

A Nonprofit Board's Dynamics and Processes — FAQs

BoardSource has been fielding governance-related questions posed by nonprofit leaders for over 30 years. Here are the answers to those questions most frequently asked about board dynamics and processes.

How can we become a more accountable organization? —

- Make your **Form 990s** easily available to the public.
- Publish an annual report with financial data.
- Rely on annual **independent audits**.
- **Create necessary policies** and enforce them regularly.
- Avoid and manage **conflicts of interest**.

- Understand your board's **role and responsibilities**.
- Be familiar with intermediate sanctions.
- Keep good, well-organized records.
- Know the federal regulations and your state laws.
- Embrace inclusiveness.

What are the signs of a “bad” board member? —

Having a list of characteristics of what may be considered “**bad**” **board member behavior** can actually serve a positive purpose. It says: “Avoid this! Do the opposite and you will be on the road to excellence in board service.”

A “bad” board member

- regularly misses meetings
- does not accept or complete tasks
- is motivated by personal agendas
- monopolizes boardroom discussions or never participates in discussions
- is not a team player
- treats peers disrespectfully
- **betrays confidentiality**
- does not disclose conflicts of interest
- does not understand when it is **time to retire** and let someone else get actively involved

How can the chair and the chief executive work together productively? —

Both the chair and the chief executive of the organization need to support, consult, and complement each other. **Both have their own responsibilities** — the chief executive manages the operational activities and the chair leads the board. Both share power in their mutual pursuit to advance the mission of the organization.

To make this happen, they must communicate openly and regularly. This **partnership needs constant attention**. Personalities change but the positions remain. Each partner needs to cultivate the working relationship. Think of the chief executive as the leader of the staff and the chair as the leader for the rest of the board. This helps to prevent miscommunication and it allows both leaders to be aware of each other's needs.

What should I do if I don't agree with a board decision? —

Many board decisions are not unanimous. Board members contribute varying, sometimes controversial, and at times conflicting perspectives to a deliberation. New and different ideas assist the board in reaching an objective and balanced decision. Most board decisions are based on majority rule, which automatically creates compromises and occasionally dissenting opinions. However, consensus building and healthy debate are ways to improve governance and make better decisions.

If a board member strongly disagrees with a motion and votes against it or abstains from voting, then that vote should be recorded in the **meeting minutes** — not the newspaper. Remember, once a decision is made, the board speaks with one voice. And individual board members present this united front to the outside world.

Should we have board member contracts? —

Many boards have decided to craft a board member agreement or contract for each new board member to sign as a part of the installation ceremony. These agreements usually spell out the responsibilities of board members and specific opportunities to serve on their particular board. These expectations may define expectations for **personal giving**, committee or task force duties, meeting attendance obligations, and other activities in which every board member is expected to participate.

The purpose of these contracts is to remind board members of what serving on the board means. The contracts are not legal documents like employment contracts. If they fit the culture of the board, they act as gentle reminders while making a point that obligations are associated with volunteering.

What are honorary board members, or board members emeriti? —

An “emeritus” director is usually a former board member who is invited to stay on the board as a nonvoting member in an advisory capacity. This is an honorific title in recognition of the member’s active participation, financial contribution, or continuing strong interest in the organization. Sometimes former board chairs are granted this

title automatically. An “honorary” director has a similar status but may also be a distinguished outsider whose affiliation with the organization would be welcome.

Recognition and thanks for board service is necessary and appropriate. For the special status to remain special, honorary titles and positions need to be handed out sparingly. Retiring board members should not automatically be given particular honors or positions; such titles should be earned.

Should only a designated committee vote on nominations, or all peers? It is important to find a method that seems fair and one that reduces hurt feelings. Pre-established criteria allow for an impartial selection process. Naturally, a nominee must be committed to continuing service when his or her term expires. Many board members are happy to retire or want to move on to a new organization.

What is the average size of a nonprofit board of directors? –

According to *Leading with Intent*, the average size of a nonprofit board is 15 members; the median board size is 13 members. Organizations with larger budgets tend to have larger boards: organizations with budgets of \$10 million or greater have an average size of 17.5 members, and organizations that have budgets of less than \$1 million typically have 13.1 board members. It is always good to remember: Average figures only reflect reality, not a recommended norm.

In most states, the laws dictate the minimum size for nonprofit boards. Usually three is the minimum, but in some states only one or two board members are required. It is good to remember that laws regulate the minimal legal requirements, not what your optimal goal should be.

When determining *the size of your board*, start by thinking about what your board needs to accomplish. Optimal board size may vary according to the stage in the board’s lifecycle, its mission, its *fundraising necessities*, and whether it is a national or a local board.

What is the most common term length for board members? –

Three years is the most common term length for board members, according to *Leading with Intent*. Sixty-six percent of those boards that participated in the survey limit board members to three or fewer consecutive terms. Twenty-eight percent of responding boards have no term limits.

