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# Board Development for Nonprofit Preservation Organizations

*by Marc Smiley*

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**T**he board meeting has gone on much too long. Deep into the third hour, numerous items on the agenda still need to be discussed. The issues that needed votes had to be delayed until a quorum showed up, which happened 40 minutes after the meeting began. And the meeting began 25 minutes late.

Every issue discussed in this marathon session has been contentious. Confusion has overwhelmed consensus. And the recommendations of staff haven't been heard or accepted because the board isn't sure it can trust the staff. "These are all issues that the board needs to decide, not the staff," a board member says. "It's our job, after all."

When decisions are made, they aren't good ones—everyone knows it in the back of his or her mind. Four people dominate the discussions most of the time, with the rest of the board members remaining quiet because they don't really understand the issues.

What everyone does know is that the budget is off by what appears to be a large amount, and the Easement Fund is the only way to cover the shortfall. The Finance Committee doesn't have any specific suggestions (it hasn't met for a couple of months), but the treasurer insists that something must be done tonight.

By the time the meeting hits its fourth hour, people begin to leave and the quorum is again lost. With disgust, the board president closes the meeting and lets the remaining board mem-

*bers know another meeting will be necessary to finish the business left undone tonight. The date for the meeting will be decided later this week—the chair forgot his planner.*

The most fundamental resource for any preservation group is its people, and the most important people for a group's success serve on its board. The strength of the nonprofit board of directors is an amazing and sometimes indefinable thing. It illustrates perfectly the concept of synergy: when the whole is greater than the sum of the parts. When a diverse group of committed individuals come together to improve their community, their collective resources become a potent force of action.

Thankfully, few boards experience all of the predicaments described above, but the problems this group experiences are common ones. Many of the most pressing problems facing preservation organizations can be linked to a board that is unprepared to do its job.

Not every organization is committed to building a strong board of directors. For some groups, the value of an effective board is obscured by the power and charisma of a strong executive director. It is always easier to manage a single perspective, single vision, or single point-of-view. But for every organization working without a strong board, there is an opportunity lost. The benefits of creating a board of directors composed of skilled representative public trustees go far beyond simply meeting the fiduciary requirements set forth in law.

The key is doing it right.

When the talents of the board are deep and diverse, the results are outstanding. When the board is weak and lethargic, chaos dominates. When boards don't work well, they limit rather than enhance the capabilities of the individuals involved and the organization as a whole.

How is it done right? There is no magic to creating a strong, effective board of directors. But it requires an investment of effort that must be made completely and continuously to be worthwhile. This booklet will explore the elements of building an effective board of directors. It will clarify the job of the board member, demystify the process of building and strengthening a board, and offer insights on how to keep a board working at its peak.

## The Role and Responsibilities of the Board of Directors

To begin building a strong, effective board of directors, your group must first clarify the board's role within the organization. The board sits atop the pyramid of responsibility for any nonprofit preservation group. It is responsible for making sure that every aspect of the organization addresses the community need reflected in its stated purpose, and that all of its work is consistent with the intent of its donors and investors. As a group, the board is accountable to the entire community to ensure that the organization justifies its status as a tax-exempt, tax-deductible community enterprise.



## ***The Governing Role of Boards***

The board has the fundamental responsibility of *governing* the organization and connecting it to the community it serves by defining community needs, developing organizational resources (human and financial), and providing accountability both within the organization and to the greater community. Maintaining this community connection, and being accountable to that community, are your organization's greatest responsibilities—and they rest squarely on the shoulders of the board.

This work includes the following components:

- **Strategic direction**—setting a direction for the organization that reflects community needs;
- **Resource development**—developing financial resources that support strategic direction and program activities;
- **Financial accountability**—managing financial resources to ensure honesty and cost-effectiveness; and
- **Leadership development**—developing the human resources to lead the organization today and in the future.

### **Strategic Direction**

The board identifies a clear need in the community and the approach the organization will take to address it. Within the spectrum of historic preservation that approach could range from the restoration of a single historic property to the protection of historic resources throughout the state. Through the process of strategic planning, the board looks specifically at the long-term direction that is appropriate for the organization. While this direction may be similar to that of other groups involved in

preservation, ultimately the plan must address the unique resources and challenges of the community the organization serves.

Strategic direction specifically deals with the long-range elements of planning. It involves developing a vision of what the organization wants the community to look like and then creating a mission statement and goals that direct the organization toward the vision. It also includes defining the values that characterize the approach the organization will take to its work.

To fulfill the long-range planning function, the board must invest in an ongoing process of continually analyzing how the organization can best serve the community and evaluating its progress toward that end. Through this process, the board develops and regularly updates its strategic plan as a tool to communicate to its constituents and to guide the investment of resources toward the most appropriate activities.

### **Resource Development**

A preservation group needs capital to fuel movement in its strategic direction. The financial resources of an organization basically determine its capacity to address needs in the community. Without financial resources, groups are left to sit back and observe. With adequate resources, groups can address demolition threats and take risks that expand their ability to respond to preservation crises.

While fund raising is rarely the most popular responsibility of the board of directors, it is among its most fundamental ones. A diverse board with strong connections to the community it serves has access to people and institutions willing to invest in their community. Board members create rela-

tionships with people who can become major donors and key funders and provide the credibility to encourage their support.

A critical component of resource development is the promotion of the organization in the community. In addition to cultivating key supporters, the board has a role in expanding the circle of people who support the organization. This "friend raising" function is the foundation on which effective resource development efforts are built. Helping potential donors become committed supporters can be accomplished best through relationships developed primarily by the board.

### **Financial Accountability**

The money that drives the work of a preservation organization in essence belongs to the entire community. The laws governing public charities provide a decentralized tax-subsidy to nonprofit groups that offer charitable deductions to contributors. The board serves as a trustee to this money to ensure that it is used in a way that reflects community needs and values. The board must make sure the money is spent wisely and honestly.

In addition to being a legal and ethical requirement for a nonprofit, financial accountability also has an important practical role. Donors' willingness to provide ongoing support to an organization depends on their belief that the funds are being spent wisely. When that trustworthiness is lost, the organization loses a critical component in its ability to raise money to support its programs.

Providing accountability for the investment of resources continues after the money is spent. For most organizations, facilities and equipment last well beyond



the budget cycle in which the investment is made. So while the board needs to pay attention to the programs and publications that are part of the current year's budget, the board must also stay committed to managing the longer-term resources of the organization. Maintaining these resources during their useful life is another aspect of financial responsibility.

#### Leadership Development

An organization is only as strong as its members. Success for a preservation group usually can be attributed to the quality of the people serving in leadership roles. If leadership development is left to chance, an organization can hope to attract and promote people to leadership roles, but success will be limited. Groups that approach leadership development deliberately, with a continuous commitment to attract and support the best leaders in the community, are more certain to succeed. If done effectively, leadership development can ensure that every other aspect of governance—planning, fund raising, and financial accountability—is easily fulfilled.

As often as it's talked about, there is little understanding of what leadership really is. Good leadership includes skills and knowledge about preservation, organizational development, and sound business practices. But it also includes less tangible elements such as charisma, integrity, and good will.

While it may be hard to define good leadership, we all know it when we see it. The strength of any organization can be measured largely by the effectiveness of the leaders at the board, committee, and project level. A strong leadership team of board president and executive director can be

critical ingredients to organizational success. Placing strong leaders as the chairs of the most important committees and projects supports the leadership team. An organization committed to leadership development will also ensure smooth transitions of leadership by recruiting people who have the potential to fulfill leadership positions in the future. Perhaps nothing prepares someone to be president better than a year as president-elect.

Leadership on the staff side is also critical. A board with an executive director has little authority to hire program and administrative staff to support the management and program functions. But it is responsible for hiring an executive director. This is an important place to make a good investment. "Penny wise, pound foolish" decisions are all too common in personnel hiring decisions.

#### Management Functions

The four elements of governance listed above define the most basic responsibilities of a board of directors. But the work of a preservation group doesn't stop there. Complementing the governing functions are *management functions* that translate direction into action and support programs with resources.

Organizational management includes specific responsibilities beyond governance:

- **Program planning and implementation**—taking the strategic direction to the next level of detail and putting it into action; and
- **Administration**—ensuring the effective management of the details behind programs.

## Responsibility and Authority

A critical principle that must accompany the delegation of responsibilities is the notion of linking responsibility and authority. When an organization delegates responsibility to staff to fulfill certain administrative functions, the organization must also delegate the authority to do the work the way the staff feels it can best be accomplished. To give staff the responsibility to accomplish something but not give it the tools to be successful doesn't make sense.

Part of the process of delegating responsibilities is assessing the person's ability to succeed. The board must believe in the executive director enough to give him or her the authority to act on his or her own. If the board is unable to do so, it has hired the wrong person.

Obviously, to develop within a job, a person needs both direction and support. Board members can be tremendously valuable for providing both. When a staff person is learning new aspects of the job, he or she will need support and direction on key tasks. But that person also needs to be able to make mistakes and learn from those mistakes.

Having authority to go with the responsibility also ensures true accountability. It is impossible to hold a staff person accountable for success if he or she is not given the tools to succeed or the authority to make the decisions that can lead to success.

In delegating responsibilities from board to staff, keep in mind that ultimately the board is accountable to the community for the actions of the entire organization—board and staff alike. But delegating responsibility and authority while retaining ultimate accountability for the actions of the organization is an important part of a board's job.



## Levels of Influence



## Mission and Goals

The most basic governing policy for an organization is its mission. Below is an example of a mission statement for a preservation organization:

The mission of the Tucker County Preservation League is to retain the distinctive historic character of Tucker County by preserving buildings and supporting neighborhoods that provide significant links to our past.

