

# Governance 101

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The Primary Work of the Board on Behalf of  
the Organization



Board Leadership  
& Development  
A MURDOCK TRUST PROGRAM



## Ten Primary Responsibilities of the Board

6. Ensure adequate financial resources, including defining the board's role in fundraising
7. Protect assets and provide financial oversight
8. Build a healthy board, incorporating cultural competency
9. Ensure legal and ethical integrity
10. Enhance the organization's public standing

*Adapted from Board Source: Ten Basic Responsibilities of nonprofit boards by Richard T. Ingram*



## The 3 hats of a board member



### ☑ GOVERNANCE HAT

All board members wear their *governance hats* at board meetings. Here we govern together with due diligence resulting in “one voice” decisions that steward the direction of the organization. The Governance hat has authority and is only used when the board is in session.

### ☑ VOLUNTEER HAT

Volunteering is optional. If a board member’s reason for serving on the board is to expand their current or future volunteer role, they may be more fulfilled giving time and energy to that volunteer role rather than serving on our board.

When board members wear a *volunteer hat*, they must leave their governance hat in the boardroom. We know they will not power-up as board members when they’re volunteering, and they will respect the volunteer lines of authority by working with the appropriate staff or volunteer supervisor. And we trust they will refrain from bringing volunteer issues into board meetings so other board members won’t be tempted to micromanage staff matters and neglect board functions.

### ☑ PARTICIPANT HAT

The *participant hat* includes expected attendance at events. While participants may be introduced as a member of the board, these events are not board meetings so it is inappropriate for them to wear their governance hat at these events. We may ask board members for help at an event, during which time they may be called to also wear their *volunteer hat*.

Visit [www.ECFA.org](http://www.ECFA.org) for more information on the Three Hats

View the *ECFA Governance Toolbox Series No. 1:  
Recruiting Board Members Leveraging the 4 Phases of Board Recruitment:*

Cultivation, Recruitment, Orientation, Engagement

**ASSESSMENT**

**WORKSHEET: WHAT HAT ARE YOU WEARING WHEN...**

Check one box per row.

<b>BOARD MEMBER HATS:</b>	<b>GOVERNANCE HAT</b>	<b>VOLUNTEER HAT</b>	<b>PARTICIPANT HAT</b>
1. "It's important that we have several board members present when our graduates receive their diplomas next week."			
2. "All in favor say 'aye.'"			
3. "As you know, every board member and spouse must host a table at our annual fundraising dinner—and invite eight guests."			
4. "The staff needs some accounting help to close the year-end books."			
5. "The Audit & Finance Committee will meet with the auditor on July 15."			
6. "Frankly, my staff can't understand why more board members don't show up at our workdays and walk-a-thons. They don't think board members support the organization—nor have any idea what's going on."			
7. "Fred, it sounds like you have passion in that area. As chairman, I'm asking you to chair a task force to pick the colors and carpeting for our new office remodel."			
8. "Due to our Executive Director's accident, he needs help on draft #2 of the strategic plan. Any takers?"			
9. "Founder's Day is next Thursday. All board members are expected to come. We'll also have a quick business meeting."			

# Shared Commitments of Board Members

- › Annual Affirmation Statement
- › Creating alignment, agreement, and commitment



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**TOOL: THE BOARD MEMBER ANNUAL AFFIRMATION STATEMENT**

**SAMPLE ONLY** - not prescriptive for your organization

# Board Member Annual Affirmation Statement

A resource to supplement the materials in the *ECFA Governance Toolbox Series No. 2: Balancing Board Roles*

Understanding the 3 Board Hats: Governance ▶ Volunteer ▶ Participant ▶

[www.ecfa.org/Content/Governance-Toolbox-Series-2](http://www.ecfa.org/Content/Governance-Toolbox-Series-2)

*“With crystal clarity, we explain the three distinct hats of board service: Governance, Volunteer and Participant.”*

*ECFA Governance Toolbox Series No. 1: Recruiting Board Members (page 11)*

## HOW TO USE THIS DOCUMENT:

Begin by asking your board members to answer three questions:

### HOW STRONGLY DO YOU AGREE OR DISAGREE WITH THESE STATEMENTS?

1 – STRONGLY DISAGREE   2 – DISAGREE   3 – NEITHER AGREE NOR DISAGREE   4 – AGREE   5 – STRONGLY AGREE

#### HOW EFFECTIVE IS OUR BOARD AT ESTABLISHING WRITTEN CRITERIA AND QUALIFICATIONS FOR BOARD MEMBERS?

**CIRCLE YOUR ANSWER**

We have a “Board Member Annual Affirmation Statement” (or similar document) that summarizes the roles and responsibilities of board members, including future board meeting dates—and the board member’s affirmation that he or she will be in attendance.

1   2   3   4   5

With crystal clarity, we explain the three distinct hats of board service:

- The Governance Hat
- The Volunteer Hat
- The Participant Hat

1   2   3   4   5

We are also crystal clear about a board member’s charitable giving expectations (if any).

