the **cost-effectiveness** of this item? Is it a short-term or long-term benefit? What is its cost in material and human resources?
 7. What **alternate** items (programs, services, products, staffing decisions) were examined and rejected? Why was this one chosen?
 8. How will this item support the other **current objectives** of the organization?

Most non-profit boards opt for a **monthly executive director's report** at each meeting. To these important questions can then be added the other factors: cost in dollars, budget gain or loss, staff, volunteer, and client time involved, etc. Framing the report according to the goals and objectives for the year is a useful way of getting to the heart of the report: the relationship between the executive director's work and the board's work.

"Both the board and the executive will be helped in their relationship with one another if each of them understands the need for the other to be capable and powerful."

Cyril Houle,
Governing Boards (1990:96)

17. Board relations with the other staff members

According to most literature on non-profit board-staff relations, it is the executive director who has the responsibility for the hiring and supervision of **all** other agency staff, and for the recruitment, education, and direction of all volunteers, in accordance with the goals of the board and the mission of the organization. So in a sense, the only administrative connection between the board and staff members is **through** the executive director. Things are not always so neat, however. The reality of non-profit work often entails fairly constant communication between board members, staff, and volunteers. How can the nature of the relationship between the board members and other staff members of the agency, or with volunteers or clients of the agency, be clarified? How can pitfalls in the interactions between board members, staff members, and other volunteers be avoided?

In many ways, staff often see board members as both **volunteers** and free **consultants**. And to a great extent they are both. This complicates the interactions between staff and board members, however, since it is likely that staff would want to seek

advice from expert consultants on operational matters, and yet it entirely appropriate that the designated staff are **supervisors** of volunteers.

Board members of non-profits can be among the most experienced or educated service providers in a community. It is only natural that staff in the same areas would wish to **solicit advice or information** from board members, in particular if they are preparing program or financial strategies for their part of the organization, at the request of the executive director. Both parties should be clear, however, that the board member is not acting in that capacity when doing this. Providing consultation to staff members is especially risky when the advice is not taken. Some of the same advantages and disadvantages exist when board members act as general volunteers for the agency. It can be beneficial to board members, who can thus keep in touch with the work of the organization, which may have been what prompted their first interest. It can also be beneficial to staff, who get top-notch professionals as volunteers. But such individuals must separate their roles as volunteers from their roles as board members.

Another potential conflict between board and staff happens when board members look upon staff, especially **administrative support staff**, as *their* staff. In fact, only the executive director should be giving directions to office staff. Most non-profits have a tacit understanding about small pieces of work done for board members, particularly by administrative staff. This can occasionally be a source of tension, especially if administrative support staff are already overburdened, or particularly busy before board meetings (as most are). Board members should understand this, and *they* should accommodate themselves to staff schedules when

requesting typing, photocopying, or research for the board meeting.



Exercise 17

How can we improve board-staff relations?

Check (✓) to the left of the statements which your board can do.

1. Ensure that all staff members have a valid contract with the organization.
2. Ensure that all staff have a full and realistic job description.
3. Ensure that all staff have a fair wage, and fair job benefits.
4. Provide a clear, ongoing, and confidential opportunity for staff grievances to be brought to executive director, and if necessary, to the board.
5. Invite staff as guest speakers to board meetings to educate board members about their areas.
6. Invite staff to board social functions.
7. Clarify with staff whenever we are acting in roles other than as board members for the agency.
8. Avoid using administrative support staff for board assignments, unless passed through proper channels.

Part Eight

Legal and Financial Responsibilities Of The Board

18. Legal responsibilities

Certain **governmental regulations** exist concerning the board's legal and financial responsibilities to the non-profit society. This section is intended only as a guideline for non-profits. Information on these issues should be obtained from Alberta Consumer and Corporate Affairs, or its equivalent in another province, or from a lawyer involved with your group.

Above all else, the board members must act in the **best interests** of the organization. There are also responsibilities belonging to the individual members of the board, and certain legal **liabilities** as regards the membership of the organization. If individual board members can be proven to have acted for **personal gain** or **financial enrichment**, they can be prosecuted. However, if individual board members can be proven to have shown **gross neglect** in the financial or administrative affairs of the agency, they can be sued. In other words, the board is liable for both **mismanagement** and **nonmanagement**, as the United Way's *The Citizen Board in*

Voluntary Agencies phrases it. Hence the need for board members to be aware of the financial affairs of the organization, and for them to have ordered and accepted by vote the annual audit of the organization's finances.

Legal responsibilities could include a number of issues which may relate to personal gain or gross neglect. A trustee must not conduct him or herself in a self-serving manner and must declare interests in contracts or arrangements. A trustee should not participate in contract (pre-arranged) voting. There should be confidentiality, trustworthiness, skill and diligence with a genuine concern for the organization.

Ultimately, the law calls for **prudence** and **good faith** from the non-profit board. Prudence for Charles Waldo, author of *Boards of Directors*, means that board members should question as potential trouble spots whenever: the executive director attempts to handle everything; the board has little diversity in ideas; there are a number of resignations; the agency always hires from outside or always from inside; or the financial instability is high and risks are great.

The board has certain legal responsibilities

toward its **staff** members, also. These deal primarily with working conditions, wages, and benefits. All provinces have a minimum wage. All employers must also provide employees with a proper working environment, with rest and meal breaks, pay for overtime, vacations, and holidays, and with a share of contributions to Workers' Compensation, Canada Pension Plan, etc. This information can be obtained in Alberta from **Consumer and Corporate Affairs** (for matters under provincial jurisdiction), and nationwide from **Employment and Immigration Canada** (for matters under federal jurisdiction), and from the officers of the bank with which your group does its business. Non-profit organizations may also chose to provide additional **maternity leave** benefits, **pension** benefits, health and life insurance benefits, and **disability** benefits. The law is more flexible in these matters. Boards may wish to ask other similar non-profits what their employee benefit plans contain.

Beyond these obligations, boards should also consider their **ethical responsibilities** toward employees. These factors relate to fair working conditions, and there are laws protecting employees. First, a board should ensure that it respects the laws prohibiting **discrimination**. At present, Alberta's **Individual Rights Protection Act** prohibits discrimination in employment on the basis of: **race, color, ancestry or place of origin, religious beliefs, gender, pregnancy, age, and marital status**. Employers may not also discriminate on the basis of **physical or mental disability**, unless it can be shown that this is a *bona fide* job requirement. Although discrimination on the basis of **sexual orientation** is not part of Alberta's human rights legislation, it is included in many other provinces and may be covered under federal legislation. Non-

profits should be wary not to discriminate on this or any other basis, since the **Canadian Charter of Rights and Freedoms** guarantees freedom from discrimination for all individuals.

Second, boards should ensure that their organization respects the laws dealing with **equal pay** for same or similar work, the prohibition of **sexual harassment**, with **collective action** and possible unionization of employees, and with employee **grievances** and employee **terminations**.

Finally, boards should also ask themselves the following questions related to fair working conditions, which are important even if they go beyond the requirements of law?

1. What is a **fair wage** for employees, below which a person cannot suitably support him/herself?
2. What is a **fair length for a working day**, considering the type of activities which our organization's employees must perform?
3. What is a **fair vacation period** for our employees?
4. What are **fair dental benefits**? What are other **fair medical-related benefits** not covered by Health Care insurance (optometrist, psychiatrist, etc.)?

"...directors must act with the degree of diligence, care, and skill that ordinary, prudent people would exercise under similar circumstances in like positions."

Charles Waldo,
Boards of Directors (1985:39)

Exercise 18

A legal checklist: has our organization done the following?

Check (✓) the appropriate column. Adapted from David Long, *How To Organize and Raise Funds for Small Non-Profit Organizations (1979:191-4)*.

	Yes	Unsure	Need to Do
Kept by-laws up-to-date?			
Kept written personnel policies?			
Kept written procedures and board policies?			
Ensured work benefits for all employees:			
Alberta Health Care Insurance?			
Retirement Pension?			
Our contribution to Canada Pension?			
Workers' Compensation?			
Is an annual audit done of financial records?			
Is this fully and accurately reported to the board?			
Is it accepted by a vote of the board?			
Is it available to any member of the organization?			
Are contracts made by our organization up-to-date:			
With individual staff members?			
With funding organizations?			
With proprietor of facilities?			
Are our organization's taxes paid?			
Are all outstanding bills paid?			
Is our insurance adequate and in force:			
On our building/office/other facilities?			
For our staff and volunteers?			
Do our board members individually understand:			
The legal responsibilities of the board?			
The incorporation papers of our organization?			
The legal scope of our corporation's purposes?			