### Program Planning and Implementation

While governance defines where a group wants to go, management decides how it gets there. Complementing the long-range plans are the detailed short-term plans that develop strategies, define activities, and establish implementation steps. The most visible activities of the organization take place at this level. Here we see the outreach efforts of home tours and public education events. Here we see the detailed work of monitoring preservation easements and developing public policy. Here we see the growth of membership and the writing of grant proposals. Here is where we put our intent to serve the community into action.

What goes into effective program planning and implementation? That question would require several books to answer, and ultimately depends on the types of activities the group chooses to implement. Program planning and implementation, however, must take place within the context of all governing decisions. Detailed program plans must emerge directly from the general strategic direction. Program

implementation must reflect the capacity established by the efforts of fund raising and leadership development. (For more information on strategic planning see *Strategic Planning for Nonprofit Organizations*. Available from Preservation Books, National Trust for Historic Preservation, 1785 Massachusetts Avenue, N.W., Washington, DC 20036 (202) 588-6296, [www.nthpbooks.org](http://www.nthpbooks.org).)

### Administration

Every organization has a basic set of administrative details that must be addressed. These tasks can be as simple as opening the mail or as complex as allocating expenses to the appropriate chart of accounts. These administrative functions support all of the other functions. They also support the credibility of the organization. Groups that manage the details well inspire confidence among donors and investors that their money is being efficiently managed. Management of facilities and equipment—everything from the buildings owned to the computers used—is part of this role.

In addition, the management of people carries with it a multitude of details that cannot be ignored. Personnel management is a component of administration that gets payroll taxes paid and benefits organized. These mostly small details ensure that staff members are well supported within their jobs.

These management activities are part of the responsibility of the board of directors, but unlike the governing functions, they can be delegated. For groups that have the luxury of hiring staff, some or all of these functions are delegated to the paid professionals best suited to ensure their success. For nearly every preservation group, the management functions are fulfilled more completely and

effectively when staff members can be hired to do them. For this reason, nearly every start-up organization sets a goal of eventually hiring staff to perform some of these functions. But while most boards delegate management functions to staff, these boards ultimately retain responsibility to ensure the work is done effectively, completely, and in a manner consistent with the strategic direction of the organization.

### The Board's Role in Setting Policy

Policies govern the direction and operations of preservation organizations. They provide a framework for decision making within which an organization can do its work. Although the board does set policy, it is not responsible for setting ALL policies.

The board of directors has the following roles regarding policy:

- Establish and/or approve the broadest and most strategic policies,
- Ensure that policy is being developed and implemented, and
- Review key policies periodically.

The board reviews policies, when necessary, in order to reflect the changing needs of a community or a constituency. It also ensures the organization's compliance with legal requirements. For example, changes in state tax laws might significantly change the way a preservation organization structures its easement program. Other changes may affect how the organization sets up its budget and reports information to its donors. Changes to the laws and guidelines affecting preservation groups must be reviewed periodically by an organization's board, and possibly by legal and accounting counsel.



Some policy-setting responsibility, however, should be passed through to the staff. In order to understand which policies the board should address directly and which policies the board should delegate, distinction must be made among various kinds of policies.

The broadest policies are those that address the governing functions of the organization. These **governing policies** include issues about strategic direction and leadership development, and can be found within the strategic plans and bylaws. The board is directly responsible for formulating and approving these policies. Most organizations take a yearly "retreat" to focus attention on the overarching governing policy issues of the coming year. For example, the governing policy for electing board members is established in every organization's bylaws.

Another basic governing policy for a preservation organization is its *mission statement*. The board is responsible to see that the mission is clearly defined. This will ensure that potential clients and customers (those who benefit from the program) understand the organization's purpose and goals, that staff (those who do the work of the organization) know how to direct their efforts, and that investors (those who financially support the organization) know what they are supporting.

The mission statement is defined further through *goals and objectives*. These are established through a cooperative effort of the board, with input by the staff and volunteers.

The second policy level is **executive policy**, including financial policies, endowment policies, and personnel policies. Committees or staff usually establish these policies and the board approves them. These policies are reviewed

and revised during the regularly scheduled meetings of the board. Unlike the broadest governing policies that are reviewed and revised on a more infrequent basis, executive policies are often part of the regular deliberation of the board.

The third level of policy, **administrative policy**, involves managing the workplace and communicating among staff. These policies are developed and administered entirely by the staff. The board is not involved in *establishing* these policies, but is aware of them, assuring they conform to legal requirements and to the governing and executive policies.

It is through the regular approval and review of these policies (not micro-management of individual activities) that a board maintains contact with the day-to-day operations of the organization and fulfills its accountability to the organization's constituencies.

### ***Individual Responsibilities of Board Members***

The power of an individual board member is limited. This is as true for the board chair as it is for any other board member. Only the board as a whole has authority to make decisions and define direction.

While individual board members have no decision-making authority on their own, their jobs as board members and community trustees have very specific responsibilities. These duties and obligations are defined specifically within state corporate statutes. Below are some general principles that can guide board members.

**Obedience** describes the basic responsibility that board members have to obey the laws established for nonprofit corporations

## Principle of Good Faith

The Principle of Good Faith can be a helpful tool to guide board members on how to faithfully execute their responsibilities. The principle states that board members should

- Attend board and committee meetings regularly;
- Have a thorough knowledge of the organization's charter and bylaws;
- Heed corporate affairs and keep informed of general organizational activities;
- Ensure that minimum legal/technical requirements are met;
- Disclose personal conduct that could affect their loyalty or duties and register dissents officially;
- Avoid the appearance of self-dealing or conflict of interest; and
- Make no financial profit from association with the organization.

It can be easy for a board member to feel intimidated by all that is expected of him or her. But in essence the job only asks that people make a reasonable effort to ensure the organization succeeds. It asks a board member to be fair and to care. These are expectations that most board members find easy and enjoyable to fulfill.

within their state. In addition, it defines the board members' responsibility to follow the policies and guidelines established by the organization for governance and management. While serving on the board, the board member must obey these directives. If the board member is not able to do so for practical or personal reasons, he or she is obliged to step down from the board and no longer serve.

**Loyalty** defines the responsibility that board members have to serve the interests of the organization with faithfulness and devotion. Through this loyalty, the individual board member serves the community directly. Sometimes personal interests of a board member conflict with the interest of the organization the



## Board Member Rights

To keep the relationship between individual board members and the organization strong and effective, it is important to emphasize the following rights that board members have in balance with their responsibilities:

- 1) To be fully informed about the responsibilities, time commitment, and other details of the organization before becoming a board member.
- 2) To have opportunities for orientation and continuing board training that will help the board member to function effectively for this and other board assignments.
- 3) To be kept fully informed through accurate financial reports, management reports, and regular, thorough briefings by staff about the operation of the organization.
- 4) To expect that volunteer time will not be wasted by lack of planning, coordination, and cooperation within the organization or within the board.
- 5) To be assigned jobs that are worthwhile and challenging with freedom to use existing skills or develop new ones.
- 6) To be able to decline an assignment if the board member feels that the match of skills and interests is not appropriate.
- 7) To have successful job experiences that provide opportunities for personal growth.
- 8) To be trusted with confidential information that is needed to carry out assignments and responsibilities.
- 9) To know whether one's work is effective and what results have been obtained, and to have access to an evaluation process that will measure the board member's performance based upon measurable, impartial standards.
- 10) To be recognized at appropriate times for one's work and involvement as a board member.

board member is serving. In this situation, it may be necessary for the member to step down from the board, even if only temporarily.

This management of conflicting interests is difficult but extremely important. It is even more difficult for groups that are coalitions or alliances of several organizations. In these groups, membership is defined by some

previous loyalty or commitment to another organization. Groups in these situations must directly define the level of loyalty that is appropriate to keep the board intact and the organization's interests protected. (*See conflict of interest list in the back of this booklet.*)

**Due care** defines the responsibility that board members have to act in a responsible and prudent manner in doing their work. Is the board member doing what he or she believes to be in the best interest of the organization? Would a reasonably prudent person act in a similar fashion? As vague as the notion might be, these are the tests that judges often use in court to assess a board member's performance.

Understanding the job of a board member also requires knowing what a board member shouldn't do. One principle used in nonprofit law is to define what a "reasonably prudent person" avoids:

- **Mismanagement**—Failure to follow fundamental management principles, such as failure to ensure that planning occurs or failure to review reports for errors or inconsistencies.
- **Non-management**—Failure to use existing opportunities for good management, such as failure to use available accounting control systems to ensure proper management of funds.
- **Self-dealing**—Involvement in activities or voting on decisions in which there exists the potential for personal gain.

### **Balancing Responsibilities with Rights**

The responsibilities facing a board member of a historic preservation organization include accountability to the community, to the organization itself, and to everyone who has

invested in the organization. But every responsibility must be balanced with rights. Every board member should draw from the organization personal and professional benefits that balance the investment of time and resources given to the preservation effort.

The relationship between responsibilities and rights must be balanced. Board members should not benefit from their involvement to the detriment of the organization. Likewise, the organization should not draw from an individual to the point of burning that member out. If board members are able to do their job well, the job should provide benefits to both the individual and the organization.

In the relationship between individual and organization, it is critical to be clear about the expectations each has of the other. Organizations can be clear with their individual board members by having job descriptions that define the expectations of time, contributions, and involvement. The job description works best if it is very specific, defining the minimum commitment of time, minimum contributions of money, and specific responsibilities that define effective participation.

Individual board members can also be clear with the organization by defining their expectations for participation. Often this can be accomplished with a board member agreement that allows the board member to state the areas of participation and level of involvement he or she is committed to provide. At the same time, the agreement can define what outcomes the board member hopes to gain from participation. This can include knowledge and skills attained, community connections developed, and satisfaction gained by



making a difference. All are important “paybacks” to board members, and all are important expectations to be articulated early in the relationship.

