BoardSource®

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 and transparent organization?

Accountability and transparency are paramount for nonprofit organizations. To make yours more of both, consider the following:

- Post your Form 990s on your website or find other ways to make it readily 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.
- Honor your organizational documents, including bylaws.
- Embrace inclusiveness.

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

The chair and chief executive roles support, consult, and complement each other. Both have their own responsibilities and share power in their mutual pursuit of advancing the organization's mission and collective purpose.

To make this happen, they must communicate openly and regularly. This helps to prevent miscommunication and allows both leaders to be aware of each other's roles and frames. It is incumbent on both parties to cultivate a working relationship. The chief executive is the leader of the staff, and the chair is the leader of the board.

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. If your board uses a parliamentary system, such as Robert's Rules of Order, board decisions are based on majority rule, which results in compromises and occasionally dissenting opinions. However, consensus building and healthy debate are ways to improve governance, build trust, improve deliberation, and inform 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. It is incumbent individual board members present a united front to the outside world.

Should we have board member expectations?

Many boards craft board member agreements or expectations 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 agreements may define expectations for personal giving, serving on committees or task forces, meeting attendance obligations, and other activities in which every board member is expected to participate.

The purpose of these agreements is to remind board members of what serving on the board means. The contracts are not considered 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 for board service.

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

An emeritus director is usually a former board member who is invited to continue to serve 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. Some organizations grant former board chairs this title automatically.

An "honorary" director may have a similar status but more often is a distinguished outsider whose affiliation the organization welcomes.

Recognition and appreciation for board service is important, and there are other options to honor service or commitment outside of an honorary title or non-voting opportunity. 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.

It is important to find a method that seems equitable. Pre-established criteria allow for an impartial selection process. Of course, a nominee must be committed to continuing service when his or her term expires. Many board members are happy to retire or 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: Averages are not a recommended norm.

In most states, the laws dictate the minimum size for nonprofit boards, which is usually three members; 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, consider what your board needs to accomplish. Optimal board size may vary according to its goals, 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 prevent stagnation and provides the board with opportunities for renewal. Each board should establish its own system for determining terms and term limits, as defined 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.

Term limits allow a regular infusion of fresh ideas and new perspectives as well as the ability to adjust composition and skill set as the organization's needs and goals evolve. Boards are also more easily able to rotate off passive, ineffective or difficult board members. Limits help boards avoid tiredness, boredom, and loss of commitment and the loss of connection to the constituency due to a change in demographics or environmental factors.

Disadvantages include having to say goodbye to long-serving, effective board members and the loss of expertise and organizational memory. It also requires boards to spend more time on recruitment and orientation.

For more information, please see https://boardsource.org/resources/term-limits/.

Should outsiders serve on nonprofit board committees? –

It is rare that a board 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 board's work. It is also a great way to build the bench of a board and provide a pool for future board leadership. 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.

Non-board members on committees is an excellent way to engage community leaders yet also has the potential to perpetuate inequity if the path to board leadership is never opened.

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 can never be allowed to replace or usurp the full board.

Regularly relying on the executive committee to make decisions may alienate or designate other board members. It is important to remember that even though your executive committee may be granted special powers in the bylaws, the entire board still must fulfil its role.

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 that the board not 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. The chief executive is responsible for managing the staff.

What are some of the common problems with advisory groups that assist nonprofit boards?

The most common issue affecting the success of advisory groups is a lack of clarity in purpose, role, or scope. Additional issues may include unclear expectations of individual members, and a haphazard selection process.

Follow these steps to enhance your advisory council's success.

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 may name a board-staff liaison whose duties include taking minutes and safeguarding documents. The secretary of the board retains the responsibility to fulfill their role as outlined in the bylaws as does the full board, including ensuring the accuracy of the minutes and approving the minutes.

Should the board participate in hiring senior staff?

The chief executive is the only staff member under the direct supervision of the board. The chief executive may seek feedback from experienced board members on the roles of key senior staff or input in hiring decisions yet retain the authority for hiring decisions.

Should we allow our board members to take sabbaticals or a leave of absence?

Some boards have sabbatical policies for special occasions. These policies need to be studied carefully to avoid any legal challenges. 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 leave means that the board member is not participating in any activities and does not attend meetings during that period. In addition to personal liability issues for the member, prolonged absence has implications for reaching a quorum for the board.

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, or 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.

Please see the coaching and consulting FAQs for more information.

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 a board member as a paid consultant is likely to be viewed as a conflict of interest and possibly in violation of your state's duty of loyalty. 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 or providing the needed service pro bono, when possible.

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 policies on all matters that might lead to conflict.

Ask each board and staff member to agree in writing to uphold the policy and complete a form each year disclosing any conflicts or affirming there are none. A conflict-of-interest policy should be reviewed regularly as part of board self-assessment.

Other Topics:

Board Meetings FAQs

Board Responsibilities and Structures FAQs

Financial Issues FAQs

Legal and Compliance Issues FAQs

Fundraising FAQs

Starting a Nonprofit

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Resources: Building the Governance Partnership: The Chief Executive's Guide to Getting the Best from the Board; Meeting, and Exceeding Expectations: A Guide to Successful Nonprofit Board Meetings; Nonprofit Board Committees; Taming the Troublesome Board Member; Ten Basic Responsibilities of Nonprofit Boards; The Nonprofit Policy Sampler; Structures and Practices of Nonprofit Boards; The Source: Twelve Principles of Governance That Power Exceptional Boards