19. Insurance for boards

Please note: this section is intended only as a guideline for non-profit organizations. Please consult with professionals before deciding what types of insurance your organization requires. This section is adapted from Lorie McMullen, The Board Staff Workbook (no date:9-10).

There are five broad areas for insurance coverage which non-profit organizations need to consider:

1. **General liability insurance**
2. **Disability insurance**
3. **Property insurance**
4. **Automobile insurance**
5. **Professional insurance**

Many factors come into play when determining what insurance an organization needs. Complete information about the organization and the people involved in it is required by insurance companies in order to ensure that adequate coverage is purchased. Insurance policies are usually written to provide coverage for individuals or organizations considered as the employer as "the named insured". The definition of "the named insured" can include employers, employees, and volunteers, however it should *not be assumed* that coverage is provided. Specific endorsements showing who is insured is preferable to other arrangements.

General liability insurance covers liability arising from acts of the employer and the employee but excludes acts deliberately caused. In addition to a basic comprehensive package which covers premises, property and operations, coverage for ad-

ditional hazards may be purchased, often for a nominal fee. Employer's liability, including voluntary compensation, is an example of additional hazard coverage. It provides protection in the event that an employer, who does not provide Workers' Compensation, is found liable for a worker's injury.

Organizations which are not required by law to apply for membership in **Workers' Compensation** in Alberta may still apply for voluntary coverage. In that case, they pay a regular fee, and must keep records of their employees' activities and hours worked. Acceptance of an organization's application is at the discretion of the Workers' Compensation Board. Advantages for organizations include: financial compensation to an injured employee, and protection against legal action by an injured employee.

In addition to Workers' Compensation, an employer may also purchase employee **disability insurance** for paid and volunteer workers who become disabled through other than work-related conditions or accidents. This insurance provides benefits to a worker if the worker, due to any type of injury or debilitating condition, is unable to pursue their regular livelihood.

Property insurance is designed to cover property against specific risks such as fire and must be purchased separately for a building and its contents. Coverage may also be extended to losses as a result of business interruption. For both property and liability insurance there are specific tenants' policies.

Paid or volunteer workers driving an organization owned vehicle will be protected by the organization's **automobile insurance** for that vehicle. Drivers using their own vehicles must insure their vehicles to the fullest extent of their potential liabil-

ity. As an additional hazard under a general liability policy an organization may purchase non-owned automobile insurance to cover the organization's liability in the event claims against a worker owned vehicle exceed the coverage on that vehicle. In all these cases it is desirable to obtain written permission from the insurer regarding vehicle use.

In some organizations it may be wise to explore **professional liability insurance**. This covers liability resulting from incorrect professional advice or activity and is quite common in some professions.

Insurance is a complex field characterized by increasing specialization. The best procedure is to ask insurance agents from several companies to fully describe the different types of coverage available. You may also wish to discuss with other similar non-profits the types of insurance they consider important.

20. Role of the board in fund-raising, lobbying, and advocacy

A. *Financial Management*

As Richard Wacht writes in *Financial Management in Nonprofit Organizations*, the board's financial responsibility for a non-profit organization means:

- “1. **measuring the need for funds,**
2. **raising the necessary funds, and**
3. **making certain that the funds acquired are properly used.”**

None of the non-profit's mission can be accomplished unless it achieves some measure of financial

stability.

Financial stability for non-profits can be tricky: the organization does not usually have the same **assets** or **equities** or **revenues** that a for-profit organization has, and **cash flow** must be handled very differently. Nevertheless, financial stability is essential to the continuation of the agency. Moreover, non-profit staff must monitor each project carefully for its financial viability as well as its performance toward the mission.

B. *Funding Sources*

Financial stability is especially important in recent years as governments have cut back on funds to non-profit organizations. Also, non-profits must look to other areas beside **government grants** for financial support. As David Long writes in *How to Organize and Raise Funds for Small Non-Profit Organizations*, non-profits must give up the fantasy of the “guardian angel” funder. Granted, government departments, federal, provincial, and municipal or regional, continue to offer incentives to non-profits, usually for specific services or programs. There are still tax-related benefits for non-profits.

Non-profit organizations also have the advantage of being eligible for many **private** funding sources. Family foundations, corporate or community foundations, special purpose foundations, service clubs, labour unions, religious organizations, university fraternities and organizations, and the United Way all offer moneys to non-profits for service delivery or research or program development. Some even offer general operational funds, or capital funding for development. All should be investigated by non-profits, and there has been a

tremendous amount of writing on the subject. In addition, many individuals or corporations are willing to offer donations “**in kind**” which can be as valuable to a non-profit. Non-profits can also with tact request deferred gifts, mentions in wills and bequests, and become beneficiaries of life insurance.

C. *The Question of Enterprise*

Some non-profits have branched out into entrepreneurial ventures, and this has been discussed in recent books. You are doubtless familiar with some such enterprises. According to James Crimmins and Mary Keil in *Enterprise in the Non-Profit Sector*, all non-profits should consider the following: **earning revenues directly from programs** (such as by fees for services); **maintaining an “enterprise activity related to the purpose” of the organization** (for example, through the sale of books about the group); **“marketing the name or prestige of the organization” for profit** (like the sale of T-shirts); and **“use of nonprofits’ assets when the organization is not using them”** (for instance, the rental of a board room). They add the cautionary notes that these ventures are always somewhat risky financially, and should therefore not be used as a “last resort”; and that **“The bottom line is the institution’s mission, and enterprise [should be] just another means to that end.”**

Non-profits who consider enterprise should evaluate their assets and expertise, and conduct market research, especially to see what potential for growth exists in the market. Because, as Edward Skloot writes in *The Nonprofit Entrepreneur*: “The only ‘right reason’ to move into enterprise is this: **the anticipated financial reward is worth the risk.**”

Boards thinking of enterprise should ask themselves the following questions (adapted from Crimmins and Keil 1983:79-80):

1. “Will enterprise change our community’s attitude” or support of our organization?
2. “Will enterprise be seen as a violation of our traditional role”?
3. Are we equipped internally to manage an enterprise?
4. Will enterprise “put undue stress on the fiscal condition” of our organization? “What would happen... if the business failed”?
5. “How will the [seed] money to fund an enterprise be raised”?
6. “Will engaging in enterprise draw needed resources (human and financial) away from programs”?
7. How will our funders react?
8. How will similar for-profits react?
9. How will enterprise affect our organization’s tax status?

D. *The Board’s Role*

The **board’s role** in any fund-raising activities for the organization is crucial. Since the board members hold the ultimate financial responsibility for the non-profit, they must give their active consent to any ventures or proposals for funding, after carefully considering them. It is for this reason that experts in fund-raising, or financial professionals, are important as board members.

Still, while financial solvency is a board responsibility, any **strategy** toward that goal must be done by the executive director. This is in keeping

with other areas of the society's work, in which the board proposes goals and the executive director develops a strategy. The added hours which board members would need to invest to prepare a realistic and successful financial strategy would be unfair to volunteer labor. As Grant Brownrigg, author of *Effective Corporate Fundraising*, writes: "Fundraising is the board's responsibility; it is [the executive director's] job". One must certainly recognize the limits on the executive director, also. Some non-profit organizations hire **professional fund-raisers**, although concerns have been raised about the compatibility of their methods to non-profit organizations. Moreover, agencies affiliated with the United Way may not hire such fund-raisers. Organizations with insufficient funds for a staff person in that area may wish to consider a **temporary consultant**. This must be considered, again, by the executive director, whose responsibility is staffing, in consultation with the board, whose responsibility is agency direction.

E. The Question of Personal Donations

Another way in which boards have been considered responsible for fund-raising is through **financial connections**. Many boards prefer to recruit members who are acquainted with government departments, with foundation members, or successful entrepreneurs. Apart from the fact this is often unsuccessful, and there is a serious potential for conflict of interest, such a strategy is unnecessary and unhelpful. Most often these boards end up with absent, preoccupied board members. Boards of non-profit organization might consider the strategy of an **honourary board of directors**. As with national and international fund-raising campaigns, honorary

boards lend their names, their influence, and their connections without doing any actual work.