## Building an Effective Board of Directors

For most preservation groups, it is easy to understand the value of a strong board of directors. It's getting one that's difficult. Creating a strong board requires a long-term investment in people—in this case, the people who have the greatest responsibility and greatest potential for making the organization successful. As with most investments, work done over the long-term creates the best results.

To understand the process of building an effective board you must first understand how to build an organization in general. The board is just one layer—albeit a very important layer—among many that make up a strong organization. It's important to see how the board fits within the various layers of involvement.

For too many organizations, supporters are either on the board, or they are not. And a person who is not has no meaningful way to participate and make a difference. By creating such a narrow set of options, groups exclude people who want to get involved, but who cannot participate as a board member for a variety of reasons—limited time, lack of certainty about a long-term role as a board member, perceived conflict of interest, to name a few. The other consequence of this limitation of involvement is that some people who have something to give the organization but who do not make good board members are brought onto the board anyway—with very negative results.

This leads to having board members who do not have the time or commitment to participate in a meaningful way.

### *Levels of Involvement*

As an alternative, groups can create a wide range of options for involvement that reflect individuals' diverse circumstances. The diagram on the right illustrates this approach.

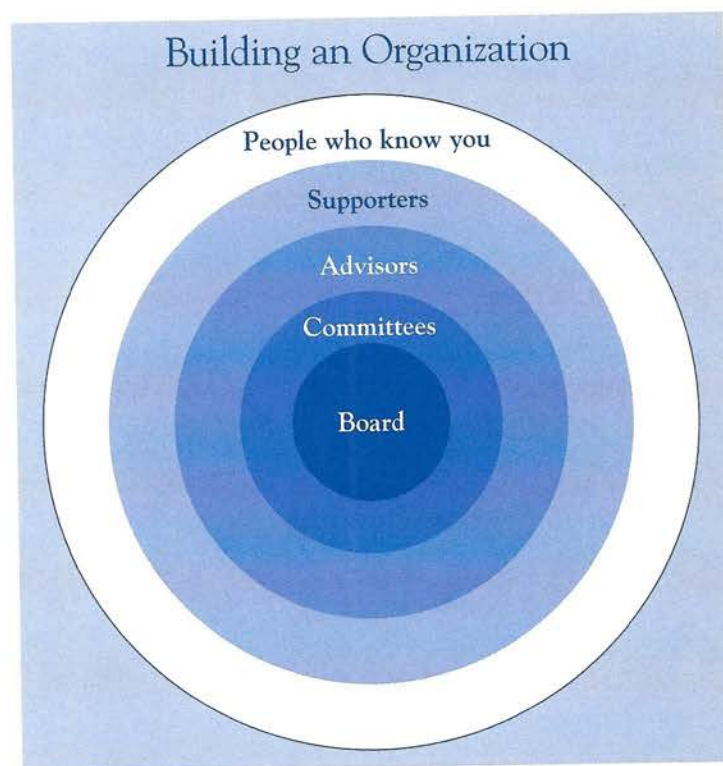
A healthy organization provides a variety of ways for people to get involved. The **Board of Directors** sits at the center of the organization, serving with the greatest responsibility and power for its success. For boards with the luxury of hiring staff, the staff serves on behalf of the board and is included in this inner circle.

Just outside of the board circle is the **Committee Circle**. Committees are the underpinning of a strong board, and the arena where most of the work undertaken by the board is actually accomplished. Board meetings are not intended as a place to do work. Too many people are involved in them to get any real work done. They are ideal, however, as a forum for reviewing work done by committees, integrating the work of several committees, and making high-level policy decisions based on preparation done by committees and/or staff. So having strong committees is a vital ingredient of an effective organization.

Looking at the diagram, there are two very important things to understand about the relationship between the committee circle and the board circle. First the board circle is entirely inside the committee circle. This illustrates the principle that all board members must serve on a committee. Keeping board members engaged means keeping them active. From the moment a member

joins the board, he or she should be clear about committee assignments and the role he or she plays within the committee. This not only keeps the committees effective, but also gives each board member a distinct role within the board as a whole.

The other important thing to note is that the committee circle is larger than the board circle. This means that there are some people serving on committees who are *not* board members. Giving people



a chance to serve on committees while not serving on the board is important for several reasons:

- Committees are ideal learning and training grounds for prospective board members. Recruiting people to committees provides a way for people with strong skills to get better acquainted with and more knowledgeable about the organization before they take on a greater level of service.



## The Prudent Director's Check List

1. Make sure your organization's mission is clear, and that the mission is followed.
2. Attend all, or nearly all meetings of board or committees where you are a member.
3. Review bylaws annually to determine that they conform to law and that they incorporate all amendments that have been made through prior resolutions.
4. Make sure bylaws are followed and enforced; use consents to corporate action in lieu of meetings; all directors must sign.
5. Maintain a current membership list for your board and nonprofit organization members.
6. Request that the organization distribute important written materials in advance of board meetings at which action is to be taken.
7. Insist on advance notice to all directors of any major item of business to be acted upon at the next meeting.
8. Read, analyze and understand financial statements, budget proposals and other reports; raise at least one question with respect to each financial document at any meeting called for the purpose of reviewing financial documents; expect solid, businesslike answers from your organization.
9. Question all reports demonstrating inconsistencies, material errors, or other evidence of sloppy work.
10. Seek expert counsel—legal, accounting and otherwise—to supplement board member understanding and experience when dealing with complex issues.
11. Thoroughly review all minutes prepared by the secretary to insure that critical matters, including resolutions and discussions of complicated and controversial topics, have been covered.
12. Adopt a written conflict of interest policy that conforms with state law.
13. Question staff to determine that the IRS is kept advised of all material and substantial changes in the organization.

- Recruiting people to committees allows prospective future board members to "date before they get married." People may later be ready to serve on the board once they know the organization is a good fit for them personally. Likewise, organizations benefit by knowing the working style, values, and integrity of individuals before they get on the board. Having non-board members working at the committee level allows both the individual and the board to get to know each other before they commit to a longer relationship.
- Committee membership might be a better fit of time and commitment for an individual than full board membership. Involvement in a committee takes less time and energy than serving on a board and a committee. For some, it's not a matter of knowledge or style—it's simply a matter of time. Committee work requiring a lesser time commitment offers another way for people to get involved and make a difference.

Outside the committee circle is the **Advisor Circle**. Advisors are a great resource for a preservation group, if they are used well. But advisors serve a very different role within an organization than the board or the committees do. People who serve as board and committee members must make a firm commitment of time and effort. The minimum expectations for board and committee members are set by the organization. Members must acknowledge and meet these expectations.

Advisors, on the other hand, define for themselves the best role they can play and amount of commitment they will give to the organization. And the level of commitment can vary tremen-

dously from advisor to advisor. Some advisors are very active providing advice, resources, access to key people through their own personal network, and so on. Some give their time willingly and consistently. Others make their contribution of time and resources only sparingly—but the contribution is still meaningful. The role that an advisor plays is negotiated on an individual basis, and for whatever time-frame makes sense.

It is helpful to have a clear understanding of the role each individual advisor plays—clear expectations benefit people at every level within the organization. But the expectations for advisors are less rigid and more specific to the individual than for board and committee members.

There's another key difference between advisors and board/committee members: number and type of meetings. Meetings are a necessary evil for both the board and the committees (although there are many ways to make meetings more effective for both). Advisors, on the other hand, don't need to get together for any regularly scheduled meetings. Sometimes, advisors will meet with the executive director or board president at a key time to work through an issue. But the schedule is based on the individual advisor's schedule, not an entire group's. Some organizations bring their advisors together once a year for celebration and recognition. They might ask advisors to participate in a short discussion about where the organization should be going. But mostly, advisors work quietly and individually to support the governing and management details of the organization.



Each organization must determine the best way to use advisors. Some groups maintain an ongoing relationship with past board members and key advisors through an emeritus board. Other groups create a “regional representative” network of advisors to serve as “eyes and ears” for the organization. The point is to find an approach that keeps people involved in a way that is helpful and meaningful—both for the organization and the individual.

Groups should recognize that if the advisors of the organization are not plugged in and not integrated into the work of the organization, they just become another burden for the board or executive director. Advisors are only helpful if they are helping out—and if they aren’t, the group should either change the way it works with the advisors or “retire” the advisors from that role.

The next circle, or level of involvement, is the **Supporters’ Circle**. Groups define their supporters in many different ways, but usually it means people who give something tangible to support the organization’s purpose—money, in-kind donations, time, etc. For most organizations, this is where our members and donors are found. The important thing about this group is that they all see themselves as having invested in the organization and having a stake in its success.

While the supporters’ circle is concerned about the organization, keep in mind that supporters are another step removed from the center. As such, they are not as connected or committed to the organization. That doesn’t mean they don’t care—indeed their investment shows they care very much. But these folks have prioritized their resources such that they are willing to give

something of themselves, but not as much as others. They might someday be willing to give more, but for now, their participation is limited. Sometimes, these people will refer to themselves as “checkbook activists.”

Outside the supporters’ circle, we have the **People Who Know You Circle**. These are people who have some clear idea about what the organization does. If asked about the organization, they could come close to stating its mission and describing some of its programs. Their knowledge goes beyond name recognition and into a pretty strong understanding of what the organization is all about.

Now, just because these people know you, it doesn’t mean they necessarily like you. But that is not the point. The first step in building support is getting people to know who you are. Once there is awareness, it’s possible to move people off the fence and build strong support for what the organization does. There are bound to be some folks who don’t support the preservation agenda. But the organization that has few detractors often has few supporters.

Outside of all of these circles there is the rest of the world. The cruel reality is that there are many more people outside of your organization—who don’t know you, don’t support you, and haven’t a clue what you are about—than there are people who fall somewhere within the circles. In fact, the chances are very good that there are fewer people who fall inside the circles than the organization thinks. Our personal involvement in preservation tends to make us think that more people know about our issues than actually do.

