



**CharityVillage.com**  
Dream big. Make it happen.



All courses fully  
guaranteed...



CharityVillage.com  
Campus

Banner Advertising Info

[Main](#) [Advertise](#) [Jobs](#) [News/Events](#) [Training](#) [Suppliers](#) [Volunteer/Donate](#) [Resources/Library](#) [Links to NPOs](#) [QuickGuides](#)

News & Events

[Français](#) | [Help](#) | [Contact Us](#)

Path: [Main Street](#) : [News/Week](#) : **Cover Story**

## News Links

[News/Event Home](#)  
[NewsBytes](#)  
[Cover Story](#)  
[Spotlight](#)  
[Career Q & A](#)  
[Ethics Q & A](#)  
[Fundraising Q & A](#)  
[Human Resources Q & A](#)  
[Research Articles](#)  
[News Archive](#)  
[People on the Move](#)  
[SpeakOut!](#)  
[Coming Events](#)  
[Village Vibes \(Weekly Updates\)](#)

## Working Boards: Defining effective nonprofit governance



By **Elisa Birnbaum**  
March 29, 2010

SHARE

What would we do without our nonprofit boards? Board members are often considered indispensable assets to the organization they represent. They provide guidance and direction, they keep staff on target and on mission, they open doors to their networks and, some would argue, most importantly they help raise much-needed funds.

But how much do we really know about Canadian boards? What makes them tick? What factors promotes effective governance? Thanks to a survey commissioned by [Canadian Fundraising & Philanthropy](#) and [Altruvest Charitable Services](#) and conducted by [Innovative Research Group](#), we have some answers. The recent report based on the survey findings, [Assessing Not-for-profit Boards: Governance Structures and Practices](#), is enlightening and worth a read as it outlines important issues every ED and board member should be aware of before taking their seat at the boardroom table.

### Overall mood of nonprofit boards

Though the survey didn't purport to ascertain intangible, emotional reactions such as mood, one survey respondent - who's sat on two boards and wishes to remain anonymous - offered her opinion. Because of the economic situation, members are inevitably feeling a bit nervous, she says. However, many are used to sitting on nonprofits boards and know all-too-well how times can be tough. "There's a certain level of resiliency and most people are ready to deal with what's thrown at them," she adds. That said, she's acutely aware of greater budgeting restrictions these days. "Boards are stricter at implementing rules; they want to be more cautious about numbers."

### Main findings: Nonprofit boards need training

The online survey attracted 696 respondents made up of directors, executive director/CEOs, and staff of Canadian not-for-profit organizations. A broad range of sectors were represented, including arts and culture, education, health research and support, hospital foundations, religion, and social services.

***"Strong boards and organizations have manuals, clear mandates, orientation programs, and ongoing training."***

The survey's primary objective, explains **Jason Lockhart**, senior consultant at Innovative Research Group, was to explore those key elements that drive performance, the factors that play a significant role in effective board governance. And what did they find? "It really comes down to very simple and basic things," he says. "Strong boards and organizations have manuals, clear mandates, orientation programs, and ongoing training." Evidently, organizations who stood out as high performers all boasted those same basic, simple things, helping explain the guiding principles that now underlie the findings: "Tell them, train them, teach them - you'll have a better board."

Yet, considering the importance of these elements, it's interesting - and telling - that only 72% of nonprofits surveyed actually have manuals and only 43% of those who do feel they're complete and comprehensive. Meanwhile, 63% felt their board had a clear mandate, 66% have an orientation program for new directors, and only one-quarter provide their directors with ongoing board training. "That was a key factor and determinant in whether an organization or board was a high performance board," reiterates Lockhart.

### **Obstacles identified: Where nonprofits get stuck**

If those simple things make a big difference, can effective governance be so easily applied? Not so fast says **Janet Gadeski**, editor at Canadian Fundraising & Philanthropy. "It's obvious what needs to be done when you look at the boards who consider their work successful but change is not about doing the orientation, writing the manual, or committing to training," she explains. "The change begins with a change in attitude."

Boards can get tied up with things like delivering and growing organizations, with the pursuit of sustenance. And there's a reluctance to divert resources from programs that serve their own development, such as board workshops, facilitators, and retreats, when that money can go toward programs. It's easy to forget that their own development and well-being are absolutely essential to the mission, that board welfare is just as legitimate a concern as financial oversight, strategic planning, and risk assessment, says Gadeski. "They need to realize that a few hundred dollars spent on facilitators and workshops will better equip them to turn mission statements into concrete achievements."

Interestingly, Gadeski adds, "I have never seen a workshop or an article on risk assessment that included the risk of an untrained or uninformed board." And that can lead to unfortunate consequences. "Untrained boards without clear expectations mean a tremendous amount of lost time and opportunities and misunderstandings when responsibilities, policies, structure are not defined properly."

