

# Boardroom Bearings

Navigating to Board Excellence

February 11, 2016



## Free Stuff!

Increase your nonprofit know-how with this month's freebies: a webinar on dashboards and a toolkit on diversity!

If you like predictions and trends, two other articles will grab your attention.

Also learn what to do about non-participating board members.



Image courtesy of Stuart Miles at FreeDigitalPhotos.net

## FREE Non Profit Quarterly webinar on dashboards

You have probably heard of organizational dashboards, but haven't had time to create one. Or maybe you don't know where to start or what to measure.

Well, here's a terrific, FREE learning opportunity: a 1.5 hour webinar on how to construct a dashboard for your organization.



Image courtesy of zirconicusso at FreeDigitalPhotos.net

An organizational dashboard is like the dashboard in a car. The car's dashboard gives the driver up-to-date information about key indicators: fuel supply, speed, mileage, etc. An organizational dashboard provides trending

information about key performance indicators - indicators that are unique to each organization and are likely to be related to money, programs, volunteers, members, fund development, strategic initiatives and even the board itself.

The webinar is set for February 17, 2016, 1:00 - 2:30 CST. [Read about it here and click on the registration link.](#) Consider urging others in your organization - board and staff - to attend!

## FREE Diversity Toolkit from BoardSource

Recently I met with the executive director of a local nonprofit. In the course of the conversation, he mentioned that many of the organization's board members also sit on three or four other boards in town. He said that there seemed to be a limited pool of community leaders who cycle among organizations, leaving little room for new thinking.

Unfortunately, when it's time to bring on new members, many boards just look within their friendship circles and end up with a boardroom populated by people who are of a certain age,

## In This Issue

[FREE Webinar on Dashboards](#)

[FREE Diversity Toolkit](#)

[If you want Innovation...](#)

[Predictions](#)

[Online Giving in 2015](#)

[Question of the Month](#)

race, gender, or economic status. This nominating method is ill-advised because choosing board members is a strategic decision with powerful implications for the future effectiveness of the board.

When everyone in a group shares a particular world-view or common set of experiences, it runs the risk of nearsightedness. And this myopia can result in poor decisions. Varied backgrounds and different life experiences among board members add to the power of the board to innovate and guide the organization successfully.

If you are personally committed to diversity but need help moving the board in that direction, get **BoardSource's FREE Diversity in Action toolkit**. It is a downloadable PDF that "...contains 19 tools designed to help your board increase its diversity and adopt the inclusive policies and practices that will create the culture needed to sustain your organization's commitment to diversity. ... case studies, sample policies and guidelines, and an action plan that will equip you for the challenging but doable task of ensuring that your board members represent diverse points of view."



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It is [available here](#) - just register as a non-member. If you prefer to download it from the Centerpoint website, you can find it, [listed alphabetically here](#).

## If you want Innovation you need Diversity

Scott E. Page, author of [The Difference: How the Power of Diversity Creates Better Groups, Teams, Schools, and Societies](#), wrote, "Most people believe that innovation requires smarter people, better ideas. That premise, though intuitive, omits what may be the most powerful but least understood force for innovation: Diversity. Diversity usually calls to mind differences in race, gender, ethnicity, physical capabilities, and sexual orientation-social or political differences that at first glance have little to do with innovation. Yet the key to innovation... resides inside the heads of people, the more diverse the better. That link may not be immediately apparent, yet any understanding of innovation's role in growth must focus on diversity as well as ability.



Image courtesy of Stuart Miles at FreeDigitalPhotos.net

"...Innovation provides the seeds for economic growth, and for that innovation to happen depends as much on collective difference as on aggregate ability. If people think alike then no matter how smart they are, they most likely will get stuck at the same locally optimal solutions. Finding new and better solutions, innovating, requires thinking differently. That's why diversity powers innovation."

According to research, diversity positively affects group outcomes, innovation, and performance. A [study](#) conducted by faculty at Northwestern University's Kellogg School of Management found "diverse groups outperformed

more homogeneous groups not because of an influx of new ideas, but because diversity triggered more careful information processing that is absent in homogeneous groups."

Even though we may know diversity leads to innovation, deep-seated tribal instincts lead us to prefer being with other people "like ourselves." All organizations will gain a competitive advantage when they cultivate and appreciate differences.