## ***Building the Circles***

With this diagram in mind, strengthening the organization as a whole is done by building **every one of these circles** and, with deliberate effort, moving people toward the middle. This involves several facets of work, not just one.

First, the universe of people who know the organization defines all the other circles inside. If only 15 people know about the organization, it will be hard to have 20 supporters. Every organization must invest resources in building the outer-most circle of people who know it. Some of this might happen passively. The nature of the organization’s work may bring its name and issues to the attention of enough people to give them a clear understanding of the organization’s purpose and programs. But only rarely. Usually it takes a focused, concerted effort to build awareness and understanding about the organization.

This phase of building the organization is usually called *public relations and outreach*. It’s much different than *education*, which usually focuses on the issues of preservation. Public relations goes the extra mile to talk about the preservation group itself, and the role it plays in addressing the issues.

Next, groups want to move the people who know about the organization to become people who support the organization. This is a process that includes both *friend raising* and *fund raising*. In this step the organization gets people who know it to develop a feeling of connection to what it does. From there the group can get friends to become investors. But investment without connection is rare. People usually need the ABC’s to become full supporters: they



must have *Ability* to give, *Belief* in the organization, and a *Connection* to what you do.

With a large number of supporters, the organization now has the ability to build a strong governing structure. From here, the organization recruits from its supporters to expand the number of people who are involved as advisors and committee members. **This is one of the most important—and most often neglected—steps for building any organization.** This isn't easy. It requires organizations to reach out and understand who their supporters really are. Until they do, they have no way to know who might be willing to step up and give more. The challenge is to find ways to identify the talents and interests of the people in the supporter's circle.

How? Through events, questionnaires, phone calls, and myriad other opportunities. Mostly, it just takes paying attention. To identify your prospective committee members your organization needs ask them some basic questions:

- *What do you do?*
- *Why do you support this organization?*
- *What brings you to this event?*
- *What kinds of things would you like to be involved in?*

If groups ask these questions—and then really listen to the answers—groups can find a tremendous number of “gems” hiding among their members. Interestingly, this process is identical to the process of cultivating membership for major donor support. In both cases, you hope to build stronger relationships with your supporters by finding people who are willing to make a more significant contribution to the group—in terms of time and money.

The final move toward the middle of the circle is the clincher. It is utterly dependent on the success of all of the other steps. It involves recruiting board members, but in a different way than you do now.

Instead of looking for people to become board members from the universe of possibilities—friends and neighbors who can be cajoled into helping out—ideally we recruit from our most committed, knowledgeable, and involved circle of friends: committee members and advisors. We find those people who have distinguished themselves in their service to the organization and ask them to take another step closer.

These volunteers have learned about the organization over time, grown to believe in the group, have increased their level of participation as they have become more knowledgeable and committed to what the organization does. This group of people has been well groomed to serve as board members, and can step in and take responsibility quickly and effectively. The orientation process is easier. The values clarification process is easier. Everything works better because everyone has already worked together well. The organization has promoted from within and ensured better transitions and overall effectiveness.

To build a stronger, more effective organization, we must understand each of these levels of involvement and commit to building them. Preservation organizations need to have strong public relations programs to build the universe of organizational capacity. They need to move people who know them to become connected and invested in the preservation issues of the day. Groups need an ongoing process of identifying the supporters who

have more to give and an interest in giving it. Board development then becomes a process that moves people beyond support to action—first as advisors and committee members, and later as board members.

### ***Retaining the Strength of Leadership***

The process of moving people to a greater level of commitment and involvement makes sense. The same logic can be applied to how organizations move people out of leadership positions.

Too often, when board members reach the end of their term, they leave the board and sever all contact with the organization. In these cases, the board abruptly loses all of the benefits that the board member provided—all the contacts, all the experience, all the resources. For the most critical members of a board, the loss to the organization can be devastating.

This situation is especially common for board members who have come from the far outside of the circle to the center in a single step. These are the board members whose relationships with the organization are so limited that they rarely hold up after their (often-brief) terms of service.

Most organizations can avoid such abrupt changes by applying the same principles of incremental growth to the way board members depart. When board members leave, they usually do so because they are no longer able or willing to give the time it takes to serve on the board. In some cases, the departure is due to term limits. But in these cases, it may make sense to urge departing board members to stay active as committee members or advisors. In one of these two circles, former board members can continue to offer some of their resources,



connections, or wisdom—but in a way that better suits their lives. They stay somewhat involved, and continue to make a difference—just a smaller difference.

Good people are too hard to find. Preservation groups will do well to keep their best people close for as long as they can. When people stay close, it is possible that they might continue their allegiance at a high level. In some cases, they may return as active and involved board members when their personal circumstances—or the bylaws—allow. By moving people back in, sometimes a circle at a time, you keep people involved and still revitalize the pool of talent at the center of the organization.

The value of moving people into the organization one step at a time is clear. Likewise, keeping your best board members close after their tenure on the board is also obvious. One of the less obvious benefits of moving people in and out of the circles is that it provides a way to remove board members who don't participate or are not able to fulfill the responsibilities. Again, not everyone is well suited to be on the board, but that doesn't mean these people don't have something to contribute. It's difficult to remove a non-participating board member without a high degree of tension. But when organizations have alternative options for keeping people involved, non-participating board members can step back and still "save face." The confrontation with a non-participating board member is now focused on "finding the right fit" rather than "getting the boot."

The idea of term limits fits well with this philosophy of incremental board development. Term limits keep boards vital by keeping the members' time on the board focused and deliberate.

## The Board-Staff Partnership in Fund Raising

Fund raising can be a "hot potato" for many preservation groups. Finding the right way to split the role of fund raising between board and staff requires some thought about which activities are best suited for the volunteer leaders of an organization, and which activities are best for the paid professionals. This thought will ensure the organization makes the most out of its fund-raising potential.

Board members are ultimately responsible for ensuring the organization has the resources needed to succeed at its mission. They must plan the overall fund-raising approach and develop clear policies guiding what will and what won't take place in fund raising.

Board members also should establish their role in fund raising to reflect their responsibility within the organization—which usually includes developing and nurturing peer-to-peer relationships with community leaders. The natural fund-raising activity to support this role is major donor fund raising. Working with major donors requires developing relationships with the people most committed and generous in their support of the preservation activities of the group. Board members often are best suited to develop and nurture these relationships. This becomes a fund-raising focus when board members demonstrate their leadership within the organization through their own charitable giving and through their leadership in requesting support from others. This role is almost always better suited for the board than the staff.

Boards with the luxury of delegating responsibility to paid staff often look for the tasks that paid staff can accomplish better than board members. This can be a very individual decision, but generally three roles emerge as ideal for staff members.

First, staff are often in the best position to coordinate details for membership. Sending out request letters, coordinating renewals, keeping track of records and processing thank-you letters are ideal responsibilities for a staff member. These tasks are consistent and ongoing—perfect for the regular schedule of a paid staff member.

Second, staff are usually in the best position to write grants. An executive director often has the best grasp on all of the details of the organization's programs. This person may be in the best position to define the details, structure the proposal, and interact with grant makers. Foundations often look for strong staff as a prerequisite for their funding.

Finally, staff members can serve an important support role for board member fund raising. Making sure that the volunteer time that board members serve is used effectively requires good support and coordination. Making the board member's experience in fund raising as positive as possible helps to ensure their continued involvement and success. If organizations split these roles too dramatically, they may fracture the effective teamwork that is required for effective fund raising. Being clear about roles is very important, but ultimately fund raising must be seen as a fundamental partnership between board and staff members.

Board members know that they have a specific amount of time to serve and make the most of it.

Term limits also offer the advantage of bringing new talent to the board. They force a revitalization of the board on a regular basis and keep the board from becoming a small club of insiders. They can reinforce the perception that the organization is committed to involving leaders

from throughout the community in protecting the most important historic resources.

One of the most valuable benefits is that term limits make it easier to remove board members who are not pulling their weight. Ideally, this problem should be dealt with directly by the board president. However, too often the discomfort of confrontation prevents the president from taking



## Board Profile Grid

José    Cynthia    Sam    Walter    Lydia    Dawn    Steven    Lamar

### Skills and Knowledge

Accounting/Financial Mgt.	✓						✓	
Personnel Management				✓	✓			
Fund Raising								
Strategic Planning		✓			✓			✓
Nonprofit Management		✓			✓			
Leadership				✓				
Public Relations/Publications		✓	✓					
Meeting Facilitation			✓		✓			
Legal Issues	✓							
Education						✓		
Preservation						✓		
Grassroots Organizing		✓						
Real Estate	✓							✓

### Contacts and Influence

Business Community	✓				✓			
Media			✓					
Government Agencies								
Ethnic/Minority Groups	✓					✓		✓
Conservation Organizations		✓			✓			
Native Tribes							✓	

### Demographics

Male	✓		✓	✓			✓	✓
Female		✓			✓	✓		
Under 45 years	✓	✓	✓		✓	✓	✓	✓
Over 45 years				✓				
Ethnic/Cultural Minority			✓			✓		✓

any appropriate action. If there are board members who need to be moved off the board but who themselves believe they should stay, the issue can be addressed without becoming personal.

Having term limits makes much more sense if an organization has other ways (i.e., circles of involvement) for former board

members to contribute. If a board member serves for six years with distinction, the group will be reluctant to see him or her go away. If "going away" involves moving off the board but remaining active in a committee role, the loss is very small. If that volunteer comes back rested and ready to resume a high level of

involvement after a year off the board, the organization is put into a win/win situation of having new and experienced leadership.

### ***The Deliberate Steps of Board Development***

Development of a strong board is neither accidental nor impossible. It is a very deliberate process. For most groups, the process of building the board is reduced to simply recruiting. And the task of recruiting good potential board members is limited to the few months before the annual meeting. Once elected, new board members are left to sink or swim.

