



# BASICS OF GOVERNANCE AND BEST PRACTICES FOR NFP BOARDS

23 FEBRUARY 2021 – EURO-IX

# REDUCING ZOOM FATIGUE (HBS REVIEW – 29 APRIL 2020)

- Build in breaks
- Avoid multitasking
- Reduce stimuli

(this does not = being boring 😊)

# AGENDA

- Difference between Governance and Management
- 10 Basic Responsibilities of a Non-for-Profit Board

BREAK ! (10min)

- Building a High Impact Board
- Final Questions & Closing

# GOVERNANCE – MANAGEMENT

Governance is the **WHAT?**



(Fudiciary Duty)  
Vision & Strategy  
Policy & Framework  
Organisational Performance  
Organisational Risk  
Regulatory Compliance  
Recruit CEO & Senior Management

**GOVERNANCE**

Management is the **HOW?**

## MANAGEMENT



(Operational Oversight)  
Executing Strategic Goals  
Planning & Operations  
Manage Processes  
Financial & Risk Management  
Staffing & Recruitment  
Operational Decisions  
KPI Reporting

**IN SUCCESSFUL ORGANIZATIONS, THE CEO AND THE BOARD WORK AS EQUAL MEMBER OF A TEAM RATHER THAN AS SUBORDINATE TO THE OTHER. ROLES & RESPONSIBILITIES ARE DIFFERENT AND COMPLEMENTARY.**

- Boards should refrain from getting directly involved in daily matters
- Board should ask questions and seek information from management

### Quiz: Board or CEO/Staff?

Assess the community/stakeholder needs ?

BOARD

Maintain relationships with key partners ?

BOTH

Prepare annual budget ?

CEO/Staff

# TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

- **Determine Mission and Vision and Advocate for them.** One of the most fundamental responsibilities of a nonprofit board is to create a mission that articulates the organization's purpose and primary constituents served (Public Interest). In addition, a board establishes the vision for the organization that will guide its actions and inspire its stakeholders to invest time and resources. Board members should be conscientious ambassadors and advocate for their organizations.

→ Is the mission clear to all Board Members?



## EURO IX ARTICLES OF ASSOCIATION – OBJECT / ARTICLE 3

1. The object of the association is: the building, distributing and developing of know-how and information in the field of Internet exchange points and all that contributes to this in the widest sense of the word. The association will not aim at making a profit.
2. The activities of the association will not be in competition with individual member activities

# TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

- **Engage in Strategic Thinking and Planning.** The board plays a key role in partnership with the CEO to establish the direction of the organization. An organization needs a viable strategy for achieving its mission. The board must actively monitor progress of the plan and think strategically on an ongoing basis.





# TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

## But what is Strategic Thinking?

- **Strategic thinking** is an intentional and rational thought process that focuses on the **analysis of critical factors and variables that will influence the long-term success of a business, a team, or an individual.**
- **Strategic thinking** includes careful and deliberate anticipation of **threats and vulnerabilities** to guard against and **opportunities** to pursue.
- Ultimately strategic thinking and analysis lead to a clear set of **goals, plans, and new ideas** required to survive and thrive in a **competitive, changing environment**. This sort of thinking must account for economic realities, market forces, and available resources.

*(definition from Centre for Management and Organization Effectiveness)*

Opportunity for team building exercise ?  
(identify threats, challenges, opportunities)

# TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

- **Ensure Effective Fiscal Oversight.** The board has a key fiduciary responsibility to ensure that its tax-exempt/charitable resources are managed wisely. Sound fiscal oversight means reviewing and monitoring the organizational budget, ensuring that proper financial controls are in place and overseeing an independent audit.
- **Ensure Sound Risk Management, Legal and Ethical integrity.** The board must ensure adequate safeguards (insurance, policies) to protect the organization against future acts or events that could threaten its ability to fulfill its mission. The board is ultimately responsible for ensuring adherence to legal standards and ethical norms.



## TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS (SUITE)

- **Ensure Adequate Resources.** The Board has to ensure adequate resources for the organization to fulfill its mission. Board members need to understand the organization's funding model and the board's role in building financial assets.
- **Determine, monitor, and strengthen the organization's programs and services.** The board's responsibility is to determine which programs are consistent with the organization's mission and to ensure there is a program evaluation framework to provide valid and useful data about the quality and effectiveness of programs.
- **Enhance the Organization's Public Image.** The board should clearly articulate the organization's mission, accomplishments, and goals to the public and garner support from the community. Board members serve an important connective role to the community. Board participation in marketing and community relations activities, tying key groups and individuals to the organization, is critical to the organization's success.
- **Select and Support the Chief Executive and Review his/her Performance.** One of the board's most important activities is to select, support the Chief Executive and conduct a formal performance evaluation. The board delegates the responsibility and authority to the Chief Executive to manage the operations of the organization in a manner that is consistent with the mission, policies and strategies.

## TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS (SUITE)

- **Develop Board Capacity to Ensure Strong Engagement.** The board is responsible for the cultivation, recruitment, education and evaluation of its board members. These functions ensure the board is engaged, strong and able to carry out its governance responsibilities. In addition, all board members must be familiar with the bylaws and policies that govern the board's activities.

