



Ronald McDonald House Charities®

# Governance Guide



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## ACKNOWLEDGEMENTS

This document is intended for the use of local Chapters within the Ronald McDonald House Charities global system as they continue their quest to be the models of good stewardship for charities across the globe. During its development, valuable input was received from many people and organizations, notably the RMHC Global Advisory Council, the RMHC Field Team, and selected local Chapters.

All of their input, comments, suggestions and advice made this a more useful Guide.

NOTE: Peter Brinckerhoff was the primary author of this Guide. Peter has deep knowledge and expertise in nonprofit governance, as well as great familiarity with the Ronald McDonald House Charities global system. He has presented at numerous RMHC Conferences and Regional Meetings, and worked with many local RMHC Chapters. Peter is a former Executive Director of two regional nonprofits and has been on many local, state and national nonprofit boards. He is the award-winning author of eight books on nonprofit management and governance and, from 2000-2005, held an appointment as Adjunct Professor of Social Enterprise at the Kellogg School of Management at Northwestern University.

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# Forward

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**Governance matters for Ronald McDonald House Charities® (RMHC®) Chapters throughout the world.** With every Chapter having limited resources, getting the most out of those resources is key. Board members are, of course, a crucial resource as individuals, but when they come together and govern the organization in a mission-based manner, it becomes a prime example of the concept that “the whole is greater than the sum of the parts.” Staff play a key part in governance as well, as they support, advise and focus the board of directors. Every Chapter’s board and staff want to do the best job they can to provide the services their Chapter makes available to their community.

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## **But how can a board or staff member tell what’s best?**

How can he or she measure, manage and improve the governance at his or her Chapter? To answer those questions, RMHC developed this Guide and it’s associated online materials. Many sources were reviewed, including the following:

- ***Standards of Excellence***, Maryland Nonprofits, 2010
- ***Governance as Leadership: Reframing the Work of Nonprofit Boards***, Chait, Ryan, et.al., John Wiley & Sons, 2005
- ***Governance Best Practice***, Save The Children, 2008
- ***Best Practices for Nonprofit Corporate Governance***, Clifton Gunderson, LLP
- ***Governance for Nonprofits: From Little Leagues to Big Universities***, Society of Corporate Secretaries and Governance Professionals, 2008
- ***Best Practices: Nonprofit Corporate Governance***, McDermott, Will & Emory, 2005
- ***Standards for Charity***, Better Business Bureau Wise Giving Alliance, 2003

In addition, the RMHC Global Advisory Council was consulted as were selected local Chapters. All of their input was valuable, as it emphasized the unique nature of each Chapter, and of each local culture and community in which RMHC Chapters operate around the world.

## **Governance, good governance, even great governance is not, of course, the end goal.**

It’s a means to an end, which is more and better mission provision. In each of the communities RMHC serves, there are people in need of the services that RMHC Chapters provide. Without the best governance, RMHC cannot provide the volume or quality of services it otherwise could. Thus, working toward great governance, world-class governance, becomes a mission-enabler, and thus worth all the hard work it demands.





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**Welcome.** If you're reading this Guide, you are part of the Ronald McDonald House Charities family. You are almost certainly either a board member, a non-governing volunteer or an employee who is interested in making sure that your RMHC Chapter is well governed. This Guide is for you. RMHC is committed to building capacities of its local Chapters; it's goal is to have the RMHC system be the best governed in the world. This Guide, and its associated online tools, are the result of that work.

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Governance in mission-based organizations can be a huge component of the organization's success, or a leading factor in its failure. Over the past twenty years, much attention has been given to improving management skills and infrastructure in our nonprofits. While governance was considered important, it was often not the focus for funders, donors, regulators and volunteers.

No more. Governance of our nonprofit organizations has been recognized as an essential part of the stewardship of the organization, and research has been ongoing to identify the best practices in this key area. Thus governance is in the spotlight and your Chapter needs to ensure that it is doing everything it can to govern itself in the best, most mission-effective manner possible. But where to start? What *is* best practice in governance? Answering those questions, and dozens of others is why this Guide was developed.

This Governance Guide is just that, a Guide for you and your Chapter to review and consider. RMHC recognizes the wide diversity of local cultures, traditions and rules and regulations that Chapters across the globe work within and benefit from. Thus, this document seeks to expose you to what has been defined as best practice and let you match up what you read here with what works in your local community or country.

A reminder as you read: You will see that good governance is the responsibility of our Board of Directors *and* your senior staff. Thus, this Guide is written for your Chapter's Board members as well as the staff.

RMHC Mission

*Ronald McDonald House Charities  
creates, finds and supports programs  
that directly improve the health  
and well being of children.*

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*Before we begin, there are some overarching philosophies that we need to explore. These will shape the philosophy and tone of the remainder of the Guide.*

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*THE FIRST RULE OF NONPROFITS:*

**Mission, mission, and more mission.**

The mission of your organization is why the organization exists. It's easy in the day-to-day operation of your nonprofit, or in the deliberations at a board meeting to forget that fact, or at least to lose focus on it. There will be much in the Guide to help your Board re-focus on the mission, but for now, remember this: Every single decision your Board makes should result in one or more of the following outcomes:

- *More mission*
- *Better mission*
- *More effective mission*
- *More efficient mission*

There will be more on this a bit later, but remember that your decisions must always have a short- or long-term mission outcome.

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*THE SECOND RULE OF NONPROFITS:*

**No money, no mission.**

Historically, many charitable organizations felt that if they focused on mission, “the money would work itself out”. Over the past two decades, as more management acumen has added to both staff and boards of nonprofits, that feeling has waned. The key here to remember is that *money is the enabler of mission*. If you want to do high quality mission, you have to have the money to pay to for it, even in organizations like RMHC which depend heavily on volunteers.

Remember that while mission is always first, the money is a close, close second.

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*THE THIRD RULE OF NONPROFITS:*

**The Executive Director works for the Board. Everyone else works for the Executive Director.**

You will see repeatedly in this Guide that board members are responsible to oversee policy, not to do day-to-day management. This is often challenging, particularly for board members who are founders and who had to do all the management work before the first paid staff were hired.

And this rule, if broken, is one of the key ways that governing volunteers can bring down a nonprofit. We'll look at this issue more in the section of the Guide on Barriers to Effective Governance, but for now, remember that your lead staff person is ultimately responsible for the management of your Chapter and is the direct supervisor for your other paid staff. If you're a board member, it's not appropriate to get between the ED and her employees.



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*With those three rules in mind, let's look at four keys to good governance.*

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■ *First key:* **Balance**

Balancing the mission needs with available resources, staff needs with board demands, and community wishes with internal policy decisions. Balance is hard, but it shows up in nearly every action a governing volunteer takes.

■ *Second key:* **Sticking to policy**

Governance is not management, it's governance. Effective boards do their best to stick to policy matters and other activities (such as fundraising) where they can add value. Examples of policy would be the annual budget, the strategic plan, a decision to add guest bedrooms to a House, or to develop a Family Room. Policy is the big stuff, where mission is guided and improved.

■ *Third key:* **Serving as a check and balance on staff**

There's that word balance again. Boards serve as a check and balance on staff, and staff serve as a check and balance on the board. Oversight of financial and policy matters is crucial to ensuring that your organization is practicing good stewardship. Board members should set budgets and review their implementation. Board members should get outside audits and ensure that management is following policy and local statute and regulation. However, being a check and balance does not require looking over the Executive Director's shoulder seven days a week. There's a balance, and later in the Guide we'll provide you some hands-on methods of achieving it.

■ *Fourth key:* **Providing outside credibility**

Board members offer the community friends, neighbors and colleagues to relate to, provide external authenticity to the organization and a network for the paid staff to use in their outreach. If you serve on the Board, one of your jobs is to represent your RMHC/RMH Chapter positively and consistently in the community.

We will return to these keys throughout the Guide, but let's first turn our attention to how to get the most out of this Guide as you work to improve your Chapter's governance.



## 2 How to Get the Most Out of the Guide

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You've made the decision to invest the time and attention in this Guide and, hopefully, its associated online tools. Here are some suggestions on how to get the most out of that time investment.

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**First:** If possible, read the entire Guide through cover to cover, and in order. It's understandable that you might want to just focus on one or two sections of the Guide, but it's written in the order presented for a reason: each section builds on (and in many cases refers to) prior sections. If you jump around, you will lose much of the context.

**Second:** Once you (and hopefully all your Board and senior staff) have read the Guide, consider using the discussion questions that wrap up each substantive section to initiate discussion at either a board meeting or meeting of your Board Development Committee. You want your Board to be reflective about this material, and the discussion questions will get you started.

**Third:** Go online and download the Governance Educational Modules from RMHC Fileshare or utilize the DVD that accompanies this Guide. These are each approximately fifteen minutes long and, as a set of four, cover much of the material in the Guide in an approachable fashion. They are designed to be viewed one each at a series of board meetings, followed by discussion. The learning modules are also great tools to help with the orientation of new board members going forward.

**Finally:** Remember that RMHC offers many governance tools online at RMHC Fileshare, and that these tools are updated regularly. Make a note to review the offerings every few months to see what can help your Chapter.

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*Let's take a moment to review the Sections of the Guide and what they cover.*

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## **1 Introduction**

This Section covered introductory material for governance, including three key rules, your need to focus on mission, and four keys to good governance.

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## **2 How to Get the Most Out of the Guide**

This is the Section you are reading now. Its focus is to help you get the best return on your investment of time and attention.

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## **3 Best Practices in Nonprofit Governance**

This will be the first of our “substantive” Sections. We'll start by defining boards, staff, bylaws, corporations, fiduciaries and other key terms. The rest of the Section will lay out the current best practices in nonprofit governance across the globe.

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## **4 Board of Directors Roles and Responsibilities**

This Section will discuss the legal and mission responsibilities and roles of the board of directors, focusing on what their key duties are.

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## **5 Board Officer Roles and Responsibilities**

Effective boards have leaders, usually known as officers. These board members have specific duties to attend to and roles to consider. If they aren't trained in, or aware of, these responsibilities and roles, the organization's governance will not be effective. This Section will show you how to ensure that doesn't happen.

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## **6 Staff Roles and Responsibilities in Effective Governance**

Successful and effective governance is not just the province of the governing volunteers. Staff can and should play a key role. This Section will show you how.

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## **7 Barriers to Effective Governance**

This Section will list out the most common barriers to effective nonprofit governance. There are more than you may think; at best, they just hold an organization back from maximizing its mission potential, at worst they can bring an organization down.

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## **8 Board Liability: What It Is, and How to Reduce It**

Board members are fiduciaries in most countries, and each member is interested in making sure her or his liability as a board member is kept to a minimum. This Section will show you how to work toward that goal.

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## **9 Better Board and Committee Meetings**

The vast majority of the work of the board gets done at board and committee meetings. This Section will review the best practices for governance meetings and what can be done to improve your meeting management skills.

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## **10 Better Decision Making**

Every nonprofit board wrestles with difficult decisions. This Section will show you how to adopt a decision framework that can make the decision process easier and more mission-consistent.

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## **11 Building (and Keeping) the Best Board**

Every Chapter needs to attract and retain the best board members to support their mission. As every reader knows, that's easier said than done, and this Section will show you a time-tested process to get there.

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## **12 What To Do Now**

By the time you get to this Section, you'll have read a lot and will probably be a bit overwhelmed by all the opportunities you have to improve governance at your RMHC Chapter. This Section will give you three strategic actions to consider as well as ten hands-on tactical ideas to pursue.

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## **13 Tools and Supplemental Online Materials**

There's more: tools, resources and online materials for you to pursue as you look deeper into governance best practices. This Section will show you what's available.

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At the end of each of the substantive Sections (3-11) you will find some takeaways as well as a set of discussion questions to help you initiate dialog with other board members around the topic at hand.

Again, remember that this Guide is just that, a guide; full of ideas, research and best practices to help you ensure that your Chapter's governance is truly excellent; a model of good stewardship. Once you have finished reading, the hard work of implementing these ideas is up to you, your Board and your staff, but if you take the time to use the resources here, you'll have a great start.