Another tactic seen recently is a request for direct contribution from board members. This is discussed at length in Robert Herman and Stephen Block's article, "The Board's Crucial Role in Fund Raising". According to this model, individual board members agree either to donate a certain amount, or to personally raise the same amount during their tenure on the board, when they are asked to join the board. This idea has worked with some arts boards, to which wealthy community leaders eagerly join. For human service organizations, the idea **dangerously** reduces the attraction to serve on a board. Client populations or lower paid human service professionals may be tempted to forego serving on a board if they feel they cannot raise or donate the money. In a variation of this model, boards may wish instead to request donations of individuals after they begin their terms, so as not to make their service conditional to their donation.

F. The Board as Advocates

Related to the board's role in fund-raising is the role of the board members as **lobbyists** or **advocates** for the agency. Non-profits depend so much on the **goodwill** of the community for their survival that this is an important consideration. The board members act, directly and indirectly, as the voice of the organization before other parts of the community. It is the board of directors (but *only* through their designates, such as the chairperson or the executive director) who speaks with **media**, with **government officials**, with **funders** and with **leaders** of other non-profits about the value and needs and activities of their organization, in conjunction with a

public relations policy.

For this to be successful, the board must enthusiastically support the efforts of the non-profit, and communicate the effectiveness of the services of the organization before their own group: other professionals, other clients or volunteers, other members. Nothing is more disheartening for potential supporters, or damaging to the credibility of a non-profit, than hearing board members themselves question the purpose or effectiveness of the organization. If the non-profit organization is not effective, whose fault is it other than the board's?

"It is [the] job [of the board of directors] to see that the organization is carrying out its mission in a manner that is ethical, effective, and fiscally accountable."

Joan Hummel,
**Starting and Running a
Nonprofit Organization**
(1980:10).



Part Nine

Committees Of The Board

21. Purpose and types of board committees

For many non-profits, board work means committee work. Most books on the subject of non-profit societies tend to assume the existence of board committees, what might be called the **traditional** model. There is no end to the number of committees a board could have. The more committees there are, in addition to executive board roles, the more meetings a board member would be expected to attend. The time commitment could be astounding and present an unbearable burden.

Some new ideas about non-profits have reduced considerably the necessity of boards, or rejected the idea of board committees **altogether**, most forcefully by John Carver in *Boards That Make a Difference*. According to Carver, committees only either do what the board as a whole should be doing (policy statements), or what the staff should be doing (operational plans). This workbook proposes a middle ground between many and no committees.

22. An alternate model of board committees

What, in essence, is the role of the board committee? Just as the non-profit organizational structure is based on parliamentary models, so the **committee structure** is also based on the same. So just as with governmental committees, board committees function to do work which the larger group has neither the time nor the expertise nor the interest to do. Somewhere along the line, however, many non-profit board committees have lost their way.

It is helpful, perhaps, to recall that government committees cannot make binding decisions: their role is merely to make **recommendations**, based on their experience and knowledge, after responsibly rejecting alternatives, and to justify those recommendations to the larger body, according to their investigation into the matter. It is the role, then, of the government, to accept or reject those recommendations. The government as a whole does not repeat the deliberations of the committee: they simply reject or accept the recommendations.

Can this model be applied to non-profits? What we are talking about are what are traditionally called **advisory committees**, rather than administra-

tive or policy-making committees. This structure is perfectly acceptable, and has been used in the past by boards with great success. Some boards have advisory committees, distinct from their board committees, yet with representatives who sit on the board. What is the difference? Policy should rightly be the domain of the board as a whole, but often it abandons this to committees which it feels are more "expert". With this alternative model of advisory committees making recommendations, committee members can keep their expert role, and boards can keep their policy making role.

Advisory committees are often used by non-profits to incorporate **non-board members** who are experts, in such a way so they can give their advice in a non-binding manner. According to this model, however, if all committees make non-binding recommendations, the board loses none of its authority and possibly gains expert non-board members for all of its committees. Most organizations collect the names of professionals who will act in a free ("**pro bono**") capacity for them: lawyers, accountants, bankers, social workers, businesspersons, etc., who will donate their services to help the group.

Another problem with the traditional model of board committees is the difference between permanent ("**standing**") and temporary ("**ad-hoc**" or "**special**") committees. Many non-profits feel that they must have several committees, often corresponding to staff positions (Education Committee - Education Director, Volunteer Committee - Volunteer Director). Often the two (staff person and committee) feel that they are constantly "stepping on each other's toes" or "invading each other's territory".

One way around this impasse, and to avoid the duplication of work, is to avoid permanent com-

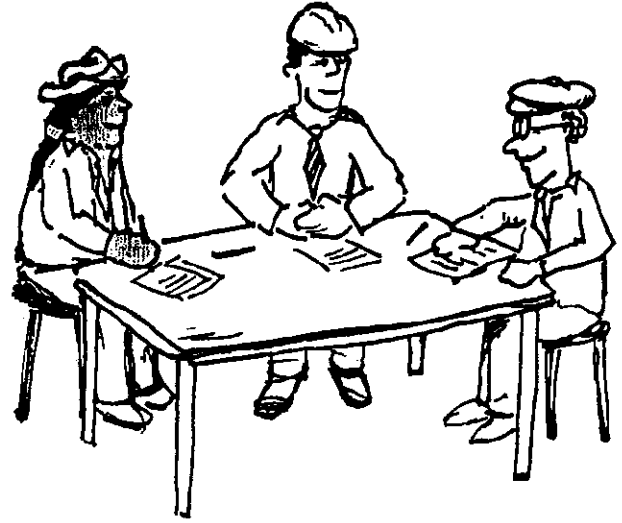
mittees. Let us give an **example**. A committee such as the finance committee, which supervises the executive director's monthly reports, is doing essentially what can be done by the board treasurer. If there are problems with the reports, which cannot be dealt with or understood by an individual, the board itself should be notified, since this is a matter which should be of concern to them. The board as a whole, then, only some of whom might have a knowledge of or interest in finances, may chose to strike a temporary committee to look into the specific problem, and report back to the board's next meeting.

Another **example** might help. If the Education committee is asked to draft an education plan, they are doing the work of the Education director on staff. What if, instead, an ad-hoc Education Plan Review committee, composed of several board members with an outside educational administrator willing to volunteer one evening to the agency, is drafted to review the Education plan written by a staff member, recommend either its acceptance, rejection, or revision, and then disband? This committee is: 1) saving the whole board much time, 2) using the expertise of those board members who are interested in and knowledgeable about education effectively in a consultative fashion, 3) using a valuable outside resource person, and 4) using the staff person's experience from the job in drafting the report.

Ad-hoc committees have the advantage of involving **interested** board members, who might volunteer to participate in a temporary committee around a specific topic, while they might be reluctant to volunteer for an additional series of monthly meetings. Ad-hoc committees are likelier, too, to attract otherwise busy professionals, who might

refuse to join a standing committee, but be willing to volunteer on a **one-time basis**.

Regardless of the type or duties of a committee, an appropriate **size** for a committee is again like the board, a group small enough to deliberate efficiently, but large enough to represent diverse interests. There is no reason to exclude non-board members from most committees (although there might be exception with especially **confidential** actions). Persons who enjoy occasional committee work, and show in that work a dedication to the organization, are perfect future candidates for the board.



