# How to Be a Great Nonprofit Board Member

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Service on Nonprofit Boards

“All corporate powers shall be exercised by or under the authority of and the affairs of the corporation shall be managed under the direction of its board of directors, subject to any limitations set forth in the articles of incorporation.”

Arizona Revised Statutes § 10-3801(B)

“A director’s duties, including duties as a member of a committee, shall be discharged:
1. In good faith.
2. With the care an ordinarily prudent person in a like position would exercise under similar circumstances.
3. In a manner the director reasonably believes to be in the best interests of the corporation.”

Arizona Revised Statutes § 10-3830(A)

“The governing board of an organization is legally and ethically responsible for the organization’s standards of conduct and its performance. The board is a special classification of volunteers called to serve the organization and represent the interests and needs of the broader community.”

Katherine Tyler Scott, in Creating Caring & Capable Boards

“Boards of directors – voluntary, part-time, largely self-selecting – are the major mechanism in the nonprofit world in America to ensure faithfulness to mission and performance.”

Warren Ilchman and Dwight Burlingame, in Philanthropy and the Nonprofit Sector

“The not-for-profit sector needs help in overcoming a long history of providing minimal or insufficient education for those most responsible for the governance and leadership of organizations. ... The boards of many organizations are conflicted about, or resistant to, designating sufficient resources for their own education and development. ... However, not many of the professional men and women sitting on governing boards would allow a comparably composed group to determine the fate of their own companies or organizations without first investing in their training and on-going education for such a responsibility.”

Katherine Tyler Scott, in Creating Caring & Capable Boards

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Weak Board Members
“Weak” = inadequate; deficient

FOCUS → on themselves

A visit to Noah’s ark provides tremendous insight to the wide range of “weak” board members:

“turkeys” = just like most Americans have a big turkey dinner once or twice a year, these board members show up only once or twice a year to attend board meetings, meaning that these AWOL ‘members’ take up valuable spots that others who would be more committed could fill

“skunks” = these people join boards for business development purposes rather than to serve the broader community and advance the cause of the nonprofit organization; you can smell these stinkers a mile away

“show horses” = these board members show up to take the credit for work done by others, often stomping on the toes of those who went the extra mile behind the scenes to ensure that the nonprofit’s important programs happened

“mockingbirds” = these board members show up at board meetings to cackle and listen to their own voices rather than to add real value or insight (turkeys are bad, but at least they don’t actively disrupt like mockingbirds do)

“chameleons” = these creatures agree to do things, but then disappear, never to be found when everyone else is counting on them to deliver the promised work

“monkeys” = these board members have a “monkey see, monkey do” attitude, so when it is time to do something they simply copy what was done last year, rather than adding improvements and value

NOTE: This analysis is not a knock on animals. Many animals have great skills that add tremendous value to board service. For example, geese share leadership responsibility by rotating through the tough point position, encourage the leader by honking encouragement, and are smart enough to know they can travel further when they fly together. Eagles soar to great heights to get a better perspective for a clear vision. Beavers build elaborate dams without a head beaver yelling orders at everyone.

Moral: As you begin your board service, pick your animal: show horse or work horse, turkey or goose.
OK Board Members

“OK” = adequate; meets the minimum requirements

FOCUS → on strengthening their basic skills

A. Duty of Care
1. “The duty of care requires that first, a director be informed; and second, a director discharge his [or her] duties in good faith, with the care that an ordinarily prudent person in a like position would reasonably believe appropriate under similar circumstances.” ABA Guidebook for Directors of Nonprofit Corporations.
2. “The duty of care does not speak to the question of the correctness of the decision, but rather to the manner in which the board member carried out the decision.” Warren Ilchman & Dwight Burlingame, “Accountability in a Changing Philanthropic Environment,” in Philanthropy and the Nonprofit Sector.
3. Among other things, board members must:
   - attend meetings regularly (and review materials before meetings!)
   - stay adequately informed about the organization
   - exercise independent judgment when voting – ABA Guidebook

B. Duty of Loyalty
1. “[B]oard members must give undivided allegiance to the organization when making decisions affecting the organization.” The Legal Obligations of Nonprofit Boards.
2. “The duty of loyalty speaks to the responsibility of the director to act in a manner that will not harm the organization served … and prohibits directors from obtaining personal benefit or gain that rightly belong to the nonprofit organization.” Ilchman & Burlingame.
3. “The duty of loyalty primarily relates to: conflicts of interests; corporate opportunity; and confidentiality.” Also, “the director’s duty of loyalty lies with the interests of the corporation, not to any constituency group.” ABA Guidebook.

