

# Best Practices & Trends for Non Profit Corporation Boards...

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# Today's Non Profit Environment

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- Even in “bad times” philanthropy continues
  - Colleges & universities have programs in philanthropy and not for profit management
  - Fund raising has become a “profession”
  - Tax exempt required to have governing boards overseeing their work
- IRS lists more than 25 classifications of tax exempt organizations
    - Charities
    - Foundations
    - Social Welfare Organizations
    - Professional & Trade Associations

Source: McKinsey & Company



# Today's Environment

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- Not for profit sector is major growth industry
  - *\$700 billion in 2002*
    - *Larger than the GDP of Brazil, Russia, Australia*
  - *1.6 million non profit organizations (6% of ALL U.S. organizations)*
  - *Third largest contributor to nation's GDP*
  - *1 in 12 people in the US employed by a non-profit*
  - *Larger than banking, manufacturing*
  - *56% of adults volunteer*



# Heightened Awareness...

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- Public perceptions & expectations
- Senate Finance Committee & Nonprofit Reform Commission
- Sarbanes Oxley implications



# Responsibilities of a Board

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- ❑ Determine organization's mission & purposes
- ❑ Select the CEO
- ❑ Support the CEO & assess performance
- ❑ Ensure effective organizational planning
- ❑ Ensure adequate resources
- ❑ Manage resources effectively
- ❑ Determine, monitor, & strengthen the organization's programs & services
- ❑ Enhance the organization's public awareness
- ❑ Ensure legal & ethical integrity & maintain accountability
- ❑ Recruit & orient new board members & assess board performance



# Participation is critical

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A board member...

Wants to feel that his or her time is well spent & contributions appreciated

Wants to see that the chair conducts the meeting in a capable manner and that other members express valid & relative comments to the issue

Wants to get excited about the work & leave invigorated



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The chair...

Wants an orderly meeting with active participants

Welcomes unconventional comments that stimulate discussion & force even the “quiet ones” to express their opinions

Wants to follow the agenda and expects clear & committed decisions at the end



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The CEO wants...

A board that understands the challenges with  
which he or she must struggle every day

To feel that the board is behind him/her,  
supporting the organization and providing  
unambiguous guidance for future actions





# What do we do about board members who are “absent?”

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- ❑ Communicate to all new & established board members that attendance is an obligation
- ❑ Make meetings matter (important issues)
- ❑ Give board members meaningful roles
- ❑ Have policies outlining a removal process when attendance becomes a problem



# Only 4 ways to change a board... if it needs changing...

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- ❑ Change who is on the board
- ❑ Change the underlying theory about how the board operates
- ❑ Train the board (and have the board embrace the training)
- ❑ Change how the CEO views the board's role