

Three Aspects of Governance

Think about these three modes of governance – fiduciary, strategic, and generative – as rungs on a ladder leading to increasing levels of critical thinking. In this analogy, fiduciary governance is foundational thinking, strategic governance is intermediate thinking, and generative governance is advanced critical thinking.

Fiduciary

Fiduciary governance leads the board to ask, “What do we have and how do we use it?” The fiduciary mode fosters accountability and promotes discipline. The work involves facts, figures, financials, and risks.

Strategic

Strategic governance leads the board to ask questions about market positioning and market share; about strategic drivers and priorities; about competition and comparative advantage; and about who the key stakeholders are. A SWOT analysis can be a useful tool in this mode: what are the organization’s Strengths, Weaknesses, Opportunities, and Threats? Strategies are developed by looking at what is going on now, thinking about a desired future, and exploring ways to close the gap between the two.

Generative

Generative governance leads the board to ask the questions that come before the fiduciary and strategic questions such as: Have we framed this issue correctly? How else might we look at this? What else should we consider? Generative thinking can lead to a reconsideration of how the current state may best be understood.

Source: Chait, R., Ryan, W. & Taylor, B. (2005) *Governance as Leadership: Reframing the Work of Nonprofit Boards*.

Board Member Responsibilities | Scenarios

Scenario 1

The board on which you currently serve as a member is full of members with a lot of knowledge and deep experience. In fact, most of the members have served in their roles for over five years as there are no term limits on your board. The board does a great job looking toward the future of the organization, and has effective initiatives put in place to keep the organization thriving financially. It is helpful to have such a wealth of knowledge on this board, but there is a high level of self-importance among members and they refuse to participate in events if they are not speaking or comped their event tickets.

Scenario 2

You currently serve on a cancer research board with an impressive group of board members. Most members have a doctorate level education as well as excellent connections and deep enough pockets with which they are very generous. Planning comes naturally to your board and they are able to develop strategies that avoid issues for the organization. A recent paper published by a board member indicates that a specific type of cancer is most common in women of color. When you mention that you would like to see more diversity on the board to help you serve that community, you are immediately met with comments such as “Too much diversification of our board could lead to a lower give/get.” and “We have an excellent board dynamic, we don’t want to disrupt that just to check the diversity box.”

Scenario 3

The board on which you currently serve is with a great organization that you are very passionate about. They are a newer organization and are putting together a board that can help the young executive director navigate the early phases of developing an organization. As your board works towards strategic planning and growth, you meet frequently to accomplish tasks. One of your board members has deep experience on boards and is a great asset. However, she has limited time to attend meetings and has expressed that she does not intend to give much in the way of monetary resources as she feels her experience contributes enough on this board and she does not want them to become too dependant on her.

Board Responsibilities Worksheet

1. Which responsibility did you see represented most strongly on your board?

2. Which responsibility was most lacking on your board?

3. Which mode of governance most closely resembled the way your board operated?

4. How do you think the responsibilities and mode of governance provided opportunities and led to challenges?

The Board's Primary Responsibilities

1. Determine mission and purposes
2. Select the chief executive
3. Support and evaluate the chief executive
4. Ensure effective planning
5. Monitor and strengthen programs and services
6. Ensure adequate financial resources
7. Protect assets and provide financial oversight
8. Build a competent board
9. Ensure legal and ethical integrity
10. Enhance the organization's public standing

Source: Richard T. Ingram (2008) *Ten Basic Responsibilities of Nonprofit Boards*

Legal Responsibilities of a Board

Duty of Care

The duty of care describes the level of competence that is expected of a board member and is commonly expressed as the duty of “care that an ordinarily prudent person would exercise in a like position and under similar circumstances.” This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.

Duty of Loyalty

The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization.”

Duty of Obedience

The duty of obedience requires board members to be faithful to the organization’s mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public’s trust that the organization will manage donated funds to fulfill the organization’s mission. This duty also requires board members to obey the law and the organization’s internal rules and regulations.

Source: BoardSource <https://boardsource.org/fundamental-topics-of-nonprofit-board-service/roles-responsibilities/>

Boards Suffering Dysfunction

Board 1

Board number one is full of experienced board members who know their roles very well and are very efficient at carrying them out. The executive director trusts the board to do its work and stays out of its way as much as possible. Over the last year, there has been noticeable board dysfunction and the board became unable to make decisions and execute plans. They have looked to the executive director for help, but because of his distance from the board, he has a lack of understanding of current board dynamics.