C. Duty of Obedience
1. The duty of obedience “mandates that directors carry out the purposes of the organization as spelled out in its articles of incorporation and other legal documents.” Ilchman & Burlingame.
2. Internal – Board members have a duty to ensure “the organization remains obedient to its central purposes” as shown in its articles of incorporation, mission statement, bylaws, and other internal documents. The Legal Obligations of Nonprofit Boards.
3. External – Board members have a duty to ensure the organization complies with public laws, such as federal and state laws concerning transparency (e.g., making tax returns and other nonprofit filings available for inspection), solicitations (e.g., making required disclosures), and normal employment laws (such as tax withholdings).
Good Board Members

“Good” = desirable; more than adequate; leadership material

FOCUS → on strengthening the nonprofit

“Your role as a trustee has two aspects: fiduciary and supportive.
As a representative of the public at large you have a fiduciary obligation to watch out for the public interest.
Your supportive role is to help make the organization work, to assist it in achieving its mission.”
--Fisher Howe, in Welcome to the Board

While some people assert that nonprofits should be more “business-like,” good board members recognize that in many ways nonprofits are more similar to the government sector than the business sector, in that each involves public service for the common good. Consider:

**Nonprofit’s Board = Legislative branch**
The nonprofit board is like the legislative branch in that it:
- sets the general direction and broad policies, but normally does not directly execute that policy
- adopts the budget and ensures there are sufficient resources to meet the nonprofit’s needs

**Nonprofit’s Executive Director and Staff = Executive branch**
The general rule is that “the directors oversee, but do not directly engage in the corporation’s day-to-day operations.” ABA Guidebook.

“Boards and board members perform best when they exercise their responsibilities primarily by asking good and timely questions rather than by ‘running’ programs or implementing their own policies.
Board/staff relationships are what they should be when mutual expectations are agreed upon and issues and responsibilities are clearly defined.”
--Richard Ingram, in Ten Basic Responsibilities of Nonprofit Boards

**Nonprofit’s Donors & Volunteers = Judicial branch**
Just as the judicial branch provides independent oversight to the other branches, donors and volunteers provide informal oversight of nonprofit organizations, because if a nonprofit is not doing its job correctly, donors and volunteers will “rule against” the nonprofit by stopping their support.
**Great Board Members**

“*Great*” = outstanding; sainthood material

**FOCUS → on strengthening the community**

Great board members do not start out “great.” Rather, they travel along a continuum, picking up and mastering certain skills, including those of OK board members (in that they know and meet their fiduciary duties) and good board members (in that they have mastered their supportive roles of serving others within the organization). After mastering these phases, great board members emerge by having a broader perspective than self or even the nonprofit: they develop a vision that links the nonprofit to the broader nonprofit sector and act to serve, strengthen, and transform the entire community. Indeed, great board members are “community trustees.”

> “Community trusteeship involves holding the community in trust by serving others and working for the common good.”
> --Tim Delaney

**A. Holding the Community in Trust = The Relay Race of Life**

> “Being a trustholder of the community means serving as would a good steward. The good steward views the community as a gift from previous generations, but a gift with strings attached. One is obligated to pass the gift to future generations in a better state than that in which it was received.... The community is both our inheritance and our legacy.”

**B. Being a Servant-Leader**

> “The servant-leader is servant first.... It begins with the natural feeling that one wants to serve...first. Then conscious choice brings one to aspire to lead. [This] is sharply different from the person who is leader first... for [this person] it will be a later choice to serve -- after leadership is established.... The difference manifests itself in the care taken by the servant-first to make sure that other people’s highest priority needs are being served.”
> --Robert Greenleaf, in *The Servant as Leader*

**C. Working for the Common Good**

> “Voluntary action on behalf of the common good is the inherited legacy of every American....”
> --Katherine Tyler Scott, in *Creating Caring & Capable Boards*

> “And so, my fellow Americans, ask not what your country can do for you – ask what you can do for your country.”
> -- John F. Kennedy
Self-Evaluation – Board Members

**Strengthening Your Abilities**

Ask → Are you in alignment with the nonprofit?
- Within the last year have you actively reflected on your connection with the nonprofit and recommitted yourself?

Ask → Are you meeting your personal legal duties?
- **Duty of Care:** Do you know the nonprofit’s mission – and apply it routinely in all board and committee matters? What continuing education/special training regarding nonprofits have you received in the last year?
- **Duty of Loyalty:** Do you know the nonprofit’s: Code of ethics? Conflict of interests policy?
- **Duty of Obedience:** Sure, your nonprofit involves a noble cause, but does the nonprofit have assurances that it is complying with applicable laws? A meaningful orientation and training program? A system to assist with ethical decision-making?

Ask → Are you meeting your broader fiduciary obligations?
- **Time:** During the last year, how many board meetings have been held and how many have you missed? Committee meetings?
- **Treasure:** During the last year, have you: Donated to the organization? Raised money for the organization?
- **Talent:** During the last year, what special talent have you shared and applied through the nonprofit?

