BOARDSOURCE®

101 BOARD BASICS

COMMON BOARD SHORTCOMINGS

What are the main weaknesses, omissions, mistakes, flaws, bad judgments, and sins that a board or an individual board member can commit? The following list focuses on how a governing board can lose its way.

1. Veering off the mission

The most important guideline for a board on all decision making is the mission statement. If the mission is not central at every board meeting, it is easy to lose focus on the true purpose of the organization.
Example: An educational organization for youth accepts a generous grant to build a sports facility for young people.

2. Complacency

A core obligation of every board member is participation. Some symptoms of complacency might include board members who take the easy way out, ignore the initial commitment, disregard the responsibility that comes with being a board member, fail to ask questions, miss meetings, and put off assignments.
Example: A board member does not know how to analyze financial statements. Instead of asking questions, he votes with the majority.

3. Misguided motivations

Board members must always think of the organization first. Allowing personal preferences to affect decision making places the organization in a secondary role in a board member's mind. Misguided and unethical motivations, undeclared conflicts of interest, and the pursuit of personal benefit may endanger the organization's tax-exempt status.
Example: A board member recruits an out-of-work relative to run the organization.

4. Multiple voices

A board only has authority as a group. Boards speak with one voice, which is formulated through deliberation. Individual board members are bound by the collective decision. Differing opinions need to be resolved in the boardroom, not declared outside to constituents, the media, or customers.
Example: A board member is interviewed by the press and advocates her own defeated solution to a crisis situation.

5. Micro-managing

One of the key duties of a board is to hire a competent chief executive to run daily operations. Part of this duty assumes that there is a valid job description and a performance evaluation process in place. The board's role is to oversee that the organization is well run; not to interfere in the domain of the chief executive.
Example: The board insists on being involved in choosing a new computer system for the organization.

6. Limitless terms

Every board must accept and even thrive on change. New perspectives and different ideas keep the board and organization moving forward. Term limits can help the board avoid stagnation.
Example: Fearful of losing control, the founding board of an organization has been governing for 15 years.

7. Lawless governance

Nonprofit tax-exempt organizations must heed federal, state, and local regulations, as well as their own bylaws. It is the board's role to make sure that all laws are respected. The board needs to assure that the organization files its Form 990 correctly and on time; that employment taxes are withheld regularly; and that official documents are saved appropriately. If the board fails to oversee respect for these regulations and the creation of appropriate policies, it may become liable for wrong doings.
Example: To get through a temporary financial crunch, the CEO decides not to pay payroll taxes during several months. The board is unaware that this is happening.

8. No self-assessment

By studying its own behavior, sharing impressions, and analyzing the results, the board is able to lay the groundwork for self-improvement. Failing to assess its own performance, the board is unable to define its strengths and weaknesses. As a by-product, it can also enhance its team spirit, its accountability, and its credibility with funders and other constituents.
Example: Morale is low, attendance is sporadic, and the chair has no clue about how to energize his board.

9. Lack of self-improvement

Self-improvement is one of the innate consequences of self-assessment. Regular self-assessment is a futile process if it does not address apparent weaknesses in a board and result in structured self-betterment. Boards, which do not provide

learning possibilities for their members, miss opportunities and many utilize their members' capacities inefficiently.
Example: Board members have never seen individual job descriptions and are not familiar with their legal obligations.

10. Knotted purse strings

Asking for and giving money are natural aspects of being a board member in most 501(c)(3) charities. Boards that are responsible for fundraising, yet don't have a 100 percent personal contribution rate, have failed the ultimate commitment test. If the board is not supporting the organization whole-heartedly, how can it convince others to do so?
Example: A board is not able to reach consensus on the personal contribution policy. It becomes divided due to feelings of unfairness and lack of commitment.

References

Ten Basic Responsibilities of Nonprofit Boards
Board Fundamentals: Understandoing Roles in Nonprofit Governance

Available at www.boardsource.org or by calling 202-349-2500.
