

Boardroom Bearings

Navigating to Board Excellence



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A recent posting on the Jewish Daily Forward [website](#) presented the ins and outs of scandals at several large Jewish charities in New York. "So what?" you ask. "They're Jewish, big, and in New York. I'm not!"

Not so fast! There are several ideas in the article worth listening to. Here are two:

"According to Andrés Spokoiny, president and CEO of the Jewish Funders Network, all four scandals come down to poor oversight on the part of the organizations' boards. 'Nobody in those boards had bad will,' Spokoiny said. 'They simply didn't have the mechanisms in place to have more effective governance.'"

"It has definitely shaken a lot of people's confidence,' said Rabbi David Teutsch, who heads the Center for Jewish Ethics at the Reconstructionist Rabbinical College, referring to the repeated blasts of bad news....

"According to Teutsch, organizations need to train their boards in proper governance procedures. They also need to select board members who are prepared and qualified to scrutinize their organizations."

Board member selection and training will be recurring themes in Board Bearings. Consider using this newsletter to spur conversations about improving board practices here at home.

Where do you enter a circle?

Well.... from where ever you ARE!

The practices that lead to developing a strong and vibrant board form a circle that you can enter at any point during the year. Start NOW. Start where you are.

Each of the nine practices in the board building cycle will be featured in an issue of *Boardroom Bearings*, along with other governance topics. The nine practices are:

Identify	Cultivate	Recruit
Orient	Involve	Educate
Evaluate	Rotate	Celebrate

This issue of *Boardroom Bearings* discusses the practice:
CULTIVATE.



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October Re-cap

Last month, this newsletter emphasized that **"Choosing board members is a strategic decision** because who is selected has powerful implications for the future effectiveness of the board and the success of the organization."

We introduced the idea that board development activities are a continuous process - forming a circle that can be entered at any point during the year. In other words, don't delay. Start now!

We entered the circle at the **IDENTIFY** step - developing the profile of people needed on the board. And we suggested using a board chart from [Council on Foundations](#) to identify the characteristics of the existing board members. Once the existing board is profiled, you can use the gaps that are revealed to identify the characteristics of people you need in order to reach optimal [diversity - a competitive advantage](#).

Use your "Talent Scouts" to Cultivate Prospective Board Members

The next step in building a strong, diverse board is Cultivate. Cultivating potential board members is similar in many ways to scouting players for a sports team:



- Have "talent scouts" who know the profile of people needed on the board,
- Train them to continuously seek prospects, and
- Build knowledge - the prospect's knowledge of your organization and your knowledge of the prospect.

Let's go a little deeper on those three activities.

Who are the talent scouts?

They are current board members, past board members, the executive director, senior staff, major donors, and members of the Governance Committee. Their work is ongoing.

How do the talent scouts find prospects?

They continuously

- Pay attention to people who express an interest in the work of the organization through participation and/or donation,
- Watch local media for stories about people with interests that align with the organization's mission, and
- Stay in touch with program alumni or people served.

They also look for leads in service clubs, among people working in the same field, in faith-communities, at universities with graduate programs in the organization's mission field, and among local business owners, educators, and government officials.

How do the talent scouts build knowledge?

- They engage their professional and personal contacts in conversations -- asking questions and getting acquainted. The talent scouts also share information about your organization - the work it is doing and the impact it is having.
- They keep written records -- using a form like the one found on the [articles](#) page of the Centerpoint website -- and funnel the information to the chair of the governance committee for next steps.

Finally, to avoid misunderstandings or hurt feelings, these talent scouts must be careful to

NOT imply that anyone they are talking with will definitely be invited to serve on the board. The Governance Committee is in charge of selecting board candidates NOT the talent scouts.

Here is a place to find [more information](#) on recruiting board members.

Board Training

In the story about scandals at four major nonprofits the beginning of this newsletter, one of the authorities quoted said, "Nobody in those boards had bad will" and the other said, "Organizations need to train their boards in proper governance procedures. They also need to select board members who are prepared and qualified to scrutinize their organizations."

High performing boards invest considerable energy in the selection of board members and then provide a thorough orientation. (Board orientation is slated for the January issue of *Boardroom Bearings*). But ongoing training needs to be a regular part of board meetings throughout the year.

Training topics should include the board's roles and responsibilities, reading and understanding financial reports, fiduciary duties, agency programs and services, evaluation methods, fund raising, planning, external issues that impact the organization, etc.



What do you do to help board members expand their knowledge, awareness, and understanding? Have you asked them to identify topics that they want to know more about?

New Feature: Question of the Month

Q: Is it ok for couples or others who share a close personal relationship to serve on your board at the same time?

A: NO, it's generally not a good idea, say the experts. Even though the two people may think they can remain independent and vote according to their own positions, other board members may see the pair as a voting block or, conversely, feel uncomfortable if the two disagree with one another during board deliberations.

I experienced this situation first hand: I served several terms on a board that included a married couple. They pretty much ruled the roost! And they also had a close personal relationship with the executive director. I can't remember any board action being approved without their support.

If both members of a two-some want to serve the organization, choose for board service the one who best meets the board's needs at the time and find a different role for the other.

Does Your Organization Have a Whistleblower Policy?

The Sarbanes-Oxley Act, Section 1107, makes it a federal crime to retaliate against whistleblowers -- people who report wrongdoings in their organization. IRS Form 990 asks whether your organization has a written whistleblower policy.

Independent Sector's website is a source for "Principles for Good Governance." There we read "A charitable organization should establish and implement policies and procedures that

enable individuals to come forward with information on illegal practices or violations of organizational policies. This 'whistleblower' policy should specify that the organization will not retaliate against and will protect the confidentiality of individuals who make good-faith reports."



A sample whistleblower policy from the National Council of Nonprofits is located on the [articles](#) page of the Centerpoint website. It can be adapted to fit your organization.

Boardroom Bearings...

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