



# Effective Governance: The Chief Executive's Role

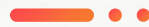


Wednesday, January 26, 2022

Hispanic Foundation of Silicon Valley  
Latino Board Leadership Academy



# BEFORE WE BEGIN



You are muted upon entry into the webinar



Click the Q&A icon to submit your questions anytime.



Like submitted questions to ensure they get asked



Use chat for comments or to elaborate on surveys



Grantee attendance survey is linked in Chat



We will send you the PPT & recording

# Webinar Agenda

---

- 1. Introduction**
- 2. Board Importance and Legal Requirements**
- 3. Boards: Types and Focus**
- 4. A Board's Fiduciary Duties and Responsibilities**
- 5. The Relationship between Board and Chief Executive**
- 6. Advice from Two Nonprofit Executives**
- 7. Supporting Board Recruitment, Orientation, and Training**
- 8. Questions and Discussion**

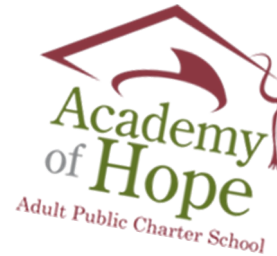


# MEET OUR PRESENTERS



**Emily Gantz McKay**  
President,  
EGM Consulting, LLC

- 17 years as founding President and CEO of Mosaica: The Center for Nonprofit Development and Pluralism
- 16 years on the senior staff of what is now UnidosUS
- 9 years on the Board of the National Hispana Leadership Institute
- Experience as a nonprofit Board member, Treasurer, and Chair
- 40 years assisting nonprofit boards



# MEET OUR PRESENTERS



**Brent Wilkes**  
**Senior VP for**  
**Institutional Development**  
**Hispanic Federation**

- Executive Director of LULAC for 20 years
- 20 years National Hispanic Leadership Agenda (NHLEA): Vice Chair, Treasurer, Board member
- Chair, Hispanic Technology and Telecommunications Partnership
- 7 years on the Friends of the American Latino Museum Board
- 8 years on the Multicultural Media, Telecom and Internet Council Board
- 20 years board alternate Hispanic Association on Corporate Responsibility

# MEET OUR PRESENTERS



**Arlenis Morel**  
Co-Executive Director  
Make the Road New  
York

- 19 years with MRNY – started as its first part-time receptionist
- State Director for Make the Road Action
- Joint focus: community organizing and operations
- Long-time commitment to investment in nonprofit infrastructure
- Two years representing District 24 in Queens on the Community Education Council
- Training at Coro's Immigrant Civic Leadership Program and Columbia University's Senior Leaders Program for Nonprofit Professionals
- Immigrated to the U.S. from Venezuela in 1992



# Governance Webinar Focus

---

## A nonprofit chief executive's role in

- **reporting to,**
- **working with, and**
- **strengthening**



## the Board of Directors

# Basic Challenge of Nonprofit Governance

---

Governance is a relatively rare and unnatural activity as board members are part time volunteers overseeing full time professional staff.

--Richard Chait

CompassPoint



# Chief Executive and Board

---



- Chief Executive (CE) must balance 2 realities:
  1. The Board of Directors is your collective boss
  2. Effective governance requires a partnership between Board and CE
- A weak board can threaten a nonprofit's long-term effectiveness, credibility, and sustainability
  - ... You as Chief Executive play a key role in making that partnership work

# Importance of an Informed and Engaged Board

---

- Legal requirements
- Credibility
- Protection against poor management or mismanagement
- External relationships
- Fundraising
- Stewardship
- Knowledge, wisdom, and contacts
- Crisis leadership and stability

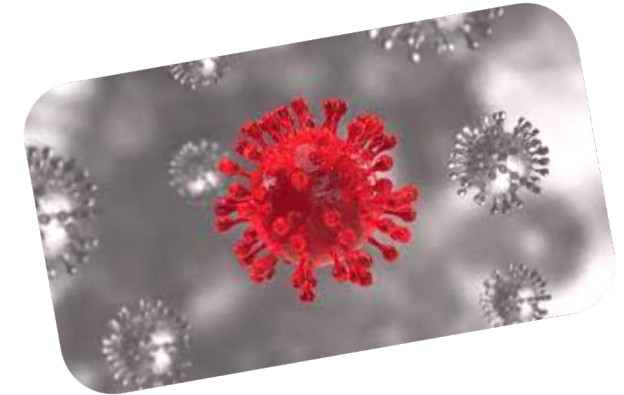
# When a Nonprofit *Really* Needs a Board