### 3 Best Practices in Nonprofit Governance



All of us want our Chapter to be great stewards of its resources. In this Guide, we'll start with what best practices are on the governance side of the organization. But first, we need to make sure everyone is using the same terminology. Understanding that the RMHC system stretches

across the globe with Chapters on six continents, there may well be different definitions of the terms below in your community. But for the purposes of this Guide, the following definitions will be used.

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**Board of Directors** — *The governing body of the Chapter.*

Some Chapters will call this group their Executive Board, Governing Board, Board of Trustees, or some other term, but for the purposes of this Guide, we'll use the term Board, or Board of Directors. This is the body that approves the budget, amends and adopts the bylaws, hires and evaluates the senior staff person, establishes the strategic plan and, in general does the policy work of the Chapter. Take a moment to think of what this organization is called at your Chapter and keep that in mind as you read through the Guide.

Remember, too, that members of the Board are, in most countries, fiduciaries of the organization; that is, personally responsible for the actions of the Chapter. It's a big responsibility.

**Staff** — *The paid full time or part time employees of the Chapter.*

As Chapters grow, their needs for management and operations outgrow the capabilities of a solely volunteer workforce. While many Chapters depend on a significant level of volunteer assistance, the paid employees, the staff, carry most of the day-to-day load. The lead staff person can have many titles; Director, Executive Director, Chief Executive Officer, Organizational Leader (which is what RMHC Global utilizes), Managing Director, but whatever her or his title, that person is the key contact with the board. In this Guide, we'll use the common title "Executive Director" (ED) and that is the person referred to in the Third Rule of Nonprofits: "*The Executive Director works for the Board and all the rest of the staff work for the ED.*"

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**Bylaws** — *The rules and regulations that govern the corporation.*

Your Chapter's bylaws should be in the hands of every board and staff member. They are the rules by which the Chapter's Board must operate. Bylaws contain a statement of mission of the organization, dictate how board members are elected (and dismissed, if necessary), delineate the officer roles, often name committees, list the terms of office of both board and officers, explain how the bylaws can be amended, and discuss other issues that are required by local laws and regulation. These may be called your Constitution, Rules of Order, or some other name, but this document is the key operating document of your Chapter. Every board member should read their copy of the bylaws front to back once a year.

**Corporation** — *An entity or group of people authorized to act as a single entity and recognized as such in law.*

For all Chapters worldwide, this is the legal structure of the organization. A corporation can be for-profit or nonprofit, but to receive charitable donations in most countries it needs to be a nonprofit (*see below*), and in accordance with the License Agreement with McDonald's Corporation, it is a requirement. The ultimate authority in any corporation is its board of directors.

**Nonprofit** — *An organization, usually a corporation, established for a charitable purpose.*

Nonprofits go by many names throughout the world, including non-governmental organizations (NGOs), not-for-profits, charitable organizations, civil organizations, social organizations, public benevolent institutions, trusts, or charities. RMHC Chapters are nonprofits, which means their most important purpose is the pursuit of their mission. Making a profit is not forbidden, but it is secondary to the primary purpose of mission. Like all corporations, nonprofits are governed by their board of directors.

**Fiduciary** — *A position of trust for others' funds.*

In most countries, laws related to nonprofits state that nonprofit board members are considered the fiduciaries of the organization, which means that they are *personally responsible* for the actions of the organization and therefore can be held *personally accountable* if funds are mismanaged, or actions are taken that result in personal injury.

With those definitions in mind, let's turn to the current best practices in nonprofit governance. "Best Practice" is a term of aspiration, and the practices noted below are widely considered to be such by experts in the nonprofit field. More importantly many, if not all, of the items below are considered by most funders and accreditation agencies to be the *minimum acceptable practice* to qualify for funding. And, while in some countries these are "best practice" in others they are the law. All Chapters should look carefully at the practices below both from an aspiration and a legal point of view.

Finally, while many nonprofits have focused on service quality and outcome measurement to be their competitive advantage for funding over the past decade, meeting these governance benchmarks will be an additional "entry ticket" to qualify for grants over the next 10 years. You want your Chapter to be the best governed, and you want it to be seen as such by the community that supports you.



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## **Current best practices in nonprofit governance include:**

### ■ **Board term limits**

While term limits for nonprofit board members have been best practice for nearly a decade, the difficulty in finding and retaining active and committed board members, particularly in smaller communities, has resulted in a variety of options that nonprofits are using. These include:

- > **Two three-year terms with no ability to remain on the board.**
- > **Two three-year terms with an ability to re-join the board after a one- or two-year break.**
- > **A one-year term, followed by two three-year terms.** The initial one-year term is designed to allow an evaluation of whether or not there is a good match between the nonprofit and the board member.
- > **One-year terms, renewable every year.** This trend is the result of potential board members not wanting to commit to a longer time on a board.
- > **Emeritus Board members.** These are members who are so dedicated and committed to the organization that they are allowed a third term, perhaps up to five years. There are many ways to use Emeritus board members; as full board members, or as an advisory board. Some simply keep the title and are called on when needed. Some attend every meeting. If you choose to have Emeritus members, their roles and responsibilities should be carefully considered by your Board Development Committee.

Each of these options has its advantages and disadvantages, but the important thing is that large funders (corporate, foundation, government) look at whether or not there are term limits before approving funding.

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## **Your Chapter's licensing agreement with McDonald's Corporation requires a term limit policy.**

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### ■ **Diversity**

Having a board that looks like the community its nonprofit serves is smart, best practice, and very difficult to achieve. While nonprofits of all sizes and mission have struggled to accomplish this task, not having a diversity plan is seen as a major deficit by an increasing number of funders. Diversity metrics should include gender, ethnicity, geography, socio-economic and generation of birth. It's worthwhile noting the diversity on your board is much, much more difficult to achieve if you do not have term limits for board members. In addition, an RMHC Core Value is as follows, "*We Celebrate the Diversity of our People and our Programs*"; so seeking more diversity on the board should be a priority for each Chapter.

### ■ **Boards not primarily fundraisers**

As we've already seen, board members are fiduciaries who need to attend to policy and make sure the organization's goals are being met. Over the past twenty-five years, many nonprofit boards have slid away from this role and into a primary (and often exclusive) job of fundraising. This is a mistake, and one that funders are pushing back on. If the primary

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skill that a board member is recruited for is the ability to get or give money, the larger needs of the board to be able to support the mission are lost. If a board is primarily populated by people who like and are skilled at fundraising, that's what they'll spend their time discussing at board meetings, not policy, strategy or even approving last month's financial report.

Clearly, and as you'll see in the list of board responsibilities in the next section, board members should be involved in fundraising, and all board members should donate money to the organization (in addition to their time) every year. But delegating development completely to the board is a poor idea and one that is fraught with the danger of the board giving up its primary duties of fiscal and policy oversight.

### ■ **More strategy time at board meetings**

With the increasing sophistication of board members, there is a corollary need to not have board meetings be merely "look back" sessions, where the past month's or quarter's activities are reviewed. More and more boards are spending a set time (usually no more than 30 minutes) at each (or every other) board meeting talking about a strategic issue. This strategy time is hugely popular with board members, but comes with the potential to distract the board from still necessary oversight tasks.

Adopting some kind of regular strategy discussion with time limitations is seen as best practice, and something that the board at your Chapter should carefully consider. To get you started, here are some questions to consider for these strategic discussions:

- > **If we look down the road three to five years, how will our local economy affect our fundraising?**
- > **How do we keep abreast of the best ways to use technologies like social networking to improve our services and make people aware of our Chapter?**
- > **In a world that is increasingly cashless, what effect will this have on our donation box fundraising activities (largely comprised of loose change) at our local McDonalds restaurants?**
- > **What changes do we need to make to accommodate a younger, more tech-savvy generation of parents?**

There are many other questions that you can use to start this kind of strategic thinking, but remember to keep the discussion time-limited, record the ideas broached in the discussion and still do a full strategic plan once every three years.

### ■ **Conflict of interest**

Having a Conflict of Interest Policy and having both senior staff and board members annually sign a Conflict of Interest statement has been best practice for a decade. The next (and recommended) step in this area is to ensure that a conflict of interest *discussion* takes place at the board level at least annually with examples of what is and what is not a reportable conflict. Also, your policy should empower one board member to "call out" another member's potential conflict.

Make sure that a board-adopted Conflict of Interest Policy is on file and followed at your Chapter. There is a sample Conflict of Interest Policy and examples of how a conflict of interest may play out within your Chapter provided in Section 13, Tools and Supplemental Online Materials.

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### ■ **Board evaluation**

Best practice in this area is also evolving, with most boards filling out an annual self-evaluation, and some retaining an outside evaluator to ensure that the board is doing its job and supporting the mission of the organization. At a minimum, the board should be tracking the metrics of attendance, quorums, policy oversight and committee attendance, and comparing them year over year.

A tool for board self-evaluation is provided in the final section of this Guide. If your Chapter is not already encouraging/requiring the board to self-evaluate, consider suggesting such a practice to your Board Development Committee.

### ■ **Clear requirements for board members in recruitment, retention and evaluation**

Think back to when you were recruited as a board member. Did you get what, in essence, was a job description? Were you told in writing about the expectations of each board member in terms of attendance, contribution of time, talent and treasure, networking and the like?

The best boards have just such job descriptions and, as noted immediately above, perform self-evaluations to improve their effectiveness. Good metrics to make sure this is happening in your Chapter include the development of a board skillset that allows the board to help support the organizational strategic plan, a job description for the board and its officers, a description of the responsibilities of the board's committees, and regular self-evaluation of the board's effectiveness.

The old adage that you can't manage what you don't measure holds just as true for governance as for management.

### ■ **Effective and active committees**

Particularly in cases where the number of board members exceed 20, committees are essential to get the detailed work of the organization done prior to the board meeting. While the number of committees your Chapter uses will vary with its size, complexity and stage of development, the following committees are the ones most seen, and the ones with an asterisk (\*) following them are highly recommended for every Chapter.

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#### **Audit\***

This committee is responsible to contract for the Chapter's annual audit and to receive the audit from the auditor. This committee works closely with the financial manager or chief financial officer.

#### **Board Development\***

This committee is responsible for setting the board's skillset needs, recruiting and orienting new members, presenting a slate of nominees every year, and implementing the annual board self-evaluation. It is also responsible for developing training and orientation materials to make sure that the board is as fully versed in the issues confronting your Chapter as possible. This committee is usually staffed by the Executive Director.

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### **Executive**

This committee, also usually staffed by the Executive Director, is normally authorized to take any urgent actions that may be needed between full board meetings. In most cases, an executive committee is comprised of the board's officers and perhaps one or two other senior board members.

### **Finance\***

This committee does the detail work on budget development and reviews each month's financial reports to ensure that the budget is being followed. The will also develop the Chapter's investment policy and ensure it is being followed. Members of this committee will work closely with the financial manager or chief financial officer. The finance committee is usually chaired by the board Treasurer, and is separate from the Audit Committee.

### **Fundraising/Development\***

This committee is in charge of planning and executing all the fundraising activities of the Chapter. If the Chapter is large enough to have a designated development staff, that person will staff this committee.

### **Program\***

Sometimes called the Operations or Program Committee, this group does the detail work to make sure that services are provided at the highest level, that House, Family Room and/or Ronald McDonald Care Mobile operations are kept up to speed and that a safe and well maintained environment is achieved. The Chapter's full-time program manager or operations manager will normally staff this committee.

### **Risk Management**

With more and more board members coming from the business world, many Chapters are adding Risk Management Committees, whose job it is to predict, assess and minimize risk for the Chapter.

### **Medical Advisory Board**

Particularly in Latin America, Chapters have added this valuable committee, which is made up of medical professionals who, while not on the board, provide essential advice and counsel to the Chapter.

### **Grants**

For Chapters that manage one or more grants, which often come with strict adherence requirements, a Grants Committee is a necessity.

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The key in this area is to have committees who meet, do the detail work on a particular issue and then make their recommendations in a report to the board without the entire committee meeting being repeated at the board meeting. This is a hard discipline to stick to, and requires good leadership at the board level.