Effective board development involves bringing the best possible people into the organization and then providing the support they need. The support includes many specific steps implemented over the course of the entire year. The following steps are involved in developing the board:

- **Recruitment**—the process of identifying the right individuals to meet the needs of the organization, and convincing them to become part of the organization.
- **Orientation**—the steps taken to give new board members information on the history, programs, and culture of the organization.
- **Training**—the ongoing efforts to build new skills and abilities among existing board members.
- **Evaluation**—the annual task of evaluating individual board members' contributions to the board, and evaluating the board's contribution to the individual board members.
- **Recognition**—the ongoing process of recognizing work well done and thanking board members for their commitment and contributions to the organization.



The role of the Nominating Committee also expands beyond just recruiting to include this full range of board development. For almost every organization, an important first strategy for building a more effective organization is to eliminate the Nominating Committee and replace it with the Board Development Committee. This committee now has the full responsibility for all of the steps of board development—and it ensures that these steps are carried out faithfully and completely.

### **Recruitment**

The better the people within your organization, the better the organization will be at achieving its mission. There isn't a more important starting point for any organization than to improve the way it recruits board members, committee members, and other key volunteers.

Board recruitment begins with an understanding of what the board needs to be effective. Strong boards consist of people with diverse skills, connections, and backgrounds. Each member contributes something important to the make up of the board, based on an analysis of what the board needs. A profile grid can help a group establish and prioritize the characteristics it wants to have represented on the board. This can lead to a more specific profile for prospective members and a better starting point for the search process. The profile grid can also answer the question of how large the board should be—as large as is needed to fill out the profile.

Once an organization understands the profile it needs to complement the current board membership, it begins focusing on identifying and attracting people who fit that profile. Ideally, the organization is recruiting and involving people for all aspects of

its work. When this happens, the search process can be done closer to home, for the organization will be able to draw talent from the ranks of committee members, advisors, and other key volunteers. But when necessary, groups should not hesitate to look outside their current ranks for someone who can make a difference.

In the search process, the wooing of board members should not be taken lightly. Asking someone to become part of the board is not too different from asking someone to make a huge financial gift. It is an investment that few individuals make to more than one group at a time. Therefore, it is worth taking the time to make the recruiting process professional and meaningful. Develop orientation materials that help people understand the organization. Create an application to demonstrate that you are serious about evaluating what prospective board members bring to the table. Make sure there is a job description that makes absolutely clear what is expected of people who join the board.

Take time to build a relationship with the prospective board member. Recognize that the person may not say yes on the first try. Continue to involve your board prospect in the various aspects of your work. If board membership isn't the right fit, find a better one on a committee or as an advisor. If their involvement is positive at that level, they may become even more interested and more committed.

Finally, remember that the single most attractive feature of any organization is its success. People will be much more willing to join an organization that is already making a difference than one that is struggling and unwilling to do anything about it.

When building an organization for the first time or rebuilding an organization that has fallen behind, the recruiting steps are often done in increments. In these situations, it may be best to recruit the two or three people most committed to your work who also have connections to others who could become involved. Once on board, these people can help attract and convince others to join. Building an all-star board from a group with limited personal connections often will take several steps of recruiting and a year or more to complete.

### **Orientation**

Orientation is a critical step in helping prospective and new board members understand clearly the expectations of their job. It also provides new board members with background information to help them become effective immediately. Far too many organizations force new board members to become oriented by osmosis, an inefficient and frustrating experience to endure.

As quickly as possible, new board members should have as much information as they need to do their job. Most of the time, this information has already been produced—for past board meetings, retreats, proposals, and other communication.

The process of orientation begins during recruitment, before a board member is even elected. Board prospects need good information to decide whether or not they want to serve. Boards can do several things to help prospects make the decision and, in the process, improve the likelihood that they will say yes.

First, introduce the prospect to the organization and its goals at an initial meeting with a recruiting board member and the execu-



## Board Manual—Sample Contents

1. Organization Mission Statement
2. List of Board Members—  
Names, addresses, short biographies
3. Board Member Job Description
4. Bylaws
5. Organizational Chart
6. Committee List with assignments of all board and staff members
7. Strategic Plan, including Goals, Objectives and Committee Work Plans
8. Operating Policies of the Board
9. Confidentiality Statement
10. Short History of the Organization
11. Minutes for the last year
12. Staff Job Descriptions, presented in brief outline form
13. List of Programs, with descriptive data
14. Budget
15. Audited Financial Statements for the previous year
16. Sources of Funding
17. Friends of the Organization, including Advisory Council, Ex-Officio Members, Key Volunteers
18. Glossary of Terms

tive director. Have the recruiting board member pitch the organization and the positive aspects of board membership. At that time, give the prospect an information packet that includes at least the following information:

- An overview of the organization's purposes, major programs, funding sources, etc.;
- A job description that includes the expectations for members—meetings, committee assignments, tenure, and time commitment;
- A list of current board members and key volunteers; and
- A copy of the bylaws and last annual audit of agency.

Second, schedule a visit to the organization by the prospective member so he or she can see programs in action and talk with program staff. Visiting or participating in some program activity gives the board prospect some real working knowledge of what your organization is all about. For prospects who already have had some involvement in your efforts, it might mean giving them a glimpse of the *other* aspects of your work.

Finally, invite the board prospect to attend a board meeting to get an idea of how the organization makes decisions and delegates responsibilities. Observing and participating in a meeting of a committee consistent with the person's background and knowledge might provide an even better view of the inner working of the board.

Once a board member has been elected, a second level of orientation provides a deeper understanding of the current issues facing the organization. The purpose of this level of orientation is to get the new board member "up to speed" as quickly as possible on issues he or she will be facing in the near future. This process should be done within the first three to six months of the board member's tenure. When several members are coming on the board at the same time, this can be done in a group session.

First, schedule a meeting between the new board member and key people in the organization. Provide a detailed Board Member Manual, which should include bylaws, articles of incorporation, program descriptions, current budget, last audited financial statements, list of board members and their addresses, lists of committee and staff assign-

ments, copies of minutes for the previous year, and a copy of the strategic or long-range plan.

Next introduce the new member to all current board members and staff, usually at a board meeting or visit to the office. Consider assigning a "mentor" board member to work with the new board member for the first few months. Also, make a committee assignment and help get the new board member started in the committee work of the organization. Working with the committee chair, find some early, specific tasks that can immediately engage the new board member in the work of the committee.

One orientation activity is to give new board members tours of the neighborhoods or sites the group has had a role in saving or rehabilitating. Nothing helps people understand the realities of historic preservation better than seeing the results of the organization's work.

Over the next several months, the board mentor can check in with the new board member on a fairly regular basis—especially just after board meetings or other key events. The mentor can help answer questions and identify ways to help the new board member get even better acquainted with the organization and the job. In many cases, this is a chance for the mentor to provide specific information which may not have been included in the formal orientation, but which is needed to understand key issues facing the committee or the board.

### Training

Providing information that supports the board member's effectiveness is a continual process, starting before a board member joins and progressing throughout the tenure of service. At some point, the information is less



about understanding the organization and the job, and more about learning how to do the job better. At this point, orientation becomes training.

There are many different ways to approach training, depending on the needs of the individual and the organization. Some training is necessary and appropriate for everyone on the board. Training can address either organizational capacity building issues (such as fund-raising training or board roles and responsibilities) or it can address program information (such as the easement monitoring process or a legislative update). Regardless of topic area, regular investments in building the knowledge and skill base of the board help keep members engaged and effective in their decision-making role.

The Board Development Committee can identify and coordinate the training activities necessary to support the board, to ensure that training remains a high priority. Through regular queries to the board and in the development of its annual work plan, the committee identifies the most urgent training issues. These training sessions can be added to abbreviated board meetings—making sure the combined session does not exceed the board members' ability to maintain their attention. Some training on the most critical issues can be part of the annual retreat session or a special meeting, allowing time to explore the training topics more completely.

Other specialized training isn't necessarily critical for everyone on the board, but may be suitable for key board members. In these cases, it may be helpful to have the board member participate in an outside training session and bring the information back to the group. For example, the National

Preservation Conference is loaded with workshop and training opportunities for board members who attend. Another opportunity is the weeklong Preservation Leadership Training offered by the National Trust for Historic Preservation. Having a board member bring this information back to the group can be an important strategy for building an individual's leadership skills.

Board members can also get valuable training by filling a variety of roles within the organization. Boards can rotate responsibilities and alternate committee assignments to help satisfy the interests and needs of each board member. This has the added advantage of providing continuous development of volunteer leaders for the organization, helping prepare board members to serve as committee chairs and board officers.

### **Evaluation**

Most nonprofit organizations understand the need to conduct evaluations for paid staff members. Evaluations are important tools to assess a person's growth within a job. They provide employees with feedback and resources to help them improve, better serve the organization, and grow personally.

Evaluations serve the same purpose for board members. Evaluations help board members understand where they are serving the organization well and where they can to improve. At the same time, evaluations give board members a chance to suggest ways that the organizations can better serve their individual needs and interests. The fact that a board member is not paid does not reduce the need for feedback and direction. Evaluations can be the best way to provide that communication.