### Some ideas to develop Board capacity:

- *Gap analysis, training program, Directors Institute membership, mentorship program;*

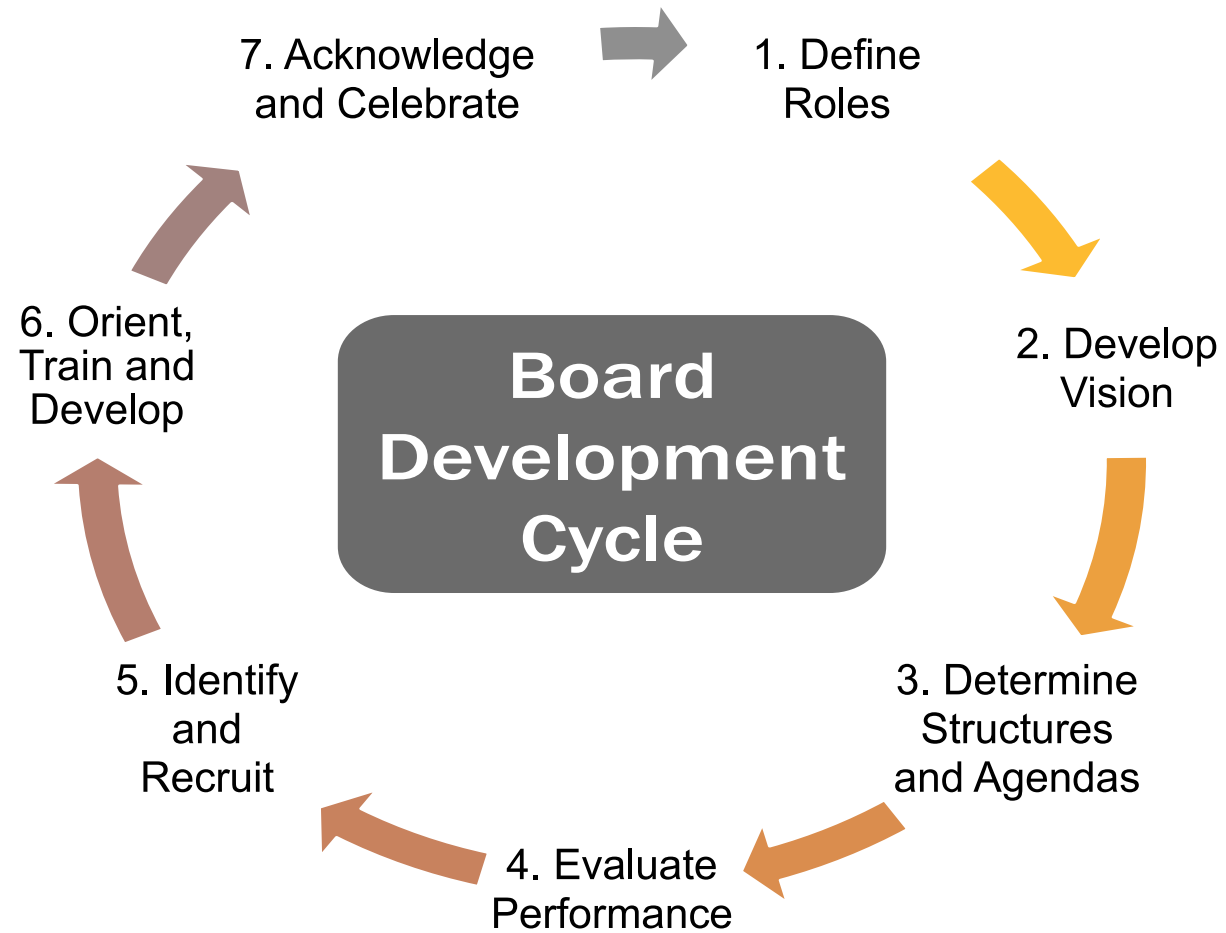
## TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS (SUITE)

- **Organize the Board to Operate Efficiently.** It is unusual for a typical board to complete all work in the course of full board meetings alone. Most boards appoint committees composed of a smaller number of board members to focus on key areas. These committees must have clear charges and strong leadership.
  - → Do you have committees? Should you have more?

# BUILDING A HIGH IMPACT BOARD (PRE-READ HBS – DAVID NADLER)

- Right Mindset: Self-assessment, keep improving, keep coming back to purpose, effectiveness, resources.
- Right Roles: How engage do you need to be?  
Passive/Certifying/Engaged/Intervening/Operating
- Right Work: What do you need to do; prioritization  
(Strategy/PR/Risk/Financials/...)
- Right People: Good teams start with good recruitment, keep learning and developing, individually and as a team.
- Right Agenda: Stay focused, keep engaging when necessary and not necessarily during Board meetings. Partner with the CEO.
- Right Info: Ask the right questions
- Right Culture: be engaged!

# BOARD DEVELOPMENT CYCLE



# HOW TO BUILD AN ENGAGED BOARD CULTURE

- Hold board members accountable
- Start meetings on time. Be respectful of board members' time.
- Hold the Executive Director/CEO accountable.
- Have board members work together more – build a team culture.
- Foster a culture of inquiry – build a learning organization.
- Help the board to see the Executive Director/CEO as a partner and not their “staff.”
- Divide up the basic governance roles but have everyone involved in the key activities through which the board can impact the organization.
- Focus on what is really going to make or break the organization.
- Have some fun and laugh.



# KEY POINTS TO HAVE IN MIND TO ENHANCE A GOOD BOARD CULTURE:

- Be mindful of your role and responsibilities
- Let diverse views better inform your world view, and reach judgments that reflect that wider understanding
- Disagree respectfully while acknowledging and welcoming different opinions
- Cherish and embrace diversity
- Strength comes from finding consensus among diverse perspectives/opinions
- Participate fully and make best efforts to be constructive
- Be consistent and disciplined in applying processes

# Q&A

Need help? Reach out:

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