In addition, more boards are seeking to have some of their committees include members who are not currently members of the board. This broadens the network of the organization, and allows community members to assist your Chapter without making the much larger commitment to sit on the board.

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### ■ **New board member mentoring**

A formal mentoring program for new board members is crucial to new members' rapid orientation and on-boarding. Thousands of nonprofits have such a program, and it is a straightforward and inexpensive process, but all the parts of the process need to be included or the mentoring deteriorates into just a "buddy" program with poorer results.

*A recommended board mentoring process is as follows:*

- 1** For each new board member, the board president (or Board Development Committee) assigns a mentor—usually an experienced board member who has something in common (both female, both minority, both generally the same age, both in business, both in the medical field, etc.).
- 2** The mentor meets with the new board member in person (perhaps for coffee, tea or lunch) and they discuss the role the board plays and any questions the new member has. This meeting needs to take place before the new board member attends their first board meeting.
- 3** At the new board member's initial board meeting, the new member and the mentor meet and walk into the board meeting together. The mentor introduces the new member and then sits next to him/her for the next two or three meetings. This allows the new member to quietly ask the mentor all the questions that she or he might not be comfortable asking to the entire group.
- 4** Between meetings, the mentor touches in with the new member by phone or email to ask if there are any questions or needs.
- 5** The mentor's job is complete after two or three meetings if things are going smoothly. If not, the mentor contacts the Board President and the two may meet with the new member to offer more support.

This relatively simple method is well tested and works to improve board satisfaction and speed up new board member effectiveness and contribution.

### ■ **Annual review of meetings**

Many nonprofits are not blindly continuing to meet where or when they have in the past. The most progressive boards are asking members each year to 18 months about the location, time of day, day of month, frequency, length, and content of their meetings, and changing as the board membership and needs change. Originally designed to help improve the number of meetings that achieved a quorum, this practice has resulted in many organizations seeing significant change in their meeting schedules, location, frequency and length.

This responsibility starts with the Board Development Committee, but ultimately rests with the board as a whole.



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### ■ **Transparency**

Improvements in technology have resulted in an expectation of transparency in all non-profits. Boards are not exempt from this trend, and should expect their names, titles and experience to be available for review on the Chapter's website. Boards should also require budgets and other governmental reports to be easily available on their website. Again, an RMHC Core Value should be your guide: *"We Operate with Accountability and Transparency."*

### ■ **Avoiding nepotism**

In nonprofits, the term nepotism refers both to the hiring of family members by board members (a clear conflict of interest), and also to multiple family members serving on the board. In addition, nepotism can surface with an employer and employee serving on the board at the same time, for example, a hospital CEO and her Vice President of Community Relations.

Why is this a concern? Because there is the risk of losing objectivity for some members of the board. Is the son likely to vote against (or, in some families, ever vote with) his mother who also serves on the board? What about the VP of Community Relations? Is she as likely to think completely independently as the board member who does not have her boss sitting across the table?

The best boards want independent thinking, and to do that they work to reduce nepotism as well as any other barriers to such independent thinking.

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In addition to attempting to adopt best practices in their governance, boards are also contending with trends and issues in the communities where they work, and in society as a whole. Each is worth considering at your local Chapter.

### **Board members harder to recruit and retain**

In the United States, there were over 1.3 million charitable organizations on record in 2012. The math is simple. If each of these organizations has fifteen board members, that means there are roughly 19.5 million board seats in the U.S. With only 163 million adults between the ages of 25 and 75 in the 2010 U.S. census, this means that one in every eight American adults could be serving on a board, an inordinately high percentage.

In addition to pure numbers, in every nation more and more professionals are seriously constrained in terms of time available for community service, and thus the person who might have been on two or three boards simultaneously ten years ago, is often focused on only one board. Potential board members are also more selective in deciding which organization's board to join. They understand that they are fiduciaries, and only join (or stay on with) those organizations that are run in a fiscally sound manner. Finally, the wide acceptance of term limits as best practice has increased the pressure to recruit new board members regularly.

For your Chapter, it is essential that your Board Development Committee focus not only on *recruiting*, but also in *retaining* your high performing board members.

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### **Smaller boards**

In general, the size of nonprofit boards has been shrinking. In part, this is a result of the trend noted in the previous section: it's harder to recruit and retain good board members. In addition, many boards had grown to a size that was unwieldy, and nonprofit experts began recommending downsizing in the mid-1990s.

Smaller boards are easier to manage, less expensive (to feed, reimburse for travel, etc.) and allow executive staff to spend less time on board management and more on direct service. On the other hand, a smaller board is much harder to diversify (in terms of geography, gender, ethnicity and generation), provides less of a built-in network to the community, and can easily slide into group-think. Finally, a smaller, smoothly running board can more easily be disrupted by one member than can a larger one.

Your boards should consider the best size for the board whenever you review your Chapter's bylaws.

### **Shorter/fewer meetings**

Historically, most boards met monthly. As a result of regular reviews of meetings, more difficulty in recruiting and retaining board members, better methods of communications between meetings, and more professional staffs, more and more Chapters are looking at alternate meeting frequencies, as well as shorter meetings. It is no longer unusual to see organizations whose boards meet just six or eight times a year, or even only quarterly.

While this frequency of meetings can work well, less frequent than quarterly meetings pose special challenges in keeping the board fully engaged. However, when board members of a Chapter that meets every month look down the street and see a similar sized charity whose board meets every three months, the temptation to reduce meeting frequency is clear.

This is a great issue for your Chapter's Board Development Committee to consider every few years.

### **Electronic attendance policies**

Most nonprofits have some mention in their bylaws about requirements for board attendance; sadly, few enforce these rules. Whether a board member is present or absent is an easy thing to evaluate, but technology and busy board members have raised a new issue: Does attendance at board meetings by phone or video conference link constitute being "present"? There are many issues here, including the cost and quality of conferencing equipment, bandwidth, and the tendency of all of us to "multi-task" (read: not pay full attention to the meeting) when we're on a conference call. That said, many nonprofits are getting pressure from their business board members to allow for offsite attendance.

If your Chapter has not considered this issue, it will inevitably be something your Board Development Committee should consider in the next few years.

Every Chapter is interested in being the best possible steward of its resources and adopting best practices in governance is a great start in that quest. In the NEXT SECTION, we'll examine the specific responsibilities of boards of directors.

### Best practices takeaways

- Best practices in governance are a goal every Chapter should seek to attain.
- Trends in governance are important to monitor.
- RMHC has a great number of resources in this area for local Chapters to use.

### Discussion questions

- 1 Are we, as a Board, adequately transparent? What can we do to be better in this area?
- 2 Are we checking with our Board annually to ensure our meetings are the right length, at the right location and time, and of the right frequency?
- 3 What about board terms? Are ours appropriate for our Chapter's needs?
- 4 How are we doing about diversity on our board? How can we get better?
- 5 Do we have the right committees to support our Board and our mission? Do we meet the test of letting committees report to the Board, or do our board meetings essentially repeat the committee meeting in full?
- 6 Do we need a board mentoring program? How should we get up and running in this area?



## 4 Board of Directors Roles and Responsibilities



All boards of directors have roles and responsibilities to fulfill. As we've already seen, the ultimate job of the board is to steward the resources of the nonprofit to get the most high quality mission provided every day. Some of these duties the board delegates to

staff or outsiders, some they keep for themselves.

Also, remember that the laws and regulations in your country (or from key funders such as foundations) may require (rather than just encourage) many or all of these responsibilities, or mandate a particular manner of implementation. In Germany, for example, boards must serve two four-year terms of office. In many other nations, board turnover, while a best practice, is optional. In Canada, nonprofit boards are responsible to file annual reports to Revenue Canada, while in Lebanon, board members must ensure that three different very specific sets of reports are available for inspection at any time.

Once you have read through this list, check with your auditors, funders, regulators, your License Agreement and the RMHC Manual to make sure your Chapter's Board is meeting all of its mandates.

*Responsibilities of the Board of Directors:*

### **1 Understands the mission of the nonprofit and acts to implement it consistently**

While this may sound simple, it can be more difficult than you may think. Each board member comes to the board with some level of preconceived notion about what the Chapter does. For example, a board member may have seen, or even been helped by, a Family Room or House, but never been aware of a Ronald McDonald Care Mobile that is working in the outlying areas.

Understanding the *entire* mission, and making decisions to work toward that mission with consistency is crucial. Two things that can help boards do this are regular (at each meeting) short updates on different parts of the organization so that all board members are up to speed on the entire breadth of the mission, and to ensure consistency, using a decision framework agreed upon by all. You'll find just such a framework in Section 10, Making the Best Decisions.

Each board member bears the responsibility to become and stay fully informed about the mission and the services his or her Chapter provides.

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## 2 Sets policy

Here again this responsibility sounds simple, but it is one area that is fraught with potential trouble for the organization, so let's be direct. Boards set policy. Employees do management.

Examples of policy would be developing and adopting each year's budget, developing and adopting the organization's strategic plan, adoption and updating of policies such as financial, conflict of interest, human resources and the like. When you think of policy, think of longer term direction. In fact, the word "policy" is defined as *"a course or principle of action proposed or adopted by [an organization]"*. Thus, the board guides the course, and sets the principles of the organization, but is not responsible for the day-to-day operations of the Chapter. That work is delegated to the employees.

Such distinctions, easily stated on paper, can blur in reality. It's not unusual for a person who is a board member to also be a person who volunteers in the House, who may work shoulder to shoulder with a staff person at times, and who sees areas of possible improvement. Try your best in your role as a board member to keep clear of delving into management issues, and if you have a management suggestion for the staff, take it directly to the Executive Director.

## 3 Acts as a check and balance on the staff

You'll remember in the Introduction, we discussed the keys to good governance. The first key was "balance", and here one side of that balancing act shows up. The board oversees staff activities to make sure that the organization does not get out of balance. Again, this area, while crucial, can be a slippery slope. Oversight does not mean day-to-day supervision. Rather, the board acts as a body that sets limits (like the budget, or financial policies) and then makes sure they are being met.

Here's an example that may help. Without speed limits, some drivers would drive dangerously. So, we set speed limits and post signs. In most cases, those actions alone reduce speeds to safe levels. Think of the speed limits and signs as the policies your Board sets. In most situations, it does the job. Going back to our drivers, as an extra incentive not to speed, police sometimes set up speed traps, or governments install intersection cameras, all in the hope of discouraging bad behavior. Think of these actions as a corollary to your Board meetings and reports. The staff know they'll be updating the Board at every meeting, and so their incentive is to have everything in good shape.

One more thing to remember about the speed limit example: What the police *don't* do is ride in the rear seat of every car, looking over the shoulder of the driver to check their speed. Why? Because most drivers, even without speed limits, would drive safely.

This is also true about our staff. The vast, vast majority want to do the right thing, follow board direction, and pursue mission. We have board oversight to both give guidance and provide an organizational safety net to prevent, or reduce any damage from, the rare bad or inept behavior by an employee.

Some oversight is done directly by the board in board or committee meetings. Some is contracted out to your auditor, who will review your financials and also look to see that your policies are being followed.



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#### **4 Works primarily with the Executive Director**

Remember The Third Rule of Nonprofits from the Introduction? *“The Executive Director works for the Board. Everyone else works for the Executive Director.”* This means that the board hires, supervises, evaluates and, in rare cases, fires the Executive Director (ED). It’s important to remember that the ED is the **ONLY** staff member who the board supervises directly. Thus, if there is a problem with the House manager, Ronald McDonald Care Mobile driver, or the financial manager, or any other paid employee or non-governing volunteer, it’s the ED’s job, *not the board’s*, to correct it.

Over the course of any given year, much of the board’s interactions will be with the ED, but not solely with that person. It’s good if the ED has her or his staff report at board meetings on their areas of expertise. It’s natural if a board member also volunteers in some other activity (like fundraising) that she or he would work with the development staff. And, away from the organization, a board member and staff person may be neighbors, or attend the same place of worship, or see each other at the market.