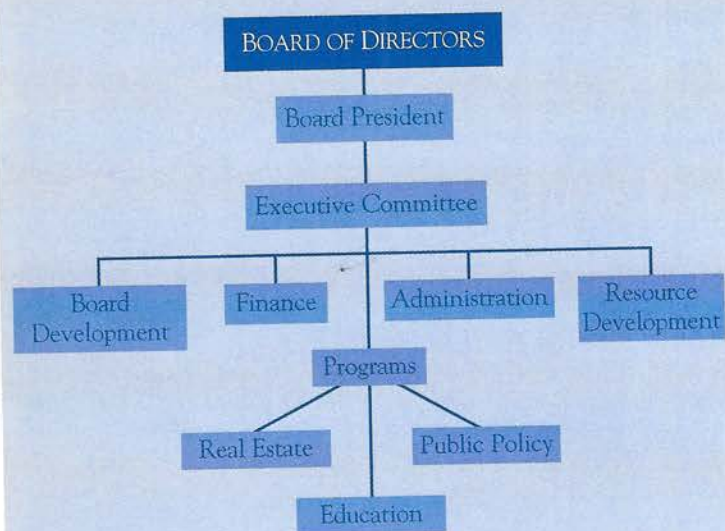
## **Why Evaluate Board Members**

- 1) To ensure that the board is representative of the community.
- 2) To determine if the board is achieving its objectives in policy development and specific board tasks.
- 3) To pinpoint strengths and weaknesses of the board as a whole.
- 4) To pinpoint the strengths and weaknesses of the individuals and the roles they fill.
- 5) To foster growth and development of individual board members.
- 6) To set a climate of evaluation for the entire organization.
- 7) To highlight areas in which the organization should change.
- 8) To demonstrate to the community the seriousness of purpose of the board and the fact that the board takes its responsibilities seriously.
- 9) To help those board members who are trying to provide better leadership elsewhere in the community—a benefit that “repays” board members for their service.
- 10) To give perspective to the board on how well it functions and give it an overview of ways to expand or adapt the organization in the future.

Evaluations must be made based on clear expectations that have been established between the board members and the organization. Without clear expectations, it is impossible to evaluate anything. Two tools important for clarifying the expectations of board members are the job description and board member agreement (see appendix at the end of this booklet). With these two tools, both the organization and the individual agree on what is expected. The board member agreement is especially important because it gives the board member a chance to identify what the member thinks is



## Volunteer Organizational Structure



expected of him or her and defines what he or she expects back from the organization. This more personalized set of expectations provides the best starting point for evaluating performance at the end of a year's work.

Some organizations are reluctant to conduct evaluations because board members feel uncomfortable sitting in judgment of other board members. A good solution to this problem is to use a self-evaluation form that allows board members to identify their areas of strength and the opportunities for growth in the relationship. The individual board members complete the self-evaluation and the Board Development Committee reviews the information and makes recommendations for possible changes within the organization. This group can also provide the board chair—the designated leader of the board—with information that she or he can use to talk through any concerns or issues with individual board members.

Evaluating individual board members is a critical component of an effective board development process. It is also important for the organization to evaluate the overall effectiveness of the board as a whole. Many tools exist for assessing the strengths and weakness of a board. If these tools are used as a way to build the organization and not as a way to tear it down, they can provide very important information to be used by the board development committee for both recruiting and training decisions.

### Recognition

The purpose of board development is to enhance the performance of board members and therefore the organization. One of the most helpful tools to strengthen board performance is also one of the simplest. Unfortunately, it is also one of the most neglected.

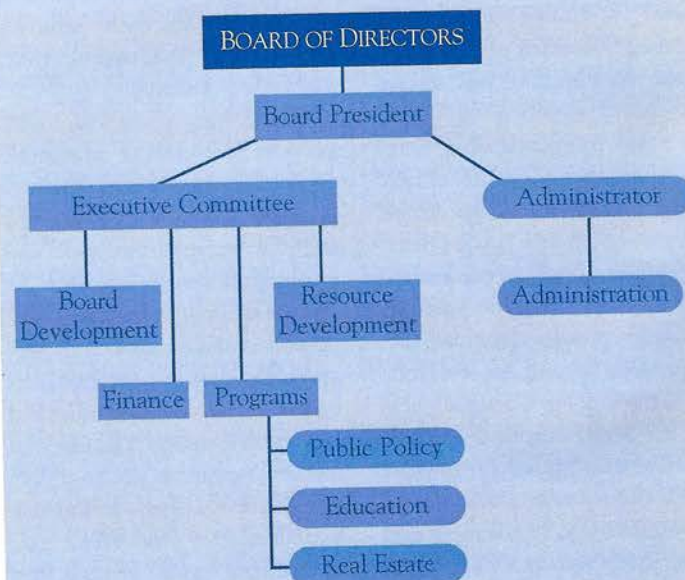
The simple act of thanking board members is a critical component of developing and supporting a board. Recognition can

take many forms, but ultimately, the form doesn't matter. What does matter is the sincerity with which an organization shows appreciation for the contributions provided by board members.

Recognition can be given in either a formal or informal way. The formal approach is to use plaques, publicity, recognition events, and other special honors. Too often it is done at the end of a board member's tenure—a pat on the back as the board member makes his or her exit. While this can be an appropriate gesture of appreciation, it can fail to provide motivation and inspiration for a board member to remain involved.

One excellent way to recognize board members along the way is to give them credit within their own professional circles. Often companies have internal newsletters and flyers that announce the good work of their employees. These are excellent forums for highlighting the activities of a board member working for a preservation group.

## One-Staff Organizational Structure





Informal recognition in most cases can be the most appropriate and effective way to show board members appreciation. The immediate comments, phone calls, and notes given to people who have done good work on a particular project may also be the most sincere recognition. Better than the plaque is the short letter that explains how much one board member appreciates the contributions and commitment given by another.

Whatever the approach used, giving recognition provides an opportunity for a group to be creative and simply have some fun. Too many groups spend all their time and energy working out tough decisions. Some of what makes a group effective is the personal bonding that can take place among people with different backgrounds and similar values. Creating opportunities for people to have fun is an important element of building a strong and effective board of directors.

## Creating a Structure that Supports the Organization

Building an effective board depends on attracting strong leaders, making clear their responsibilities, and giving them great support. But strong boards also need two important structures to be effective. One is the structure of the board itself. The other is the structure of the staff in its relationship to the board. Both are critical to effectiveness. Both are common stumbling blocks for many groups.

### **The Board Structure**

Earlier this booklet explained the distinction between governance and management. This distinction is especially important for preservation groups that have professional staff to carry out the

organization's plans. Most groups hire staff to deal specifically with the management elements of the organization—administration, program planning, and implementation. That leaves the governing functions—strategic direction, resource development, financial accountability, and leadership development—to the board.

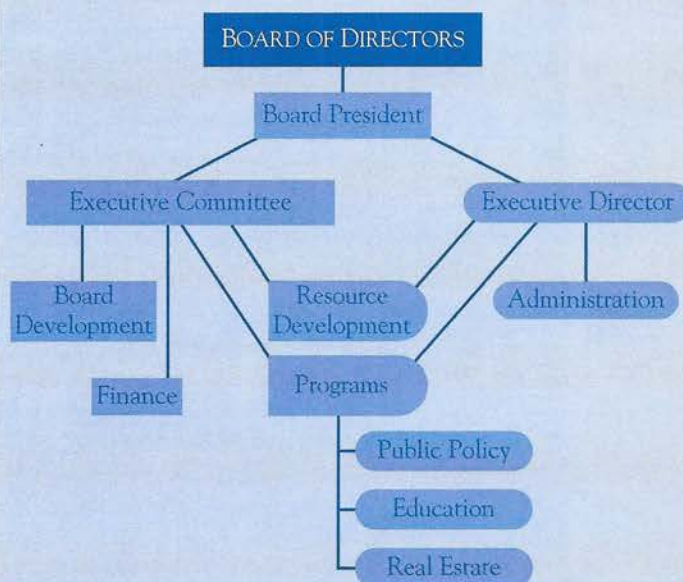
A general principle of organizational structure is that form follows function. Therefore, the structure of the board should logically follow the functions it is responsible for implementing. The board's committee structure should address the four governing functions within the board's purview, including a board development committee (leadership development), finance committee (financial accountability), fund-raising committee (resource development), and planning and evaluation committee (strategic direction). These four committees are fundamental to nearly every organization.

In addition, most organizations also have an executive committee that fulfills the following key functions:

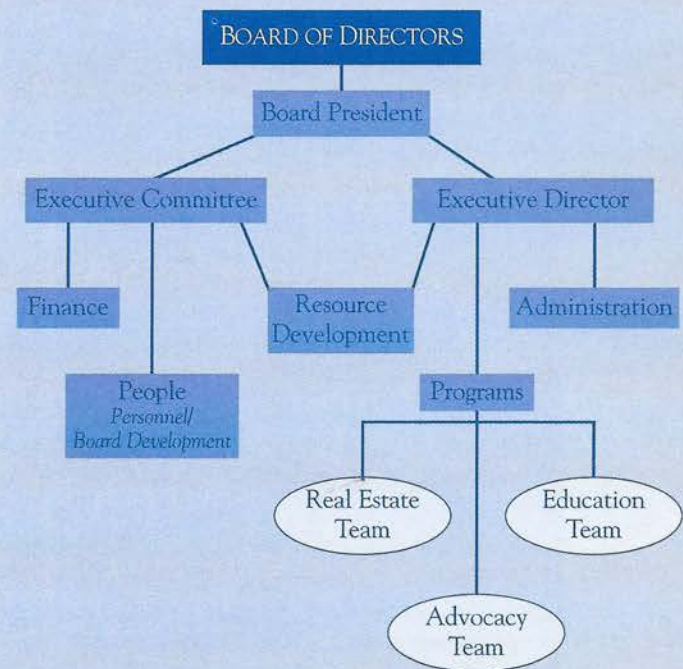
- Coordinates the work of the governing committees;
- Makes time-sensitive decisions on behalf of the board between board meetings;
- "Pre-digests" difficult decisions before they reach the board for discussion; and
- Provides direct oversight of the executive director.