1   2   3   4   5

Use this template to create your own “Board Member Annual Affirmation Statement” so current board members, and board prospects, understand—with crystal clarity—their roles and responsibilities.

# Board Member Annual Affirmation Statement

(adapted from ECFA Tools and Templates.)

## APPROVED BY THE BOARD ON (DATE)

**OUR GOVERNANCE VISION.** It is our expectation and hope that members of the board of XYZ Organization sense a deep commitment to their roles and responsibilities—and have a vision for the potential of serving others—that they will give the highest priority to using their charitable time and resources during their three-year term, as outlined in the Board Policies Manual.

## ROLES & RESPONSIBILITIES OF BOARD MEMBERS

The full description of board member roles is listed in our Board Policies Manual. In summary, we desire to make mission-oriented discerning governance and policy decisions in these key areas:

1. People: We are accountable for hiring, inspiring, guiding, evaluating, and supporting the Executive Director.
2. Policies: We focus on governance, as defined in the Board Policies Manual, and our stewarding and accountability process in the areas of promise, mission, vision, values, future direction strategy.
3. Strategy: We affirm the statement that “there is nothing more important for a CEO than having the right strategy and right choice of goals, and for the board, the right strategy is second only to having the right CEO,” Ram Charan, *Owning Up: The 14 Questions Every Board Member Needs to Ask*. The board will own the strategy, but not necessarily create it.
4. Due Diligence: We take our fiduciary and legal responsibilities seriously, and will ensure compliance with legal, financial, and government requirements.
5. Giving: We invite discerning and qualified people to serve on the board who have already demonstrated generosity in time and resources to the organization.

## THIS DOCUMENT WILL BE USED TWO WAYS:

1. Board members will review the Annual Affirmation Statement and affirm their commitment to XYZ Organization.
2. Prospective board members will review the Annual Affirmation Statement in advance of their commitment to serve and upon their election.

Your Name: \_\_\_\_\_



# Annual Affirmation Statement

XYZ ORGANIZATION

## MY COMMITMENT.

- I affirm my commitment to use my time, talent, and treasure for the advancement of XYZ Organization. I believe I am a good fit for this organization and I accept this role and responsibility with joy.

**Term of office January 1, \_\_\_\_\_ to December 31, \_\_\_\_\_ (3 years)**

## Board Members Wear 3 Hats:

- The Governance Hat
- The Volunteer Hat (based on your strengths and social style)
- The Participant Hat (participation at organizational events and fundraising dinners, etc.)

## Board Responsibilities:

### GOVERNANCE HAT

*Circle: Yes or No*

- |     |    |    |  |
|-----|----|----|--|
| Yes | No | 1. | I affirm the mission and vision of XYZ Organization.   |
| Yes | No | 2. | I will serve faithfully on the board with my family's understanding of the commitments I am making for my time, talent, and treasure.  |
| Yes | No | 3. | I will actively support the Executive Director, staff, and other members of the board.   |
| Yes | No | 4. | I will attend and be prepared for board meetings, committee assignments, and taskforces. I will participate in regularly scheduled conference calls.                               |
| Yes | No | 5. | I will prioritize XYZ to be in my top three organizations' annual giving. I understand donors and foundations expect XYZ board members will be the most committed group of donors. |

**Note:** "Generous giving" does not mean that our board members must be wealthy. Instead, when at all possible, we encourage each board member to prioritize XYZ Organization so it is one of the "top three" ministries for an individual's annual giving. (See the Board Policies Manual for more details.)

- |     |    |    |   |
|-----|----|----|---|
| Yes | No | 6. | I will seek to influence my colleagues, my company, potential donors and foundations to volunteer and give to XYZ Organization. |
| Yes | No | 7. | I am committed to being a person of integrity and sound character.  |

Yes No 8. I will carefully consider opportunities to serve on board committees.

Yes No 9. If I am unable to execute my responsibilities on the board, I will resign so that the board has the support, committed time, talent, and treasure of an active board member.

**VOLUNTEER HAT**

*Circle: Yes or No*

Yes No 1. I understand that volunteering at XYZ is separate from my responsibility as a board member. If I do volunteer, XYZ will place me in a role that leverages my talents and strengths.

Yes No 2. I will respect the lines of authority by not bringing volunteer ideas, issues, or recommendations to the board. I will work with the staff who coordinates my volunteer work.

Yes No 3. I will consider opportunities for volunteering such as representing XYZ at events, meeting potential donors with the Executive Director, and serving at an event or on a committee or taskforce.

Yes No 4. Other \_\_\_\_\_

**PARTICIPANT HAT**

*Circle: Yes or No*

Yes No 1. I am expected to attend select events each year. I also understand that married board members are encouraged to involve their spouses in these events.

Yes No 2. I will encourage people to get involved with XYZ and to participate in events.

Yes No 3. I will participate in at least one event each year at my own expense.