**Strengthening the Nonprofit**

Ask → When was the last time that the nonprofit conducted an ethics audit?
- Consider having an “ethics assessment/organizational review/accountability audit/public trust review” to ensure that the organization merits the public’s trust. After the ethics audit is completed, follow through on any corrective recommendations to continue to strengthen the organization.

**Strengthening the Community**

Ask → What can you do to help the entire nonprofit sector and the broader community?
- The acts of a few uninformed nonprofits can poison the well from which all nonprofits drink. All nonprofits should work together to ensure that everyone is earning the public’s trust. Recognize that maintaining public trust is a survival issue for the individual nonprofit and the nonprofit sector as a whole.
- Additionally, coming together to share information and buying power could strengthen the sector and its individual members. Nonprofits will be strengthened and serve the community better when they come together to join their voices such as through their State Association.
- Everyone in the nonprofit sector should view it as their obligation/opportunity to serve as a “community trustee.”
For Future Reference

Books

- American Bar Association, Guidebook for Directors of Nonprofit Corporations (ABA 2nd ed. 2002)
- American Bar Association, Nonprofit Governance and Management (ABA 2002)
- Richard Chait, Governance As Leadership (BoardSource 2005)
- Melanie Herman, Pillars of Accountability (Nonprofit Risk Management Center, 2nd ed. 2006)
- Fisher Howe, Welcome to the Board (Jossey-Bass 1995)
- Sandra Hughes, Governance Committee (BoardSource 2004)
- Richard Ingram, Ten Basic Responsibilities of Nonprofit Boards (National Center for Nonprofit Boards 1999)
- Daniel Kurtz, Managing Conflicts of Interest (BoardSource 2nd ed. 2006)
- Jacqueline Leifer & Michael Glomb, The Legal Obligations of Nonprofit Boards (National Center for Nonprofit Boards 1997)
- Katherine Tyler Scott, Creating Caring & Capable Boards – Reclaiming the Passion for Active Trusteeship (Jossey-Bass 2000)
- Sherrill Williams & Kathleen McGinnis, Getting the Best from Your Board (BoardSource 2007)

Periodicals

- Blue Avocado: blueavocado.org [free e-newsletter, great for boards] See What to Do with Board Members Who Don’t Do Anything
- The Nonprofit Times [biweekly newspaper that tracks nonprofit issues] www.nptimes.com

Websites

- National Council of Nonprofits: www.councilofnonprofits.org [great site for information regarding nonprofits]
- BoardSource: www.boardsource.org [resource for practical information]
- CompassPoint: compasspoint.org/content/index.php?pid=216 [“Nonprofit Board Basics Online”]
- Independent Sector: independentsector.org [strong site for accountability issues]
- IRS: irs.gov/pub/irs-tege/governance_practices.pdf [good resource for understanding the expectations of the IRS relating to nonprofits]
Some final thoughts …

“The greatest threat to the not-for-profit sector is the betrayal of public trust, the disappointment of public confidence. Virtually all knowledgeable observers of the not-for-profit scene believe that an overwhelming proportion of not-for-profits are honorably run, even if not most efficiently and effectively. That admirable context, however, does not provide much protection to the sector when a sequence of highly publicized disgraceful not-for-profit misdeeds occurs. …

A potentially huge problem for the sector can be created by the tiny fraction of not-for-profit sector organizations which have been found to be willfully dishonest or which engage in illegal practices, and by the unethical individuals acting within otherwise reputable organizations.”

--Joel Fleishman

“A performing community (aka an effective board) accepts and supports differences, communicates openly and with respect, and works together for the common good.

Only when we work as a true performing community can we face and honestly solve the difficult issues.”

--Mary Jo Clark and Pat Heiny

“Without question, all successful board members must possess two essential qualities: integrity and an open mind.

Board members must be people of principle. On a board, any appearance of shady or slick dealings is altogether out of the question.

Any conflict of interest, actual or perceived, is troublesome in deliberations and potentially damaging to the organization.

The best trustees bring to the table neither their prejudices nor their own agendas. …

They aren’t stuck on winning every issue. They are team players.”

--Fisher Howe, in Welcome to the Board

“Board members should bring at least 2 out of 3: talent, time, and treasure [or wealth, wisdom, and work].”

--unknown

“The best test is: do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants?

And, what is the effect on the least privileged in society;

will he benefit, or, at least, will he not be further deprived?”

--Robert Greenleaf, in The Servant as Leader

“The board as a whole – and its members individually – are answerable for everything the organization does and how those things are accomplished.”

--Fisher Howe, in Nonprofit Governance and Management

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