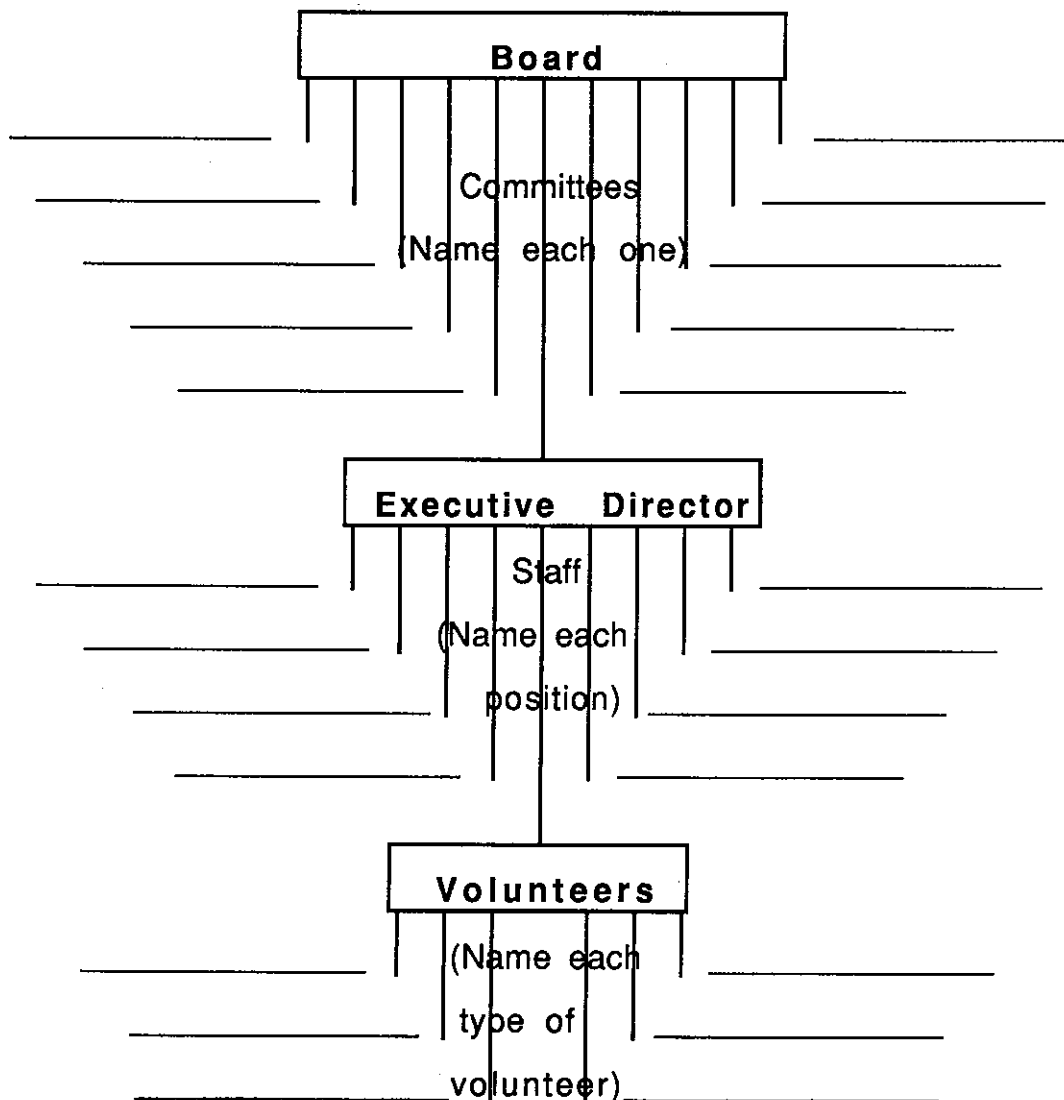
Rangnekar's Law:

The possibility of avoiding decisions increases with the size of the committee.

Exercise 19

What is the formal structure of our organization?

Complete the traditional organizational chart below, identifying the parts of your organization as it is now: the board, its committees, its staff, etc. Add additional 'branches' to the 'tree' if necessary.



Exercise No. 20

Are there overlapping roles between board committees, staff, and volunteer positions?

Answer the following questions, using as many examples as you can. Discuss with other board members, if you like.

Do all board committees, staff members, and types of volunteers have clear titles?

How many board committees duplicate (or approximate) titles of staff?

How many board committees duplicate (or approximate) titles of types of volunteers?

Are staff and/or volunteers represented on the appropriate committees?

Have there been problems of 'territory' between committee members, staff persons, and volunteers in these areas?

Have there been problems of duplications of work or decisions between committee members, staff persons, and volunteers in these areas?

Part Ten

Meetings of the Board

23. The board's year of meetings

Almost all non-profit boards meet once a month, and this seems to work well for most: often enough to keep up-to-date about the agency, and not too often for busy board members. Despite this, many organizations only meet once during the summer months. On the one hand, this has the obvious disadvantage that the work of most human service organizations continues year-round. On the other hand, the absence of many board members during their vacations may make establishing a quorum difficult in the summer months. Each board must decide together what is best for its members.

Boards vary in the times they meet: most professionals work regular business hours, and so meetings are usually scheduled around those times: after work (5 to 6 p.m.), after the dinner hour (7 to 8 p.m.) or even on weekends. Each board should decide the best time for themselves, although consistency (choosing, for example, the first Tuesday of each month) means that board members can schedule other commitments around those dates. Monday is not a good day for meetings, since many holidays fall on Mondays. Occasionally, **emergency meet-**

ings must be held, although there are modern technological alternatives, such as teleconferencing.

Within a short period after the election of the board, there should be several board actions:

- a review of the existing board **policies and procedures**,
- a review of the **decision making model** for the board,
- creation of the **vision statement** for the new board,
- the election of the board's **executive**, and
- **socializing** to acquaint the board members with each other.

These might be all done at the first board meeting. After the new board members have grown accustomed to the style of the board, the "real" work can begin. As experts in the field, or as individuals knowledgeable about the work of the agency, there is no reason why new board members should not "jump in with both feet". Most likely, there will be much work to do.

Over the course of the year, other activities will need to be accomplished:

- establishing **goals and objectives** from the vision statement.
- establishing an **action plan** or time-

frame for implementation of the goals and objectives.

- possible **rewriting** of board policies or procedures.
- annual **audit** of the organization's finances.
- annual **evaluation** of the agency, the executive director, and the board (to be discussed below).
- **nominations** for next year's slate of candidates for the board.

Boards may wish to schedule this into specific meeting dates.

Exercise 23

What is our board's year?

Set the dates for the year's meetings and write these on the left-hand lines. Write down the work which your board will need to accomplish each month. Complete in a group, or compare your answers with those of other board members, and create one central plan. Integrate into this list the objectives and time-line from Exercise no. 14.

<i>Meeting Date</i>	<i>Activities Scheduled for that Meeting</i>
#1 _____	• • • •
#2 _____	• • • •
#3 _____	• • • •
#4 _____	• • • •
#5 _____	• • • •

#6 _____

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24. Setting agendas

Agendas, the lists of items to be discussed at a meeting, should be simple enough to prepare. Some boards elaborate the process of setting an agenda far beyond what is necessary.

Most agendas can be written by one designated person on the board, and do not require another committee meeting, even executive meeting, or detailed discussion. That designate may be the secretary of the board, but is most conveniently the chairperson of the board together with the executive director.

The agenda is not a pre-meeting: it is the skeleton of discussion. Most items on an agenda will be regular: the executive director's report on operations, the treasurer's report on the monthly financial statement, the standing committee chairpersons' reports on their group's activities. Apart from this, agendas can usually be made from the minutes of the last board meeting (sometimes called "**old business**"). For instance, if an ad-hoc committee was created to review a grant proposal prepared by the executive director, one member of their group can be expected to report to the board at the next meeting about the committee's recommendations for approval of the proposal.

If there are new items to discuss ("**new business**"), the board member wishing to bring up the idea needs simply to contact the person responsible for setting the agenda, and indicate the topic. There should be no need to censor agendas: each board member should have the right to bring forward an idea. If there is no interest in the idea at the board meeting, it can be dropped.

Agendas are most useful when distributed **in advance** of the board meeting (perhaps arriving a week beforehand). This requires the list be set at least two weeks before the meeting, so that it can be copied and mailed/faxed. If there are other items to be added later, the first few minutes of the meeting can be set aside for additional agenda items. It is also useful to mark with each agenda item the **person responsible** for opening the discussion. This helps the individual prepare whatever notes or photocopies or other materials (chalkboard or writing easel) will be necessary, and to get them to the office staff for duplication also in advance of the meeting. Nothing sours board-staff relations more than board members demanding last-minute work from office staff every month.

