Nobody Can Deny Governance Efficiency
Bob Harris, CAE

Associations periodically undertake a governance review. An assessment of the governing documents, structure and processes with the intent of making recommendations for improvement.

The committee to which the review has been delegated is seldom excited. The process seems tedious. Reading bylaws, updating organizational charts, reviewing board composition and governance practices is time consuming.

The review may trample on established turf. For instance, if there is a suggestion to eliminate a house of delegates, or downsize the committees, landmines may go off and politics arise.

Will ex-officio directors be upset if you suggest removing them? What about recommending the board be a different size? Should term limits be adopted?

It is common for stakeholders fear a lack of transparency. Elders may suggest leaving well-enough alone, “It’s worked for 20 years, why make changes now?"

Focus on Efficiency

Start by emphasizing that a governance review is about efficiency and positioning the organization for the future. Too many associations have cluttered structures and outdated bylaws.

The charge to the committee can be daunting. “Where do we start? Who wants to edit bylaws, interview past presidents, conduct an environmental scan, or evaluate the board’s performance? How will our recommendations be received?”

The assignment to the committee must be perfectly clear. It can be broadly or narrowly focused. For example, “review *everything* regarding governance” or “consider only the composition of the board of directors and our policy manual.” Encourage the committee to stay within its assigned scope, avoiding mission creep.

**Sample Committee Charge:** “The governance efficiency review committee is charged with studying the organization STRUCTURE, BYLAWS and BOARD COMPOSITION, making recommendations for improvements in governance over the next 3 years in those specific areas.”
When it comes to making changes, anticipate there will be resistance. It is not about personalities or specific seats and people. Not everybody will agree.

The committee’s recommendations should include rationale. Be ready to sacrifice a few ideas. If six recommendations are offered, maybe only four will be adopted.

Don’t make wholesale changes. Phase in proposals. For example, the bylaws may take a year to amend. Reducing the board may occur naturally as some directors retire and their seats are not replaced. Implementation can take time and be spread over multiple terms.

Mission, Vision and Values Statements

All organizations have a statement of purpose or mission. The mission may be supplemented by vision and values statements to best position and distinguish the organization.

- The mission is inspiring and easy to understand; ambiguity has been removed.
- Briefer is usually better. It can fit be Tweeted or printed on a business card.
- The mission is visible at all meetings, driving board and committee decisions.
- A longer-term visionary statement of desired outcomes can supplement the mission.
- Values or guiding principles of the board help directors make decisions for the association, for example, transparency, accountability, respect.
- Check that the mission is accurate as filed on IRS Form 990 (public record.)

Governing Documents

The hierarchy of governing documents includes bylaws, articles of incorporation and policies. Each has a unique purpose and authority.

- Governing documents are in good order and accessible to the board for carrying out their duties.
- Bylaws may be cluttered with unnecessary details and policies that belong elsewhere (i.e. “the annual meeting shall be held on the third Thursday of the first month.”)
- Articles of incorporation are related to state corporate law. Be certain they are current after state Legislative Sessions when amendments may occur.
- Policies are the wisdom of prior boards to guide decisions by current and future leaders. Be sure policies reflect the IRS policy queries on Form 990.
- Combine all policies in a single document with a table of contents for easy reference. Associations average 40 to 60 policies; many linked to IRS Form 990.
- Amendments to governing documents are reported to the IRS with Form 990.
- Consider legal counsel when amending governing documents.
Strategic Plan

The strategic plan is the roadmap, keeping directors and committees on track. Without a plan successive officers may change the priorities to fit their interests.

- Plan spans 3 to 5 years; and is reviewed at least annually for progress.
- A plan champion monitors and reports on developments.
- Brief is most often better; the plan is in a format that directors can easily reference.
- Members and stakeholders are aware of the plan.
- The plan frames nearly all discussions of the leadership and committees.
- Budgetary resources and committees are aligned with the strategic goals and priorities.

Board of Directors

The board is the governing body. Directors serve as trustees of the corporation.

- Board size and meeting frequency are efficient and effective for desired results.
- Composition is appropriate, considering ex-officio members, proxies and alternatives.
- Skillset include directors experienced in finances, advocacy, marketing, and other association needs.
- There is balance between authority and roles of the board and Executive Committee.
- There is continuous development of future leaders.
- An annual orientation is provided with access to key governing documents; directors understand their role in advancing the mission and strategic plan, protecting assets and serving members.
- Directors understand their fiduciary duties as trustees (obedience, loyalty, care.)
- Technology supports board functions (i.e. on-line board portal, collaboration, and links to consent agenda.)
- A culture of respect, trust and accountability is promoted.
- On-going learning opportunities are provided for volunteers.

Committees

Committees supplement the work of the board and staff. The trend is fewer standing committees, more task forces and reliance on staff.

- Each committee has a statement of purpose to frame its efforts.
- All committees are aligned with elements of the strategic plan.
- Merge, eliminate or enhance committees as needed.
- Committees are assigned precise tasks and performance measures; and held accountable for results.
- Committee chairs are included in orientation to understand their authority, limitations and resources.
- Committees are encouraged to collaborate to avoid working in silos.
- Board members and/or staff liaisons serve as advisors to committees.
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- Types of committees are distinguished, i.e. special interest groups, councils, task forces, etc.

**Board Meeting Practices**

Board meetings are convened for the purpose of governance. Minutes reflect significant outcomes at each meeting.

- Directors come prepared for meetings; they are accountable for commitments.
- Mission and strategic plan are primary drivers of board discussions and decisions.
- Agenda is developed and crafted collaboratively between chief elected officer and executive director.
- Meetings are called only as needed, for purpose of governing.
- Rules of order are used to advance the agenda.
- Room set up is conducive to discussion and desired outcomes; with minimal interruptions.
- Minutes reflect significant outcomes tied to mission and goals. Generally, brief is better; minutes are not a newsletter.
- If guests attend, they understand they are to adhere to the same protocols as the directors.
- IRS Form 990 is viewed by the board annually.
- Board understands liability insurance, volunteer immunity and indemnification.
- Board conducts an annual self-evaluation of effectiveness, structure and processes.

**Leadership Development**

There are be continuous processes to identify future leaders. The least effective method is being “voluntold.”

- Year-round efforts exist to identify future leaders.
- Young professionals and emerging leaders take on volunteer roles.
- Desired qualifications and characteristics are identified and sought for a well-rounded board.
- Effective nomination process is in place to tap future leaders.
- Bylaws include effective term limits and succession.

**Professional Staff**

Staff are responsible for management, while directors have responsibility for governance. It takes a partnership to be effective.

- Board does not micromanage staff.
- Staff are respected and celebrated for their achievements and expertise in nonprofit management.
- Compensation reflects experience, responsibilities and external influences.
- Professional development opportunities are provided.
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- As needs and opportunities arise, resources are allocated for additional staffing and support. (Making best use of savings reserves.)
- IRS Form 990 question is answered favorably: “Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?”

In summary, governance reform focused on efficiency should not be denied. Provide rationale and err of the side of transparency. Rely on the legal, accounting and insurance counsel when making changes to governance.

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Note: Bob Harris, CAE, provides free governance tips and templates at www.nonprofitcenter.com