## In hard times:

- Sudden loss or absence of the Chief Executive
- Pandemic
- Natural disaster
- Financial crisis or cash-flow emergency
- Scandal or threat to reputation

## ... and to move in new directions

- Sudden major, time-sensitive opportunity
- Chance to enter a new arena



# Nonprofit Boards: Legal Requirements



- Nonprofits must have a Board of Directors
- Many states have extensive legal requirements for governance
- CE needs to understand
  - Legal requirements
  - Sound practices
- Section VI of IRS Form 990 asks about governance
- Federal (IRS) Requirements: Policies
  - Conflict of Interest/Financial Disclosure
  - Whistleblower Protection
  - Records Retention
- State Requirements
  - Minimum number of members
  - Required officers
  - Minimum number of Board members on a committee
  - Duties of loyalty and care
  - Bylaws



# Boards: Types and Focus

- **Program/Working** – very involved with programs, often assisting with the work
- **Policy/Oversight** – sets strategic directions, ensures systems are in place, provides oversight
- **Fundraising** – focused on bringing resources and serving as stewards



## Why it matters:

- Needs change based on stage of nonprofit development
- Most Boards are a combination of types but have a primary focus
- Shared understanding and expectations are important

# Your Board

---

1. **How would you describe your Board's *primary* role and focus?**

*Check one option.*

- a. Program/Working
- b. Policy/Oversight
- c. Fundraising
- d. Combination
- e. In transition

2. **What kind of Board does your nonprofit *need* at this stage in its development?** *Check one option.*

- a. Program/Working
- b. Policy/Oversight
- c. Fundraising
- d. Combination

## Quick Discussion: Our Boards

- Program/Working
- Policy/Oversight
- Fundraising



# What Boards are Supposed to Do

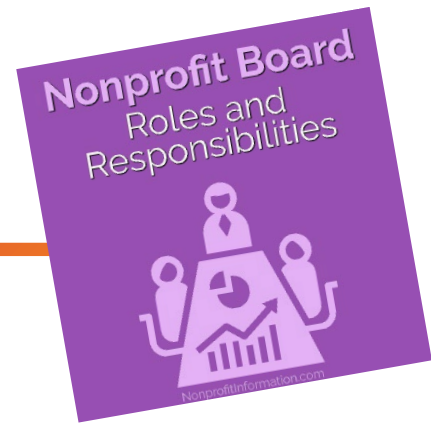




# Three Board Fiduciary Duties

Duty	Expectations for Members
<b>Duty of Care</b>	<ul style="list-style-type: none"><li>• Learn about about programs and finances</li><li>• Participate actively in governance and oversight</li><li>• Always act in in good faith</li></ul>
<b>Duty of Loyalty</b>	<ul style="list-style-type: none"><li>• Always act in the best interest of the organization, even if that is not in the member’s own self-interest</li><li>• Follow the nonprofit’s conflict of interest policy</li></ul>
<b>Duty of Obedience</b>	<ul style="list-style-type: none"><li>• Help ensure that the Board and organization comply with all applicable laws and regulations</li><li>• Work to ensure that resources are used to further its mission</li></ul>

# Board Responsibilities



1. Responsibility and accountability for overseeing operations
2. Financial oversight
3. Hiring/firing, supervision, and evaluation of the chief executive
4. Strategic direction: mission, vision, goals, program authorization
5. Evaluation of organizational results – and its own performance
6. Resource development – contributions and involvement in fundraising
7. Establishment/approval of personnel policies and procedures – and last point of appeal in the grievance process

## Which Responsibilities are Challenging for Your Board?

---

**Which of these Board responsibilities are a challenge for your Board?**

*Check all that apply.*

- a. Program and fiscal oversight
- b. Hiring/firing, supervision, and evaluation of the chief executive
- c. Providing strategic direction
- d. Self-evaluation
- e. Conflict of interest
- f. Making a personal annual contribution
- g. Active involvement in fundraising
- h. Following and enforcing a Code of Ethics/Code of Conduct
- i. None of these

