Boardroom Bearings

Navigating to Board Excellence

Centerpoint Institute

August 20, 2015

Continuing: Series on Strategic Planning

Readers of this newsletter are familiar with its structure: a) one or two feature articles, usually in a series on a particular topic such as the recent series on board responsibilities; b) short articles on a variety of topics that link to further reading; and c) a "Question of the Month."

With this issue, we continue the series on strategic planning - one of the key responsibilities of nonprofit boards.

Past newsletters are available here.

Image courtesy of Stuart Miles at FreeDigitalPhotos.net

It Starts with Mission

Strategic planning processes nearly always begin with a review of the mission statement.While it is true that mission statements should not be changed to accommodate every change in the direction of the wind, sometimes updates are needed.

People serve on an organization's board of directors because they have a passion for the group's mission - the work that the organization does. But they often lose touch with the WORDS in the mission statement and the meaning of the words. A thoughtful review enables everyone to re-connect with and re-commit to the mission.

Since a mission statement is the primary and most frequently used communication vehicle a nonprofit has, the statement needs to concise, easily understood, and up-to-date. The beginning of a strategic planning process is the ideal time for a review.

In This Issue

Criteria for Mission Statements

Here is a short list of criteria for mission statements.
See if yours stacks up.

1. The mission statement uses bold, clear, and memorable language. It is understandable to everyone - especially to people who are unfamiliar with the organization.
2. The mission statement is brief enough for most people to keep it in mind (25-30 words or less).

3. At a minimum, the mission statement combines a "Why" statement with a "What" statement:
    - "Why" the organization exists - its overriding purpose;
    - "What" need the organization is attempting to fill, but is not a laundry list of what products or services are offered.
4. The mission statement is broad enough to allow flexibility in implementation but not broad enough to permit a lack of focus.
5. The mission statement serves as a guide for decision-making. When some new initiative is being considered, the question "Does this new idea fit within our mission?" should always be asked.
6. The mission statement inspires people to act, give, join, serve, and learn more. It serves as an energy source and rallying point for the organization.

Below is an excellent example of combining the "why" and the "what" in a powerful way. It is from an organization that works with people who have sustained injuries to their hands. See if you can identify the "why" and the "what" portions of the statement and then do the same with your organization's statement:

> Next to the human face, hands are our most expressive feature. We talk with them. We work with them. We play with them. We comfort and love with them. An injury to the hand affects a person professionally and personally. At XYZ Organization, we give people back the use or their hands.

The Difference between Mission and Vision

Plain and simple:

- To have a mission is to have a purpose.
- To have a vision is to have a direction.

When NOT to Engage in Strategic Planning


Image courtesy of phanlop88 at FreeDigitalPhotos.net.

In spite of what we wrote in the July "Question of the Month" column about the best strategic plan cycle, there are times when it makes sense NOT to engage in planning. Here are a few of those times:

- When the organization is already struggling with problems such as unanticipated deficits, failure to reach fundraising goals, board disputes, or executive management issues. In these cases, avoid using strategic planning to resolve problems that are best managed through short-term planning tools, consensus building exercises, or conflict resolution activities.
- When the board is unwilling to devote more than a day to the planning process. Developing a reasonably robust plan requires more than a single meeting of the board. It takes time for a group of individuals - any group of individuals - to gather information, consider the relevant facts, and develop a strategic direction that makes sense for the organization.
- When the board expects the staff to develop the plan. Strategic planning is not a staff meeting convened for the purpose of setting goals. When done well, strategic plans articulate desired outcomes that often trigger new and/or improved core policies

and practices. Staff input is critical to the process, but staff alone cannot and should not be expected to establish the strategic direction of the organization.

- When the organization is experiencing trauma. An organization may well encounter legitimate circumstances that warrant canceling - or at least postponing - a strategic planning process. A strategic plan will not alleviate the turmoil associated with the firing of an executive, the loss of an important volunteer leader, or the deepening of a financial crisis.
- When the prospects for developing a sound plan are slight. A strong personality on a board or executive management team who makes it clear that he/she wants to use the planning process to install an agenda featuring a favorite but unneeded program, project, or facility will almost always doom the process to failure. In such cases, the organization is better served by postponing the strategic planning exercise until a resolution of the issue in dispute has been achieved.
- When there is little chance that the plan will be implemented. Successful planning requires the commitment of stakeholders not only to the process, but to the implementation, evaluation, and adjustment of the plan.
- Finally, and most importantly, do not engage in strategic planning if key stakeholders are unwilling to commit time, money, and effort to the venture. Without such an investment, planning is a useless activity.