Rotation is a healthy and natural way of providing change and necessary transformation for a board. Bringing in new board members on a regular basis helps keep away stagnation and provides the board with opportunities for renewal. Each board should establish its own system for determining terms, term limits, and define it in its bylaws.

What are the advantages and disadvantages of term limits? –

Many boards find that setting term limits can be beneficial, but there can be disadvantages as well. Boards should understand both sides and then decide what option is best.

Advantages of a term limit policy:

- The board has the possibility of working with active community members who can devote only a few years to board service.
- Bringing diversity onto the board is easier.
- The board has a built-in balance of continuity and turnover.

- Passive, ineffective, or **troublesome board members** can be more easily rotated off.
- Board members experience a better rotation of **committee assignments**.
- A regular infusion of fresh ideas and new perspectives is brought onto the board.
- The board gains a regular awareness and pays attention to the changing group dynamics.
- Limits present an opportunity for the board and the retiring board member to reassess a mutual willingness to continue working together with the possibility of enlarging the circle of committed supporters by **keeping retired board members involved**.

Downside to having term limits:

- the loss of expertise and organizational memory
- the board spends more time dedicated to **recruitment** and **orientation**
- additional efforts are needed to keep the group cohesive

Additionally, boards without a term limit policy can experience

- stagnation if no change occurs among the board members
- perpetual concentration of power within a small group
- intimidation of the occasional new member
- tiredness, boredom, and loss of commitment by the board
- loss of connection to the constituency due to a change in demographics or environmental factors

Should outsiders serve on nonprofit board of directors

committees?

It is the rare board that would not benefit from outside skills and expertise. Some organizations choose to invite outsiders with specific contacts and knowledge to serve on committees or task forces. This is an excellent way to bring new talents and perspectives to the work of the board. Committee members do not have the same liabilities and pressures as full-fledged board members, so it is also a great way for busy professionals to serve an organization of their choice.

Other benefits include the following:

- No need to increase the board size.
- Former board members can stay active as committee members.
- Future board members can be cultivated into board service.
- Non-board members on committees is an excellent way to engage new potential board members yet also has the potential to perpetuate inequity.

Should nonprofit boards have executive committees?

A governing board may form an executive committee to act on its behalf when a full board meeting is not possible or necessary. An executive committee can be an efficient tool, but not every board needs one. An executive committee should never replace the full board.

Here are some situations that might warrant using an executive committee:

- You have a large board. A smaller group authorized to act on its behalf under certain circumstances can speed up decision making.
- Your board members are scattered all over the country. It is easier for a core group to get together during an emergency.

- Your board regularly needs to take action or make frequent decisions. Certain routine financial matters may not require full board meetings. When necessary, an executive committee can efficiently move things forward.

It is important to remember that even though your executive committee may be granted special powers in the **bylaws**, the full board should always validate decisions in its next meeting.

Do boards need personnel committees?

By no means do all nonprofit boards need personnel or **human resources** committees. Probably the most useful time to consider establishing one is when your organization is **moving from an all-volunteer organization to one hiring paid staff**. A personnel committee can be involved in the creation of appropriate policies and procedures before permanent staff takes over and handles all personnel issues.

In a more established organization, it is important for the board not to get involved in management issues. If the chief executive requests the board's advice on a serious personnel matter, or the board needs to react to a problem affecting the chief executive, it can engage the executive committee or a special task force created specifically to handle the situation. If the board does have a personnel committee, naturally it will deal with major personnel concerns that affect the chief executive and that may have further implications for the entire organization. The chief executive is responsible for managing the staff.

What are some of the common problems with advisory

groups that assist nonprofit boards?

Dysfunctional **advisory groups** need to distinguish symptoms from underlying causes. Many structural obstacles can prevent these groups from reaching their potential. Here are some problems that would need attention:

- Lack of clarity in purpose, role, or scope
- Unclear expectations of individual members
- Haphazard selection process
- Underutilization of council members
- Overstepping advisory role
- Outliving the group's purpose

Can staff perform the board secretary's role?

It is a growing practice to designate a staff member to carry out the secretary's tasks, many of which are administrative in nature and can easily be handled in the office. Having a staff member take the meeting minutes allows each board member to engage fully in discussion. It makes sense for the staff to compile and store the organizational documents, copies of board handbooks, minutes of each meeting, and policy manuals. Staff plays an integral part in the creation of these documents, and the office is a safe and logical home for them.

Chief executives often name a board-staff liaison whose duties would include taking minutes and safeguarding documents. Board members retain responsibility to review and approve the minutes.

Should the board participate in hiring senior staff? —

At some point, most boards confront the need to **hire a chief executive** for the organization. Naturally, they want to find the best possible individual to run the operations, take care of the management tasks, and supervise additional staff. By delegating the management of the organization to the chief executive, the board can concentrate on its own governance duties.