B o a r d   a n d   S t a f f

# Board and Chief Executive: Working Together





# Relationship between Chief Executive and Board

---

How would you describe the relationship between Chief Executive and Board in your nonprofit? *Check all that apply.*

- a. Mutual respect and partnership
- b. Board sometimes micromanages
- c. Staff sometimes makes decisions that should involve the Board
- d. Some mutual distrust
- e. Board seems to lack confidence in competence of Chief Executive and staff
- f. Chief Executive and staff seem to lack confidence in the Board
- g. Serious conflict between Chief Executive and Board
- h. Good overall relationship but conflict with one or a few Board members

# Roles of the Board vs. the Chief Executive and Staff

- **The basics:**

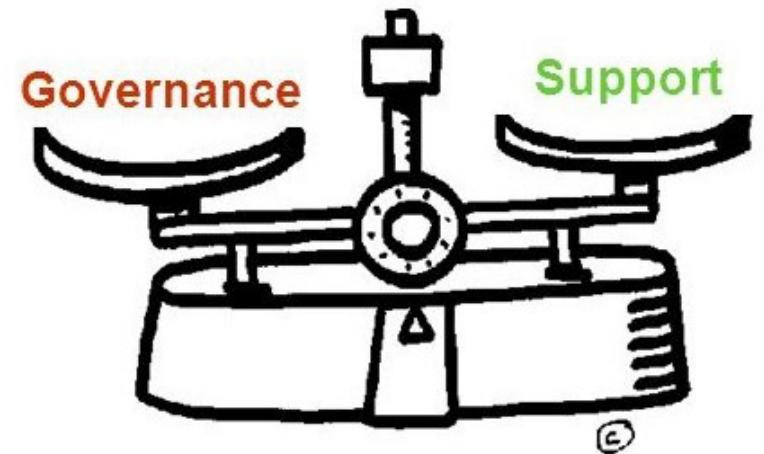
- The Board sets policy
- The CE implements policies and programs

**For example:**

- Board hires/supervises a CE to run the nonprofit
- CE hires/supervises other staff who help run it

- **Gray areas and exceptions:**

- Fundraising
- Volunteering
- Spokesperson role
- Individual members vs. the Board as a body



# What Causes Governance Problems?

---

## Board of Directors:

- **Members unclear about their roles and responsibilities**
  - Insufficient orientation and training
  - Lack of effective leadership from officers
- **Disengagement**
  - Wrong members/bad fit
  - Not enough meaningful work to do
- **Dysfunctional group dynamics**

## Board Chair – CE Relationship:

- Differing needs & expectations
- Unclear roles & division of tasks
- Lack of trust
- Poor/lack of communication
- Power dynamics

# Most Common Board – Chief Executive Problems

- **A disengaged Board**
- **A mis-engaged (micromanaging) Board**
- CE can help *cause* or *prevent* both:
  - A chief executive who brings *everything* to the Board encourages micromanagement
  - A chief executive who fails to share important information is preventing the Board from carrying out its legal responsibilities – and should expect distrust or disengagement



# Why Boards Micromanage

- Lack of training: members don't know they are crossing the line
- Recent organizational transition to a professional staff
- Bad habits from past Board experience
- Lack of Board confidence in the CE or staff
- Perceived lack of respect for the Board's role in hiring, supervising, and evaluating the CE
- Power struggle – sometimes within the Board and sometimes between Board and CE



# Deciding What Issues to Bring to the Board

---

## Factors to consider:

1. Essentials: mission, vision, and values
2. Relation to the organization's strategic direction
3. Financial implications
4. Permanence of the decision's implications
5. Level of controversy
6. Organization's public positions
7. Motivation: inspiring and engaging members
8. "No surprises"



Some of these ideas are from BoardSource



# Ensuring/Enforcing a Board Code of Ethics/Conduct

- **Sometimes a Board member behaves inappropriately** – *for example:*
  - Sexual harassment of a staff member or another Board member
  - Illegal behavior – substance use, criminal activity
  - Harming the organization’s reputation by spreading rumors or lies
  - Public behavior that makes the organization look bad
- **Importance of such behavior**
  - A violation of the duties of care and obedience
  - Governance Committee can enforce a Code of Ethics/Conduct
  - Failure to act can create legal jeopardy *for the organization and Board*
- **Chief Executive has a responsibility to intervene:**
  - When a staff member is harassed or treated improperly
  - When the Board is unaware or does not act
- **Sound practice:** help ensure a formal policy is in place, so all complaints are investigated and corrective action is taken