Most executive committees are made up of the officers of the board: president, vice-president, secretary, and treasurer. A more useful membership might also include the chairs of the standing committees. When the executive committee includes representatives involved in all aspects of the board's work, this provides

## Small Staff Organizational Structure



## Mature Organizational Structure





## Organizational Evolution and the Carver Model

Organizations early in their development require board members to do everything, from governance to management. As groups mature, they delegate key management responsibilities to staff and give them the authority to make it work. John Carver, a board management author and consultant, has developed an approach to board governance that takes the evolution of this delegation to its logical extreme. It emphasizes the narrow role that is discreetly and purely the domain of the board, and eliminates other activities that often fall to the board of directors.

In stripping down the role of the board, Carver builds up the critical role the board plays within its narrower, primary focus on pure governance. For example, Carver strongly dictates that the board should hire a chief executive officer (CEO), provide him or her with a clear set of policies and then get out of the way. This delineation of role goes far beyond the typical separation of powers. It essentially says, "Here's what we want you to accomplish, and here are the rules you cannot break. Go for it!"

In his "policy governance" model, Carver has four distinct policies that should be the exclusive domain of the board of directors. These policies form the basis of Carver's "new paradigm" for board governance.

- **Ends**—defining the needs to be met, for whom, and at what cost. Written with a long-term perspective, these mission-related policies embody the board's long-range vision.
- **Executive limitations**—establishing the boundaries of acceptability within which methods and activities can responsibly be left to staff. These limiting policies apply to staff means rather than ends.
- **Board-staff linkage**—clarifying the manner in which a board delegates authority to staff as well as how it evaluates staff performance on provisions of the ends and executive limitations policies.
- **Governance process**—determining its philosophy, its accountability, and specifics of its own jobs, ensuring that the board will fulfill its primary responsibilities.

The policy governance model developed by Carver is a great option for those groups that have matured to the point of delegating everything but the unique functions associated with boards. But until the groups are ready to let go of details and focus on the holistic, long-term governance role, the model will be difficult to apply. Carver's approach requires what he describes as a paradigm shift. An organization and its board members interested in applying the ideas of the model to their group need to be ready to jump headlong into Carver's model and would be well served to have a professional guide them through the transition.

For some groups, the policy governance model is an ideal end to their maturation and will apply the board and staff talents where they can best support the mission of the organization. For others, the model will be a difficult transition away from board involvement in parts of the organization that may be important to fulfill the board members' role as community trustees.

for better coordination and centralized decision making. It is possible to have the committee chairs and officers overlap (treasurer as chair of the finance committee, for example).

Sometimes, executive committees can become too powerful, in effect becoming a de facto board where all the important decisions are made. This offers obvious advantages of simplicity and flexibility, but also removes most of the benefits for which boards are created. Limiting the role of the executive committee to a supporting role of the board will ensure that the board feels ownership and commitment to stay involved.

Almost every organization has additional committees that are part of the board's structure. These can include marketing and communications, membership, or other committees focused on the detailed elements of the basic governing functions.

### *The Staff Structure*

If the board's structure reflects its governing role, the staff's structure should likewise reflect its management role. The executive director hires staff and recruits volunteers to assist with the administration, program planning, and implementation responsibilities. These staff members—both paid and unpaid—constitute the management side of the organization, responsible for carrying out all of the staff functions. Depending on its size, the organization may need to develop several levels of staffing, including a management team and departments to coordinate key functions within the management structure.

Because the function of the staff is to implement the details of the strategic plan, it often will divide itself along the lines of the plan itself. Teams or departments



might follow the overall goals of the plan—preservation, education, fund raising, for example. These teams are in place to assist the executive director in her or his responsibility to implement the plan according to the direction established by the board.

It makes sense to have the program “committees” or program implementation teams work on the management side of the board-staff structure. Unfortunately, most groups don’t actually function this way. Most boards retain some of the management structure within their own committee structure. Easement committees, education committees, and program committees are common for boards. The reason for this usually has less to do with what makes sense and more to do with how things grew.

At one time within most organizations’ history, the boards did it all. They had to do both governance and management because there was no staff to whom work could be delegated. As the organization grew, some of the administration functions were given to staff. More growth brought more delegation, sending fund-raising and outreach activities to staff. But often, the transfer of functions didn’t have a corresponding change in board structure.

Today, these groups struggle to find an appropriate role for these “program” committees to play. Program committees that report to the board have a tendency to either follow the staff or micro-manage the staff. If a strategic plan is in place, there really is no need to provide direction on implementing the programs—the plan already does that.

It makes sense to have program work-groups or program committees that report to the executive director. These groups provide a way for board members and other

volunteers to help implement programs, reducing the need to hire additional staff or consultants to do this work. When an organization’s management side invests in building a strong volunteer structure, it provides the group with access to the most effective and skilled professionals in the community.

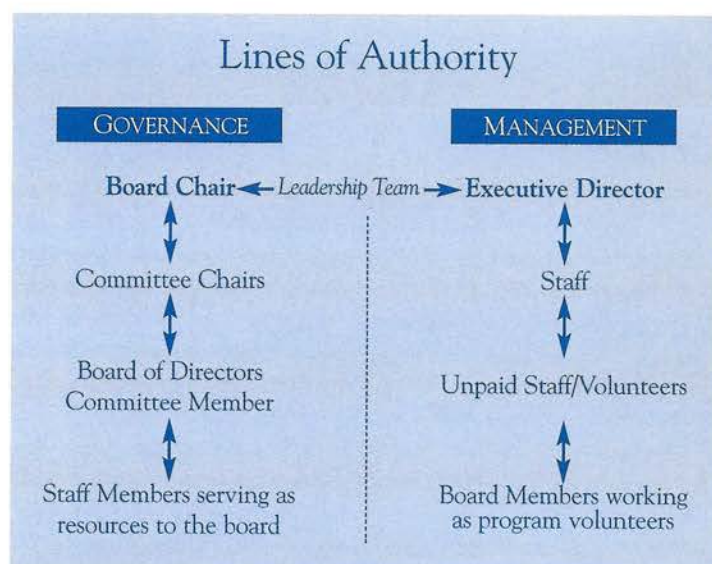
Whatever stage of evolution the organization is in, the committee structure should reflect the degree to which work has been delegated to the staff. If the board has delegated only a few management and program functions, then it makes sense for the board to retain committees to oversee the remaining program/management functions held by the board. But if the board has delegated those functions to the executive director, and given him or her the responsibility to do the work, it also needs to give him or her the authority to create the teams and structure needed to succeed.

### ***Lines of Authority***

For an organization to separate governance functions from those of management it must develop appropriate lines of authority. The diagram on the right shows the delineation of responsibility and authority along the lines of governance and management.

On the left side of the diagram, the board president is responsible for overseeing successful implementation of the governing functions. The president is the leader who coordinates the work of committee chairs to ensure that they work well with the board members and non-board committee members. At times staff members will serve as resources to support the governing side of this equation, offering their expertise and perspectives to help support the board in its role.

On the right side of this diagram, the executive director is responsible for overseeing the successful implementation of the management and program functions. The director is the leader who coordinates the work of all paid staff and unpaid staff (volunteers) to ensure that they effectively implement the plan and manage the details. This role includes providing supervision and oversight to board members when they are serving in an additional role as program volunteers. This is a different hat than board membership, and the lines of authority (or direction) must be clear to board and staff members in these situations.



To avoid micro-management, board members must use the “chain of command” to provide direction to the staff. Boards do this through the strategic direction they set in planning, and in the leadership oversight they provide to the executive director. But rarely should board members directly tell staff how to do their job. The exception is when a staff member asks a board member for advice, but the distinction between advice and direction is very important.



## Board Member Application

Name \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_

Phone Daytime \_\_\_\_\_ Phone Evening \_\_\_\_\_

Profession/ Occupation \_\_\_\_\_

Please list current or prior board experience

Organization

Dates

_____	_____
_____	_____
_____	_____

Why are you interested in serving on the board?

What skills and background do you offer as a board member?

*Feel free to attach additional pages, resume or any materials you feel would be helpful.*

The board hires the executive director to oversee all aspects of management and programs. It should hold him or her accountable for success or failure in achieving the goals set by the board. But it can only do that if the board gives the director the resources and authority to go with the responsibility. The executive director must be the one to manage the staff and volunteers under his or her authority.

The diagram emphasizes the importance of a strong leadership team at the top of the organization—the board president and the executive director. They must be effective in their jobs and have a strong working relationship to make everything work. As was emphasized earlier in this booklet, recruiting and retaining the best leaders is vital to the effectiveness of any organization.

While the lines of authority should follow the structured path outlined on page 19, lines of communication are much differ-

ent. It is appropriate for staff to have access to all board members and for board members to have access to staff for the purposes of communicating information. Having access and open communication makes for strong teams and effective organizations. It is also critical that both board and staff members recognize the distinction between communication and direction. When the conversation takes a turn toward direction and authority, everyone involved needs to pause, take a step back, and consider the overlay of the lines of authority and how it can be used to keep the purpose of conversation clear.

### Putting Ideas into Action

The preceding pages talk about the fundamental elements of effective boards of directors. Through this discussion, the role of the board was defined and a process for building an effective

board was presented. This included an analysis of the structures that support a board.

These elements are the foundation upon which strong boards are built. Preservation organizations that focus their attention on these areas can almost certainly make their group stronger and more effective.

But when an organization is trying to put these ideas into action, it needs to be clear about which steps are the most fundamental, and therefore the appropriate starting point for action. Groups can rarely grow on more than two or three fronts at a time. The board needs to know which of the changes that it wants to make should come first—whether that be forming a board development committee or establishing clearer lines of authority. Only after the organization has made progress in a few of these issues should it try to address the next set of issues.

The following pages describe several specific tools that can be useful to groups trying to strengthen their boards. Some of these tools have been mentioned in the text of the booklet, but not all. Groups can take these tools and adapt them as part of their efforts to build a stronger, more effective board of directors.

