

# *BAD BOARDS:* How to Kick Ten Terrible Habits

Oregon Main Street Conference 2014

*Presented by Stephanie Redman*

## Session Overview

- I. Welcome & Introductions
- II. Bad Board Habits? So What?!?
- III. Quick Review of the Board's Role
- IV. Ten Bad Habits, Their Impact, and What To Do About Them
- V. Closing Remarks

## Scope of Board's Responsibilities

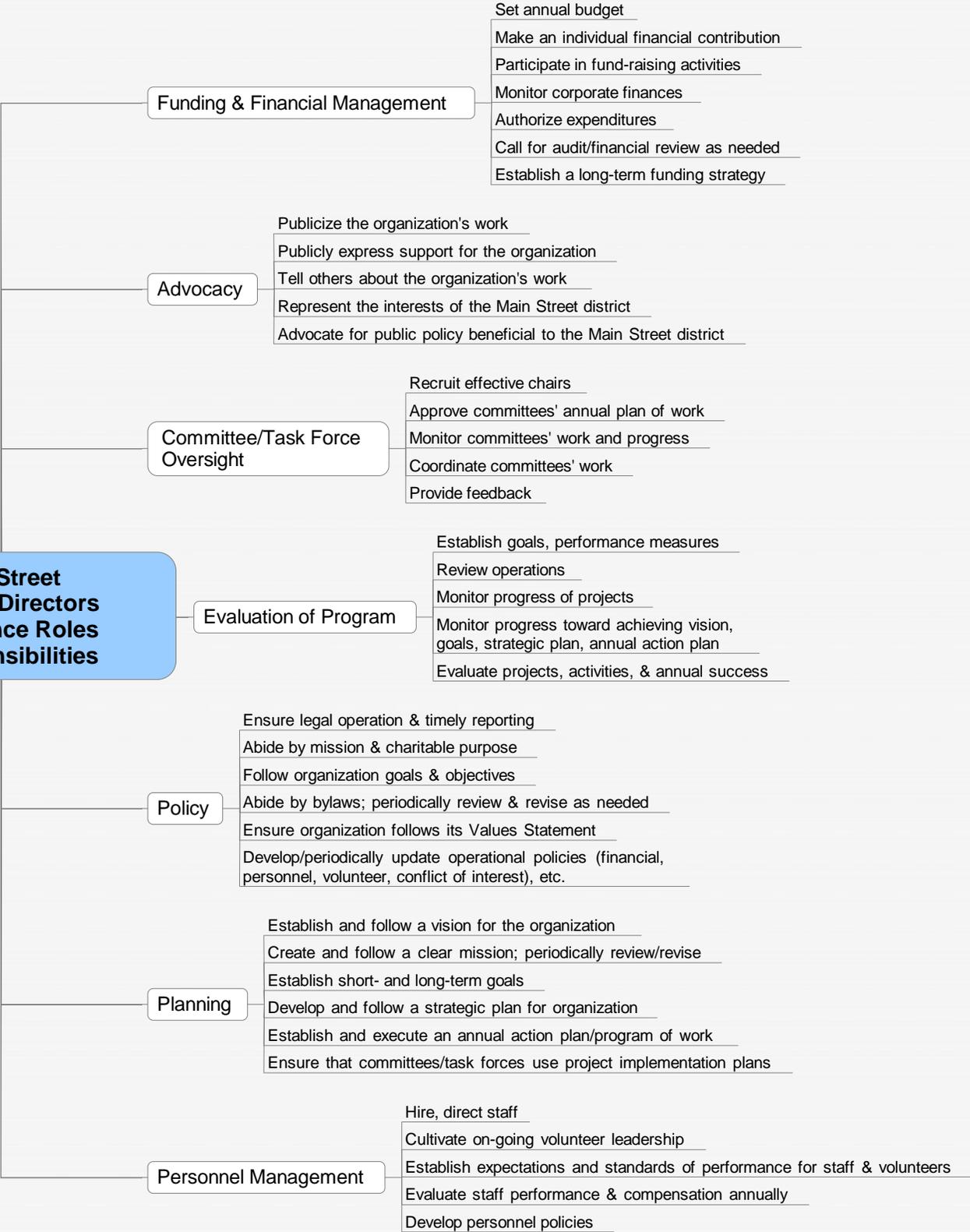
- Morally
- Legally
- Ethically
- Financially

Responsible for *all* that the corporation or organization does.