## Foundation for a Successful Board Chair-CE Relationship

1. Shared commitment to the organization
2. Shared understanding of:
  - Governance requirements – including state laws and your Bylaws
  - Board culture
3. Understanding of and satisfaction with their own roles
4. Respect for the other's roles
5. Understanding of the Chair's leadership role in supervising and evaluating the Chief Executive
6. Mutual trust
7. Candor
8. Regular, frequent communication
9. Strategic thinking
10. Joint planning of Board and Executive Committee meetings



# Managing the Board-Chief Executive Relationship

- When the Chief Executive is out of line
- When the Board oversteps its role
- Helping to strengthen the Board while respecting its authority
- Tips for a good working relationship



# Managing the Board - Chief Executive Relationship



## Chief Executive is out of line

- Board should step in quickly and effectively
- Meet in person to address challenges
- Develop strategies to correct problems
- Incorporate uncorrected issues in annual review
- Last resort is to terminate CE or not renew CE's contract
- Be certain process is fair and unbiased

## Board oversteps its role

- Most challenging situation a CE may face
- Immediately address the issue with the member(s) in question
- Bring the matter to the Chair's attention
- Systemic challenges can often be addressed with Board training, strategic planning, or a governance study



## Good working relationships

- Focus on the mission
- Communicate frequently
- Conduct meetings professionally and effectively
- Engage board with volunteer opportunities & site visits to see the mission in action

## How the CE Can Help the Board be Effective

---

- Understand governance requirements overall and in your state
- Provide the Board needed information and materials – and do it on time
- Appoint a Board liaison to assist with logistics, minutes, and materials
- Support the work of committees
- Help the Board with recruitment (without taking over)
- Support Board orientation and training – including roles and boundaries
- Encourage written position descriptions for the Chair and other officers
- Help navigate gray areas and maintain boundaries
- Develop rapport with Board leaders

# Supporting Board Recruitment, Orientation & Training

- **Recruitment**

- Help determine recruitment needs
- Help identify candidates
- Provide informational materials for candidates

- **Orientation and training**

- Make sure your approach meets Board member needs – one model does NOT fit all Boards
- Help develop Board orientation and training materials
- Provide program orientation
- Clarify what Board members should expect from staff
- Help explain boundaries
- Prepare a Board Book to give to each member – online or hard copy
- Help arrange access to outside experts for ongoing Board development

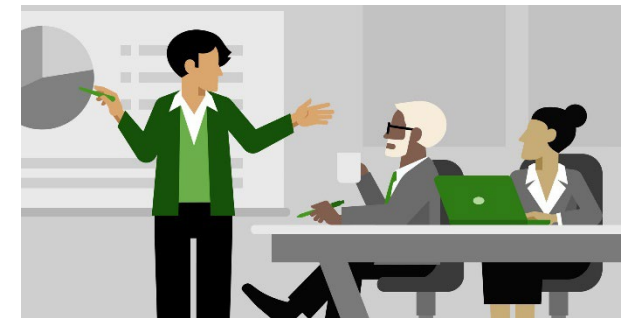




## Sum Up: Governance from the CE's Perspective

---

- Boards – required and needed
- Types of Boards – understand what you have and what you need
- Board's legal duties and responsibilities
- Board-staff roles: boundaries and gray areas
- Accepting and supporting Board oversight
- A productive Board-Chief Executive relationship
- Supporting the Board



# Handouts

---

- Nonprofit Boards: Fiduciary Duties, Responsibilities, and Operating Principles
- The Role of the Board versus the Chief Executive
- Types of Nonprofit Boards
- Bibliography



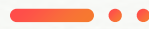


# Questions?



Click the Q&A icon to type in your questions!

# Thank You!



**hispanicfederation**

55 Exchange Place • Fifth Floor • New York, NY 10005 • (212) 233-8955 • [www.HispanicFederation.org](http://www.HispanicFederation.org)