



“EVERY MAN IS GUILTY OF ALL THE  
GOOD HE DIDN’T DO.”

-VOLTAIRE

## LAYING THE FOUNDATION

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### COOPER FOUNDATION

Founded by Madison Cooper in 1943  
“to make Waco a better or more  
desirable place to live.”

- Grants
- Nonprofit Network
- Waco Leadership Forum
- Cooper House



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MANY BOARD MEMBERS AND CEOs DON'T FULLY UNDERSTAND THE ROLE OF THE BOARD, WHICH INCREASES RISK AND MAKES THE BOARD AN UNDERUTILIZED ASSET.

## BUILDING HIGH PERFORMING BOARDS — WHY THIS MATTERS

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LEADING PRACTICES.  
NOT COOKIE CUTTER.  
DO WHAT MAKES SENSE.

## DISCLAIMER

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WE OFFER CONTINUING EDUCATION CREDITS!

PLEASE ASK BEFORE YOU LEAVE!

## DO YOU NEED CEUS, CPES?

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IN 6 MONTHS. WHEN ALL OF YOUR BOARD  
MEMBERS HAVE RECEIVED BOARD  
GOVERNANCE TRAINING...

## WHAT IS DIFFERENT?

BOARD MEMBERS SHOW UP AND ARE PREPARED

WE HAVE MORE DONORS

WE HAVE AN EXECUTIVE DIRECTOR WHO IS EXCITED TO WORK FOR US.

WE HAVE A CLEAR VISION FOR THE FUTURE AND A STRATEGY TO GET THERE

# IMAGINE...

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LEGAL DUTIES & WHY HAVE BOARDS?

BUILDING A GREAT BOARD

TRENDS IN BOARD STRUCTURE

## BUILDING HIGH PERFORMING BOARDS

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## BUILDING HIGH PERFORMING BOARDS

### PAIR UP AND SHARE!

- Your name
- The organization on whose board you serve
- Then, tell them  
(in ADDITION to the amazing work that  
the organization does in our community)

The best thing about this organization's board is...

## INTRODUCTIONS

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### LEGAL DUTIES & WHY HAVE BOARDS?

BUILDING A GREAT BOARD  
TRENDS IN BOARD STRUCTURE

## BUILDING HIGH PERFORMING BOARDS

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501(C)(3) TAX EXEMPT STATUS

COMMITMENT TO MISSION OVER PROFIT; NONPROFITS EXIST TO BENEFIT *OTHERS*, NOT OWNERS

MUST HAVE A BOARD OF DIRECTORS, WHICH HAS AUTHORITY OVER THE ORGANIZATION

LEADERSHIP SHARED BETWEEN THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE

## WHAT IS A NONPROFIT ORGANIZATION?

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3-25+ VOLUNTEER BOARD MEMBERS SUPERVISE ONE EXECUTIVE DIRECTOR  
THERE IS NO PROFIT INCENTIVE

## NONPROFITS ARE WEIRD ANIMALS

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**DUTY OF CARE:** *USING YOUR BEST JUDGMENT.* EACH BOARD MEMBER HAS A LEGAL RESPONSIBILITY TO PARTICIPATE ACTIVELY IN MAKING DECISIONS ON BEHALF OF THE ORGANIZATION AND TO EXERCISE THEIR BEST JUDGMENT WHILE DOING SO.

**DUTY OF LOYALTY:** *AVOIDING CONFLICTS OF INTEREST.* EACH BOARD MEMBER MUST PUT THE INTERESTS OF THE ORGANIZATION BEFORE THEIR PERSONAL AND PROFESSIONAL INTERESTS WHEN ACTING ON BEHALF OF THE ORGANIZATION IN A DECISION-MAKING CAPACITY. THE ORGANIZATION'S NEEDS COME FIRST.

**DUTY OF OBEDIENCE:** *BEING TRUE TO THE ORGANIZATION'S MISSION AND FOLLOWING THE LAW.* BOARD MEMBERS BEAR THE LEGAL RESPONSIBILITY OF ENSURING THAT THE ORGANIZATION COMPLIES WITH THE APPLICABLE FEDERAL, STATE, AND LOCAL LAWS AND ADHERES TO ITS MISSION.