There’s nothing wrong with any of that, but board members do need to be careful not to cross the supervision boundary (the military calls this the “chain of command”) with staff. Imagine you’re at the hardware store and a staff member who you have met is also shopping there. You have this conversation (We’ll call you Phillip, the staff member Rita, and the ED Joyce):

**Rita:** *Hello Phillip! How are you?*

**Phillip:** *Hi, Rita. Good to see you. What brings you here today?*

**Rita:** *I’m just looking for some door hinges to repair a door at home. How about you?*

**Phillip:** *I’ve got to repair some drywall. One of my kids had a party and one of the guests got a bit excited and threw something that damaged the wall.*

**Rita:** *Wow. No fun. But, you know, we’ve been having that problem at the Ronald McDonald House.*

**Phillip:** *Really? I hadn’t heard. What’s the issue?*

**Rita:** *The issue is that Joyce has never bothered to talk to families about controlling their kids. Now, a normal amount of wear and tear with so many families around is normal, but Joyce just doesn’t seem to care about minimizing it.*

**Phillip:** *Have you talked to Joyce about this?*

**Rita:** *All the time. And, Phillip, this isn’t the only thing that Joyce is neglecting (becoming enthusiastic in her story)....*

**Phillip:** *Rita, hold on. I know we’ve been friends for a long time, but now, with me being a board member, I can’t get between you and Joyce. I appreciate your concern, and I’ll look into our policies and how they’re enforced. But it’s not appropriate for you to unload on me. It puts both of us in a bad position. OK?*

**Rita:** *(a bit unhappily) OK.*

Phillip stopped the conversation when it became troublesome to him, and he did the right thing. It would have been easy to let Rita unload on him with all her complaints. They were long time friends. But once that happens, what next? Does Phillip run to Joyce

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and tell her Rita is unhappy? There's trouble for sure. Does he try to fix what's wrong... but then how did he find out? Does he let Joyce know the source of his concerns? Again, trouble.

This is not easy, but it is important. Keep your interactions with staff other than the ED on topic and professional, and you and your Chapter will be fine.

## **5 Changes intentionally over time**

To get to the point: the best boards have term limits for their members. We saw this in the first Section, Best Practices in Nonprofit Governance. Why do we need turnover? Because the best boards recognize that new ideas and new perspectives keep the governance of the Chapter from possibly getting stale and falling into a routine that chases away innovation.

Again here, boards need balance. If terms are too short, board members hardly have the chance to learn their jobs before they are off the board. If the terms (and thus, the obligation) are too long, it may chase away potential board members who are leery of signing onto such an important responsibility.

Also, many RMHC Chapters have boards which are deeply populated with founding board members. Often, startup organizations don't have time to think about setting term limits; they need all the help they can get for as long as they can get it. And, at the start, there are no paid staff. The board members and other volunteers do all the work. Thus, founding board members have put in a huge amount of time, effort, and even money into getting their Chapter up and running. They have a deep affection for their Chapter and its mission, and are delighted to come to board meetings and view the fruits of their collective labor. In short, they don't want to leave the board.

Back to balance. Founding board members want the best for their Chapter, but want to stay involved, and, in many cases, don't want to be "demoted" by losing their board seat. This is a difficult problem, but one that has solutions, whether it be an Emeritus Board, or a simple one or two year break in board service after a term ends.

Having fresh faces and ideas on a board is essential to keeping governance relevant to the changes in the larger community. That need has to be balanced by assuring that your Chapter values its heritage and doesn't arbitrarily cast off people who have been, and continue to be, highly valuable to your mission.

Speaking of terms, an accepted standard for much (but not all) of the world is two terms, each three years in length. In some cases, after your two terms, you are eligible for another term after a one or two year break. In others, you do your service and move on. Your funders, your community, your state and national regulations, and your License Agreement with McDonald's Corporation will give you guidance on this.

One final word on why your board should establish and enforce regular board turnover. You learned in the first section of this Guide that one of the best practices in governance is diversity on the board. If your Chapter has any plans to continually seek diversity, board terms are essential.

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## 6 Supports the organization in public

Here again is a responsibility that sounds simple. Of *course* you're going to support the board in public. In reality, though, there are some pitfalls that you need to avoid.

First, remember that your tone in public, even with your family or friends, is crucial. Like all staff and volunteers in your Chapter, as a board member, you're on the marketing team. Imagine a friend coming up to you after you've been on the board six or eight months. They ask you, "How are things going at Ronald McDonald House Charities? Do you like being on the board?" Here are two responses that are identical in content but so, so different in tone.

*"Whoa. What this organization does is amazing, but there are so many needs that aren't being met. There's not enough money or time....I can't figure out the acronyms and jargon they use at board meetings, so I don't think I'm helping much. But it is a great place..."*

OR

*"Wow. What an amazing place. They do more good with less money than any organization I've ever seen. I'm still learning and trying to catch up with the jargon, but overall, I'm so glad I'm there. It's such a great place!"*

See the difference? Both responses convey the same information, but the impression your friend would get could be significantly different from the first as opposed to the second response. So, be careful how you speak about RMHC—you're a community representative and spokesperson when you're on the board. Think of yourself as an ambassador for the RMHC mission and brand.

The second pitfall comes in making sure you always support the actions of the board in public. Board members are on a team, and they can, will, and should, have vigorous discussions about strategies, funding, budgets and the like. Being passionate about an organization's mission is a good thing, and that will show up in board meetings from time to time.

When it does, board leadership becomes essential, making sure that everyone has their say, and no one dominates the discussion. But when the vote is taken, and on the occasions when your "side" of an issue does not prevail, you must, repeat, *must* still support that decision outside of the board room. With everyone; staff, volunteers, family, friends, everyone.

If, however, an action of the board is, in your view, intolerable, you can and should resign from the board, and then public dissent is completely appropriate. But while you remain on the board, be loyal everywhere to its decisions.

## 7 Fulfills government reporting requirements

Every Chapter, in every country has some (usually, but not always, annual) reporting requirements to one or more government authority. In the United States, Chapters must file reports annually with both the state and federal government. In Lebanon, three different sets of reports must be available for inspection at any time. In México, board members (called trustees) must ensure that the organization has been registered with both the Public Registry of Civil Associations and the Board for Private Assistance. Every country is different in the way they deal with nonprofits, and it's your board's responsibility to make sure your Chapter is meeting all statutory requirements.

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This is one of those responsibilities where boards need to ensure the work is performed, but almost always contract the actual activity out to an auditor or attorney. In many jurisdictions a board member must sign the documents before submission, but filling out the forms is often complex, and thus an expert will be called in. In the U.S., the Internal Revenue Service 990 form is long, complicated and must be submitted annually. Most Chapters ask their accounting firm to fill out the form, but a board representative must review and sign it prior to sending it off.

Remember, fulfilling government requirements is not the responsibility of the staff. It's the board's responsibility to see that it's done, done right and done on time.

## **8 Ensures policies (particularly the bylaws and fiscal and human resources policies) are in place, up to date, and being followed**

As Chapters grow, have more funds, take on employees and in general, move beyond the startup phase, policies must be developed and regularly updated. In addition, they must be followed, which brings up an apparent conflict for some boards.

As has already been said, setting policy is the responsibility of the board, so any set of financial policies, human resource policies, media policies and the like must be adopted by the board. But how does a board member know that those policies are being followed? Doesn't that mean you have to violate the prohibition on doing management just to make sure? Not at all.

Here again is a delegated duty. As part of your annual organizational audit or financial review, make sure you get a "management letter" from your auditor. Such a letter is correspondence from the auditor *directly* to the board, and it covers the auditor's examination of whether or not policies are being followed.

While we're on the topic of policies, let's quickly review which policies your Chapter almost certainly needs and how to develop and update policies. The list of policies below is followed by the best practice review period. So, for financial policies, the board should review and update as needed every 18-24 months.

- > **Financial policies** (18-24 months)
- > **Human resources or personnel policies** (18 months)
- > **Operations policies** (24 months)
- > **Media policies** (24 months)
- > **Conflict of interest policies** (reviewed and signed every 12 months, reviewed for possible update every 24 months)
- > **Quality assurance policies** (24 months)
- > **The Chapter's bylaws** (36 months)

Your Chapter may have other policies it needs or is mandated to have. For example, Chapters who have significant financial reserves or restricted funds will often have policies on how those should be invested and, when needed, can be tapped. These may be separate and distinct from the larger financial policies which usually cover how funds are received, accounted for, spent, and budgeted.

Additionally, each Chapter has a license agreement with McDonald's Corporation that defines required reporting to RMHC Global as well as board representation, standards of operations and trademark usage.

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As you develop or update policies, use your committees, and check with other Chapters and the RMHC Fileshare portal online. Policy development is often time consuming and very detailed. Trying to amend policies in a full board meeting is usually not a good idea: let a committee dive into the detail, come up with recommendations and present the policy as a whole at the board level. Also, use the RMHC network to view what other Chapters have done before you start developing a policy from scratch.

Policy is the board's most important contribution in most Chapters. Make sure your policies are in place, up-to-date and followed by the organization.

## **9 Helps recruit new board members**

Later in this Guide we'll cover how to recruit and retain the best board to support your Chapter's mission, but for now we need to discuss the fact that board recruitment is an ongoing job and one that is best shared by board and staff together. Your Chapter almost certainly needs a Board Development Committee that is charged with figuring out the skillset the board needs, recruiting new board members and presenting an annual slate of new (or returning) members for board approval, and assuring that the board is up to speed in its orientation and knowledge.

Even with such a committee, though, it is crucial that board and staff are constantly looking for potential members. You can find more on this topic in Section 11 of this Guide.

## **10 Raises and donates funds**

When it comes to fundraising the key, again, is balance. Raising money for your Chapter should be an important board activity, but not the board's major, or worse, only, role. Some boards have gone down the wrong road here; they have decided to recruit only board members who can raise and/or give personally large amounts of money. This, as we discussed in the section on best practices, is a big mistake. Not surprisingly, boards who are populated only with people recruited to raise funds focus on fundraising in their meetings, not on the other key issues of policy, oversight, etc. You need a diverse board, not just one filled with fundraisers.

With that said, your Chapter should expect all board members to play a role in raising funds. RMHC/RMH Chapters are mainly funded through charitable donations, so raising funds to do mission is crucial. Board members, particularly those on the development or fundraising committee, should participate by planning fundraisers. All board members should attend as many fundraisers as possible.

And all board members should donate money to their Chapter every year. Such gifts may vary in size ("not equal gifts but equal sacrifice" is a good philosophy), but a financial commitment is both good leadership and good stewardship. Moreover, most foundation and corporate donors look at the percentage (not amount) of board giving before considering a major grant. If that percentage is not 100%, if every member of the board has not made a financial donation, the funding request is often denied.

The board's involvement in fundraising can be a stressful issue for board members, so best practice recommends that you clearly define what the expectations are in the fundraising area for each board member each year.



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## 11 Performs volunteer work

Everyone recognizes that board members put in a great deal of time and energy in their role as governing volunteers. And, many board members come to the board after extensive experience as volunteers in the Chapter. That said, it is highly recommended that once or twice a year, board members volunteer on the line of service in the Chapter they govern. Be a greeter in a Family Room, help clean up the kitchen at a House, go along with a Ronald McDonald Care Mobile for a shift, or participate in a grant review session. This kind of occasional hands-on experience gives board members a great connection with what's actually the point of the entire organization, the mission, and that experience will carry over to their deliberations in the board room.

Eleven responsibilities. Eleven *big* responsibilities that require balance, attention, careful thought and great leadership to accomplish. Speaking of leadership, in the NEXT SECTION, we'll examine the responsibilities of the board leadership. There are specific roles and duties for the board's officers that will be highlighted.

