

# Guidelines for Service on Nonprofit Boards

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Nonprofit Organizations seek out businesspeople — ranging from fledglings to CEOs — to serve on their boards of directors. Ideally, these public service positions are accepted because of philanthropic motivations. Most people want to serve a good, altruistic and useful cause. For others, social status, business contacts, career advancement or a link to management is their incentive.

While honest brokers may not be solely motivated by self-interest and want to do a competent job, they may find themselves being lulled into a board culture that inhibits pursuit of governance. Limited meeting time is consumed with benign reports, accolades, fund-raising, and other non-governance issues. Attempting to raise unpleasant inquiry causes group anxiety and is frowned upon.

Nonetheless, the honor and privilege of board service bring with it not just prestige but a responsibility to oversee the nonprofit organization. The position requires due diligence, the duty to care, loyalty to the organization, and compliance to well-founded decisions. Service includes the requirement to become and remain informed. There is an obligation to pursue governance.

There are a multitude of articles written by journalists and academics on board failures and giving remedial advice. Experience has shown little progress made by theoretical or moral essays. To more concretely reinforce governance efforts, the following three lists of 12 annotated bullets provide behavioral guidelines for board members, called:

- Twelve *Responsibilities* of Board Members
- Twelve *Expectations* of Board Members
- Twelve *Methods* of Board Members

These lists provide another tool to guide nonprofit board members to better serve its many constituencies.

## Constituencies

Besides the executive director of the organization, with whom the board works directly, there are four constituencies that board members should consider:

**Supporters**, not profit, unlike commercial for-profit corporations, provide the operating funds to operate nonprofits. They include benefactors, fund-raises, governmental and foundational grants. In addition, nonprofits are forgiven tax liability. These various contributors legally and morally depend upon trustees to assure prudent use of the money.

**Employees and volunteers** perform the daily work of providing service to the organization and its clientele. Many on the payroll often work at below market-rate salaries. Paid and unpaid workers need to be nurtured and appreciated by the board to assure fair and equitable employment and satisfaction from their dedication and labor.

**Beneficiaries** of the organization's services begin to rely on the provider to meet their needs or wants. Dependency develops into expectancy. Therefore, it is necessary to plan for ongoing service in good and bad economic times.

**Membership groups** are often associated with charitable causes. Members lend their money, time, name and reputation to the cause. As many decisions are not democratically decided by *all* the members, officers and boards are expected to act in good faith for the benefit of the group.

All of these duties are subsumed under the concept of fiduciary responsibility, or the *Golden Rule*.

## Fiduciary Responsibility

Doctors, psychologists, attorneys, financial advisors, bankers and other professionals are expected to disconnect their personal gain from advice given to clients. This is their fiduciary responsibility. As fiduciaries, board members use their expertise to provide the best advice and service to their charges. Unfortunately, the word fiduciary is rarely mentioned at board meetings.

It would be interesting to follow a practice used by IBM for many years to provide "THINK" signs and plaques to motivate its employees. Imagine every boardroom having a "FIDUCIARY" poster on the wall or a desk-plate upon the table.

With the following three lists, public awareness can be raised but the work depends upon individual effort and the culture of the group.

# Twelve *Responsibilities* of Board Members

## **1. Attendance**

Participation in ongoing information exchange is necessary to make informed decisions that reflect the character, culture, unique and ongoing needs of the organization.

## **2. Belief in Mission**

Every well-run organization has a mission, preferably in writing, which focuses all energy toward goals for the betterment of the many people served.

## **3. Fiduciary — Fiduciary — Fiduciary**

Legal, ethical, and moral commitment to protect the interests and assure fair treatment of the hired and volunteer service providers, service recipients, and financial and goods providers.

*Integrity is essential!*

## **4. Allegiance and Loyalty**

Conflicts between competing groups providing like services and alternate competitors for funds must be resolved in favor of the group being served.

## **5. Competent and Capable**

Board membership provides the expertise needed to carry out the organization's mission and govern its operation. Joining is dishonest if for personal prestige or concrete gain that detracts from overall performance.

## **6. Financial Support**

To the amount which one is able, allocation of philanthropic donations, if appropriate, should give priority to the organization or board being served, relative to competing groups.

## **7. Belief in Mission**

Personal belief in the organization's cause being served motivates energy toward work and accomplishment of duties.

## **8. Reliable and Dependable**

Each member needs to carry out what is expected of them — without being pestered — to assure that everybody has what they need to accomplish, in a timely manner, their dependent activities.

## **9. Awareness and Due Diligence**

Organizations have many facets that interact to provide the final service that it exists to perform. One must be alert to activities that serve personal, parochial, or contrary purposes, to assure fairness and competence.