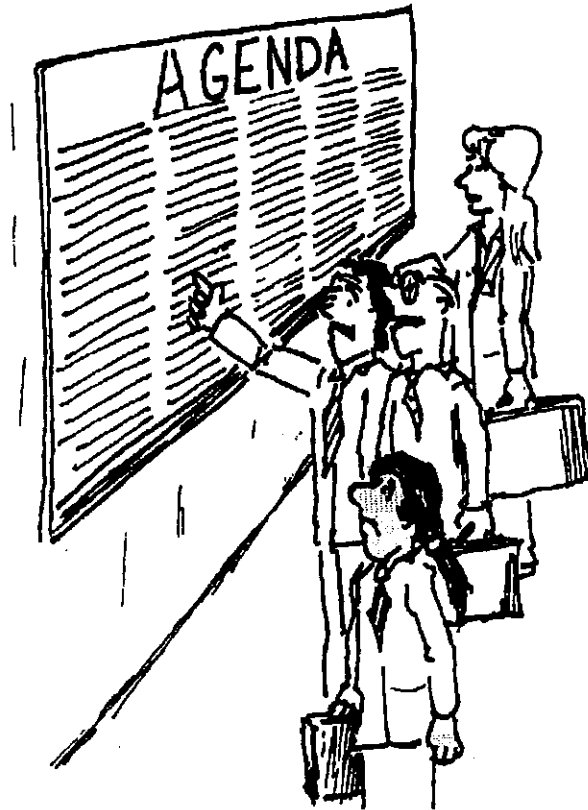
Some non-profits like to mail out the agendas to the next meeting with other information: **past minutes** (a useful thing, so that corrections can be made or action taken), news items, organizational reports. It is important to remember to keep the reader's busyness in mind when preparing packets: too much information will not get read. Some information is not important for all board members to have unless they want it (for example, a grant proposal, which only the committee reviewing it requires), and it is ecologically wasteful to pile endless papers on board members.

Some boards also find it useful to limit discussion. This can be a valuable time-saving device. **Fifteen minutes** is usually sufficient for most matters, and many reports take much less time. Breaking off discussion is always preferable to allowing discussions to ramble on. After fifteen minutes, the chair of the meeting can call a halt to discussion, and board members may either request more information from a designated individual, or strike an ad-

hoc committee to investigate and recommend action, or call for a vote.

At five to fifteen minutes per item, a board can usually cover ten to fifteen agenda items in a two-hour meeting. This is about the limit to most people's ability to discuss, before becoming tired. While there may be more work to do, boards must realize their limitations. **Priorizing** agenda items according to **deadlines** (for grant proposals) or **timeliness** (for monthly reports) or **importance** (for policy direction) might need to be done, and should be able to be requested by any board member at any time during the meeting.

Board members may also wish to include from time to time **reports by staff** or others about programs whenever time and opportunity allow, as this serves to educate board members more about the organization.



SAMPLE AGENDA

1. *Additions to agenda (Chairperson)*
2. *Executive director's monthly report (Executive Director)*
3. *Monthly financial statement (Treasurer)*
- Old Business:*
4. *Report of nominations committee (Chair of that ad-hoc committee)*
5. *Report of Federal grant proposal committee (Chair of that ad-hoc committee)*
6. *Report of building rental committee (Chair of that ad-hoc committee)*
- New Business:*
7. *Provincial grant proposal (Executive Director)*
8. *Policy request on retirement benefits (Executive Director)*
9. *Policy request on board members serving as consultants to staff (Board member)*
10. *Guest report on state of volunteers in agency (Staff Volunteer director)*

25. Maintaining order in meetings

There are several different options for maintaining decisions at board meetings. Traditionally, boards have used **Robert's Rules of Order** (also known as **Parliamentary procedure**) for discussions. This procedure is strict but clear. According to this method:

1. One board member says, "I **move** that... [specific action]".
2. If no one wishes to support the first speaker, the motion "**dies**".
3. If someone **seconds** it, that person says, "I second the motion." (which does not mean that they must vote in favour of it later)
4. The **chair** of the meeting restates the motion and then asks, "Is there any discussion?"
5. **Discussion** begins.
6. At any time during the discussion, one board member can **amend** the original motion, but this amendment also requires a seconder.
7. At any time during the discussion, one board member can call a **point of order**, which declares that the motion is in conflict with the constitution or bylaws of the organization. That person says, "I object to the consideration of this question." No seconder is needed, but the person must justify their argument, and the chair must agree. If the chair disagrees, the objecting board member

may appeal the chair's decision, in which case the entire board votes on the chair's ruling.

8. At any time during the discussion, any board member can move that the original motion be **tabled** until a future date, for more information or further consideration. Then the chair immediately calls for a vote on tabling. (Adapted from Lorie McMullen, *The Board Staff Workbook* no date:73-4)

As is apparent, this style of maintaining order was designed for the large body of people meeting in parliament. Boards are not nearly so big, and this type of discussion is often too weighty and time-consuming. Also in parliament, representatives wanted to be listed as having introduced an item, for political reasons, and so motions and seconds were recorded. There is no demonstrable good reason for this in non-profit societies. Indeed, there is no good reason why **free discussion** cannot be allowed instead of traditional methods. If a limit to discussion exists, and is known by all, then all have the opportunity to speak. If an idea, once brought forward by one board member, fails to elicit discussion, then the vote or agreement regarding the action is taken.

Another recently suggested model is the **Improved Nominal Group Technique (INGT)** proposed by William Fox in his book *Effective Group Problem Solving*, in which all comments are made according to an elaborated agenda of **written motions**, and **anonymously**, into a suggestion box, before the meeting. One drawback is the length of time for results. His technique was intended for meetings where supervisors and supervised staff

meet together, and the **difference in status** might compromise honest ideas. It could be used by a board, however, to avoid problems of status (especially veteran vs. new board members) and might be investigated. The real importance is there be **clarity** in the minds of each board member about which method of discussion will be used.

"The more [board members] feel that their participation is welcome and matters, the more committed they become to [the group's] activities."

William Fox, **Effective Group Problem Solving** (1988:13)

26. Decision-making in meetings

Related to the methods used for maintaining order in meetings are the different options for making decisions. The most familiar, and traditional method, is the **vote**. According to **Robert's Rules of Order**, the method by which a motion fails or succeeds is precise:

1. The motion can **die** because no board member will second it.
2. The mover can decide to **withdraw** the motion at any time during the discussion.
3. The motion can be invalidated if a board member calls a **point of order** and the chair agrees, which declares that the motion is in conflict

with the constitution or bylaws of the organization.

4. The motion can be **tabled** until a future date, for more information or further consideration. Then the chair immediately calls for a vote on tabling.
5. The board can **vote** on a motion. If the chairperson feels that discussion has continued as long as necessary on an item, she/he calls for a vote, by restating the motion thus: "It is moved that... Those in **favour**? Those **opposed**? **Abstentions**?"
6. The chair does not vote unless there is a **tie**.
7. Any board member can request a vote by **ballot** instead of aye/nay or show of hands. In such a case, that person moves, "I move that we vote by ballot", and the chair calls a vote on this. (Adapted from Lorie McMullen, *The Board Staff Workbook*, no date:73-4).

Again, this procedure was designed for an audience of a hundred persons. In boards, there are simpler methods which are just as effective, as long as they are clearly understood by all board members.

Boards might prefer to continue voting, in a simpler method. This requires that a specific action by the board be requested, which will be the subject of the vote. Usually, a **simple majority** (over 50 percent of the board) carries the vote. Other boards favor a **two-thirds majority** to carry a vote (over 67 percent of the board), which indicates a greater support for actions, but which might lead to greater inertia in board activity. In voting, all boards must

decide whether the majority will be of board members **present** at the meeting, or will include a majority of **all** board members, even absent ones. Boards must also decide their **quorum**, that is, the number of board members required at a given meeting to make voting truly representative of the board.

Some boards use the decision making method called **consensus**. According to this method, all board members must agree on an action for the board to proceed with it. Consensus has a great advantage in that it is considered to be most representative and fair, since all board members have **equal authority**. One of the disadvantages is one board member can block even the agreed action of all other board members. Further, the person who would have been happy casting a 'no' vote to a resolution will often feel railroaded into supporting something with which they do not agree, just to uphold a 'consensus'.

Some ways of soliciting discussion in consensus-run meetings are:

1. The board member introducing the item **suggests** a course of action.
2. The chair asks whether other board members wish to **speak** to the item.
3. The chair might ask what a heretofore **silent** board member thinks about the suggestion, who is free not to speak.
4. The chair asks whether anyone is **opposed** to the course of action suggested by the first speaker.
5. The opponents may be

asked by any board members **why** they are opposed.

6. The opponents may decide to **support** the majority decision despite their misgivings.
7. Any board member might suggest a **compromise** course of action which might be similar to the first proposal, but take into consideration the objections of the original idea's opponents.
8. The discussion begins again, until a course of action is **agreed** to by all, or until it is decided to do nothing about the idea.

There is no correct answer about decision making for non-profit boards. These are decisions which can only be made by the individual board members, and are related to individual values about fair democracy. Methods of decision making can be changed at any time. But above all, every board member must be clear about the decision. It would be disastrous to have one board member believe that Robert's Rules are in effect, while another believes that consensus is the method of decision making.