### Acknowledgment

Marc Smiley is an organizational development consultant working with nonprofit preservation and conservation groups on issues of board development, strategic planning, board-staff relations and fund-raising planning. He can be contacted through his website at [www.marcsmiley.com](http://www.marcsmiley.com).



## Conflict of Interest

A critical policy for all nonprofit organizations is a Conflict of Interest Policy, which defines the situations in which a conflict of interest must be noted and addressed, and the process in which the organization resolves the conflict of interest. Resolving conflicts of interest is important to ensure that board members are consistent with their duties of loyalty and care owed to the organization.

In the development of such a policy, it is important to make the distinction between a **certain conflict of interest** and the **perception of a conflict of interest**. While organizations must address the real conflicts, they must also manage the perceived conflicts to ensure their organization's credibility and integrity remain strong.

The following specific areas are helpful in the development of a conflict policy.

**1. Disclosure of direct or indirect financial interest.** Board members must disclose the interests in which they receive a direct or indirect financial benefit from their association with the organization. The direct connections are the more obvious, but indirect connections, when a board member may benefit from an intermediary or secondary connection, are also important to disclose. In the policy, board members should be given clear direction on how to disclose their conflict, the level of participation that is appropriate in any conflict decision, and the specific details of when a board member should or should not vote.

**2. Disclosure of conflicting organizational interests.** Some board members serve more than one organization, or may serve a primary organization and be its representative to another coalition group. In such circumstances, board members must disclose the conflicts they have due to their loyalties to another group. These conflicts are most common in the areas of

funding, including confidential information about grant-making groups, donors and other organizational supporters. The policy should outline the procedure for disclosure and participation in decisions.

**3. Anti-nepotism for board members.** One of the most troublesome aspects of conflict of interest revolve around the hiring of persons related to board members. If the policy states that the hiring of a person related to a board member requires a vote of the board, it should also prohibit the board member from participating in the discussion or voting. If hiring is a staff decision, the policy should require disclosure of the anticipated hiring to the board and approval by the board (absent the involvement and vote of the related board member) before the hiring occurs.

**4. Compensation for hiring board members.** In some circumstances, organizations will be faced with the prospect of hiring a board member or a board member's employer, family member, or related party. The conflict of interest policy must outline the policy for business transactions in these circumstances, and the procedures to be followed. These transactions are often open to the greatest scrutiny, so the organization might choose to prohibit certain transactions, or set up special procedures such as a bidding process.

It is very important to remember that the critical decision in this conflict of interest situation is "What is the best interest of the organization?" In some of circumstances, the interest of the organization is best served by hiring a board member to complete a specific task. Managing the fairness of the procedure and the public perception of the decision may be the most important considerations.

**5. Reimbursing board members for expenses.**

Separate from the decision to hire board members to fulfill specific tasks is the policy for reimbursing board members for expenses they incur on behalf of the organization. While such expenses are tax deductible, these reimbursements are totally appropriate so long as the expenses are approved in advance and managed by the person responsible for managing other organizational expenses (usually the executive director or treasurer).

**6. Board members use of organizational property.** The conflict of interest policy should also state that board members may not be granted special privileges for the use of the property owned or managed by the organization unless it is directly related to supporting the organization. For example, use of a facility for a personal gathering that is otherwise not available to the public is inappropriate. However, if the purpose of the gathering is to generate financial support for the organization, it may be warranted.

**7. Gifts and gratuities for board members.** The policy should specify the circumstances of board members accepting gifts or gratuities from individuals or corporations doing business or seeking to do business with the organization. Such gifts, if agreed upon by the board, should be restricted to gifts of nominal value, and must be disclosed immediately to the rest of the board.

**8. Political activities of board members.** Given the IRS restrictions on public charities participating in political activities, the organization is well served to restrict board members from using the organization for political purposes. The conflict of interest policy can specifically prohibit the use of the nonprofit's name, facilities, and property for personal or partisan electoral activities.



## Board Member Agreement

As a board member, I have certain expectations about my involvement with this board. These expectations include both what I want to give and what I want to get back in return.

### What I expect from the board

I want to serve on this board because:

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The things I expect to enjoy the most about being on this board are:

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The things I expect to enjoy the least are:

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There are certain personal or professional goals that my involvement in this group can help satisfy. The areas where I want to grow are:

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I expect the following from this organization:

- Clearly defined roles and responsibilities for board and staff members, including clear lines of authority.
- Orientation and training necessary to enhance my effectiveness as a board member.
- Materials provided in advance of meetings where decisions or deliberation will occur.
- Timely and accurate financial reporting.
- Appropriate use of committees, to assure efficient use of board and staff time.

I also recognize that this board has certain expectations of its members. It is as important for the board to get what it needs from me as it is for me to get what I need from the board.

### What the board expects from me

As a board (or committee) member, I believe that I bring the following strengths, skills and knowledge to this organization:

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I am willing to serve this organization in the following areas:

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I accept responsibility for ALL of the following:

#### Time commitment:

- Attend board orientation and training sessions
- Attend board meetings, committee meetings, and membership meetings
- Complete assignments and prepare for meetings

#### Participation:

- Participate in board fund-raising activities and make a financial contribution to the organization to the best of my ability
- Participate in meetings and ask appropriate questions when needed
- Serve on at least one committee as a part of my board role
- Participate in the ongoing tasks of the board
- Act as an advocate for the organization to the outside public

#### Knowledge and preparation:

- Educate myself on the organization's purpose, history and needs
- Keep current on the outside trends affecting this organization
- Keep current on the role and responsibility of board involvement

I have read and agree to this commitment as member of the board of directors.

Signature \_\_\_\_\_ Date \_\_\_\_\_



## Job Description: Board Member

### **Responsibilities**

The board as a whole has the responsibility for governing the entire organization. The board is responsible for determining agency policy in the following areas: Human Resources, Planning, Finance, Development, Community Relations and Operations.

### **Board members share responsibilities in these key areas:**

#### **Leadership/Human Resources**

1. Board membership, which includes recruiting and orienting new board members, training, evaluating and recognizing existing board members and providing board members with opportunities to grow and develop as leaders.
2. Selecting and supporting the executive director, including reviewing performance regularly and providing ongoing assistance as requested by the executive director.
3. Personnel policies, which include setting policy regarding salaries, benefits and grievance procedures.
4. Volunteer involvement, which includes setting policy regarding how the organization treats, recognizes and celebrates its volunteers.

#### **Strategic Planning**

1. Set and review the organization's mission and goals on an annual basis.
2. Plan for the organization's future, on a long-term and short-term basis.
3. Decide and plan which projects and programs the organization will provide.
4. Evaluate the organization's programs and operations on a regular basis.

#### **Financial Management**

1. Ensure financial accountability of the organization.
2. Oversee an ongoing process of budget development, approval and review.
3. Manage and maintain properties and investments the organization possesses.

#### **Resource Development**

1. Ensure adequate resources to achieve the organization's mission and implement the organization's programs and projects.
2. Participate in fund-raising activities based on the individual's skills and background.

#### **Community Relations**

1. Ensure that the organization's programs and services appropriately address community/constituents needs.
2. Promote the organization to the general public, including serving as an emissary of the organization to the community.
3. Promote cooperative action with other organizations, including activities and occasions when the organization should take part in coalitions, joint fund raising, etc.

#### **Operations**

1. Ensure that the organization's administrative systems are adequate and appropriate.
2. Ensure that the board's operations are adequate and appropriate.
3. Ensure that the organizational and legal structure are adequate and appropriate.
4. Ensure that the organization and its board members meet all applicable legal requirements.

#### **Requirements for Board Service**

- A demonstrated interest in the organization's mission and goals.
- Specific experience and/or knowledge in at least one area: Human Resources, Planning, Finance, Development, Community Relations, or Operations.
- Representative of a key aspect or segment of the population of the community.
- A willingness to expand knowledge or board responsibilities through orientation and ongoing training.
- A willingness to represent the organization to the community.
- Six to ten hours per month, distributed approximately as follows:
  - 3-4 hours Board meetings (preparation and attendance)
  - 2-3 hours Committee meetings (preparation and attendance)
  - 1-3 hours Special requests
- A willingness to participate in board fund-raising activities and make a financial contribution to the organization to the best of one's ability.



## Board Member Evaluation

*This evaluation is based on the board member agreement shown on page 22.*

Below is a list of specific things from your board agreement that you wanted to get out of your involvement with this organization.

How well did this organization give you what you wanted?

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What could be done to improve your satisfaction with this board?

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What could the board do to improve relationships among board members?

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Below is a list of specific things from your board agreement that you wanted to give to this organization as a board member.

Were you able to give what you wanted to give?

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What could be done to improve your contribution?

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What could this organization do to help you with your contribution to the board?

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Below is a list of specific responsibilities from the board agreement. How would you rate your involvement in each area below (1=Excellent, 2=Satisfactory, 3=Needs Work, 4=Poor)?

### Time Commitment

- ☐ Attend board orientation and training sessions
- ☐ Attend board meetings, committee meetings and annual planning retreat
- ☐ Complete assignments and prepare for meetings

### Participation

- ☐ Financially support this organization to the best of my ability
- ☐ Participate in meetings and ask appropriate questions when needed
- ☐ Serve on at least one committee of the board
- ☐ Provide assistance to staff at their request
- ☐ Act as an advocate for the organization to the outside public

### Knowledge and Participation

- ☐ Educate myself on the purpose, history and needs of this organization
- ☐ Keep current on outside trends and issues affecting this organization
- ☐ Keep current on the role and responsibility of board involvement

What would you suggest to improve your involvement in the areas above?

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Is this evaluation a helpful tool to improve your participation in the board? How could it be improved?

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Does this board ask too much from its members?

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Is there anything else you would like to say about board member involvement and participation?

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