## Scope of Board's Duties: FACE-PPP

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**Main Street Board of Directors Governance Roles & Responsibilities**



## Bad Habit # 1: *Poor Care of Staff*

### Symptoms

- Lack a productive partnership between board & staff
- Staff excluded from discussion/decisions
- Lack current job descriptions
- No annual review/performance dialog
- No annual compensation review
- Few/no perks/benefits for staff
- Too many bosses

## Bad Habit # 1: *Poor Care of Staff*

### Effects

- Staff talents are underutilized
- Under-appreciated staff = under-motivated staff
- Increased/frequent staff turnover
- Corporate liability related to questionable employment practices
- In the extreme: neglect, sabotage, embezzlement

## Kicking Habit #1: *Care for Staff*

- Ask what would improve their situation & act
- Actively solicit ideas/input
- Develop/update job description
- Review compensation & adjust accordingly
- Set clear performance standards for future
- Give regular informal feedback
- Be present & participate
- Creative rewards
- Ensure one boss/supervisor



## Bad Habit # 2: *Wandering Meetings*

### Symptoms

- Meetings veer off-topic, hit tangents
- Never-ending meetings
- Agenda items frequently postponed
- People leave before discussion is “finished”
- Meet too often or not often enough

## Bad Habit # 2: *Wandering Meetings*

### Effects

- Wasted time & opportunity
- Frustrated volunteers
- Board member attrition (esp. across generations)
- No quorum to conduct business
- Little is accomplished

## Kicking Habit # 2: *Focus the Meeting*

- Poll board about function & discuss results
- Ensure agenda has topics of substance
- Use agenda with timed segments & clear functions
- Appoint “Tangent Police” during meeting
- Meeting management help for chair
- Assess need for meeting
- Consider alternatives to meeting



### Bad Habit # 3: *The Mushroom Board*

#### Symptoms

- Ignorant of roles & responsibilities
- Ignorant of state & federal reporting requirements
- Ignores articles & bylaws
- Allows “mission creep”
- Unfulfilled duties (potential liability)
- Doesn't support/relate to the community
- May focus on projects & tasks vs. governance

### Bad Habit # 3: *The Mushroom Board*

#### Effects

- Seen as ineffective/amateur
- Loses its way/fizzles out
- Loss of support if mission not addressed
- Could be penalized
- Tax-exempt status may be threatened
- May face legal consequences

### Kicking Habit # 3: *Enlighten the Board*

- Conduct regular education about board roles & responsibilities
- Seek nonprofit operations training
- Review mission, institute “mission test” for projects
- Establish annual board action plan for governance projects/activities
- Attrition = opportunity to restructure



### Bad Habit # 4: *All Talk, No Action*

#### Symptoms

- Board meetings = passive listening
- Focus is on ideas, not implementation
- Never get out of “brainstorm” mode
- Excuses abound
- Board members not engaged in governance, planning, or problem-solving

## Bad Habit # 4: *All Talk, No Action*

### Effects

- Little is accomplished
- Organization does not reach its potential or goals
- Hard to get and keep board members
- Directors' talents are untapped
- Organization lacks direction, strategy, growth, and credibility

## Kicking Habit # 4: *Call to Action*

- Conduct board evaluation (survey/discussion) re: satisfaction with role & accomplishments
- Include “deeper” topics on the agenda, including planning & board education
- Create urgency with a crisis or rallying point/project
- Conduct board member orientation
- Hold a retreat/planning session; hold each director accountable for at least one project/activity



## Bad Habit # 5: *Takes All Comers*

### Symptoms

- “It’s not that big a deal”
- No strategy for board composition
- Low or no standards for nomination & service
- Limited candidate screening
- Little or no board orientation

## Bad Habit # 5: *Takes All Comers*

### Effects

- Board may not understand/support mission
- Decreased responsibility among board members
- Board’s obligations aren’t met
- Organization loses steam or even runs counter to its mission
- Little is accomplished

## Kicking Habit # 5: *Become Selective*

- Conduct board self-evaluation re: skills, affiliations & knowledge needed for success
- Establish board expectations/job descriptions
- Use nominations committee to I.D. good candidates
- Establish candidate questionnaire
- Ensure directors receive orientation
- Attrition = chance for higher standards