A Headline that Captures the Attention:
Valuable Free Real Estate Available at GuideStar: Ignore at Your Own Risk

According to Wikipedia, "GuideStar USA, Inc. is an information service specializing in reporting on U.S. nonprofit companies. In 2010, their database contained over 5 million IRS Forms 990 on 1.9 million organizations."

Image courtesy of Stuart Miles at FreeDigitalPhotos.net.

Is yours one of them? If not, why not? If so, have you taken advantage of the FREE "...space GuideStar offers to nonprofits to explain their programs, clarify information in their 990s, and otherwise inform potential donors (and others who may be interested...)"? If you want to take charge of your organization's online identity, increase funding, and save time with grant applications, get going today with your GuideStar Profile by reading this article.

The article paints this scenario: "Let's imagine that a deep-pocket donor hears something truly fabulous (and well deserved) about your after-school program. Not only did that donor grow up in the area and have an attachment to it, she is also deeply concerned about the new generation of children growing up in the neighborhood and facing twenty-first century challenges. She decides on a whim to look you up on GuideStar. What does she find?

"If you are lucky, she finds up-to-date financials-and by up to date, we mean less than three years old. The financials, however, contain some unexplained quirks. Perhaps one year the operation looks flush and the next it looks like it is losing money hand over fist. Nowhere are these quirks explained, because your Form 990 is up there all by its lonesome. She could do some further research, but if you can't be bothered to place your information on the most widely used resource for information about U.S. nonprofits, then why should she go looking for it?"

You can use the GuideStar Nonprofit Profile to tell your story! The article includes the following useful sections:

The Limitations of Depending on Your 990 to Tell Your Story

What Makes Up the GuideStar Nonprofit Profile?
Why Update Your Nonprofit Profile on GuideStar?
How to Update your GuideStar Nonprofit Profile (five easy steps!)

Conflict of Interest - In Depth


Image from the NPQ article.

Even if you think you know about conflict of interest, this article is worth reading. Now You See It, Now you Dont: Conflict of Interest Demands More than Just a Policy provides an in-depth look and many real-life examples. Consider using the examples for a board training session on conflict of interest.

Learn about the Peer Standards Test, Smell Test, Reasonable Person Test, and the Best Interests Test. The article includes basic conflict of interest guidelines and suggestions for managing conflict of interest.

Question of the Month

Q: Meeting after meeting, our board barely meets our quorum requirement (50%). We never have full attendance. What can we do?

A: Develop and enforce a board meeting attendance policy - that is, how many meetings a person can miss before they are either asked to step down or are voted off the board. This policy should address the number of consecutive meetings missed as well as the overall number of meetings missed per year. Missing several consecutive meetings is bad, but so is an every-other-month pattern. If a board meets 12 times a year, missing more than ANY three meetings should automatically trigger a serious conversation between the board chair or governance committee chair and the non-attending board member.

Establish the board meeting schedule for the entire year and encourage members to enter the dates in their personal and work calendars. Include dates for retreats, training, and events.

Institute a "board agreement" that all board members are asked to sign annually. Provisions in the agreement should include attendance expectations and service on a committee or task force along with other expectations such as fundraising.

When individuals are being considered for board service - BEFORE they are asked to stand for election - make sure they understand that board attendance is essential. Give them the board calendar and ask if they can commit to attendance. Do not nominate them if their attendance is likely to be poor. Suggest an alternative, such as service on a committee or task group.

Assign a staff member or governance committee member to make reminder-phone-calls a few days in advance of each meeting.

Send the board meeting packet a week in advance (agenda, minutes, reports, etc.).

Use an attendance chart with board member names in the first column and meeting dates across the top of the first row. Circulate the chart at each meeting, asking members to record their attendance. In fairly short order, an attendance pattern will emerge. Governance committee can then step in to make contact with those who are not attending meetings regularly.

Following the board meeting, the governance committee chair should contact all absent board members to let them know they were missed, give the meeting highlights, and specify future meeting dates.

Assess the meeting culture and make needed changes. If people feel that they aren't heard, their contributions are dismissed, or they don't have a role, they stop attending. Sometimes the chief executive is too strong or the board chair is a poor facilitator. Perhaps there is too much conflict among board members. In some cases, an outside facilitator may be needed to help turn things around.

Please remember: You are invited to submit questions by emailing them to kdw@centerpointinstitute.com. And if you have a troubling governance issue and need someone to talk with, confidentially, call 815-545-1300 or send an email.

Boardroom Bearings...

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