## LEGAL DUTIES OF BOARDS ACCORDING TO US NONPROFIT CORPORATION LAW

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### DUTY OF COMMON SENSE



### DUTY OF CURIOSITY

Can you help me  
understand...?



## TWO MORE DUTIES OF BOARDS

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TO FULFILL THESE DUTIES,  
BOARD MEMBERS MUST HAVE A  
THOROUGH UNDERSTANDING OF THE  
ORGANIZATION'S OPERATIONS.

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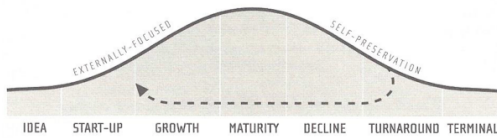
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## LIFECYCLE OF A NONPROFIT

Nonprofit lifecycles: stage-based wisdom for nonprofit capacity  
Susan Kenny-Stevens - Stagewise Enterprises - 2008

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Set  
Strategic  
Direction

Ensure  
Adequate  
Resources

Provide  
Fiduciary  
Oversight

BoardSource

## WHY HAVE BOARDS?

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Set Strategic Direction

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Set Strategic Direction

Ensure Adequate Resources

Provide Fiduciary Oversight

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# WHY HAVE BOARDS?

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Ensure Adequate Resources

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Ensure  
Adequate  
Resources

### AAA BOARDS

AMBASSADORS IN PUBLIC

ADVOCATES FOR PEOPLE AND CAUSES

ASKERS FOR MONEY

*(thanks, Chuck Loring)*

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Ensure  
Adequate  
Resources



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Ensure  
Adequate  
Resources



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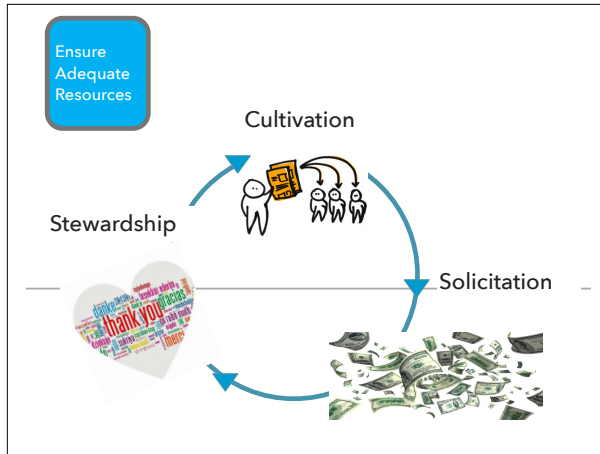
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Ensure Adequate Resources

**SUPPORT THE CEO!**

**A HEALTHY BOARD-CEO RELATIONSHIP IS BASED ON:**

A SHARED UNDERSTANDING OF MISSION AND VISION

RECIPROCAL COMMUNICATION; AND

MUTUAL RESPECT, TRUST, AND SUPPORT FOR EACH OTHER AND THE PARTNERSHIP.

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**SUPPORT THE CEO!**

**HOLD THE CEO ACCOUNTABLE!**

MEASURABLE GOALS

SERVICE & IMPACT

STAFF SATISFACTION/TURNOVER

WHAT ELSE?

**WHY HAVE BOARDS?**

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#### THE BOARD'S ROLE

- ▶ BOARD HAS ULTIMATE AUTHORITY AND ACCOUNTABILITY
- ▶ WORKS PRODUCTIVELY WITH ITS ONE EMPLOYEE: THE CHIEF EXECUTIVE
- ▶ DOES NOT MANAGE THE OPERATIONS
- ▶ DOES NOT MICROMANAGE
- ▶ EVALUATES THE CHIEF EXECUTIVE WITH A SOUND, OBJECTIVE PROCESS