Yes No 4. Other \_\_\_\_\_

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

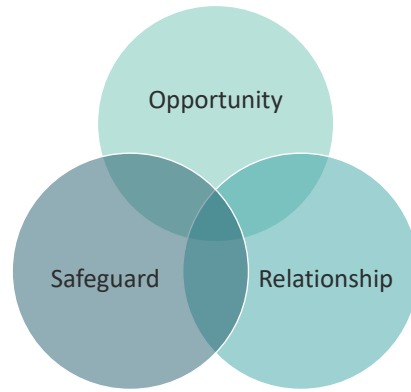
**Print Name:** \_\_\_\_\_

\_\_\_\_\_

# Board Policies

The board focuses on three types of policies

- > Opportunity Policies provide thoughtful parameters on how opportunity will be pursued. For example, a policy may require 100% funding prior to starting a new initiative.
- > Safeguard Policies are written to keep the organization from misunderstanding and harm. *Conflicts of Interest* and *Dispute Resolution* are two common examples.
- > Relationship Policies describe the connection between the board, Executive Director, staff, volunteers, and constituency. Succession plans are a good example of how people will be cared for in crisis or planned transitions.



# The Taxi

- > Boards provide direction regarding destination
- > You are not driving



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# The Corral

- > Board policies as safeguards
- > Case study



# Governance

- › The board is a community of individuals brought together to steward/govern the public trust through the unique purpose of the organization



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# Governance

› One Board—One Voice



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**BOARD ACTIVITY**

LOW				HIGH
1	2	3	4	5

1. The board operates under a set of policies, procedures, and guidelines with which all members are familiar.

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2. The executive committee reports to the board on all actions.

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3. There are standing committees of the board that meet regularly and report to the board.

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4. Board meetings are well-attended with near full turnout.

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5. Each board member has at least one committee assignment.

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6. Nomination and appointment of board members follow clearly established procedures using known criteria.

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7. Newly elected board members receive orientation for their role.

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8. Each board meeting includes an opportunity for learning about the organization's activities.

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9. The board follows its policy of defined term limits for board members.

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10. The board understands and supports the strategic planning process.

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**BOARD ACTIVITY**

LOW			HIGH	
1	2	3	4	5

11. Board members receive meeting agendas and supporting materials in advance so they have adequate time to prepare.

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12. The board oversees the financial performance and fiduciary accountability of the organization.

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13. The board receives regular financial updates and works to ensure the operations of the organization are sound.

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14. The board regularly reviews and evaluates the Executive Director’s performance.

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15. The board prioritizes cultural competency and leads the organization by example.

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16. The board engages in discussion around significant issues.

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17. The board chair effectively and appropriately leads and facilitates board meetings, as well as the policy and governance work of the board.

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### MISSION AND PURPOSE

LOW				HIGH
1	2	3	4	5

1. Statements of the organization’s mission are understood and supported by the board.

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2. Board meeting presentations and discussions consistently reference the organization’s mission statement.

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3. The board regularly reviews the organization’s performance in carrying out the mission.

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### GOVERNANCE/PARTNERSHIP ALIGNMENT

LOW				HIGH
1	2	3	4	5

1. The board exercises its governance role, ensuring the organization supports and upholds the mission statement, core values, vision statement, and partnership policies.

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2. The board periodically reviews, and is familiar with, the organization’s partnership documents.  
*Note: this item applies when an organization has partnered with other organizations.*

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3. The board reviews its performance and measures its effectiveness in governance work.

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4. The board is engaged in the board development processes.

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### BOARD ORGANIZATION

1. Information provided by staff is adequate to ensure effective board governance and decision-making.
2. Committee structure addresses the organization's primary areas of operation.
3. Committees have thorough agendas and minutes for each meeting.
4. Committees address issues of substance.

LOW				HIGH
1	2	3	4	5

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### BOARD MEETINGS

1. Board meetings are frequent enough to ensure effective governance.
2. Board meetings are long enough to accomplish the board's work.
3. Board members fully and positively participate in discussions.

LOW				HIGH
1	2	3	4	5

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### BOARD MEMBERSHIP

1. The board size is adequate to effectively govern the organization.
2. The board has a range of talents, experience, and knowledge to accomplish its role.
3. The board uses its members' talents and skills effectively.

LOW				HIGH
1	2	3	4	5

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**BOARD MEMBERSHIP**

LOW			HIGH	
1	2	3	4	5

4. The board makeup is diverse with experience, skills, ethnicity, gender, and age group.

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5. The board recruits for cultural competence as key to the effectiveness of the organization.

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6. Fellow board members review each member’s performance at the end of every three-year term.

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7. Each board member financially supports the organization annually.

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8. The board demonstrates an ongoing commitment to the organizational mission.

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**ADMINISTRATION AND STAFF SUPPORT**

LOW			HIGH	
1	2	3	4	5

1. The committee structure provides adequate contact with administration and staff.

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2. Communication is thorough and clear between the board and staff.

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3. Staff support before, during, and after board meetings is effective.

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