Lockhart agrees, adding the reluctance can have implications from a fundraising perspective too. Many approach fundraising with a very conservative, risk-averse eye. "But I always say you have to spend money to make money," explains Lockhart. He often speaks to organizations and board members who, so determined to keep their costs down, don't see the bigger picture. But if you can't bring in money, you may have to revisit your mandate to deliver sustainable programming, he says.

What's more, the emphasis on the part of some members of the media and the public of verifying the effectiveness of charities before they contribute, has led to some unfortunate consequences, offers Gadeski. "The quick and dirty emphasis on ratio of operating costs to money spent on programs might suggest that some of the most successful things that happen in our society should happen free of charge."

### **Unexpected results: Boards still aren't fundraising**

There's no way around it: Boards need to be engaged in fundraising, says a fervent Lockhart. Our anonymous respondent would agree wholeheartedly. "I think it should be mandatory that all board members do fundraising," she says adamantly. The attempt to raise money is essential to your seat at that board table. No ifs, ands or buts. In fact, adds Lockhart, everyone should be involved. From the chair right down to the frontline worker and back up to the fundraising department, it's a joint effort. Yet, according to the report, only 36% of board members are fully engaged in fundraising. "That was quite surprising," he admits.

The result that most surprised Gadeski was that big and small organizations reported similar findings when it came to board effectiveness and satisfaction. And the region or sub-sector doesn't play much of a difference either, adds Lockhart. No matter where you look, it basically came down to the fundamentals mentioned above: tell them, teach them, train them. Those rules are mission critical Gadeski concludes.

### **For-profit convergence: How nonprofits can learn from the corporate model**

It's interesting to note that what constitutes appropriate governance is defined similarly whether sitting on a nonprofit or for-profit board, says **Dr. David Anderson**, chair of Altruvest Charitable Services, who's had extensive experience with boards in both sectors. "The big players in the not-for-profit sector are only slightly better than small charities at making their board members successful," he adds. "That's good news; it means board effectiveness is more about intention and follow-through than size or money."

### **The view from the trenches: What does a nonprofit board member have to say?**

Objective survey results are one thing but we wanted to hear from our anonymous respondent to get her take on board effectiveness and its key determinants. First, she says, not all board members are equally

qualified or committed. "Some people sit on boards because they just want to add it to their resume," she explains. It doesn't help matters that nonprofits are often desperate for board members because it's hard to find people willing to put in the time. "So they may recruit people that don't actually suit their needs." And sometimes they pay the price with less-than-committed seat-fillers. Fortunately, there are a significant number of members whose dedication and work ethic make up for the rest.

Second, it's imperative that boards state their role clearly at the outset. When not properly defined, you can end up mired in either micro-managing or macro-managing. Will they be focused on day-to-day operational decision-making, for example? If so, they should avoid taking on bigger issues. And vice versa. A more focused board leads to more effective governance, she says, adding, it's important that everyone have an answer to the timeless question, "What is my role as a board member?"

Third, a strong chair is essential to keep conversations on track and meetings focused. It's not the authority of the chair that matters but their effectiveness. A good chair understands, "gets" an organization. "They can't just be in a chair position because they happen to be accomplished in whatever else they've done," she explains. Those achievements won't matter if the chair isn't tapped into what the organization is about.

Fourth, when recruiting board members, one needs to be clear about the time commitments the role involves. "Being a valuable board member takes up a lot more time than I would have initially thought," says this observer. Aside from board meetings, there are committees to sit on, research to do, materials to read. What's more, when searching for members, it's also important to let prospects know their help raising funds will be par for the course.

And finally, when filling seats on a board, organizations need to make diversity an important feature. As it stands today, we haven't done nearly enough, she says. And that's a huge problem. After all, organizations work hard at implementing workplace policies that reflect the diversity of the population it serves. The logical extension would be to ensure the same recruitment approach for one's board. "We need to show our commitment to diversity."



*Elisa Birnbaum is a freelance journalist, producer and communications consultant living in Toronto. She is also president of [Elle Communications](#) and can be reached at: [info@ellecommunications.ca](mailto:info@ellecommunications.ca).*

**Next week:** Our Leadership in Focus series features

Click [here](#) to learn more about upcoming cover stories.

---

This is an archive of [CharityVillage NewsWeek](#). To find a word on the page, use your browser's "find" feature (CTRL-F or CMD-F). To view other articles in the archive, use our [Chronological Index](#).

Please note: While we ensure that all links and e-mail addresses are accurate at their publishing date, the quick-changing nature of the web means that some links to other web sites and e-mail addresses may no longer be accurate.



[About CharityVillage](#) | [Free Newsletter](#) | [Media Centre](#) | [Contact Us](#)  
[Terms and Conditions of Use](#) | [Privacy Policy](#) © CharityVillage Ltd. All rights reserved.

**Liked this article?  
Check out the following links:**

[Executive coaching: Another tool in the toolbox?](#)

[CharityVillage Research Section: Boards of Directors](#)

[Ethics Q&A Archives](#)