

**UNITED TOGETHER MEETING**  
**April 19, 2017**

*Managing Up :How To Get Your Board To Do  
What You Need Them To Do*

United Way  
of Northwest Arkansas  
UnitedWayNWA.org



## Agenda

- Welcome
- Managing Up
- UWNWA News
  - CLIP Update
  - Live United Day Update
- Other Announcements

*Next United Together Meeting – June 21, 2107*

May 2, 2017

United Way  
of Northwest Arkansas  
UnitedWayNWA.org



# The Board's Role

Legal Oversight	Functional Oversight
<ul style="list-style-type: none"> <li>▪ Duties of Care                             <ul style="list-style-type: none"> <li>▪ Active Engagement</li> </ul> </li> <li>▪ Duties of Loyalty                             <ul style="list-style-type: none"> <li>▪ Avoid Conflicts of Interests</li> </ul> </li> <li>▪ Duties of Obedience                             <ul style="list-style-type: none"> <li>▪ Stay True to Mission</li> <li>▪ Law Abiding (Public &amp; Org)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Set Organization Mission &amp; Strategy</li> <li>▪ Monitor Organizational Performance and Hold Management Accountable                             <ul style="list-style-type: none"> <li>▪ Program</li> <li>▪ Financial</li> <li>▪ Risk</li> </ul> </li> <li>▪ Select, Evaluate &amp; Support CEO / ED</li> <li>▪ Secure and Conserve Resources                             <ul style="list-style-type: none"> <li>▪ Funds</li> <li>▪ Staff</li> <li>▪ Facilities</li> </ul> </li> <li>▪ Bridge/Buffer Between Organization and Environment                             <ul style="list-style-type: none"> <li>▪ Advocate</li> <li>▪ Build Community Support</li> </ul> </li> </ul>

# Board Standard Practices

Source: Grant Thornton 2012 National Board Governance Survey for Nonprofit Organizations

## Most Important Board Focus

- Strategic Planning
- Fundraising / Resource Procurement
- Ensuring Effective Programs
- Management Performance

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## Committee Structures

Most Common Committees	Additional Committees
<ul style="list-style-type: none"><li>▪ Executive</li><li>▪ Finance</li><li>▪ Audit</li><li>▪ Nominating</li><li>▪ Development/Fundraising</li><li>▪ Investment</li></ul>	<ul style="list-style-type: none"><li>▪ Program</li><li>▪ Compensation</li><li>▪ Strategic Planning</li><li>▪ Governance</li><li>▪ HR</li></ul>

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## Board Training

Type of Training	% Response
▪ Governance	81%
▪ Financial	60%
▪ Strategic Planning	60%
▪ Programmatic	40%
▪ Fundraising	40%
▪ Industry Trends	32%
▪ Performance Metrics	26%
▪ Regulatory	24%
▪ Risk Management	23%

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## Strategic Planning

### Primary Objective

- Organizational Effectiveness
- Sustainable Growth
- Improve Constituent Services
- Strengthen Competitive Position

Frequency of Updates	% Response
▪ Annually	37%
▪ Every 2 Years	13%
▪ Infrequently	31%

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# “Better Practices”



## Consistency with Mission

Periodic evaluation of mission and assessment of performance against mission

- Education on external environment impact on mission

Always long-range, but needs short-term efforts

- Ultimate Test – Produce the right actions
  - Are “right” results achieved based upon resources available (time, \$, competencies) and need or opportunity

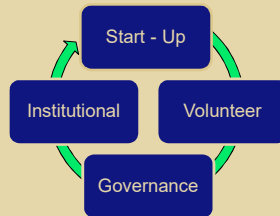


## Board & Senior Management Team Relationship

Clear separation of CEO/President/ED and Board Chair roles

- Definitions and job descriptions
- Balance between roles

Life Cycle Impacts



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## Life Stages of a Nonprofit Board