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### Board responsibility takeaways

- **Boards are responsible for policy, not management.**
- **Boards need to intentionally change over time.**
- **Boards work primarily, but not solely, with the Executive Director.**

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### Discussion questions

- 1 How many of these responsibilities are we fulfilling now?
  - 2 Which of these responsibilities can we perform better? How?
  - 3 Are there any responsibilities that we've taken on as board members that really are staff duties?
  - 4 Are we good about sticking to policy and not delving into management issues? How can we be better in this important area?
  - 5 Are we satisfied with our current board turnover plan? Are our terms the right length?
  - 6 Is our emphasis on fund raising about right? Do we spend too much time on it? Too little?
  - 7 Are we happy with our external auditor? Do we feel he or she is giving us the right information?
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## 5 Board Officer Roles and Responsibilities



In this Section, we'll look carefully into some very important jobs on the board; the officers. These people are the formal leaders of the board. We'll call them President, Vice-President, Treasurer and Secretary, although your organization may have different names for them. In most cases, your bylaws will list the officers and their terms of office.

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Each officer has key responsibilities to make sure that the board is doing its job in the best mission-based manner possible. Let's examine each role in turn.

### **President of the board**

The President is the top official of the board of directors. Usually elected by the board members, he or she presides over meetings of the board. However, running the meetings is just a small part of this big responsibility. The President also has the following duties:

#### ■ ***Managing the Board of Directors***

This is a huge job on some boards. The President must coach and cajole his or her fellow board members, getting the most out of them, and meeting management is just the beginning. Behind the scenes, a President may have to talk to a board member about their poor attendance *at* meetings, or their poor attitude *in* meetings. The President should personally meet all prospective board members and talk with them about their obligation and responsibility on the board, and should attend new board member orientation. If there is an Executive Committee, the President will chair that group, and probably attend some other committee meetings on occasion.

Beyond that, there is the challenge of managing a group of peers who don't technically report to you. Thus, if you seek to be the Board President (or any officer for that matter) it is important to gain the respect of your fellow board members *before* you become an officer. You do this by showing up prepared at all your meetings, offering your opinion on issues before the board, being a good advocate for your Chapter in the community and volunteering to help on any ad hoc committees that are established.

Finally, the Board President has to lead by example when it comes to keeping the board discussions on policy, and not management. While he or she will have a close working relationship with the ED (see the next section), the President needs to not only stay out of management issues unless asked, but also needs to dissuade discussion in board meetings when it gets too far into the domain of the staff. Put another way, if the Board President is always looking over the ED's shoulder, the rest of the board will follow suit.

Which brings us to the second big responsibility of the President.

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### ■ **Working closely with the Executive Director**

The Third Rule of Nonprofits states (in part) that “*The Executive Director works for the Board....*” and the Board President is the key liaison between the Board and ED. This relationship is crucial and, while the ED and the President do not have to be best friends, they do have to be respectful, professional colleagues. They will spend time together between meetings planning board agendas, or discussing issues confronting the Chapter. The ED should call the President first in any crisis, and inform them early and often of good news or bad news about the Chapter. Again, this relationship is key. It’s important that the President and ED are comfortable enough with each other and that the ED can be direct with the President if the Board gets into management territory. Hopefully, they communicate well and trust each other.

Here’s the secret: Unless the ED is a new hire, the President and the ED have known each other for a while, during the years before the President took office. If the rest of the board sees that there is a problem or difficulty between a board member and the ED, be very, very careful about putting that board member on the leadership ascendancy track. Any experienced ED will have worked with a number of different Board Presidents and thus will have learned how to accommodate the resulting wide variety of styles and personalities. That aside, if the relationship between the ED and the President doesn’t work, there will be trouble for the organization as a whole.

### ■ **Connecting with the community**

The President is also the most visible governing volunteer in the community. He or she will need to be present at every fundraising event, any meetings with local governments or foundations for funding, make speeches at local organizations like the Rotary or Kiwanis and, in general, be the volunteer face of the Chapter.

All of these jobs are important for potential Presidents to know, and for the rest of the board to be aware of.

### **Vice-President of the board**

The Vice-President is usually the President in waiting; he or she will move up to the Presidency when the current President’s term is over. But in the interim, the Vice-President chairs any board meetings that the President cannot attend, and usually has one or more other major duties.

In some Chapters, the Vice-President chairs the Board Development Committee, in others, they have a large role in fundraising. In still others, they may take charge of planning a capital expansion, or manage the development and implementation of the Chapter’s strategic plan. If there is an Executive Committee, the Vice-President will sit on that Committee and be its Vice-Chair.

The important thing is for the Vice-Presidency to be more than just a title. Give the person some important jobs to get them ready for the effort they will need to expend as President, and to expose them to the entire array of services the Chapter provides.



### **Treasurer**

The Treasurer, to no one's surprise, has the job of being the financial expert on the board. The Treasurer will almost always be the Chair of the Chapter's Finance Committee. This person must put in the time so that he or she not only truly understands all the financials of the Chapter, but can also report credibly to the board on the financial condition of the organization at each board meeting.

Why do we say report *credibly*? Remember that most board members will have, at best, a passing familiarity with the Chapter's finances. Most members will not be Certified Public Accountants or have been finance majors at their university. When big financial decisions come before the board, members will look to the Treasurer (who is, remember, their peer and thus shares their fiduciary responsibility) to ensure them that whatever decision is proposed is manageable financially.

Thus, the Treasurer must also have earned the respect of his or her peers on the board, and must be able to translate the financials into an understandable report at each meeting. This is a talent and one that needs to be developed over time. Most Treasurers will have served on the Finance Committee for a number of years before becoming Treasurer.

One suggestion for your board to consider is adding an officer to your group of four; a Vice-Treasurer. You have a Vice President to fill in for, and later succeed, your current President. Why not do the same with the crucial role of Treasurer? Have a backup, who is also a Treasurer in training.

### **Secretary**

The Secretary is the person in charge of the Chapter's governance records. He or she takes the minutes of the board meetings (or has them taken and then reviews and approves them) and makes sure that the corporate records are not only in good order, but secure. The Secretary is also often required to sign government reporting documents.

If the Secretary is uncomfortable taking minutes, or if they cannot contribute to the meetings because they are so busy writing down what's going on, consider helping them by passing the minutes-taking job from board member to board member each meeting. It's a way of not losing the Secretary's input into issues that come before the board for their entire term of office.

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### Committee chairs

While not officers in the formal sense, chairs of committees are certainly board leaders as well. They manage the workload of their committee, work closely with the staff assigned to support that committee, run their committee's meetings and make the committee reports to the full board.

In some cases, committee chairs will also be officers (the Treasurer usually chairs the Finance Committee, for example), but the more non-officers that your board can have chairing committees, the better. This spreads the workload and gives more people more insight into the workings of the Chapter.

In SECTION 9, you'll learn some techniques for more effective board and committee meetings. In the next Section, we'll examine the role of staff in more effective board governance.

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### Officer roles takeaways

- **The President's job is a crucial one. She or he must manage the board members, work closely with our ED, and be the face of the Chapter in the community.**
- **The Treasurer must completely understand our financials and be able to report about the budget in a way all of us understand.**
- **Meeting management is a learned skill.**

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### Discussion questions

- 1 Do we have job descriptions for our officers? If we do, do they need improvement?
- 2 Do we need meeting management training for all our board members who run meetings?
- 3 Should we consider establishing a Vice-Treasurer position?
- 4 Is how we select our President, and the sequence we use for ascending to the still the best for our Chapter now that we've grown?
- 5 Is our job description for our Vice-President appropriate? Should we re-examine it?



It may surprise you, but to achieve the highest level of great governance for your Chapter, it's not just about the board. You have to have staff with the skills needed to support the board in their activities and deliberations. Staff have key roles and responsibilities in governance, and in this Section we'll review them.

The focus of most board-staff interaction, as we've seen, is with the Executive Director. But, if your Chapter is of any size, your ED won't be the person responsible for solely staffing the board and all of its committees. Other staff will have the job of staffing some committees, and thus also have to have the skills to be supportive in that role.

Let's look at each of the staff responsibilities to support and improve your Chapter's governance.

### **Provide accurate, timely and focused information**

- Accurate information is assumed, but if any board member finds factual faults in staff reports, they should bring them to the attention of the Board President or ED
- Timely means well before any board or committee meeting where the information is being discussed. Board and committee materials should be in the hands of the board/committee members at least four days prior to the meeting.
- Focused means that a crucial staff skill is taking all the information out there and summarizing it into a digestible, manageable report and recommendations. Remember that staff are in your Chapter forty, fifty, even sixty hours a *week*, while the average board member spends four to six hours a *month* attending to Chapter business in some form. Unless board members are spending time in the organization equal to the staff (which is NOT recommended), they can't possibly know everything that's going on; thus, the staff need to summarize.

Another reason to focus and summarize is that the more detail the staff include in material, the more likely it is that the board will cross the boundary from policy to management. Finally, focus and summarization keeps the amount of material going to board members from being too daunting to read before the meeting.

One key to remember: *Any* board member has the right to see *any* level of detail on *any* subject at *any* time. That does not equate, though, to *every* board member needing to see *all* of the detail *all* of the time. If you have a question about a staff report, ask it!



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But the level of detail you want to see may not be appropriate as a discussion topic at the full board meeting. You may need to meet with the ED or appropriate staff at another time to discuss the topic in more depth.

### **Inform the board about new developments**

The key point here is that EDs should not let their board members learn about Chapter news (good or bad) on the evening news, in the newspaper or on Facebook or Twitter. Electronic communication in most countries allows staff to easily and quickly update the board on any news that is important to share. Often the ED will talk with the President first and the two of them will agree on the need to share a particular item with the entire board now and not wait until the next board meeting. They will also identify the spokesperson for the organization if there is potential for media inquiry.

NOTE: The McDonald's Media Assistance Program (M.A.P.) Line is available to every RMHC Chapter in the United States. Trained media relations experts are available 24-hours a day, seven days a week. For non-U.S. Chapters check with your country's McDonald's offices for similar media assistance resources.

The U.S. number is +1.630.623.3400 (Note: this number is for internal McDonald's/RMHC use *only*. Do not release this number to the media or anyone outside your Chapter).

### **Gather information, analyze and recommend**

This duty is an important offshoot of our first duty to summarize all the information about the Chapter. In some cases, there will be new developments (a change in zoning law, an update to human resources regulations, a buy-out of the Chapter's bank, etc.) that will require some research by the staff. That data gathering and analysis should result in a recommendation to the board or appropriate committee.

As a board member, you want your staff to make recommendations. You pay them to be the experts, and they are the people closest to the mission your Chapter provides. You need their input, ideas and suggestions. The board, however, should never just blindly follow a staff recommendation. The board, or the appropriate committee, should look at the information, study the rationale for the recommendation and ask appropriate questions before deciding whether to follow, amend, or reject any staff recommendation.

### **Report budget and financial information regularly**

Hopefully this will never happen at your Chapter, but if the financial information ever stops coming with the regularity that you expect (monthly, semi-monthly, quarterly) it is a huge red flag that something is very wrong with the Chapter's finances. Fortunately, this is a very, very rare occurrence, but *do not* ignore this warning. Get on the phone to the board leadership, go see the ED and ask, then demand, to know why the financials are not available.

The unfortunate likelihood at this stage is that your Chapter has a serious financial problem, and that the staff is trying to fix it without board knowledge. You need to find out the depth of the problem now, and take steps to rectify it. Again, this is extremely rare, but if those financials stop coming, take action.

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### **Develop and support ongoing board orientation**

With the average time of four to six hours a month for board involvement, both new and veteran board members need ongoing orientation and education. Staff need the skills to teach the board about sometimes complex subjects in digestible amounts. We recommend that you have fifteen minutes on every board meeting agenda to get an update on something new or important.

A subject for this short update could be a review of a single program your Chapter provides, a discussion of what the jargon of the Chapter means, a quick review of each staff person's job in the organization, or a review of the coming year's fundraising events and their contribution to the entire development effort. Never assume that a board member can remember all the information he or she has been given. Review and update regularly.

### **Participate in board recruitment**

As noted earlier, the board is ultimately responsible for finding and voting in new board members. That said, if the board is left alone to do this, the board will naturally seek people that the board members know, usually people like them. This is a barrier to increased diversification of the board, so staff involvement in, and support of, board recruitment is important.

### **Support board committees**

All the roles noted previously for the board (research, analysis, summarizing and making recommendations) also pertain to all the board committees, and thus to the staff that support those committees.