## THE BOARD - CHIEF EXECUTIVE PARTNERSHIP

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#### CHIEF EXECUTIVE

- ▶ AUTHORIZED TO MANAGE ORGANIZATIONAL OPERATIONS
- ▶ HIRES ALL STAFF
- ▶ WORKS PRODUCTIVELY WITH THE BOARD



## THE BOARD - CHIEF EXECUTIVE PARTNERSHIP

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RESTRICTED INFORMATION FLOW

LIMITED OVERSIGHT

LIMITED STRATEGIC INPUT

CONFLICTS OF INTEREST

FILLED WITH FIGUREHEADS AND FUNDRAISERS

FILLED PRIMARILY WITH HANDPICKED FRIENDS WHO SERVE AS A FAVOR TO THE ED

SKELETON BOARD OR CONSISTENT AND/OR WIDESPREAD ABSENCES

## SIGNS OF A CONTROLLING EXECUTIVE & WEAK BOARD

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WHO RECRUITS BOARD? (SEE BOARD BUILDING!)  
RECONSIDER SIZE OF BOARD/EXECUTIVE COMMITTEE  
BOARD SELF-ASSESSMENTS  
SUCCESSION PLANNING  
STRONG BOARD CHAIR  
JOB DESCRIPTIONS FOR BOARD  
CEO EVALUATION/EXECUTIVE SESSION

## CONTROLLING EXECUTIVE / WEAK BOARD REMEDIES

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Set  
Strategic  
Direction

Ensure  
Adequate  
Resources

Provide  
Fiduciary  
Oversight

## WHY HAVE BOARDS?

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APPROVE ANNUAL BUDGET  
MONTHLY REVIEW OF FINANCIAL STATEMENTS  
PAYROLL TAXES  
ANNUAL REVIEW OF THE 990  
DIRECTORS & OFFICERS INSURANCE  
ANYONE CAN SUE YOU FOR ANYTHING  
INTERNAL CONTROLS & ANNUAL AUDIT

Provide  
Fiduciary  
Oversight

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UNSCHEDULED REVIEWS OF STAFF EXPENSE REPORTS  
BANK STATEMENTS (ALL!) SENT TO THE BOARD  
TREASURER  
AUDIT COMMITTEE & ANNUAL AUDIT  
INTERNAL CONTROLS  
ENCOURAGE WHISTLEBLOWERS

Provide  
Fiduciary  
Oversight

## WHY HAVE BOARDS?

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Check out Waco Foundation's Fraud  
Prevention materials in the  
Nonprofit Management Library  
[www.mclennannonprofits.org](http://www.mclennannonprofits.org)

Provide  
Fiduciary  
Oversight

## PREVENT FRAUD!

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NONPROFIT – 501(C)(3) – IS A TAX STATUS, NOT A  
BUSINESS MODEL  
NONPROFITS SHOULD HAVE 3- 6 MONTHS CASH ON HAND.  
IDEALLY, NONPROFITS WOULD HAVE DIFFERENT TYPES OF  
RESERVES FOR A VARIETY OF PURPOSES:  
CAPITAL NEEDS  
TRANSITIONS / DIRECTION CHANGES  
OPERATING NEEDS  
OVERHEAD IS IMPORTANT AND HAS ITS PLACE.

Provide  
Fiduciary  
Oversight

## WHY HAVE BOARDS?

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Set  
Strategic  
Direction

Ensure  
Adequate  
Resources

Provide  
Fiduciary  
Oversight



## WHY HAVE BOARDS?

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## WHAT'S IN YOUR TOOLKIT?

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LEGAL DUTIES & WHY HAVE BOARDS?

**BUILDING A GREAT BOARD**

TRENDS IN BOARD STRUCTURE

## BUILDING HIGH PERFORMING BOARDS

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### WHO BUILDS THE BOARD?

Governance Committee

(formerly/AKA: Nominating  
Committee)

&

YOU!

(the board!)



## BUILDING A GREAT BOARD

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### WHAT DO WE NEED RIGHT NOW?

WHAT ARE THE THREE MOST IMPORTANT  
THINGS FOR OUR BOARD TO ACCOMPLISH  
THIS YEAR?

DO WE HAVE THE RIGHT PEOPLE ON THE  
BOARD TO MAKE THAT HAPPEN?

## BUILDING A GREAT BOARD



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## BUILDING A GREAT BOARD WHEN?

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FOR TWO MINUTES, THINK ABOUT NEW WAYS AND PLACES  
YOU COULD FIND BOARD MEMBERS.

THEN, TURN TO THE PERSON NEXT TO YOU AND DISCUSS.  
COME UP WITH A FEW MORE WAYS.

