

# Nonprofit Management Boot Camp



Nonprofit Management Center of the Permian Basin

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# Today's Agenda

- The Nonprofit Difference
- The Delicate Dance
- Highly Effective Boards
- Highly Effective Meetings



# **The Nonprofit Difference**



# Growth of Nonprofit Sector

- **Very fast growth of nonprofit sector**
- **1.4 million tax exempt**
  - 945,393 public charities
  - 96,759 private foundations
  - 364,634 other types of tax exempts
- **Majority of nonprofit organizations are small**

# Growth of Nonprofit Sector

- In 2012 employed 10% of the American Workforce
- 2013: public charities reported over \$1.73 trillion in total revenue, \$1.62 in total expenses, and 3.22 trillion in assets
- 25.4% of Americans over the age of 16 volunteered in 2015
- Value of volunteer time in 2018: \$24.69/hour for a total of nearly \$192 billion

# Volunteering in Texas

2018

- 28.4% of residents volunteered, 37th of 50 states
- 6.04 million Texans volunteered
- 563.3 million hours of service
- \$13.5 billion of service contributed
- 26.3 hours per resident

# Today's Nonprofit Climate

# Culture

- Complex issues
- Growing sophistication
- Caring for the community



# Programs and Services

- Increased client demand
- Public funding cuts
- Outcomes evaluation
- Growth of community partnerships

# Administrative and Financial Issues

- Need for strong board and staff leadership
- Adequate operational funding
- Understanding of nonprofit accounting
- Diversified and deep funding base
- Lean staffing



# Test Your Nonprofit Knowledge





# **The Delicate Dance**

*The Roles of the Board & the Executive Director*



# Constructive Partnership

*“Exceptional boards govern in constructive partnership with the chief executive, recognizing that the effectiveness of the board and chief executive are interdependent.”*

*~ The Source- Twelve Principles of Governance That Power Exceptional Boards; Board Source, 2005*

# BOARD Responsibilities

1. Determine Mission and Purposes
2. Select the Chief Executive
3. Support and Evaluate the Chief Executive
4. Ensure Effective Planning
5. Monitor and Strengthen Programs and Services

# **BOARD** Responsibilities

6. Ensure Adequate Financial Resources
7. Protect Assets and Provide Financial Oversight
8. Build a Competent Board
9. Ensure Legal Integrity
10. Enhance the Organization's Public Standing

# CHIEF EXECUTIVE Responsibilities

1. Commit to the mission
2. Lead the staff and manage the organization
3. Exercise responsible fiscal stewardship
4. Lead and manage fundraising
5. Follow the highest ethical standards, ensure accountability, and comply with the law



# CHIEF EXECUTIVE Responsibilities

6. Engage the Board in planning and lead implementation
7. Develop future leadership
8. Build external relationships and serve as an advocate
9. Ensure the quality and effectiveness of programs
10. Support the Board

# BOARD

- Establishes organization's purpose
- Determines strategic direction
- Sets major policies
- Hires Executive Director
- Supports the Executive Director in ongoing operations
- Ultimate power
- Accountable to stakeholders

# CHIEF EXECUTIVE

- Supports organization's purpose
- Implements strategic plan
- Develops management or implementation-level policies
- Hires all support staff
- Manages the day-to-day operations of the organization
- Immediate power
- Accountable to board





# ***Highly Effective Boards***

*“Good governance is about providing critical capital - intellect, resources and access  
- to power nonprofit success and thereby strengthen communities.”*

**Responsible Boards X Source of Power = Exceptional Boards**

# Principle 1

## Constructive Partnership

*“Exceptional Boards govern in constructive partnership with the chief executive, recognizing that the **effectiveness** of the board and the chief executive are interdependent.”*

# Principle 1

## *Constructive Partnership*

### What do they do?

*“Nonprofit boards have primary legal responsibility for governance.”*

The Texas Business Organizations Code (previously called the Texas Nonprofit Corporation Act) imposes the following duties on all managers (board members) of nonprofit organizations. Your agreement to serve on the board serves as your oath to uphold these duties.

# Principle 1

*Constructive Partnership*

How do they do it?

1. Duty of care - “in the best interests of the organization”
2. Duty of loyalty - “the manager is required to act with undivided allegiance to the organization’s purpose”
3. Duty of obedience - “follow applicable laws”

# Principle 2

## Mission Driven

*“Exceptional boards shape and uphold the mission, articulate a compelling vision, and ensure the congruence between decisions and core values.”*



# Principle 2

*Mission Driven*

What do they do?

- *“A nonprofit board’s job starts with putting into words why the organization exists and what it hopes to accomplish.”*
- *“Exceptional boards make overt reference to institutional history. Recognizing the disagreements on strategy and policy are often rooted in conflicting values...they articulate core organizational values and translate them into action.”*

# Principle 3

## Strategic Thinking

*“Critical reasoning applied to matters that most influence the future performance and viability of the organization. Reasoning at a level of quality and value far above current conditions.”*

# Principle 3

*Strategic Thinking*

What do they do?

*“Exceptional boards do not relegate strategic thinking to a periodic exercise, but rather make it part of regular, ongoing board work.”*

# Principle 3

## *Strategic Thinking*

How do they do it?

- Retool your meeting agendas by allocating sufficient time for thinking; rich debate won't flourish if the entire meeting is absorbed in discussing operational issues or those of little strategic consequence.
- Challenge others' thoughts and behavior. Some boards rotate responsibility for a member to play devil's advocate at each meeting to prevent complacency in discussions by challenging assumptions and probing traditional thinking.