Part Eleven

Conflict Management

27. Personality conflicts

Whenever people meet in groups, there is the potential for conflict. Personality conflicts are those which centre around differences in individual characters: how we relate to the world, to problems, to opposition. When people interact in groups they tend toward what psychologist Irving Janis called “**groupthink**”, in his article of the same name, that is, acting in ways they would not in smaller groups or with individuals. Some common problems in personal characteristics in group settings are:

1. Talking too much.
2. Not talking enough.
3. Not paying attention to the meeting.
4. Reading notes while others are talking.
5. Speaking in side conversations.
6. Constantly arguing with others’

positions.

7. Agreeing with everyone.

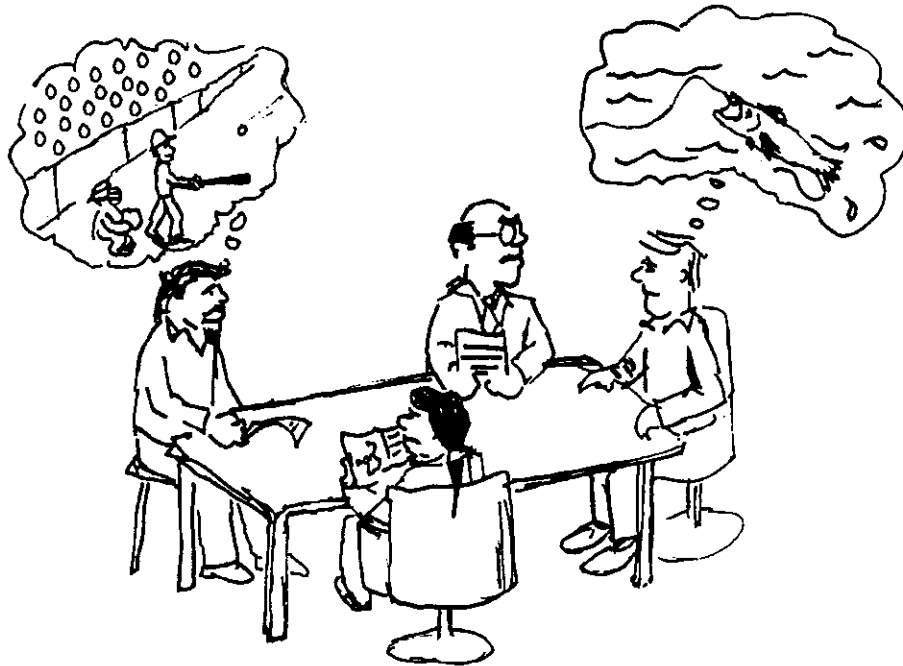
Obviously, not all of these problems are troublesome to all. Likely, everyone could be bothered by all of these behaviors at one time or another. There is a key to finding the positive effects of personality

conflicts. First, it is important to realize how **subjective** these opinions about another person really are. Often, of course, it is people who are too much alike who have the greatest personality conflicts. Also, the level of annoyance with other individuals may have more to do with how they are saying something than with what they are saying. Or it may be that winning the argument becomes as important a goal to the participants as was the original idea. Or it may be a behavior that would normally be overlooked, but a bad day at home or at work might emphasize it.

Second, it should be apparent these conflicts are **inevitable**. The characteristics so often disliked are usually found in highly **motivated** individuals, who are the type of people attracted to board work. Part of minimizing the effects of personality conflicts is to realize these things, and to remind oneself to concentrate on the idea and not the person.

"There is a clear responsibility for... directors to make sure there are opportunities to ventilate differences in perspective, opinions, and disagreements, and perhaps even engage in an occasional fervid confrontation. The problem with most boards of directors is not that they are too disputatious, but that they are not disputatious enough... if at all in many cases."

Robert Mueller,
New Directions for Directors
(1978:68)



28. Values conflicts

Often more dangerous than personality conflicts, and less recognized by many boards, are conflicts in **values** between board members. More dangerous because they are essentially unresolvable. Often the only solution is for one of the board members to step down. Some experts feel boards need to spend more time elucidating their values and solidifying them into policies, as for instance, John Carver in *Boards That Make a Difference*. Values conflicts, however, may give rise to radically different visions of the organization's purpose and goals. Some typical values conflicts are:

1. The value of individual vs. collective action.
2. The amount of government intervention desirable in civic life.
3. Equality of all people (women, racial minorities, natives, gay men and lesbians) and protection for minorities.
4. Religious beliefs and moral values.
5. Political loyalties.
6. State responsibilities for: health care, the unemployed, education.
7. Censorship vs. free choice.
8. Appropriate lifestyles (of children, of adolescents, of adults, of seniors, of the physically and mentally challenged) and support for those lifestyles.
9. Economic beliefs (free enterprise vs. socialism) and the ability of the

consumer market to regulate itself.

Some of these values conflicts may arise at any time in board deliberations: whether to hire a female or native or openly gay executive director, whether to support free dental care or maternity benefits for employees, whether to offer free memberships to persons on welfare or to seniors, whether to lobby the government for increased funding to non-profits or concentrate on seeking private funding sources. The best that can be done is to **investigate** what the differences are, to **discuss** with other board members their views, and to try to cope with the problems by **compromise**, or to accept the opinion of the **majority**.

Conflicts, if let grow, can destroy an organization. Before that happens, values conflicts can also eventually turn a board to **factionalism**. All boards are of course somewhat prone to this. People from similar backgrounds often join together for support: clients, professionals, members of the target population on the board. It is natural to seek people who share our experiences. Seating at meetings is often an indication of **informal alliances** between board members.

Alliances become dangerous, however, when personality or other conflicts result in people feeling greater **loyalty** to the alliances than to the board as a whole. This can also happen when veteran board members exclude new board members from real authority, when the executive members exclude other board members, or when real values conflicts exist.

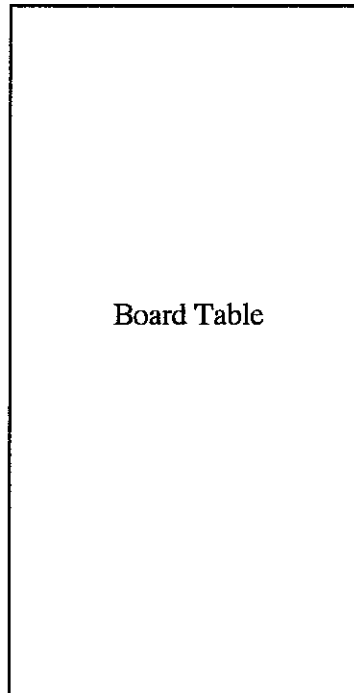
Boards which have formed alliances or factions need to reaffirm their commitment to the board as a whole. Often an **outside facilitator**, or an entire day spent together (a "retreat"), or a social

evening can begin this process. The most important step, however, is to look at why the split began. Was it a personality conflict? Was it a conflict of values? Was it a difference over the vision of the organization or its goals?

Exercise 25

Where do board members usually sit at meetings?

Indicate where board members usually sit at meetings. Do individuals who sit together usually think alike on issues and vote the same way? Is there a connection between executive board members and others? Disregard members who change place from meeting to meeting. Circle the spot where you normally sit and note who sits on either side and across from you. Note: This is not meant as a negative statement about alliances in your organization, but rather as an information exercise.



Exercise 26

What are the values which I bring to this board?

This is a confidential exercise. Circle the most appropriate answer to each question. Remind yourself how sincere individuals could answer differently to each question.