## A Plethora of Predictions, Digested

As I monitored the nonprofit media in January, a couple articles offering predictions for 2016 caught my eye. They were not specific to nonprofit governance, which is the focus of this newsletter, but I couldn't stop wondering what the discussion would be like if readers took just a small portion of their next board meeting to talk about predictions:

- What trends are we noticing? Locally, regionally, nationally, internationally?
- What do they mean for us?
- What are we doing to be ready?



Image courtesy of Stuart Miles at FreeDigitalPhotos.net

Links to the predictions-pieces are provided at the end of this article. Here are a few of the predictions that cropped up on more than one list:

- \* **Growing emphasis on impact reporting and impact investing;** organizations must articulate results and outcomes, not just outputs; more use of data visualization and graphics; stories of the difference a nonprofit makes.
- \* **Governmental attempts at all levels to increase revenues at the expense of nonprofits:** taxes, fees, PILOTS, challenges to property tax exemptions, and more ([PILOT = payments in lieu of taxes](#)).
- \* **More use of social media:** organizations capitalizing on hashtags in new, proactive and creative ways; content marketing.
- \* **Intrapreneurship;** nonprofits finding new ways to create revenue; innovation-focused staff.
- \* **Increased use of PRIs ([program related investments](#))** on the part of foundations; making a positive financial return to the foundation and enhancing impact.
- \* **Crowdfunding:** smaller donors raising billions of dollars.
- \* **Giving incentives:** some states are creating new incentives (Colorado, Indiana, Connecticut, Minnesota) while others have attempted to limit charitable giving incentives (Hawaii, Kansas, Maine, North Carolina, Vermont).

Sources:

- [2015-2016: The Years in P-Review](#)
- [5 Nonprofit Predictions for 2016](#)

## Online Giving in 2015

For readers who follow trends in fund development, [here is data dashboard](#) (there's that word again!) from Network for Good that shows online giving trends: when donors gave the most, how often and how much they gave, popular causes, and online giving by region.



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## Question of the Month



**Q: We have a couple of board members who miss a lot of meetings. What should we do?**

**A:**

At the front end, governance committee should be working effectively to recruit new board members who: are dedicated to the organization's mission; bring needed skills, experience, and contacts; and are willing to devote time and energy to the work of the board. But in spite of all their good efforts, it seems that a couple of board members fail to participate.

Governance committee needs to have a procedure for finding a gracious way to move these non-participating directors off the board. Here are some suggestions:

**Stay in Touch:** Make it someone's responsibility after each meeting to contact each absent director to let them know they were missed and to give them a short summary of the meeting. The job most logically falls to the governance committee chair, but can also be assigned to the president or vice-president. This strategy lets people know they were missed and that their participation is important.

**Ask questions:** For chronic absenteeism, the person making the phone call might be able to gain insight regarding the absentees' reason(s) for missing meetings. Have they lost interest? Have work or family responsibilities taken priority over board participation? Is health a problem? Or transportation? Hopefully, the person is not serving on two or three other boards and dividing their time accordingly! In some cases, the person making the call might suggest that the absentee director consider resigning until such time that they are able to come back onto the board.

**Have term limits:** Term limits establish the end-point for everyone's board service. When a director's term is up, meeting attendance and participation must be evaluated before he/she is re-nominated for another term.

**Have an attendance policy:** Some organizations have an attendance policy that says board members' terms are automatically terminated when they have missed a certain number of consecutive board meetings. This policy is good -- as far as it goes -- but what do you do with someone who misses a lot of board meetings but not consecutively? An additional provision that establishes a percentage of missed board meetings is useful - such as "The board term of any director who misses 25% of board meetings in a 12-month period shall be terminated." Attendance policies should include a) a provision for the absent person to be notified that their service on the board is being terminated and offer them a chance to request reconsideration and b) a provision for board discussion and decision in case there are extenuating circumstances.

**Have an annual affirmation statement:** At the beginning of a director's term on the board, many organizations use a "contract" or statement of agreement to serve on the board. These agreements, signed by the board member, spell out the expectations for meeting attendance, committee participation, financial contributions, acceptance of the conflict of interest policy, etc. The same agreement can be used annually as a way to re-emphasize the board member's responsibilities. The annual signing offers a graceful way for individuals to say, "I'm sorry, but things have changed for me and I am no longer able to carry out these responsibilities."

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**Please remember:** You are invited to submit questions by emailing them to [kdw@centerpointinstitute.com](mailto:kdw@centerpointinstitute.com). And if you have a troubling governance issue and need someone to talk with, confidentially, at no charge, call 815-545-1300 or send an email.

## Boardroom Bearings...

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