As you can see from this list of roles and responsibilities, staff have a big role in good governance. Without staff help and expertise, the ability of your Chapter's board to make the best decisions and set the best policy would be dramatically reduced.

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### ■ **Should the ED be on the board?**

In some Chapters (and in some nonprofits worldwide) the ED is a voting member of the board. We recommend against this for a variety of reasons. First, since your Board is the ED's employer and reviews his or her performance, having the ED on the board is an inherent conflict of interest.

Second, there is no benefit to the ED to sitting on the board. He or she won't have more influence by being a board member. Frankly, If the ED can't make his point known through his reports and his relationship with the board, simply having a vote won't expand that influence.

Finally, the ED becomes a fiduciary, just like the rest of the board. To what benefit? It's hard to see a benefit to either the ED or, more importantly, the Chapter's governance.

In our NEXT SECTION, we'll examine the most common barriers to effective board governance.

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### **Staff roles takeaways**

- **Staff have a key role in good governance.**
- **Staff are in our Chapter 40-60 hours a week. Board members spend 4-6 hours a month on Chapter work.**
- **Boards should request staff recommendations, but are not obligated to follow them.**

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### **Discussion questions**

- 1** Do our staff have the skills to support the board?
  - 2** Do we encourage our staff to make recommendations?
  - 3** Are staff other than the ED sharing the job of supporting our committees?
  - 4** Are there ways we on the board can help our staff assist us better?
-

## 7 Barriers to Effective Governance



After all the information you've already absorbed, with all the ideas and suggestions about what to do right, we still need to talk about what can go wrong. This Section will list the most common barriers to board effectiveness with the intent of helping you and your Chapter's board to avoid them.

You'll recognize some of these problems as issues we've already covered, but they bear repeating here. Some of the issues below are nearly always organization disablers. Others merely eat away at the edges of your governance capacity and keep your Board from becoming the best governance body possible. Some are reasonably easy to measure, such as how often your Board attains a quorum, while others are tougher to evaluate. But each bears some consideration. Finally, remember that any of these items can drag your board down. They are specifically not listed in priority order so that you won't be tempted to simply attend to the top five and ignore the rest.

*Barriers to effective governance are as follows:*

### **The board and committee meetings are poorly managed**

This problem is far too common in both the nonprofit and for-profit worlds. In Section 9, you'll learn a number of tips on good meeting management, but if those are not put to use, you waste the time of your governing volunteers, or at least don't put that precious commodity to its best use. Briefly, have an agenda, and stick to it. Start on time. End on time. Encourage discussion and draw out quiet board or committee members for their opinion. Use Roberts Rules of Order. Take good minutes. Focus on mission during the meeting.

All of these methods will be covered in more detail in Section 9, but for now remember that the responsibility to run well managed meetings falls primarily to the President of the Board or Chairperson of a particular committee. One question to ask yourself is this: Do we provide these people with good meeting management training? If not, your Chapter may have trouble in this area.

### **The board does not follow the Third Rule of Nonprofits**

Remember the Third Rule? *"The Executive Director works for the Board. All other staff work for the Executive Director."* When board members (or staff other than the Executive Director) violate this rule, there is always trouble, always dissension and always a distraction from the other important issues facing the Chapter. To avoid this problem, make sure that the board leadership reminds the board to keep interactions with staff appropriate and professional.

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### **Board members don't know basic information about the organization**

This may sound silly, but it happens more than it should. Why? Because board members usually come to your Chapter through one program and are most aware of and focused on that program.

Let's say your Chapter operates a Ronald McDonald House and a Family Room program. A board member may have been a volunteer in the Family Room for many years but rarely visited the House. She may not know of outreach programs based in the House, or of maintenance issues with the property, or other concerns that are House-centric. This is why you read earlier about having a regular part of each meeting dedicated to board education. Board members have to have more than a passing knowledge of all parts of the organization, not just the one they have the most passion for or experience with.

### **Board members don't get timely or accurate information**

Obviously, if you are getting inaccurate information, you need to speak up, and right now. Timely, in this context means at least four (4) days prior to a board or committee meeting, which is a reasonable length of time for you to read the materials, note questions and come prepared to participate in discussion at the next meeting.

The worst situation with this barrier is if you are handed materials as you walk in the door for a meeting. While this will happen occasionally when it can't be avoided, if it becomes the norm speak up and fix the problem.

### **The board is frequently lacking a quorum**

If the board does not have a quorum as defined by the bylaws, it can't take any legal actions. It can't adopt the minutes, vote on a budget, or update a policy. Quorums exist for a good reason; to ensure that a majority of members are there to discuss an issue, and that a small minority can't do something without the other members knowing about it. Quorum requirements are a good thing.

But sometimes they are hard to attain. It may be a busy time of year; this is often why boards don't schedule meetings around the holidays. It may be that there are board vacancies and the bylaws set a quorum as a set number rather than a "majority of current board members". Or, it may be that the meetings are boring, or the members have no passion for the Chapter's mission.

Whatever the reason, quorums need to be attained. One suggestion is to do what's called "Measure and Inform". Keep good records of every board member's attendance at every board and committee meeting. At the end of each year, distribute that information to them, and show their data compared to the board as a whole and, perhaps, a board-wide attendance goal. Thus, a board member might get a report that said something like this:

*Last year, you attended 5 of 8 board meetings and 4 of 9 committee meetings.  
Your board attendance rate was 62.5% and your committee attendance rate  
was 44.4%. Our Board average was 71.5% and our board goal is 80%.*

The simple act of measuring and informing board members can often lead to increased attendance and helps you avoid the need to do some "board housecleaning". Even with measurement and informing, you may decide to hold less frequent meetings, or give board members more meaningful things to do at their meetings, or all of the above. But, the bottom line is still the same: You have to have quorums.

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### **Not keeping board discussions private**

As noted earlier, keeping the discussions of the board inside the board room, particularly if they are difficult discussions, is crucial. Talking out of school can be not only divisive to the board, but harmful to the Chapter. Two things that help in this area are good leadership which facilitates a thorough discussion at all meetings and regular reminders by that leadership to keep board discussions private.

### **The board is not given anything meaningful to do**

If you want great people on your board, don't recruit them and then just have them vote "Aye!" at meetings. Give them ways to use their talents to advance the mission. If you don't, one or both of two things happen: Board members find something to do which is often to delve over the policy/management boundary and mess with staff duties, or they stop coming to meetings altogether. Either is bad.

Take great care in planning agendas to make sure there is something "meaty" to discuss at each meeting. This can be strategy, as was noted earlier, or a controversial committee recommendation, or a report from staff on a crucial event. But make it meaningful. And, always consider shortening meetings, or making them less frequent if you find that the committees are doing their work and less face to face board meetings are needed. When you do meet, make it worth everyone's time and effort.

### **The board has weak leadership**

In Section 5, Board Officer Roles you saw that the Board President's first and most important job is managing the board. This is sometimes a challenging role and requires a strong person, one willing to stand up to his or her peers in board meetings as well as outside the board room. Weak leadership at either the board or committee levels almost always takes a toll on the running of efficient and effective meetings, and can also result in other barriers to success, such as board members talking about board decisions outside the board meeting, less quorums, and ineffective committees.

### **The committee structure is ineffective**

As you've read earlier, effective committees are crucial, but getting to the best balance in this area is often challenging. If there aren't enough committees, then the detail work needed in areas like finance, program operations, or fundraising either doesn't happen, or takes up too much time at the board meeting. If there are too many committees, you wear out both board and staff with all the resulting meetings. Also remember that if a committee report at a board meeting regularly results in a discussion as long as the committee meeting itself, you aren't achieving the goal of committees in the first place.

### **The staff lacks the skills to support the board**

These skills, discussed in Section 6, include analyzing data, making recommendations, following up on Board and Committee requests, writing up reports of past activities while at the same time looking ahead to see what's coming down the road that could affect the Chapter.



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It's a lot of different things to do well and, remember, Board and Committee support *is not the only thing* your staff do every day. Supporting the board and committees is only part of their job, but it's a part they need to do well. If you feel there are improvements to be made in this area, talk to the President if the issue is with Board support, your Committee Chair if the issue is with committee support and with the Executive Director. Your concern may be easy to address, or just require that the staff improve in this essential area.

If you see one or more problems on the list above that are present in your board, don't despair. Most boards struggle with some or even all of these issues at some time or other. Keep vigilant, though. Now you know the things that can bring your board down. When one of these barriers shows up (and that day will come if it hasn't already arrived) take action sooner rather than later.

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### **Barriers to effective governance takeaways**

- **Most boards will face one or more of these barriers regularly.**
- **Dealing with these barriers sooner rather than later is crucial to keeping their impact to a minimum.**
- **Measure and inform on board attendance.**

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### **Discussion questions**

- 1** How many of these barriers do we see as current problems for our Board?
- 2** How can we evaluate whether or not we're doing well, or getting better at any or all of these? Can they be added to our board evaluation?
- 3** How are we doing on quorums? What is our definition of a quorum in our bylaws?
- 4** Should we consider a different frequency of meetings?
- 5** Is there any area we should improve in staff support of our board and committees? Do we get our materials four days in advance?
- 6** Does our leadership regularly remind board members to keep our board discussions private?

## 8 Board Liability: What It Is, and How to Reduce It



You already know that in most countries board members are fiduciaries, personally responsible for the actions of their Chapter. In this Section, we'll look at how to reduce liability for board members to a reasonable level. Remember: You

can't prevent all bad things from happening, but you can make sure that you and the board have done your very best to prevent such occurrences. Developing good policies, having audits, acting in accordance with your Chapter's bylaws, these and all the actions below will help you to reduce your liability as board members to the absolute minimum.

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As with the barriers to effective governance list in the previous section, this list is intentionally not provided in priority order. The idea is that you will give careful consideration to all of these actions to reduce your board liability, not just the first few.

PLEASE NOTE: In your country, there may be other specific parts of the laws governing nonprofits that provide you more security if you take a specific action not listed here. Conversely, there may be specific liabilities not noted below. Make sure you consult your legal counsel and auditor about this list and any needed additions for your specific situation.

### **Have a Conflict of Interest Policy and follow it**

A sample Conflict of Interest Policy and form is included in Section 13 of this Guide. Take a look at it and, if you don't have such a policy in place, put it at the top of your "to do" list. This is not a "set it and forget it" kind of policy. Conflict of Interest needs to be discussed at a board meeting annually, and conflict forms need to be reviewed and signed by all board members each year. We suggest that signing the form be a pre-requisite to board service. It's that important.

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### **Contract for an annual audit or review with a management letter**

An outside financial review is crucial to making sure your policies are being followed as closely as possible. Certified Public Accountants (CPAs) or Chartered Accountants provide this service for a fee, often a large one. Audits are more labor intense (and thus more costly) than what are termed “Reviews.” Obtaining an annual audit of your financials is a requirement of your Chapter’s License Agreement.

The audit or review covers the financial side of the organization. The management letter will cover a review of other policies and procedures. You want both. If possible, contract with an auditor who does a large portion of their practice with nonprofits. And, remember to get multiple bids on the audit work regularly.

### **Abide by your bylaws**

As you learned early in this Guide, your Chapter’s bylaws are the rules by which the board operates. It may sound silly, but you’d be amazed how many nonprofit boards don’t follow those rules. Usually this mistake is not intentional, but from ignorance. We recommend that each board member read the bylaws cover to cover once a year and brings up any questions they have or any non-compliance they see.

Non-compliance with bylaws exposes your Chapter to legal action in some cases. For example, let’s say you and your fellow board members understandably assume that a quorum is a “majority of the board.” You currently have fourteen board members and therefore think that a quorum is eight, one more than half the board. You have a meeting, attain what you think is a quorum and take a controversial or expensive action, such as choosing a contractor for an expansion of your House program. The losing contractor sues, noting that your bylaws (which are public information in most countries) call for at least nine members to be present for a quorum.