## **10. Service and Support**

Employees, volunteers, and the public are inspired and motivated by actual activity provided by a working board members — not isolated figureheads. Remember, however, the board's main duty is governing and not free labor.

## **11. No Meddling**

Well-chosen employees and volunteers have jobs to do, expertise in doing those jobs, and do not need power-craving “interveners” to inhibit their work. This is different from holding staff accountable for their performance.

## **12. Commitment and Adaptability**

The above rules merely serve as guidelines by which one can evaluate participation. Commitment is the spirit by which one does best work.

# Twelve *Expectations* of Board Members

## **1. Full Disclosure**

Propositions presented contain all known implications of adopting the proposal, both positive and negative. Public disclosure is being advocated more and more. Some want publication of real reasons trustees leave boards.

## **2. Both Sides of Debates**

Communications between persons with differing points of view are needed to provide different claims and counter-claims, to inform involved parties.

## **3. Sufficient Time to Consider**

A proposition should not be presented at the "last minute" with a spirit of urgency and then be acted upon quickly without full consideration by board committees and the full board.

## **4. Planning Not Reactions**

Except for actual "fires" which should be reacted to appropriately, actions of the board, its management, and their organization need to proceed systematically and not be panic responses.

## **5. Data Not Adjectives and Anecdotes**

Factual data describes relationships between ideas, events, or time. Superlatives and opinions might be given after the quantitative data. Opinions, however, need to be identified as such. Anecdotal stories are not facts.

## **6. Consistency and Openness**

Surprises are inappropriate where the board has ultimate responsibility. Have ongoing communication of important operations within the organization.

## **7. Congruence**

Final propositions, especially after multiple board meetings considering the issue, must be in line with the expectations that were developed by the board over time. In other words, do what is expected.

## **8. Impersonal**

Passion and emotion are admirable traits of managers and employees, but the support of this affect must be considered realistically, objectively, and judiciously. Facts, not emotions, should govern board decisions.

## **9. No Riders**

The United States Congress made "riders" a time honored way of getting pork-barrel allocations, but they have no place in non-political organizations. Congress made this law for public corporations in the Sarbanes-Oxley Act.

## **10. Single Propositions**

Complicated convoluted propositions are inappropriate. Ideas must be presented simply and obviously. Motions should be focused and not contain extraneous material. Manipulation of the board should not be tolerated.

## **11. Itemized Allocations**

Sufficient detail of human resources and money budgets must be presented to avoid masking expenses for supplies, operations, and employees.

## **12. Agendas on Table**

Secret agendas cannot deprive the board of information needed to make an informed decision and must be avoided by complete candidness and honesty

# Twelve *Methods* of Board Members

## **1. Question Freely**

Get clarification and completeness of nebulous or incomplete propositions so the board can make judicious decisions. Do not let officers or executives railroad board actions.

## **2. Careful Agreement**

Avoid the herd tendency to conform with apparent agreement when it appears that the proposition may not be beneficial, or is even be detrimental to the organization. *Beware of groupthink!*

## **3. Common Courtesy**

Allow all member to speak their minds and encourage the more withdrawn among the group to share their thoughts and feelings to motivate the best resolution.

## **4. Candidness**

Honestly inform the board of the reasons for any opinions that may not be apparent to the group from the content of your position and arguments presented. Employees should not collude with selected board members.

## **5. Consistent Venues**

Items presented at full board meetings, committee meetings, or privately should be resolved in a consistent place to remove distractions and confusion that can upset the board=s due deliberation.

## **6. People Development**

Educate, train and allow employees, volunteers, and board members the opportunity to obtain skills and knowledge to perform competently.

## **7. Details Considered**

Sufficient attention must be paid to the line items that comprise a proposition and operation to assure that vagueness is not obscuring hidden agendas.

## **8. Clarification**

Proposals must be straightforward. Be diligent in asking questions where you and possibly everyone is confused.

## **9. Egalitarian**

Maintain a humble attitude as the board has no room for pompous people who expect special treatment, service, or serve parochial purposes. A board is truly democratic and not hierarchical in nature. Officers are servants too!

## **10. Exercise Responsibility**

The board is ultimately accountable to various constituencies. Executive or technical experts must provide full information and abide by board decisions.

## **11. Perpetuate Board**

Professionals have a responsibility to provide for the ongoing health of the board by providing recommendations for outstanding replacements of themselves and others.

## **12. Resign when Time**

Boards need a turnover to function viably and guarantee continuance of the organization, so one needs to honestly consider when another can do better overall.