## BUILDING A GREAT BOARD HOW & WHERE?

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COLLEAGUES  
BOARD MEMBERS OF OTHER NONPROFITS  
NEWS MEDIA  
SOCIAL MEDIA  
CURRENT VOLUNTEERS & BOARD MEMBERS  
DONORS  
COMMUNITY LEADERS  
SMALL BUSINESS OWNERS  
PROFESSIONALS RELATED TO MISSION  
LOCAL LEADERSHIP PROGRAMS:

*LeadershipPlenty, Leadership Waco, Junior League of Waco*

## BUILDING A GREAT BOARD: HOW & WHERE?

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# BUILDING A GREAT BOARD

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## GO BEYOND YOUR NETWORKS

### DEEP NETWORKING

- OTHER COMMUNITY ORGANIZATIONS
- LEADERS IN YOUR CURRENT OR PAST CLIENT COMMUNITY
- POST BOARD POSITIONS PUBLICLY (WEBSITE, SOCIAL MEDIA)

STRATEGIC BOARD RECRUITMENT ISN'T ABOUT SPEED AND EASE — IT'S ABOUT **TAKING THE TIME TO GET IT RIGHT.**

# DIVERSIFYING YOUR BOARD: HOW & WHERE?

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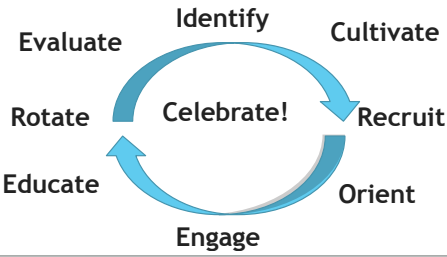
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# BUILDING A GREAT BOARD THE BOARD BUILDING CYCLE

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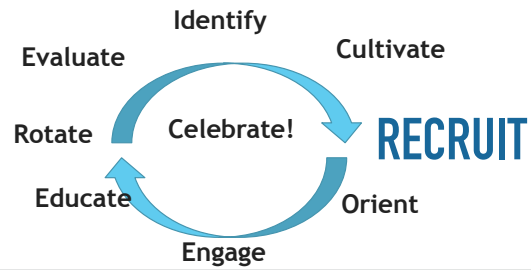
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## BUILDING A GREAT BOARD THE BOARD BUILDING CYCLE

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### ASK POTENTIAL BOARD MEMBERS:

- In reading through our nonprofit's strategic plan (or whatever background documents we gave you ahead of time), what things excite you?
- What specific skills, experience or networks do you think you could bring to the table in order to help us move forward on our goals?

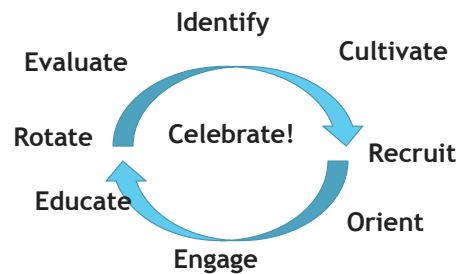
**RECRUIT**

## BUILDING A GREAT BOARD THE BOARD BUILDING CYCLE

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[http://www.socialvelocity.net/2017/05/16/the-right-questions-to-ask-a-potential-board-member/?mc\\_cid=4-A680e8a8&mc\\_eid=33b3a5687](http://www.socialvelocity.net/2017/05/16/the-right-questions-to-ask-a-potential-board-member/?mc_cid=4-A680e8a8&mc_eid=33b3a5687)

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## BUILDING A GREAT BOARD THE BOARD BUILDING CYCLE

## ARE THEY WILLING TO DO WHAT IT TAKES?

WAYS TO HELP PUBLIC CHARITIES:

BECOME A MEMBER OF A BOARD  
(GOVERN)

BE A VOLUNTEER (HELP)