What is strong?	What is wrong?

Boards Suffering Dysfunction

Board 2

Serving on board number two comes with a level of prestige. Because of high public visibility of the organization, it is common for local celebrities to join this board. While board member connections and fundraising thrives as a result of this, board member turnover in recent years has increased significantly. During exit interviews, most members cite a lack of role understanding as their primary reason for departure.

What is strong?	What is wrong?

Boards Suffering Dysfunction

Board 3

Board number three has been high-functioning for a long time. Its members come from diverse backgrounds and socioeconomic statuses. Regular minutes and retreats have been documented for a number of years, and essential practices such as mandatory term limits and strategic board recruitment is followed well. Due to the board's efficiency, board meeting business has been lighter and lighter over the last year. Just as the board started to become complacent because of the ease of their role, the executive director unexpectedly resigned.

What is strong?	What is wrong?

Potential Board Members

Kayla Yoo

Kayla is a sports agent and a known philanthropist. She is VP of public relations on a community theater board and is the immediate past president of a private school board, on which she has sat for six years. Kayla is known for her skills at board recruitment.

Tala Sy

Tala is an economist and new to philanthropy. She has one year of board experience where she served as a treasurer for a children's home. In her one-year term, Tala's board had the highest fundraising year at the children's home.

Chanda Carpenter

Chanda is a graphic artist at a large movie studio with great connections. While she has never served on a nonprofit board, she brings new perspective and a lot of passion.

Vedran Skoro

Vedran is a professional soccer player who is in his eighth year as a member on a board for an organization that works with refugees. Vedran would like to grow his board skills by serving as an officer on a new board.

Sarah Yi

Sarah has served as the executive director of the Yi Family Foundation for 10 years. She recently stepped down to let her eldest son run the foundation and give herself more opportunity to work with other organizations.

Mark Givings

Mark is a fashion designer with a long history of board experience. Mark has served on various boards serving as the chair as well as secretary. He is known for capacity building at small organizations and his stellar communication skills.

OCAT - Board Leadership: Capacity Elements

8.01 - Core Financial & Legal Responsibilities of the Board

LEVEL 1: Clear need for increased capacity

Board does not carry out and/or lacks clear understanding of basic legal and fiduciary responsibilities (including establishing and following by-laws; complying with federal, state, and local financial reporting requirements and tax payments; hiring and supervising the CEO/ED); little input on budgeting; financial oversight delegated to treasurer

LEVEL 2: Basic level of capacity in place

Board carries out and understands basic legal and fiduciary responsibilities (including establishing and following by-laws; complying with federal, state, and local financial reporting requirements and tax payments; hiring and supervising the CEO/ED); beyond basic requirements, board is involved in budget preparation and reviews financial statements regularly; CEO/ED performance reviews conducted periodically

LEVEL 3: Moderate level of capacity in place

Board carries out and clearly understands basic legal and fiduciary responsibilities (including establishing and following by-laws; complying with federal, state, and local financial reporting requirements and tax payments; hiring and supervising the CEO/ED); beyond basic requirements, board is involved in financial planning, reviews financial statements at every meeting, and co-defines and monitors CEO/ED's performance targets conducted periodically

LEVEL 4: High level of capacity in place

Board carries out and clearly understands basic legal and fiduciary responsibilities (including establishing and following by-laws; complying with federal, state, and local financial reporting requirements and tax payments; hiring and supervising the CEO/ED); beyond basic requirements, board is involved in financial planning, reviews financial statements at every meeting, and co-defines and monitors CEO/ED's performance targets conducted periodically

OCAT - Board Leadership: Capacity Elements

8.02 - Board Strategic Direction

LEVEL 1: Clear need for increased capacity

Overall lack of understanding of and/or disagreement over organization's mission/vision; no formal process for reviewing mission/vision, strategic planning, or monitoring program performance against mission

LEVEL 2: Basic level of capacity in place

General agreement on mission, but vision may not be formalized; infrequent discussion of mission/vision or program performance against mission; little active involvement in mission/vision review or strategic planning beyond approving periodic staff-driven plans