Human rights are the most important issue today.	YES	NO	DON'T KNOW
Government is too involved in our lives.	YES	NO	DON'T KNOW
Censorship in any form is wrong.	YES	NO	DON'T KNOW
Everyone should try to make it on their own.	YES	NO	DON'T KNOW
Racism exists in Canada today.	YES	NO	DON'T KNOW
Mercy killing is not merciful at all.	YES	NO	DON'T KNOW
War is sometimes the only moral alternative.	YES	NO	DON'T KNOW
The family is the basis of society.	YES	NO	DON'T KNOW
A woman's right over her body is absolute.	YES	NO	DON'T KNOW
Capital punishment is justified in some cases.	YES	NO	DON'T KNOW
Health care should be free, even for the rich.	YES	NO	DON'T KNOW
Children should be protected from sex on TV.	YES	NO	DON'T KNOW
Children should be protected from violence on TV.	YES	NO	DON'T KNOW
Every manufacturer has the supreme right to charge whatever the market will bear for goods.	YES	NO	DON'T KNOW
Gay people are a persecuted minority.	YES	NO	DON'T KNOW
Everyone has the right to work for a living.	YES	NO	DON'T KNOW
Everyone should have the responsibility to work for a living.	YES	NO	DON'T KNOW
Pornography is not freedom of speech.	YES	NO	DON'T KNOW
The elderly are not valued in our society.	YES	NO	DON'T KNOW
The disabled are not valued in our society.	YES	NO	DON'T KNOW
Women are not valued in our society.	YES	NO	DON'T KNOW

29. Mechanism for conflict resolution

Overcoming conflict is never easy. The best that can be expected is there exist a clear, easy-to-follow **mechanism** for conflict resolution, or what is sometimes called in the literature **problem solving**. That is, similar to a grievance procedure for employees, there be created a procedure for board members who are in conflict to work together to negotiate a **compromise** or **resolution**. This is not always going to be possible; sometimes only a **clarification** of the conflict will result. But the consequences of unattended conflicts warrant at least the attempt. William Roth, in *Problem Solving for Managers*, suggests the “**problem-within-problem**” approach: moving from particular conflict to larger network of differences. Other options for conflict resolution which boards should consider are:

1. The two parties in conflict should meet together outside of the board meeting to attempt a resolution.
2. The chairman of the board should meet together with the parties in conflict to attempt a resolution.
3. The executive director should meet together with the parties in conflict to attempt a resolution.
4. Another board member, known for her/his conflict management skills, should be selected to meet with the parties in conflict to attempt a resolution.
5. An outside professional (a counselor or social worker), sympathetic to

the aims of the organization, should meet together with the parties in conflict to attempt a resolution.

The choice often depends on individual personalities: one of the possibilities might stand out already in your mind as the best, according to the other people on your board. If the two individuals in conflict cannot resolve the dispute, the other choices all have the advantage of introducing a **neutral** third party. An outside professional, who cannot be considered to have taken a personal stand on the issue, may be best to attempt the resolution of a serious conflict. One must show great care in selecting such a mediator, however.

As Wendell French writes in his article, “Organization Development: Objectives, Assumptions and Strategies”, the goal of conflict resolution should be: to increase the level of **trust** and **support** among board members; to **confront** problems **directly** instead of “sweeping them under the rug”; to create an environment in which **experience**, **knowledge**, and **skill** are appreciated; to increase the **openness** of **communication**; and to increase **enthusiasm** and **satisfaction** of the individual’s involvement in the organization.

It is important for boards to decide upon a mechanism for conflict resolution *before* the conflict begins. Otherwise, deciding the course of action might get entangled in the conflict itself.

“The board member should place the larger interests of the agency above personal or factional concerns.”

Cyril Houle,
Governing Boards (1990:56)

Part Twelve

Board Evaluation

30. On evaluations

One of the most important tasks for the board is **evaluation**. Not concerned as the staff is with the everyday operations of the organization, the board can take a step back and look at the bigger picture: “How well is the organization fulfilling its mission?” “How well are its parts (staff, board, executive director) fulfilling their roles in the mission?”

Evaluation is especially important for non-profit societies. Most non-profits rely on government or foundation funding; in almost all cases, organizations are asked to **justify** their funds through evaluations of the **effectiveness** of their services or products. In this time of recession, public and private funders are holding non-profits accountable for use of their money.

Some say human services, unlike profit corporations, cannot be easily evaluated. There is some truth in that. It is more difficult to register the effectiveness of a service than a product; few non-profits can look at sales to establish popularity. But there are all kinds of other indicators to register effectiveness.

The keeping of **statistics on service utiliza-**

tion is an important evaluation tool for non-profits. It is relatively simple to assign an effectiveness in this way, and relatively inexpensive for tight-budgeted agencies, as Allan Beigel and Alan Levenson point out in their article, “Program Evaluation on a Shoestring Budget”. How many clients used our services? How many requests for information did we receive? How many people attended our educational events?

Some information is more difficult to get from general statistics. How effective is one program over another? What percentage of clients/referrals are from our target population? What percentage of our service budget is devoted to each of our projects? How much staff time is devoted to each of our projects? This information is not impossible to retrieve, but it does require some extra time and effort. More importantly, it requires a dedication to the importance of evaluation.

Some evaluative techniques begin not with the organization, but with the people affected by it. This is the most useful type of evaluation. It can determine public support or awareness for a non-profit, the effectiveness of an educational program, or behavior change in a target population.

Questionnaires or **surveys** are one such type of public evaluation. They are useful in being

cost-effective in terms of human hours, and if designed correctly, can answer important questions. They are limited, however, in that only a small portion of individuals who receive questionnaires actually fill them out (statisticians usually expect only one-third to one-half to be returned). Those who do return them might be motivated by strong support for the organization.

Another way of compiling evaluative information is through **personal interviews**. These are time-consuming, but can be very helpful. Interviewing a client who is very familiar with the services of your organization, or a professional from outside the organization on their views about your work, your effectiveness, etc. can yield valuable information. For cost-effectiveness, interviews are more often being taken together, in **focus groups** of individuals with similar backgrounds.

Evaluations can be done by any member of the non-profit team. It is most useful for individuals to evaluate the areas they supervise: staff to evaluate the projects, the executive director to evaluate the staff, the board to evaluate the executive director and the agency as a whole. Alternatively, **outside consultants** can be brought in to evaluate an agency or board: they provide the benefit of neutrality and impartiality. There is no simple answer as to how often evaluations should be done. Once a year is a common pattern for simple evaluations; once every three to five years for more intricate evaluations.

31. Evaluating the board

The effectiveness of the board must be evaluated by the board members themselves, and this is difficult.

Few of us like looking at our own faults. The board can, however, evaluate themselves easily and quickly on the basis of their role: have they translated the **mission** into achievable **goals**? Have they chosen sensible **objectives** to reach these goals? Have they accomplished any of the objectives?

The opinion of the executive director can also be very helpful in the board's evaluation, by answering the following questions:

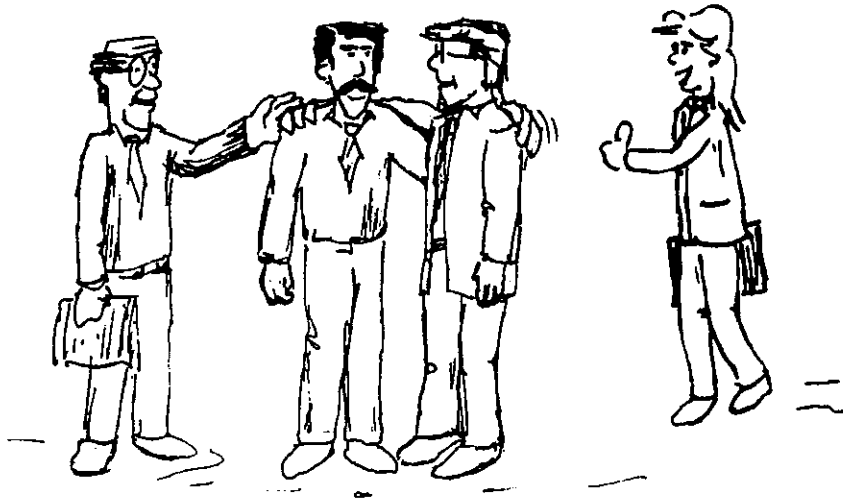
- How **clear** and **specific** was the **communication** by the board in direction about goals?
- How **quickly** were questions regarding direction dealt with, and how **effectively**?
- How **realistic** were board goals in terms of restrictions in time, in funding, in personnel, in accessibility to clients or target group?

Robert Herman and Richard Heimovics discuss other ways in which the executive director can assist board evaluations in chapter five of their book, *Executive Leadership in Nonprofit Organizations*. Thomas Wolf, author of *Managing a Nonprofit Organization*, suggests that board members might anonymously evaluate each other.

If a board **'fails'** its evaluation, there are options to consider. It is impracticable for all of the board members to resign; this would be too great a strain on the organization. The board might consider one of these alternative actions:

1. An **education** seminar for board members, facilitated by an outside expert.
2. A portion of each board meeting set aside for **board development**, perhaps with the assistance of exercises

- like the ones in this workbook.
3. **Self-evaluation** by each individual board member on the question of whether it is in the best interests of the organization to remain on the board, or to step down before the next general meeting.



