

Should You Join the Board of a Nonprofit?

Know What the Job Demands

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SHOULD YOU JOIN THE BOARD OF A NONPROFIT?

Don't sign on if you are not 100 percent emotionally vested in the mission. Is it a cause dear to your heart? That's important. What's your passion? Animals, the homeless, sick children, libraries? Are the mission statement and the values and activities consistent with your personal values?

Identify the expertise you will

bring to the boardroom. Having passion for the cause a charity supports is a wonderful asset — but as a board member, you should also ask yourself and the charity how you in particular can help move the organization forward.

Are you an attorney? Is the board in need of legal guidance or are there already four other lawyers serving on the board? If the nonprofit plans to move into a new building or introduce a new public-relations campaign, how can you help steer those efforts? Find a place where you're going to fit in, a place that's inclusive to your background and your thoughts, a place where your expertise is needed. What are you going to contribute to the organization that's not already represented?

Know what you are getting into. Familiarize yourself with the organization. Read, at a minimum, the Articles of Incorporation, Bylaws, mission statement, literature about the organization, the last two years of Form 990 tax returns, financial statements for the last two years, and the website. Is the organization operating in the black? Have the tax returns been filed promptly? Has the board complied with other legal aspects such as being approved as a 501(c)(3) organization? Ask questions if there is anything you don't understand.

Make sure you understand the basic legal and organization structure. Is it a corporation? Is it a nonprofit public benefit corporation? Is it tax-exempt? Is it a public charity or a private foundation? Is it controlled by or affiliated with another entity?

Make sure you have a basic understanding of the duties required of you. How many meetings are you required to attend a year? Do you have to travel to these meetings? Can you attend via phone if necessary?

Expect to make a financial contribution. Many nonprofits do require a cash contribution yearly. I don't think many people realize that. You are volunteering your time. Do

you have to donate \$\$ as well? Why should nonprofits require board members to give? It is the best way to ensure that each board member has "skin in the game." Personal giving sets the stage for engaged fundraising by board members.

Experience and research show that personal giving by board members works in at least three ways:

- It is a public declaration that the board member has invested in the nonprofit.

- It indicates that the board member has a commitment to the organization and its mission.

- It encourages other donors to give and impresses institutions that provide grants or other support. Indeed, many major donors and foundations will not support a nonprofit unless the board achieves 100 percent giving.

Finally, make sure you understand the ways in which a director can be protected from liability. Does the board have an E & O (Errors and Omissions) policy in place? The best way for a board member to avoid liability is to do his or her job correctly, understanding that the board is responsible for the governance of the group.

SO YOU JOINED. YOU ARE A LEGIT BOARD MEMBER. NOW WHAT?

Listen and learn before acting. Even if you've been involved with an organization for many years, you'll always be surprised by what you learn as you take on a governance role. That's why it can be helpful to spend some time listening first before proposing new ideas.

"Ask questions at first, instead of making statements." "You'll want to start out by saying, 'Have we thought about this before?' instead of saying, 'You should do this.'"

And also make sure you're keeping your involvement at the right level. "Your job is to govern, not to manage." "It's the board's responsibility to say, 'Hey, this program's not performing at the level we want. We need to sunset it or maybe divert more resources into it.' You're there to think strategically."

Participate. Sure, being on a board looks good on that LinkedIn resume. Shows you are a benevolent member of society. Go to the meetings. Read the newsletters. Participate in the fundraising. Share the postings on Facebook and Instagram. Talk to your friends and co-workers about it.

Master the 3 AAs.

- Be an ambassador. Cultivate those in your circle of influence who would be interested in supporting the programs

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the nonprofit offers. Are you joining the board of the ballet?
GO TO THE BALLET AND TAKE OTHERS WITH YOU!

■ Be an advocate. Represent the organization at public functions — as a speaker or as an attendee. Make phone calls as needed to city or other public officials. Wear the lapel pin; put that bumper sticker on your car.

■ Be an asker. Participate in requests to potential and renewing donors for investment in the organization. Make follow-up calls; generate and sign letters asking for donations. Seek sponsorships for special events — get your friends to buy a table!

Following the 3 AAAs is proven to generate stronger engagement in volunteers, and a true culture of philanthropy emerges.

Board members also play a very significant role by providing guidance to your nonprofit by contributing to the organization's culture, strategic focus, effectiveness, and financial sustainability as well as serving as an ambassador and advocate.

WHAT CAN YOUR NONPROFIT DO TO CREATE A MORE ENGAGED FUNDRAISING BOARD? Research suggests these three actions:

■ Require a minimum donation from board members. The amount is less important than that everyone gives.

■ Set up a development or fundraising committee made up of board members. Involve the group in planning and monitoring fundraising efforts.

■ Give every board member a fundraising task. Particularly important, and something anyone can do, is asking friends and family to donate.

People give because the organization fulfills a need that they are concerned with. It's not about the money. It's about relationships based on shared values.

THE BOARD OF DIRECTORS OF A NONPROFIT HAS THREE PRIMARY LEGAL DUTIES: DUTY OF CARE, DUTY OF LOYALTY, AND DUTY OF OBEDIENCE.

1. Duty of Care: Take care of the nonprofit by ensuring prudent or reasonable use of all assets, including facility, people, and good will. Participate regularly in board meetings.

2. Duty of Loyalty: Ensure that the nonprofit's activities and transactions are, first and foremost, advancing its mission. Recognize and disclose conflicts of interest. Make decisions that are in the best interest of the nonprofit organization, not in the best interest of the individual board member (or any other individual or for-profit entity). In the event there is a conflict of interest between you and the nonprofit, you must comply with Tennessee law in resolving this conflict. Actions that benefit you at the expense of the nonprofit are a breach of your fiduciary duty.

3. Duty of Good Faith: Ensure that the nonprofit obeys applicable laws and regulations, follows its own bylaws, and adheres to its stated purposes/mission. It also means that you must act in good faith and be fair in your dealings with the organization. You cannot take advantage of the organization and its resources for personal gain. Requiring a Conflict of Interest statement that each board member must agree to and sign can help organizations fend off attempts at hijacking the organization for personal gain.

IF PROBLEMS ARISE, SHOULD YOU LEAVE THE BOARD? The functionality and health of the board or directors is a direct reflection of the health of the nonprofit. If a board is dysfunctional, the organization will be dysfunctional. If a board is focused, healthy, and mission-driven, the organization will be the same. If you are dealing with bad board members, it's time to take action. Delaying will only cause the problems to grow. Show unproductive board members the door.

■ First, dysfunctional group dynamics — rivalries, domination of the many by the few, bad communication, and bad chemistry — impede collective deliberation and decision making.

■ Second, too many board members are disengaged. They don't know what's going on in the organization, nor do they demonstrate much desire to find out.

■ Third, and most important, board members are often uncertain of their roles and responsibilities. They can't perform well because they don't know what their job is.

What's the solution? Communication. Be clear from the start on duties and responsibilities; don't just refer them to your website. Hand them a welcome packet of by-laws, policies, procedures, a year of meeting minutes and financial reports, and contact information for other board members.

There are reasons to resign. But don't bail at the first sign of trouble — offer your expertise, look for solutions, ask for advice.

If you are serving on the board more for personal benefit than for public benefit — you should resign.

If you are unable to support the organization when a board action is taken contrary to your vote — you should resign.

If you are not contributing resources — work, wisdom, or wealth or time, talent, and treasure — you should resign.

If you are asked to resign, you should resign.
The board you have is the board you build.



The author chats with Martha Edington at the Annual Meeting.