# Principle 3

## *Strategic Thinking*

- Good strategic thinking contributes to the success of the organization. Board members can't predict the future, but they can be ready for whatever it brings by being adaptive.
- Done well, strategic thinking makes the board a significantly richer strategic asset. The board is uniquely positioned to bring such perspective because of its experience, diversity of background, and loyalty to the organization and its mission.

# Principle 4

## Culture of Inquiry

*“Exceptional boards institutionalize a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision making.”*

# Principle 4

## *Culture of Inquiry*

- *“Responsibility for a nonprofit organization is vested in the board as a single corporate body, not in individual members.”*
- *“Success depends on attention to group dynamics.”*

What do they do?

- *“Exceptional boards, alongside their chief executives, create an environment based on respect and candor that fosters a productive exchange of views.”*

# Principle 5

## Independent-Mindedness

*“Exceptional boards are independent-minded. When making decisions, board members put the interests of the organization above all else.”*



# Principle 5

## *Independent Mindedness*

- *“By law, boards must adhere to the duty of loyalty, which requires that board members exercise their authority in the organization’s best interests.”*

What do they do?

- *“Exceptional nonprofit boards handle these situations through a conflict-of-interest policy that includes guidelines for disclosure, review and recusal.”*

# Principle 5

*Independent Mindedness*

How might a governing board do it?

- Sample conflict of interest statement
- Scenario 1 -“ A Hot Tip on Heart Tech”

# Principle 6

## Ethos of Transparency

*“Exceptional Boards promote an ethos of transparency by ensuring that donors, stakeholders and interested members of the public have access to appropriate and accurate information regarding finances, operations and results.”*

# Principle 6

*Ethos of Transparency*

Ethos is culture. (Internally)

- Is there a culture of transparency in the organization?
- Is it comfortable to ask questions?
- Do you get “pushback” when questions are asked?

# Principle 6

*Ethos of Transparency*

What do they do? (Externally)

*“Exceptional boards ensure the public has access to clear, accurate and timely information that enables it to determine whether the organization is using its tax-exempt status appropriately.”*

# Principle 7

## Compliance with Integrity

*“Exceptional boards promote strong ethical values and disciplined compliance by establishing appropriate mechanisms for active oversight.”*

# Principle 7

*Compliance with Integrity*

What do they do?

*“Exceptional boards make vigorous oversight the norm.”*

What is vigorous oversight?

*(This principle focuses primarily on financial issues.)*

# Principle 7

*Compliance with Integrity*

## How do they do it?

- They are financially attentive.
- Obtain an independent review or audit of financial statements.
- Ensure appropriate insurance.
- Revise bylaws as necessary.



# Principle 8

## Sustaining Resources

*“Exceptional boards link bold visions and ambitious plans to financial support, expertise, and networks of influence.”*

# Principle 8

## *Sustaining Resources*

What do they do?

*“Exceptional boards work closely with chief executives to diversify and maximize sustainable revenue sources so that the organization can achieve its goals.”*

# Principle 9

## Results-Oriented

*“Exceptional boards are results-oriented. They measure the organization’s advancement towards mission and evaluate the performance of major programs and services.”*

# Principle 9

*Results Oriented*

What do they do?

*“Exceptional boards...measure overall efficiency, effectiveness and impact.”*

# Principle 10

## Intentional Board Practices

*“Exceptional boards intentionally structure themselves to fulfill essential governance duties and to support organizational priorities.”*

# Principle 10

*Intentional Board Practices*

What do they do?

*“Exceptional boards take ownership of the operations. They think explicitly about size, structure and schedule of board operations.”*

# Principle 10

## *Intentional Board Practices*

How do they do it?

- They redesign their structure as needed:
  - What size does our board need to be and why?
  - Structure - committees and officers
  - Is our schedule of board meetings, executive meeting and committee meetings thoughtful and does it meet the needs of our members?

# Principle 11

## Continuous Learning

*“Exceptional boards embrace the qualities of a continuous learning organization, evaluating their own performance and assessing the value they add to the organization.”*



# Principle 11

## *Continuous Learning*

What do they do?

- *“Exceptional boards use orientation as a way to enhance board relationships, traditions, and teamwork.”*
- *“Exceptional boards gather feedback on their collective productivity and unique contribution to the organization.”*

# Principle 12

## Revitalization

*“Exceptional boards energize themselves through planned turnover, thoughtful recruitment, and inclusiveness.”*

# Principle 12

*Revitalization*

How do they do it?

- Term limits
- Thoughtful recruitment
- Diversity

# The 12 Principles Put Into Practice

Imagine that you have completed your third month in board service with a nonprofit. You know that something just is not right and as you have diagnosed the problem, you realize it is a failure in one of the 12 principles of effective governance. At your table develop a plan of action for how you will:

- Bring the issue to the attention of the board
- Identify reasonable actions for resolution of the issue
- Determine your volunteer role in the activity



# Board Meetings

*Effective, Strategic, & Focused*



# Preparing For Your Meeting

- Notice(s)
- Read-Ahead Packets
- Quorum
- Meeting Roles?
- 5 Agenda - Development Questions

# What Should Be In Your Board Packet?

- How to Prepare For It
- What Goes In It
- When To Send It
- Who Should Read It

# Should We Use a Consent Agenda?

- They work great if...
- Common Items on Consent Agenda
- Cheat Sheet



# Tips, Tricks, & Mistakes To Avoid

- Timed Agendas
- Doodle.com
- Parking Lot
- Set Expectations
- Meeting Minutes
- Consent Agenda

# Questions?

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