The chief executive is the only staff member under the direct supervision of the board. A skilled chief executive finds other capable staff members with whom to share the workload. When planning the expansion of staff capacity, a savvy chief executive does not totally exclude the board from the discussion, but may seek feedback from experienced board members on the roles of key senior staff. After the hiring process, the main thing the board should pay attention to is the outcome of staff work — the productive performance of the organization.

Should we allow our board members to take sabbaticals? —

Some boards have **sabbatical policies** for special occasions. These policies need to be studied carefully to avoid any legal challenges. Policies allowing automatic sabbaticals for board members are probably not a good idea. Before you elect a candidate to join your board, you most likely have talked about commitment, expectations, and term limits. There should be an explicit understanding that a board member will stay involved and active during their term.

If it is necessary for unexpected reasons to allow a board member to take a leave of absence, it is a good idea to make a written record of it. This will help clarify the liabilities of the board member for the period. Usually, a sabbatical means that the

board member is not participating in any activities and does not attend meetings during that period of time. In addition to personal liability issues, sabbatical absence has implications for determining your quorum.

Check with a nonprofit lawyer before you adopt a policy — but first find good justifications for having a policy in the first place.

How do we choose the best consultant for our nonprofit board?

The boards of nonprofit organizations typically use consultants in some of the following areas: fundraising, board orientation and board development, strategic planning, executive search, facility planning, membership promotion, public relations, and special events. Consultants can play different roles. Sometimes they serve as advisors, analyzing situations, diagnosing problems, and proposing but not implementing solutions. A strategic planning consultant would be in this category. Other consultants perform particular tasks, such as coordinating a search for a chief executive or presenting a board development workshop. Depending on your needs, you may contract with an individual or a firm.

In addition to providing services, consultants offer an important side benefit: Their objective perspective on the organization can be stimulating for board and staff.

What are the steps in choosing a consultant?

- Identify the scope of the project and confirm the need for a consultant.
- Outline the tasks you want the consultant to perform.
- Prepare a written description of the project scope and timetable.
- [Search for potential consultants. Browse the BoardSource Consultant Directory.](#)

- Request proposals from individuals or firms.
- Evaluate the proposals and check references of previous clients.
- Choose a consultant and enter into a written agreement.

How should we begin?

Begin with a clear understanding of what you want the consultant to accomplish.

Relationships with consultants often fail because the goals of the project were not determined in advance and communicated clearly to the consultant. Put your goals in writing, and give this description to the consultants from whom you request proposals.

Where can we find a consultant?

Word of mouth is the best source. Ask other organizations for the names of consultants who have worked with them. You may find one consultant who is clearly the best person for the job. But depending on the project and the organization's procedures, you may want to interview several before making a choice. In either case, do not select a consultant without asking two or three previous clients for an honest assessment of the consultant's work.

What qualifications should we look for?

A consultant should have qualities similar to those you would expect of a professional staff member.

- Knowledge in the subject area of the project.
- Experience with projects similar to yours.
- A respected track record with other clients.
- A working style that fits well with your organization.

What criteria should we use when evaluating proposals?

Balance the importance of experience and quality with your budgetary needs.

Questions to consider include the following:

- Does the consultant have the appropriate experience and qualifications?
- Does they understand the goals of the project?
- Can they complete the project on time and within budget?
- Does they ask creative questions about the organization and the project?
- Do previous clients give favorable reports on their working relationships with the consultant?

What should be included in a contract or letter of agreement?

Written agreement with a consultant can be prepared by either party. It is sometimes helpful to have an attorney review the agreement. The agreement should

- describe the scope of the project
- outline the tasks involved
- describe the reporting system
- specify the nature of the final product (written report, oral presentation, a combination)
- set the timetable
- establish the fee and payment schedule

How can we promote a successful working relationship with a consultant?

Clarity, candor, and mutual respect contribute to a smooth partnership between the organization and the consultant. On the organization's side, the elements of a good relationship include

- clear expectations stated before the project begins
- adherence to the terms in the agreement
- a well-defined reporting system, usually stipulating that the consultant works through the chief executive

- open communication in person and by telephone, including checkpoints for measuring progress such as interim reports or regular meetings
- follow up at the end of the project to let the consultant know the impact of his or her work on the organization

Should board members serve as paid consultants to the organization?

The professional expertise that board members contribute to an organization is an important part of board service. **Hiring board members as paid consultants**, however, can raise the potential for conflict of interest. Board members can put their professional knowledge and skills to the best use by helping the organization choose the best consultants from the fields with which they are familiar.

What can we do to prevent conflict-of-interest situations? —

Self-monitoring is the best preventative measure. Institute a system of checks and balances to circumvent **actual or potential conflict of interest**, beginning with **well-defined operating policies** on all matters that might lead to conflict.

Most important, create a carefully written conflict-of-interest policy based on the needs and circumstances of the organization. Ask each board and staff member to agree in writing to uphold the policy. A conflict-of-interest policy should be reviewed regularly as part of **board self-assessment**.

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101 Resource | Last updated: December 30, 2019

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