

Governance Cheat Sheet

What are the responsibilities of a non-profit board of directors?

Ensure mission success and long-term sustainability of the organization - ***Direct and Protect*** or more specifically:

Lead/manage the ED/CEO – hire, evaluate, celebrate, and discipline the executive director. Provide direction and goals while also overseeing their work.

Create and adopt bylaws/constitution – the guiding documents for official board and organizational processes. Should be reviewed every 3-5 years.

Create/approve governance policy – every board needs to ensure robust financial policy as well as policies on conflict of interest, confidentiality/privacy, code of conduct, and human resources. Regularly review every 2-3 years.

Provide oversight on programming – ensuring that the work of the organization is being done effectively and that it aligns with the vision, mission, and strategic plan.

Conduct financial and risk oversight – regularly review the financial activities of the organization and ensure risk mitigation is appropriate, but first you need to know what the primary risks are.

Evaluate overall operational success – define success, then measure it. Ensure accountability to ensure success.

Adopt annual organizational budgets – the budget is direction on how to allocate resources through the organization and should align with long-term strategic direction.

Provide long-term strategic direction to organization – through a 3–5-year strategic plan developed by the board through stakeholder consultation and finding consensus.

Set vision and mission – the big picture, aspirational, organization-wide goal, and what the organization does to try and reach it.

What should your board focus on to reach the peak of the strategic framework?

Culture within the board and organization – whether you acknowledge it or not, your board and your organization have cultures. Your culture is essentially just your way groups conducts its business. Aspects of culture could be communication methods and tools used by the board, the level of risk aversion or tolerance, and how decisions are made. Culture eats strategy for breakfast and board culture leaches into organizational culture.

Decision making in the boardroom – how decisions are made by your board should be in your bylaws, but there is a lot more nuance in actual group decision making than the definition for passing a regular motion. There is the potential for conflict, for single-member dominance, a lack of cohesion and trust, and countless other barriers to effective decision making. It is also valuable for your board to aim for and default to ensuring consensus on a decision and only settle for a split democratic vote at the end.

Composition and size of the board – too many cooks in the kitchen spoil the broth, but too few and the work just can't get done. The number of board members has "always just been that way" for many organizations. Your board numbers and composition should be determined by the needs of your organization. Consider the skills, experience, background, and knowledge needed on your board for it to be its most effective.

Reporting to the board – what information is your board receiving, in what format, and when? Reporting should be based on the needs of the board and help them meet their responsibilities. Information could be provided in ways to help the board to see trends, challenges, and in a manner that aligns with the strategic plan.

Orientation and development for directors – there are few roles as important as a board member that receive so little training in the job. Usually board member orientation focuses solely on the organization, its history and its vision, while neglecting an orientation to the job itself. Both are essential but the second is often taken for granted.

Succession planning – leadership roles on the board often mandate significantly more work and some specific skills in order to succeed. Identifying and supporting future leaders and discussing succession at the board table is a good use of time on an annual basis. The board also needs to consider the risk that the executive director may leave their role and have an idea of potential succession into that job.

- *Strategic planning* – providing long-term strategic direction for the organization is one of the primary responsibilities of the board of directors of any organization. Usually done every three years or so, the strategic planning process reviews the organization’s mission, vision, and values to ensure these statements continue to be the right ones. It also sets a series of strategic goals for the organization to accomplish, goals that will often take years to achieve. Along with direction, this process also provides for genuine success measures that can help determine how well the organization and the executive director are doing.
- *Committees of the board* – these are meant to make the work of the board more efficient and effective. The right committees can get a lot done and often done better than the board as a whole could. These committees should have good direction and purpose which should usually be found in a terms of reference document.
- *Governance Committee* – this committee looks inward at the operations of the board itself and could be involved in reviewing board systems, board evaluations, and possibly every topic in this list. It is also a good idea to ensure the board chair is an active member of this committee.

What should your board do?

Talk about these topics. Allocate 10-15 minutes to discuss each over the next few board meetings and determine what if anything your board should do. If you need help, there are many tools, organizations, and consultants available to develop strategic plans, facilitate discussions, provide training for your board, develop risk dashboards, review governance processes and documents, and support in the implement best practices. Here are some of the most helpful resources.