Really? You read the bylaws to discover that they call for a size of board of “between fifteen and twenty” and that a quorum is, in fact, defined as “at least nine duly elected board members.” Thus you are out of compliance with at least two parts of your bylaws (board size and quorum). Not good. Read your bylaws and make sure your Chapter is playing by its own rules.

### **Have Directors and Officers Insurance**

This kind of insurance, which is commonly called “D & O Insurance” is mandated in your Chapter’s License Agreement, is available in most countries and protects your board against liability in many, but not all, cases. In the United States, for example, Chapters need to make sure that their D&O buys them more protection than federal and state volunteer protection statutes already in place. No D&O insurance will protect the board in cases of intentional fraud or taking actions that are not “normal and customary” actions.

For example, if someone falls on the front step of your House and sues for damages, the board members, in nearly all cases, will be fine. If, however, the staff had pointed out that those steps were dangerous and the board did not take action to get the steps fixed, that would not be “normal and customary” and the board members could be liable.

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Other examples of not practicing normal and customary care in governance:

- > **Not having a strategic plan or annual budget**
- > **Not having (and following) human resources and financial policies**
- > **Not reading staff reports**
- > **Ignoring repeated warnings from staff**
- > **Not attending meetings**
- > **Acting in a manner that benefits a board member directly**

Make sure your Chapter has D&O insurance, read the policy (or policy summary) to understand what is and what is not covered. In some cases individual board members may want to carry additional personal liability coverage.

### **Keep meeting minutes**

The minutes of your board and committee meetings do not have to be the length of *War and Peace*, but you do need to keep minutes and they do need to include the following things:

- A notation of the time, date, location of the meeting, the time the meeting was called to order and adjourned
- A list of members, both present and absent
- A verbatim recounting of all motions made, seconded, discussed and the result of the vote on the motion
- A review of key committee reports (usually as attachments) or other issues brought before the board

Individuals do not have to be named when making or seconding a motion, nor does a roll needed to be recorded for each vote with one exception: if a board member asks to have his or her name recorded in dissent to a particular action.

Remember that the minutes are the formal legal record of the meeting. Thus, and this is very important, if a board member disagrees with an action taken by the board, he or she should have his or her name noted in disagreement in the minutes. That provides protection for that board member if the decision of the board results in some liability down the road. Silence does not equate to innocence.

### **Board members should ask questions**

Speaking of silence, it's crucial that board members regularly ask questions about reports of staff, committee reports and recommendations, and the like. Discussion at board meetings is, in most cases, a good thing. Once in a while, most groups will have a discussion that degenerates into a management issue, or into excessive pickiness. At that point the board leadership should draw the board back to policy.

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But a greater danger lies in too little discussion. Particularly in controversial or major decisions, each board member needs to remember that silence does not help the organization or the mission and should not be interpreted as agreement with the issue. Come prepared to participate in the discussion, and not just be a silent member of the group.



### **Go to meetings, and go prepared**

You can't take part in discussion if you're not present at the meeting, or if you haven't reviewed your materials prior to arriving at the meeting. If a controversial issue is on the agenda, don't avoid the meeting. Go and participate. There is a large body of precedent to show

that if a board takes an action that is later the subject of legal action, the entire board is included in the action, not just those present for the vote.

Again, go to the meeting, go prepared, take part in the discussion and if you disagree with the final action, have your name recorded in dissent.

### **Bid your large outside contracts**

Bidding contracts is standard business practice in most countries. It goes a long way to ensure that the contract is attained at the best possible combination of cost and quality of service. Your Chapter should have such a bidding process in its financial policies and only violate it in very, very rare cases, and any violation should be stated clearly in your board minutes.

What could justify such a violation? Perhaps your Chapter is responsible for paying for the renovations of your Family Room in a local hospital, and the hospital requires you to use their preferred contractor to do the work. What should *not* justify such a violation? Using an auditor who also makes a large contribution to the Chapter each year, or a bank that is also the employer of a board member. While you may, in the end use the auditor or the bank, it's crucial to reducing your liability that the bank and/or audit firm go through the same bidding process as any other possible provider of service.

### **Use Executive Session sparingly**

Executive Session is a formal time where only board members are present (so all staff should leave unless specifically invited to stay) and the conversations and discussions are not recorded in the minutes. Decisions made in Executive Session are not secret, but details are not entered into the overall board meeting minutes.

Some nonprofit boards use Executive Session far too much and, as a result, damage their credibility when they tout their "transparency." Keep your use of Executive Session to a minimum.

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### **Set and enforce a financial threshold for direct board involvement**

What this means is that at some amount of funds expended, board members should approve those specific expenditures. The threshold will depend on the size of your Chapter's budget, as well as with the financial controls already in place, but the key is to require that when a check is written over that amount, a board member (usually the Treasurer, but sometimes the President) has to approve the expenditure and sign off, even if it's already in the budget.

For example, a Chapter might have a set a threshold of \$5,000. Thus, in the cases where a check for more than that amount is being written or electronically sent, the Treasurer needs to sign an approval form. These forms can later be checked by your auditor to ensure that no non-approved disbursement is occurring.

If you want your board of directors to be utilizing best practice, these liability reducers are essential. Remember that your board members are volunteers, and capable and successful board members will not serve an organization that presents too much personal risk or liability.

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### **Board liability takeaways**

- **All board members need to make their best efforts to go to every meeting, go prepared, take part in the discussion and if they disagree with an action, have their name recorded in dissent.**
- **Have D&O insurance.**
- **Contract for an annual audit or review.**

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### **Discussion questions**

- 1 How do we measure up with the list above? Do we need to bid the audit work next year?
- 2 How are we doing on board attendance? Do we encourage our board to have their names noted if there is dissent?
- 3 Do we need to improve our skills in taking good minutes?
- 4 When was the last time we reviewed our Directors and Officers insurance?
- 5 When was the last time we reviewed (and updated) our bylaws? Are we following them now?



## 9 Better Board and Committee Meetings



For all Committee Chairs, as well as the President and Vice-President, having good meeting management skills is crucial. While there are myriad of books, workbooks, training and online resources on how to best run a meeting, here are some basic and time-tested rules.

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### **Distribute board materials well in advance of the meeting**

Having the agenda and support materials in the hands of the board members at least four days prior to the meeting allows them to read and prepare any questions about the material.

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### **Have an agenda and stick to it**

The agenda should note all the key parts of the board meeting, and should be developed by the ED and President together prior to sending out the board packet. The President should stick to the agenda if at all possible.

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### **Start and end on time**

Unless you don't have a quorum, start on time. Don't punish the board members who behaved well (showing up on time) for the transgressions of those that didn't. Waiting for "everyone to get here" only reinforces the bad behavior for those that are late. Remember a starting and ending time are promises, not estimates, and the board members you want are busy people. Value their time.

This also extends to the end of the meeting. Let people know when they can get back to the rest of their lives. Remember the old adage that work expands to fill the time allotted for it; a meeting with no set end will be endless. Again, value your board members' time.

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### **Follow Robert's Rules of Order**

This means having formal motions and seconds where necessary, allowing for discussion before calling a vote, etc. Robert's Rules can be exceedingly complex in certain contentious situations, but they are the best model available. Have a copy of Roberts Rules on hand at every board meeting. For most meetings, it will never be opened, but when you need it, it's great to have the facts easily available.



### **Keep good minutes**

This is the Secretary's responsibility but, as noted earlier, may be passed from member to member to share the work load and allow the Secretary to participate fully in the board meetings. Make sure you record who attends each meeting to establish a quorum, record all motions and their votes ("A motion was made and duly seconded to accept the financial report. Following discussion the motion was unanimously passed."), and note any discussion of important issues. It is not important to record every word everyone says. Rather, the key actions of the board need to be set down for future reference.

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### **Have committee reports, not repeat committee meetings**

As noted above, if your board is going to have effective committees, the board needs to delegate the detail work to the committees and not have it repeated at the board meeting. If discussion is too extensive, the President should suggest that the members who have detailed concerns attend the next committee meeting to learn more.

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### **Focus on mission outcomes**

Remember what we discussed early in this Guide. Each meeting should result in decisions that result (in some fashion) in more mission, better mission, more effective mission or more efficient mission. Two suggestions here are to start each meeting with a mission story of how your Chapter has helped a specific family. That keeps your meeting focused on what you are ultimately there for. Then, at the end of the meeting specifically review your decisions and draw out at least one or two ways you've advanced the mission at the meeting. That gives those participating a mission reward: their time was well spent.

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One excellent resource for better committee meetings for every Chapter is the wonderful book by Pat Lencioni entitled *Death By Meeting*. It's an excellent management fable that touches all the key problems in meeting management and how to avoid them.

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### **Better meeting takeaways**

- **Good meeting management is crucial for an effective board and the committees.**
- **Starting on time is a promise we need to keep.**

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### **Discussion questions**

- 1** Do our meetings start and end on time now? If not, why not?
- 2** Do we get our meeting materials at least four days in advance? If not, what can be done to ensure that we do?
- 3** Does everyone get to contribute to every meeting? How can we encourage more discussion on items of importance?
- 4** How else can we improve our meeting culture?
- 5** Should we get some training in meeting management, or buy the book referenced above or other meeting management books?

## 10 Making the Best Decisions



Since boards make policy, they have to make many decisions, and those decisions will guide the Chapter's ability to provide high quality mission both now and in the future. So, the decisions the board makes are very important. You don't want to make them too quickly, nor do you want to delay unnecessarily.

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In this Section, we'll look at some guidelines for better organizational decision making through a case study. NOTE: A more detailed decision framework tool is available in one of the books referenced in Section 13.

Let's imagine a large-scale organizational decision: The Board is considering opening a second Family Room in a second hospital. If adopted, this policy decision will expand mission, but stretch resources. Working with a second hospital will bring new challenges as well.

So, how do we proceed? What's the best process, or protocol, for making this kind of decision? If we can better learn how to make big decisions, the smaller ones should be much easier as well. The following framework, unlike those in prior sections, is shown in the sequence you should use, and starts, not surprisingly, with the Chapter's mission.

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### First, be loyal to the mission

As we begin our consideration (and even far, far earlier, when the idea of a new Family Room is first raised) we need to look at our mission. Does this expansion meet (or violate) our mission? For example, if your Chapter has some geographic focus in its mission statement ("We provide services for families and children in Boone County") and the second Family Room is outside of that geographic limit, you're in violation of your mission.

In most cases, for most Chapters, this will be an easy review at first glance. By adding a Family Room, you'll be doing more mission. But, there's a second mission concern, and that is whether, as a result of your planned expansion, your current services will suffer. Remember, while growing mission is exciting and satisfying, your *first* responsibility is to do high quality mission services to your *current* service recipients; the children and families you currently serve. If growth in one area is going to diminish quality in another, slow down or stop. Mission first.

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## **Second, stick to policy**

The decision we've chosen to use is obviously a policy-level (and thus board level) decision. It might come before the board on its own, it might have been considered and agreed to in the most recent strategic planning cycle, but there's no real debate as to whether or not this is a board-level issue. That said, once the board decides to expand, it should leave the implementation of the decision to the staff. Too often an appropriate consideration of an issue by the board results in meddling by the board after the decision is made. Stick to policy. Get updates, monitor implementation, but stick to policy.

Are there times that the board needs to be involved in implementation? Of course. For example, if the board decides to bid its audit work, board members should review the bids. Or, if the ED retires, the board needs to be very involved in the recruitment, selection and orientation of the new ED. But in the main, the board does policy and the staff does implementation.

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## **Third, do your homework**

For large decisions like this, someone (or a committee) needs to do a business analysis, either a feasibility study or a full business plan. This is a perfect job for an ad-hoc committee of board members, staff and even an outsider or two, who really drill down into how the new Family Room will affect cash, management, current operations, volunteers, etc. Smaller decisions will often require less analysis, but every decision point should come with some background material for board review.

So, do your homework; read the materials presented to you before the meeting where the decision is going to be discussed. If everyone comes with the same level of preparation, having thoroughly read the materials, the discussion will be more focused.

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## **Fourth, embrace diversity of opinion**

As a group of individuals from various backgrounds, your board should have some diversity already. You read early in the Guide that diversity (of ethnicity, gender, generation of birth, income, experience, etc) is a strength in a board, and now is the time to put it into use.