LEVEL 3: Moderate level of capacity in place

Board members share common understanding of mission/vision, which they frequently refer to during strategic discussions; formal process for board's active involvement in reviewing mission/vision, strategic planning, and setting goals to monitor program performance against mission

LEVEL 4: High level of capacity in place

Complete buy-in on mission/vision, which drive major strategic discussions; well documented process to facilitate board's regular review of mission/vision, active involvement in strategic planning, and cooperation with staff on setting goals to monitor program performance against mission

OCAT - Board Leadership: Capacity Elements

8.03 - Board/ Staff Balance of Leadership

LEVEL 1: Clear need for increased capacity

Board provides little direction, support, or accountability to staff leadership; no clear process for developing or selecting board leadership; board not fully informed about major organizational matters; too narrowly engaged or prone to micro-management; disagreement about appropriate level of board engagement; low level of understanding of leadership roles and responsibilities; little participation in reputation building

LEVEL 2: Basic level of capacity in place

Board provides some direction, support, and accountability to staff leadership and is informed about most organizational matters; informal process of developing and selecting board leadership; board input on most major decisions is sought and valued; occasional disagreement on the distinction between board-level and staff-level decisions; members understand most leadership roles and responsibilities, including the need for participation in reputation building activities

LEVEL 3: Moderate level of capacity in place

Board provides direction, support, and accountability to staff leadership and is informed about all major matters; its input is actively sought and valued; process in place for selecting effective board leaders; some cultivation of future leaders; full participant in major decisions with clear understanding of distinction between board and staff decisions; clearly understands leadership roles and responsibilities and strives for a balance of engagement with staff leadership; members are effective ambassadors for the organization

LEVEL 4: High level of capacity in place

Board provides strong direction, support, and accountability to staff leadership through clear goals and policies; acts as a strategic resource; process in place to identify, develop, and select effective board leaders; communication between board and staff leadership reflects mutual respect, awareness of appropriate roles and responsibilities, shared commitment, and valuing of collective wisdom; board actively supports CEO/ED's leadership development and proactively engages in outreach to build organization's reputation

OCAT - Board Leadership: Capacity Elements

8.04 - Board Participation in Fund Development

LEVEL 1: Clear need for increased capacity

Members do not recognize fundraising as one of the board's responsibilities and have little understanding of organization's resource needs; no goals or plans for board-driven fundraising activities exist; board members donate minimally to the organization

LEVEL 2: Basic level of capacity in place

Members accept that the board has some fundraising responsibilities, but concerns exist regarding ability of board to be successful in this area; some understanding of organization's resource needs; several members have made significant financial gifts to the organization; board fundraising activities not yet underway

LEVEL 3: Moderate level of capacity in place

Many members embrace fundraising as one of the board's core roles and responsibilities and feel ownership of the organization's resource needs; core group of board members consistently donates at appropriate levels; realistic and appropriate board fundraising goals and plans exist; fundraising activities are underway

LEVEL 4: High level of capacity in place

Majority of members embrace fundraising as a core board role and responsibility; each board member makes a regular donation to the organization that is personally significant; realistic and appropriate fundraising goals and plans are in place; board feels strong ownership for goals, is actively fundraising, and has achieved measurable progress towards goals

OCAT - Board Leadership: Capacity Elements

8.05 - Board Composition & Commitment

LEVEL 1: Clear need for increased capacity

Limited diversity of fields of practice and expertise; drawn from a narrow spectrum of constituencies (nonprofit, academia, corporate, government, etc.); not reflective of the community served; little or no relevant experience; limited capacity to donate financially; low commitment to organization's success, vision and mission

LEVEL 2: Basic level of capacity in place

Some diversity in fields of practice and expertise including some of the skills and experience needed by the organization; membership represents a few different constituencies (nonprofit, academia, corporate, government, etc.); some representation of community served; moderate capacity to donate financially; moderate commitment to organization's success, vision, and mission

LEVEL 3: Moderate level of capacity in place

Good diversity in fields of practice and expertise including most of the skills and experience needed by the organization; membership represents most constituencies (nonprofit, academia, corporate, government, etc.); make-up generally reflects organization's stakeholders and community; good capacity to donate financially or connect to other donors; solid commitment to organization's success, vision, and mission