## Bad Habit # 6: *Fails As Fiduciary*

### Symptoms

- Funding & financial management are ignored/under-attended
- Poor understanding of financial status
- Projects and activities are under-funded or unfunded
- Funds may be improperly managed or misallocated

## Bad Habit # 6: *Fails As Fiduciary*

### Effects

- Organization's reputation is tarnished
- Fund-raising ability may be impaired
- Easy pickings for embezzlement
- Potential loss of tax-exempt status
- Potential legal action against organization

## Kicking Habit # 6: *Foster the Fiduciary*

- Board training on fiduciary duties: funding, financial management, truth in fund-raising
- Review of financial procedures/audit
- Change treasurer/bookkeeper/accountant
- Create financial controls policy
- Provide an annual report to funders
- Ensure transparency in budget, financial statements



## Bad Habit # 7: *Unintentional Board*

### Symptoms

- Board is non-deliberate, haphazard in direction
- No goals, measures of progress
- No strategic or annual action plan
- No evaluation of operations or projects
- No evaluation of board function, needs

## Bad Habit # 7: *Unintentional Board*

### Effects

- Little is accomplished: status quo reigns
- Organization floats from project to project without planning for the future
- Projects may or may not meet mission
- Opportunities are missed
- Organization's credibility is affected
- Organization is not "at the table" on significant subjects

## Kicking Habit # 7: *Be Deliberate!*

- Evaluate/discuss organizational performance
- Provide board education on goal-setting, planning, and measurement
- Utilize project plans with evaluation component
- Conduct board performance self-evaluation, discuss results
- Establish annual planning and/or strategic planning process
- Ensure annual action plan is SMART



## Bad Habit # 8: *The Trophy Board*

### Symptoms

- Board members “in name only”
- “Big names” or resume-builders involved with no “do-ers”
- Board not engaged, does little
- Could be mistaken as a social club
- Quorum often difficult to achieve
- May have great reputation but achieve little
- Heavily staff-driven

## Bad Habit # 8: *The Trophy Board*

### Effects

- Very little is accomplished
- Mission is not met
- Big names may scare away other volunteers
- Organization may not have adequate volunteers
- Harder to restructure

## Kicking Habit # 8: *Transform to a Working Board*

- Evaluate organization's effectiveness
- Ask board members to give more
- Establish board expectations/job descriptions
- Develop written board action plan
- Move deadbeats to advisory team
- Supplement with active, working committees
- Attrition = opportunity to change



## Bad Habit # 9: *The Clique*

### Symptoms

- Board dominated by a few
- Don't include "outsiders" easily
- Don't consider others' opinions & knowledge
- Partnerships are not cultivated
- Leadership succession low or non-existent

## Bad Habit # 9: *The Clique*

### Effects

- Recruiting volunteers is difficult, few step forward
- Volunteers/staff may be marginalized
- Perceived as "closed" group
- Decisions made in a vacuum, based on narrow/incorrect perspective
- Nothing happens outside of inner circle's priorities

## Kicking Habit # 9: *Open the Circle*

- May require slow transition!
- Discuss efforts of inclusion, partnership
- Add “potential partners” to project planning
- Establish discussion round-robin, invite quiet directors into the conversation
- Ensure multiple perspectives in project planning
- Attrition = opportunity to diversify



## Bad Habit # 10: *Micromanagers*

### Symptoms

- Board does not cede control
- Staff is overly-directed, “watched”
- Committees not empowered
- Board focuses on minutiae, does committee work instead of delegating
- Board members may be overburdened

## Bad Habit # 10: *Micromanagers*

### Effects

- Organization does not reach its potential
- Higher-level governance functions neglected in favor of projects
- Board members burnout more easily
- Staff is under-utilized, frustrated
- Group is perceived as closed, unwelcoming
- Other volunteers feel under-appreciated

## Kicking Habit # 10: *Foster Delegation*

- May require slow transition!
- Evaluate organizational function & accomplishments
- Educate board on governance roles
- Establish “Delegation Police” – does it meet FACE-PPP?
- Conduct annual planning, establish written action plans for board, staff, committees & task forces



## Closing Thoughts

**A good board is a  
*victory*, not a gift.**

**Cyril Houle**

*U. of Chicago professor of adult ed.,  
author of multiple adult ed & nonprofit board books*

## Contact me...

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