Exercise 27

How effective are we as a board?

Mark a check (✓) to the left of each question which can be answered "yes". Adapted from Flanagan (1981:143-4).

1. Have we reviewed and reaffirmed the mission statement?
2. Have we evaluated our bylaws?
3. Were all revised bylaws approved at the annual general meeting?
4. Have we held an annual general meeting?
5. Have we set clear organizational goals for the year?
6. Have we set a fund-raising strategy for the year?
7. Have we designed a strategy to guarantee income for the year?
8. Have we approved a budget for the year?
9. Have we evaluated the performance of the executive director?
10. Have we evaluated our programs?
11. Have we prepared an action plan and time-line for goals?
12. Have we elected an executive committee for the board?
13. Do our committees have clear and necessary responsibilities and structures?
14. Have we successfully resolved conflicts between board members?
15. Have we effectively integrated new board members?
16. Have we nominated potential board members from diverse backgrounds and with diverse skills?
17. Are our meetings productive?

32. Evaluating the executive director

The executive director is evaluated on the principle of how effective he/she was at putting the mission of the organization, and the goals of the board, into strategies of operational practice. In most non-profits, the executive director is evaluated in some way every year.

Part of an evaluation of the executive director by the board might be a request for the executive director to **evaluate her/his own performance**. **Staff** should also be permitted input in the evaluation of the executive director, since they work daily together. Of course, this input must be anonymous to ensure frankness. One method might be the **Improved Nominal Group Technique (INGT)** of William Fox (see section 25 of this book). This would permit open comments, and then permit the board to resubmit questions to staff in specific areas of concern. The board supplies the remainder of the executive director's evaluation.

No evaluation of the executive director's job can be completed until after the **board** has completed its own evaluation. Obviously, if the board feels it has unsuccessfully translated the society's mission into goals and objectives, it cannot fault the executive director for lack of strategies. The executive director can only be as successful as the board is clear.

If an executive director **fails** the evaluation, the board may consider:

1. **Reviewing** the evaluation carefully with the executive director, and **repeat** the evaluation in six months'

time.

2. Requesting that the executive director **demonstrate improvement** in the required areas, and **report back** to the board on this in six months' time.
3. **Terminating** the executive director's contract.

The third step is certainly not one to be taken lightly, but neither is obvious **incompetence** or breach of responsibility to be ignored. While non-profit boards do not have to be as ruthless as for-profit boards are reputed to be in firing executive directors, the focus of the board members in such deliberations should be the **best interest of the organization**.

33. Evaluating the agency and its programs

Ultimately, the entire organization is evaluated on the basis of the simple question: "**How well has the organization fulfilled its mission statement?**"

Since the obvious goal of any non-profit organization is the translation of its mission into **services**, these become the primary focus of agency evaluation. **Service programs** can also be evaluated on their directness to the **current goals** of the agency. In the words of Clifford Attkisson and colleagues in their book *Evaluation of Human Service Programs*, appropriate service delivery must be understandable, accessible, comprehensive, cost-effective, and capable of being improved to be accountable to the community.

This must be the standard by which programs, and the agency which operates them, are judged. In addition, all programs can be separately evaluated on their **structure** (how well-organized?), their **process** (how flexible?), their **outcome** (how successful?) and their **community impact** (how useful?). Moreover, programs must always be evaluated according to the vision statement and the goals created from it. How do current programs relate to these goals?

The **staff** who implement the agency's programs know most about how these services fulfill these criteria. It is most appropriate, therefore, that staff perform the "lion's share" of program evaluation. Only in this way will the evaluation be **complete, realistic, and consistent**. Boards have the responsibility to see the evaluation is done, however, and can direct an executive director to initiate staff evaluations of any or all agency divisions. The board as a whole, or an ad-hoc committee of interested board members, can then review each of the evaluations. This review ensures the program offered by the agency is: **useful, cost-effective**, and in keeping with **current goals** of the organization.

One of the most important functions for the board review of agency effectiveness is the question of obsolete services. Despite their possible "failure" in evaluations, non-profits are often reluctant to **jettison obsolete programs**. The impetus for discontinuation of a program may often come from staff evaluations, if the project is too costly or underused. Alternately, the staff may be so busy with implementation and fail to recognize the need to end or change certain services. For boards considering stopping certain services, here are a list of possible alternatives, from Joan Flanagan in *The*

Successful Volunteer Organization:: continue the program if it's not a drain on the organization or hinders other programs; offer the program to another organization; put it on temporary hold and watch public reaction, help others revive it if the interest is there. Flanagan lists a number of reasons to **not** continue a program: "We always have done it this way"; "We can get a grant"; "We can put someone we like on the payroll"; "We can let the staff do it"; "We can get a lot of publicity for doing it"; "If we do not do it, no one else will" or "If we do not do it, someone else will".

In conclusion to this section and to the workbook, let us conclude with the results of the hundreds of interviews of founders of non-profit organizations, which Joan Flanagan conducted for her book, *The Successful Volunteer Organization*. According to these founders, the most common stated causes of non-profit success were:

- 1- clear goal;
- 2- the will to succeed;
- 3- focus on a limited number of goals;
- 4- plan and timetable to reach goals;
- 5- tangible victories;
- 6- exciting programs;
- 7- fun;
- 8- strong board of directors;
- 9- dependable income;
- 10- and up-to-date bookkeeping."

According to these criteria, how does your organization fare?

Part Thirteen

Appendices

34. Bibliography

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35. Where to go for more information in Alberta

For information about the incorporation of non-profit societies, or for their regulations, contact:

Corporate Registry
Alberta Consumer and Corporate Affairs
 Edmonton: 427-2311
 Calgary: 297-3442

For information about charitable status and tax-exempt status, contact:

Charities Division
Revenue Canada Taxation
 Telephone: (613) 598-2275
 Toll-free: 1-800-267-2384

For information about employee rights, contact:

Alberta Human Rights Commission
 Edmonton: 427-7661
 Calgary: 297-6571
 Elsewhere in Alberta: 1-800-432-1838

Workers' Compensation Board
 Edmonton: 498-4000
 Calgary: 297-6471

For books on non-profit societies and board development, contact:

Note: library borrowers' privileges are usually restricted, but access to libraries is open.

Edmonton Social Planning Council Library
 (Edmonton): 423-2031

Alberta Family and Social Services Library
 (Edmonton): 427-6412

Learners' Resource Centre
Grant MacEwan Community College
 (Edmonton): 441-4682

Rutherford Library
University of Alberta
 (Edmonton): 492-4174

MacKimmie Library
University of Calgary
 (Calgary): 220-5962

For professionals trained in non-profit board development, contact:

Edmonton Social Planning Council
 (Edmonton): 423-2031

Volunteer Action Centre
 (Edmonton): 482-6431

Volunteer Centre of Calgary
 (Calgary): 265-5633

Volunteer Sector Management Program
Grant MacEwan Community College
 (Edmonton): 441-4624

Faculty of Social Welfare
University of Calgary
 Calgary: 220-5942
 Edmonton: 492-3888

36. Information about the Edmonton Social Planning Council

Founded in 1940, **The Edmonton Social Planning Council** is an advocate for social change in the Edmonton area. Itself an independent, non-profit society, the Edmonton Social Planning Council sees one of its important roles as a catalyst for other non-profits: both those just getting started, and those looking for redirection or development. **Get On Board!** is only one such project.

Throughout its history, **The Edmonton**

Social Planning Council has helped to found or has been involved with the beginnings of some of Edmonton's major non-profit societies. Research on contemporary social issues has always been a part of the mandate of The Edmonton Social Planning Council. In addition to **Get On Board!**, the Council also produces **The Other Welfare Manual** (in cooperation with Alberta Family and Social Services), **Tracking the Trends: Future Directions for Human Services in Edmonton** (as part of the Community Trends Working Group), and other publications. Regular newsletter **First Reading** and research factsheets **Alberta Facts** and **Edmonton Facts** are also produced by the Council. As part of its role as catalyst for social action, **The Edmonton Social Planning Council** sponsors a number of workshops and symposiums on various issues. Social planners from the Council are also available as facilitators for groups wishing to form around an issue, or for groups wanting outside direction, assistance or evaluation.

For information about any of the services offered by The Edmonton Social Planning Council, or for information about membership in the society or its publications, please contact:

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