BE A STAFF PERSON

BE A DONOR

**EVERYONE IS  
IMPORTANT!!!!**

# BOARD BUILDING

LEGAL DUTIES & BASIC RESPONSIBILITIES OF NONPROFIT BOARD MEMBERS  
BUILDING A GREAT BOARD

## TRENDS IN BOARD STRUCTURE

# BUILDING HIGH PERFORMING BOARDS

## TYPES OF COMMITTEES

- STANDING COMMITTEE
- GOVERNANCE
- FINANCE
- AUDIT
- AD HOC COMMITTEES
- ORGANIZATIONAL COMMITTEES

## TASK FORCES

- ▶ BYLAWS REVIEW
- ▶ CAPITAL CAMPAIGN
- ▶ EMPLOYMENT  
POLICY REVIEW
- ▶ EVENTS
- ▶ EXECUTIVE SEARCH
- ▶ PUBLIC POLICY
- ▶ STRATEGIC  
PLANNING

# LEADING PRACTICES IN GOVERNANCE

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Executive  
Committee\*

\*UNLESS YOUR BOARD:  
has >15 members AND  
Meets ≤ quarterly

#### IF YOU HAVE ONE:

- ▶ LIMITED ROLE
- ▶ TWO PURPOSES: REVIEW THE CEO AND HANDLE EMERGENCIES
- ▶ MEET ONLY IF NEEDED
- ▶ LIMIT DECISION-MAKING
- ▶ ACCOUNTABLE TO THE FULL BOARD:
- ▶ ENSURE PROMPT REPORTING BACK
- ▶ BYLAWS SHOULD DETERMINE WHO IS ON THE COMMITTEE (NOT THE COMMITTEE'S WHIM)

**TRANSPARENCY IS KEY**

## TRENDS IN COMMITTEE STRUCTURE

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### EXECUTIVE COMMITTEE

ARE COMMITTEE MEMBERS ESSENTIALLY  
ATTENDING TWO BOARD MEETINGS?

IS THE EXECUTIVE COMMITTEE ACTUALLY  
MAKING ALL OF THE DECISIONS?

IS THERE INFORMATION THE EXECUTIVE  
COMMITTEE HAS THAT THE REST OF THE  
BOARD IS NOT PRIVY TO?

IS THE EXECUTIVE COMMITTEE ACTUALLY  
DOING OTHER COMMITTEES' WORK? (E.G.  
FINANCE, GOVERNANCE)



## NONPROFIT GOVERNANCE TRENDS

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### TRENDS IN BOARD TERMS

TWO 3-YEAR TERMS OR THREE 2-YEAR TERMS

2-YEAR TERMS FOR BOARD CHAIR

### USE NON-BOARD MEMBERS ON COMMITTEES

NEW EXPERTISE & DIVERSITY

EXPANDS THE NUMBER INVOLVED WHILE AVOIDING AN UNWIELDY BOARD

TESTING GROUND FOR POTENTIAL BOARD MEMBERS

MORE PEOPLE LEARN ABOUT THE ORGANIZATION

INVOLVES THOSE PEOPLE UNABLE TO COMMIT TO BOARD

## NONPROFIT GOVERNANCE LEADING PRACTICES

TRENDS IN COMMITTEE STRUCTURE

- Committee Descriptions
- Responsibilities and expectations; limited to those things explicitly delegated by the board
- Committee meetings are open to all board members.
- Committee minutes go out within a few days
- Committee reports are shared with the full board at its meetings.

NONPROFIT GOVERNANCE TRENDS

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GOVERNANCE COMMITTEE

TAKES THE LEAD AND RESPONSIBILITY FOR

- NOMINATING & RECRUITMENT
- ONGOING BOARD DEVELOPMENT
- LEADERSHIP DEVELOPMENT
- BOARD AND MEMBER ASSESSMENT AND BOARD EDUCATION
- ENSURING THAT THE BOARD IS EQUIPPED WITH PROPER GUIDELINES AND STRUCTURE TO DO ITS WORK MOST EFFECTIVELY (AKA BYLAWS & POLICIES REVIEW)

NONPROFIT GOVERNANCE TRENDS

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## BOARD EVALUATIONS

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LEGAL DUTIES & BASIC RESPONSIBILITIES OF NONPROFIT BOARD MEMBERS  
BUILDING A GREAT BOARD  
TRENDS IN BOARD STRUCTURE

## BUILDING HIGH PERFORMING BOARDS

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Questions?  
Evaluations!  
Thank you!



Felicia Goodman  
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o 254.754.0315 m 254.644.2363

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