Stage	Early	Middle	Mature
<b>Focus</b>	<b>Organizing Board</b>	<b>Governing Board</b>	<b>Institutional Board</b>
<b>Characteristic</b>	<ul style="list-style-type: none"> <li>• Small</li> <li>• Involved in everything</li> <li>• Homogeneous</li> <li>• Informal</li> <li>• Committed</li> </ul>	<ul style="list-style-type: none"> <li>• Board accepts responsibilities</li> <li>• Board is enlarged &amp; diversified</li> <li>• Committee structure allows some tasks to be delegated</li> <li>• Staff gain new responsibilities &amp; decision making power</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on recruiting a large board that has the capacity to give or have access to funders and donors, and influential people.</li> <li>• Serving on the Board is considered prestigious</li> <li>• Board oversight responsibilities delegated to committees</li> <li>• Planning and budgeting is done by staff and approved by the Board</li> </ul>
<b>Transitions</b>	<ul style="list-style-type: none"> <li>• Shift to more business like operation</li> <li>• Board/Staff must redefine roles</li> <li>• Open up to new people</li> <li>• Development of systems</li> <li>• Clearer job descriptions</li> </ul>	<ul style="list-style-type: none"> <li>• Established organization becomes increasingly "professionalized"</li> <li>• Fundraising function of Board increasingly important</li> </ul>	<ul style="list-style-type: none"> <li>• Ability to delegate governance of the institution to an executive or management committee</li> <li>• Becomes an institutional fundraising board</li> </ul>
<b>Challenges</b>	<ul style="list-style-type: none"> <li>• Find it difficult to hire or trust first staff members and share power</li> <li>• Some founding members will choose to leave</li> </ul>	<ul style="list-style-type: none"> <li>• Frustration with change occurring slowly</li> <li>• The Board is often the slowest to change and operate on a new dynamic, due to its operation being focused on last</li> </ul>	<ul style="list-style-type: none"> <li>• Initially the struggle between being independent and interdependent may get in the way until both board and staff learn to adjust to their new roles</li> </ul>

Source: Board Passages: Three Key Stages in a Nonprofit Board's Life Cycle, National Center for Nonprofit Boards

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## Board Oversight Obligations

- Independence of a majority of board members in fact and in appearance
- Meet in Executive/Closed session
- Reasonable access to executive employees and professional advisors, arranged through CEO/President/ED
- CEO/President/ED & Management succession planning

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## Accountability and Transparency

- Transparency and integrity of financial statements
- Audit policies
  - Audit partner rotation, prohibition on executive interference with audit process, clarity and timeliness of financial disclosures
- Compliance with donor restrictions, consistency between expenditures and solicitation messaging

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## Governance/Nominating Committee

- Board/Committee Job descriptions
- Board Expectations
  - Commitment
  - Attendance
  - Participation
  - Contribution
  - Availability
  - Fundraising
  - Recruiting
  - Preparation
- Board Size, Terms, and Term Limits
- Periodic Self-Assessment

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## Governance/Nominating Committee

- Board composition
  - Skill sets
  - Diversity – gender, age, employment, ethnicity
  - Representation from served population
- Standards for director qualifications
- Number, structure and membership of committees, written charters
- Committee assignments and rotation of members
- Director orientation and continuing education

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## Audit Committee

- Meet without CEO/President
- Authorized to hire and terminate outside auditors
- Establish, propose and carry out policies for non-audit services carried out by auditor
- Adequacy of financial disclosure and internal controls

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## Corporate Ethics/Compliance

- Board establishes the “culture of compliance”
- Reasonable oversight of compliance and reporting systems
- Document retention policies and procedures
- Non-retaliation protections

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## Board Deliberative Process

- Meeting agendas, advance distribution of information, manner in which presented
- Expectations, time commitments, attendance obligations, limitations on other board memberships
- Continued fitness to serve
- Rotation of committee chairs and memberships

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## Governance Tools & Resources

### Tools & Examples

- Board Composition Matrix
- Board Self-Assessment
- Board Structure
- Committee Minutes Template

### Resources

- Grant Thornton ([www.grantthorton.com](http://www.grantthorton.com))
  - Best practices, sector reports, consulting services
- Board Source ([www.boardsource.org](http://www.boardsource.org))
  - Self-assessment, trainings/certifications & materials
- *Nonprofit Governance: The Why, What, and How of Nonprofit Boardship* (Tropman & Harvey)

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## Exercise

- Select board issue & move to associated table
- Share ideas/solutions with other table members
- Debrief as whole group

**Rule #1 – “Cone of Silence”**

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## UWNWA Announcements

- CLIP Update
- Live United Day
- Fill the Bus

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Thank you

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