LEVEL 4: High level of capacity in place

Broad variety of fields of practice and expertise drawn from all relevant constituencies (nonprofit, academia, corporate, government, etc.); make-up closely reflects organization's stakeholders and community, includes functional and program content-related expertise, and high-profile names; proven track record of investing financially in the organization; outstanding commitment to organization's success, mission, and vision

OCAT - Board Leadership: Capacity Elements

8.06 - Board Development & Self Evaluation

LEVEL 1: Clear need for increased capacity

Ad hoc process for recruiting and nominating new members; little or no attention to board composition; no official orientation or training for new board members; no policy on member tenure; little or no on-going training and skill development; board does not set goals for itself; little or no board discussion of its own performance; lack of assessment of individual directors results in retention of low performing members

LEVEL 2: Basic level of capacity in place

Committee to recruit new members meets occasionally; some attention paid to board composition, but no formal assessment is done; informal new member orientation; loosely followed policy on member tenure; some on-going training and skill development; informal board self evaluation on some objectives, but no formal structure for setting goals and evaluating performance against them; informal assessment of individual directors may result in retention of low performing members

LEVEL 3: Moderate level of capacity in place

Development committee meets regularly to assess board composition and identify and recruit new members to fill specific gaps in needed skills or attributes; orientation held for new board members; well understood policy on member tenure; board conducts ongoing training and skill development; regular performance evaluations against board-established goals in some areas (e.g., fundraising), but results not well utilized to formulate plans for improvement; board assesses individual director performance at the time of re-nomination

LEVEL 4: High level of capacity in place

Development committee meets year-round; annual assessment of board composition results in targeted recruiting of new members with specific skills and attributes; formal process for new member orientation; written policy on member tenure; high level of commitment to ongoing training and skill development; formal process for performance evaluation against goals set by the board; results used to make improvements; formal process for evaluation of individual directors; no collective tolerance for low performing members

OCAT - Board Leadership: Capacity Elements

8.07 - Board Infrastructure

LEVEL 1: Clear need for increased capacity

Board either too small or too large for organization's needs; lack of communication about and/or incomplete understanding of board member roles and responsibilities; meetings infrequent, called at the last minute and/or poorly attended; meetings not always well-planned or productive; inconsistent use of agendas and minutes; some meetings start and/or end late; little or no use of sub-committees

LEVEL 2: Basic level of capacity in place

Board working to find the number of members that best meets organization's needs; board member roles and responsibilities generally understood, but not written; attendance generally good at regular, purposeful meetings; established calendar of meetings publicized but not necessarily adhered to; agendas prepared and minutes recorded for most meetings; most meetings start and end on time; occasional meetings of ad hoc subcommittees support work of the full board

LEVEL 3: Moderate level of capacity in place

Board size appropriate for organization's needs; written board member job descriptions; attendance is consistently good at regular, purposeful, well-planned meetings; meeting calendar set and publicized in advance; agendas prepared and minutes recorded for every meeting; meetings generally start and end on time; committee system in place with generally understood division of roles and responsibilities between full board and subcommittees; regular committee meetings support work of the full board

LEVEL 4: High level of capacity in place

Appropriately sized board holds regular, productive meetings following agendas agreed upon by board chair and CEO/ED; yearly meeting calendar set and distributed in advance; meeting agendas and materials sent in advance; all meetings start and end on time; consistent attendance highly valued; decisions recorded in official meeting minutes; members sign written contract detailing roles and responsibilities; formal committee structure clearly designates board-level vs. committee-level decisions; written descriptions of committee roles and responsibilities; focused committees result in more efficient board meetings



SVP Philanthropy Curriculum | Course Evaluation

1. What was your biggest takeaway from the workshop?

2. What worked particularly well for your learning style?

3. What missed the mark?

4. How will you use this information going forward in your social purpose work?

5. Was the content of the workshop challenging? (Circle One)

Too Basic Somewhat Basic Just Right Challenging Too Challenging

6. How likely are you to recommend this program to a friend or colleague? (Circle One)

Very Likely Likely Maybe Not Likely Definitely Won't

Why?

7. Think about the format, facilitation, length of time, or size of the group. What would suggest changing for next time?

8. Any other comments to help us improve in the future?