INSIDE THE BOARDROOM: TEMPLE OF WISDOM or LITTLE SHOP OF HOR-RORS?

Susan Robertson and Eric Hertfelder, Presenters

The volunteer Board of Trustees is the foundation of our “Third Sector,” the extensive system of nonprofit organizations that exert such a large influence in every aspect of our lives in the United States. 1.6 million nonprofits employ 10% of the nation’s workforce (behind only retail and manufacturing) and produce 6% of GDP while marshaling over 8 billion volunteer hours of service annually. Everything from the Girl Scouts to community hospitals to the Metropolitan Museum of Art is run by volunteer nonprofit boards of trustees.

Clearly this is a big deal and important, and there is an extensive literature on nonprofit governance best practices. Yet many board members have difficulty finding time or access, given the volunteer nature of their participation. Consider the following two maxims:

**Good governance is critical to the success of the museum, and**

No matter how professional the staff, the Board must be just as professional

This is our starting point: the long term success of the museum is dependent upon the realization that being a good Trustee of a nonprofit organization requires attention to the unique aspects of nonprofit management and governance. What follows is a description of the five basic responsibilities of nonprofit boards and of the directors that sit on those boards, accompanied by maxims intended to stimulate thinking and discussion. The material is grouped into three broad statements applicable to board members acting as a group, followed by two statements about the responsibilities of board members acting as individuals.

**1. Keepers of the Vision and the Mission**

- Understand founding legal documents establishing the purpose of the corporation
- Determine the mission of the organization
- Develop strategic and business plans to accomplish the mission
- Understand meaning and role of “trustee” acting on behalf of the public and public values
- Define success; define sustainability; revisit often and repeat


The Board that has a compelling vision and mission will inspire all and maintain public support! The Board should represent the interests of the public.

Understand the difference between the Governance and Management roles for the Board and the staff.

Make strategic planning and organizational assessment a frequent occurrence – No long range plans sitting on a shelf! Get professional help when needed.
2. Making it Happen

- Hire/Evaluate/Support the Executive Director – the only employee reporting directly to the Board
- Approve and monitor Annual Work Program
- Approve and monitor Annual Budget and Fundraising Program to provide needed financial resources
- Measure performance in all areas and be alert to changing circumstances (internal or external) posing a threat to the success of the organization – don’t wait for a crisis
- Adapt to changing circumstances with respect to personnel, programs and resources, and media

Trustees set policy and goals – they do not manage the daily grind or staff.

The relationship between the Executive Director and the Board Chair is critical for success. Work on it!

Being in the Red or Black is not related to what the organization is doing well or where program improvements are needed.

The Executive Director bears responsibility for the Board fulfilling its governance role and making it look good, but it is a partnership!

Trustees have an ethical duty and the ultimate financial responsibility to maintain and enhance all aspects of the Museum and its mission.

3. Corporate Governance

- Ensure compliance with all legal, fiscal and ethical requirements and employment policies
- Safeguard organizational assets and ensure financial accountability with transparent recordkeeping and firm financial controls supplemented by an audit by an independent certified public accountant
- Ensure development and updating of Employee and Board manuals, and organizational by-laws
- Risk Management: insurance (including D&O), succession plans for CEO and Board, data security
- Develop working structure for the Board: regular meetings with productive formats, job descriptions, working committees and opportunities for continuing education to keep up with best practices

The Finance and Governance committees are the two most important and should operate 12 months per year. Recruiting good Board members is critical to the survival of the organization.

Organizing productive meetings is hard work: consider consent agendas and other methods to ensure the Board gets to do its job of leading.

Organize management reports to the Board so as to be understandable and meaningful to Board members for the work they need to do – be aware of too much information, or too little or unhelpful information, and the source.

Understand the fine line between the Board’s role and the Executive Director’s role in managing the organization, but don’t be afraid to ask the questions you need to have answered to be responsible to the public.
4. Supporting the Organization in the Community

- Trustees are Ambassadors for and boosters of the organization in the community
- Trustees are also sensitive to community views of and concerns about the organization
- In order to fulfill their roles, Trustees must take the time to be well informed about all aspects of the organization and its programs, its needs and accomplishments
- Trustees should be active in recruiting volunteers and potential board members for the organization

5. Supporting the Organization as an Individual

- Traditional Duties of Care (due diligence), Loyalty (undivided allegiance) and Obedience (adhere to organization’s mission and policies)
- Support the organization financially through individual contributions and participating in fundraising campaigns by identifying potential donors and soliciting contributions
- Support the Executive Director and staff in areas of personal expertise
- Support the organization’s public programs by attending and/or becoming a volunteer
- Commit to continuing education about nonprofit management and best practices –
  Use and participate in NEMA, AAM, AASLH and other professional organizations!!

Nonprofit Management Resources On Line – Thousands of articles!
CompassPoint Nonprofit Services…www.compasspoint.org  BoardSource…www.boardsource.org
Museum Trustee Association…www.mta-hq.org  Creating the Future…www.creatingthefuture.org