Make sure that in the homework phase that many voices were heard. For example, the second hospital will certainly have input, but were the other nonprofits in that second community interviewed? How about families of sick children close by? And, what about your current staff and volunteers? Were all of them given the opportunity to weigh in? Were local leaders interviewed to gauge their potential support for the Family Room in terms of funds or volunteer resources?

The more perspectives you can gather at this stage the better. Then, your (hopefully) diverse board can make a better, more savvy decision, ensured that all perspectives have been considered.

*Two mantras to remember as you make your decision:*

***"No one of us is as smart as all of us."***

***"Every idea is a good idea, until we come up with the best idea.  
And the best idea does not have to be my idea."***

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### **Fifth, be loyal to the decision**

Once the decision is made, support it, even if you were a dissenting voice in the discussion. When you join a board, you join a team. Be loyal and supportive to the decisions and actions the team makes. You had your say in the board meeting, and even, perhaps, in the homework phase of the decision. With the decision made, it's crucial that all board members get behind the effort to expand and add a new Family Room.

Any public dissent will cause the Chapter to lose momentum, will hurt fundraising and volunteer recruitment. Just because your opinion did not prevail, don't take that out on the children and families your Chapter serves so well.

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### **Sixth, evaluate**

Finally, after a few weeks or months, look back on your decisions, your analysis, and your Chapter's mission. Did the decision go as planned? Why or why not? How can you improve all phases of your decisions down the road? What can you learn from your most recent experiences?

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Remember that your board's decisions are sometimes fairly mundane and obvious. But more often than not, they are crucial to the future of your Chapter. Make them carefully, with much thought, deliberation and consideration of all sides of the issue.

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### **Better decision takeaways**

- **Diversity of opinion is a strength in decision-making.**
  - **Evaluation of decisions is important to making better decisions in the future.**
- 

### **Discussion questions**

- 1 Are we sticking to policy in our decisions or delving into management in following up our decisions?
  - 2 What's our post-decision evaluation process look like? How can we learn from our past successes and mistakes?
  - 3 What's our checklist look like to make sure we're not straying from our mission?
-



## 11 Building (and Keeping) the Best Board



Building the best board for your Chapter is crucial to doing the best governance. This is first and foremost a board-staff partnership. Why? Because if only board members do the recruitment, they'll naturally recruit their friends, neighbors and colleagues, in other words, people like them. You want diversity, right? If so, then you

need to use your board *and* your staff to build a better board.

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And, consider this section of the Guide a checklist for your Board Development Committee. Recruitment (and retention) are their main responsibilities. All board members should read this section, but it's the Board Development Committee that is going to make better recruitment and retention happen.

How can you build a better board? First, you need to regularly review the needs you have in terms of expertise on the board. In other words, define your desired board skillset. Then, you should assess when those needs will become critical. For example, if your strategic plan has a goal to add an expansion of your House program in three years, within a year you need to recruit a board member with construction experience and perhaps someone else who can help you through the maze of financing options on your board. Finally, you need to develop and implement a recruitment program that fills slots in an orderly and planned manner.

One thing to remember is that beyond your skillset there is a further need: your Chapter needs two broad categories of Board members in essentially a 50/50 split. First, you need *advocates* for your mission—people who passionately believe in what you do. These people keep you honest to the First Rule of Nonprofits, which is: “*Mission, mission, and more mission.*” The second kind of board members you need are *business people*, and these folks keep you honest to the Second Rule of Nonprofits: “*No money, no mission.*” These two groups provide a dynamic and very healthy tension on the board and help the organization balance the needs of your community with the resources of your Chapter.

### Build your skillset; plan your needs

In assessing the type of board member expertise you need, you should pay attention to three things:

- 1** *Your Chapter's current programs (what you are now)*
- 2** *Your strategic plan (what you want to be in three to five years)*
- 3** *Your funding sources' regulations (what any large funders require)*

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Make sure you not only look at the skills you need, but also criteria like generation of birth, geographic representation, ethnicity and gender. It's a large order to fill, but it is a predictable problem: If you have term limits, you can predict when you'll need what kind of people with which skills.

### **Recruit the board you want**

Now that you have established the skillset of the board that you want, and the schedule on which you will recruit those skills, you will need to organize a consistent recruitment program to constantly be prospecting for high-quality board members. As noted above, the quality of the board member is as important as the "slot" she or he fills. There are five keys to good board recruitment and retention:

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#### **1 Consistent recruitment**

This means that you don't just deal with board recruitment the week before new members are elected. Finding quality volunteers willing to become fiduciaries is not a one-week job—it's an ongoing effort, and your Chapter's recruitment process should encourage just such a consistent effort.

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#### **2 The recruitment effort is a joint board/staff task**

As noted previously, board members need to be involved in the job of recruiting and assessing potential board candidates. So do staff. The effort should be split between the two groups, because if both aren't involved the outcome will not be optimal.

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#### **3 Provide well-defined and clearly stated expectations of the board members**

There is no substitute for clearly stating to potential board members the expectations of them. That way, if they don't feel that they can meet those expectations, they can decline an offer to serve and save you the trouble of recruiting another person later. Examples of such expectations could include:

- > **You must attend 10 of 12 monthly meetings.**
- > **You must serve on one board committee (most meet monthly) after your first six months on the board.**
- > **You are expected to read your board materials before you come to the meeting.**
- > **You must work at our annual XYZ (fundraising) event and either sell 20 tickets or donate \$X level of money yourself.**
- > **You are expected to donate money to the Chapter each year.**

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#### **4 Enforcement of these expectations**

Having rules and then not enforcing them is a waste of time, effort, and political capital. If you have these expectations, and board members can't or won't meet them, let them know that they will either be voted off the board or not nominated for renewal. When you let people know in advance, and in writing, about your expectations, there is little area for them to complain. That doesn't mean that they won't complain or that "firing" a board member is ever easy. It's not, particularly if your culture has not enforced any expectations on them in the past.

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## **5 Evaluation of recruitment efforts**

How many of the available board slots did you fill? Did you double up on the important ones? How many of your recruits stayed the first full year? How do you know these things? You track your efforts. As with any good process, you learn from your mistakes only if you know about them. You can build on your successes, but only if you are aware of them. Evaluate, evaluate, evaluate.

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### **Keep your board members engaged**

Once you've gone to all the trouble to recruit great board members, you want to both keep them for their full term (assuming they keep their part of the governance bargain) and keep them fully engaged during their term.

To do this, you need to practice the things you've read about in this Guide. Focus on mission. Give board members meaningful things to do. Train your leadership to run efficient and effective meetings. Provide a mentoring program. Educate board members at every meeting. Have effective committees.

### **Plan your meeting dates, locations and times for your Board and every committee at least a year in advance**

This gives busy board members the ability to reserve the date on their calendars, and shows a level of organization that is appealing to the busy and successful people you want on your board.

At the end of their term, you want your board members to feel that it was the best board experience they've ever had. If they can say that, they will have contributed to your Chapter's mission and benefited the children and families your Chapter serves.

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## **Recruitment and retention takeaways**

- **Recruitment is a board-staff partnership.**
- **To retain board members, you have to engage them.**

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## **Discussion questions**

- 1** What's our board skillset? Is it what we need going forward?
  - 2** Do we have the right balance between advocates and business people on our board?
  - 3** Does our recruiting effort include staff? Is it ongoing? How can we do it better?
  - 4** What's our record on board retention? How many members leave (or stop participating) before the end of their term?
-



So what now? You've made the investment of time to read through this Guide and, we hope, have engaged in discussions with your fellow board members about the material contained here. If you're like most board members, you want to get started on improving your board, but are not quite sure where and how to do it. Of course, if you don't get started, normal inertia will set in, other priorities or crises

will come up and a year from now you'll look back and say "Huh. What ever happened to our governance improvement?"

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Here are some ideas on how to overcome that inertia. They are not in any priority order, but offered as places your board may be able to start on its governance improvement process. Not every board will do all of them, and some may not be needed at your Chapter.

### **Form a Board Development Committee**

This committee should, as noted earlier, be more than just a nominating committee. It should be in charge of developing the best board possible to support your Chapter's mission. The Board Development Committee should recruit and screen possible board members, develop a draft skillset for the best board, develop ongoing orientation and board education activities, and be in charge of the Conflict of Interest Policy.

### **Have the entire board watch the RMHC governance learning modules tools as a group**

There are four, 15-20 minute learning modules that focus on governance available on RMHC Fileshare. Watch one per meeting for the next four board meetings, or convene a special session to watch all four at once. After watching, lead a whole-board discussion about what your goals regarding governance should be over the next twelve months.

### **Hold a one day governance retreat**

Within the next six months, have a one day board-staff strategy governance "retreat". Focus on what the board's role is in governance, and how, going forward, it can better support the mission. Specific issues like defining the best board skillset, when, where and how often board meetings should be, board term limits, a board mentoring process, and a review of what committees the board needs should be the day's agenda. If your Board Development Committee has already gotten to work, they can bring recommendations to this retreat.

These three actions, taken together, can get your Chapter on the road to a much better and more focused governance.

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### Ten hands-on suggestions

Now to the tactical: You have the strategic ideas above on how to improve your governance. Here are ten more tactical, or hands-on, ideas to help you get going.

- 1** Include a brief (5 minute) family story at every board and committee meeting. Make this part of the agenda, and use it as a way to remind everyone of what the mission is really about.
- 2** Have an annual review of your board meeting format, length, frequency and location. Make sure that, as you turn over board members, the meetings work for the newly constituted board members as well as the veterans.
- 3** Have all new board members view the four governance e-learning tools on the accompanying DVD within their first 90 days on the board.
- 4** Engage with your RMHC Global Team Leader to learn more about best practices within the RMHC system, resources, and educational opportunities available to you Chapter's staff and board.
- 5** Review and update your board skillset.
- 6** Check your Directors and Officers Insurance to make sure it's sufficient for your Chapter's size and that it adds more protection than local, state or national statute protecting volunteers.
- 7** Make sure all board members sign new Conflict of Interest Statements every 12 months.
- 8** Invite all staff to attend a board meeting every year so that they can see what goes on at board meetings and how your governing body works.
- 9** Develop an online Board Portal to give all board members access to all the Chapter's information from wherever they are whenever they want it.
- 10** Make sure your board is always transparent, including its presence online. Board names, pictures and background information should be accessible to those interested in donating funds or time to your Chapter.

These three actions and ten hands-on ideas will help get you started. Some of these your Chapter may already have in place, while others may need to wait for a while. All in good time, but remember that evidencing good governance is more and more a deal maker or a deal killer for sophisticated funders and even individual donors. Don't delay too long.

Governance of your Chapter is a big, and sometimes daunting, responsibility. But now that you've taken on the role of a nonprofit steward, your community; the people your Chapter serves, are expecting only the best from you.

Good luck in your efforts, and remember to always put mission first.

## 13 Tools and Supplemental Online Materials

These tools, readings and online materials give you and your Chapter great options to pursue as you work to make your governance the best it can be.

### Readings

***Governance as Leadership: Re-framing the Work of Nonprofit Boards***, by Richard Chait, et. al, John Wiley & Sons, 2004.

***Mission-Based Management; Leading Your Nonprofit in the 21st Century*** (3rd Edition), by Peter C. Brinckerhoff; John Wiley & Sons, 2009.

***Smart Stewardship for Nonprofits: Making the Best Decisions in Good Times and Bad***, by Peter C. Brinckerhoff; John Wiley & Sons, 2012. NOTE: This book includes an excellent decision-making format.

***Death By Meeting: A Leadership Fable***, by Pat Lencioni, Jossey-Bass, 2004.

### Online resources

**Governance learning modules** — available for download at RMHC Fileshare. Remember to download the associated pdf files as well.

**Roberts Rules of Order** — [www.robertsrules.org](http://www.robertsrules.org)

**IdeaEncore** — [www.ideaencore.com](http://www.ideaencore.com)

A great resource for nonprofit policies, forms, formats, strategies and the like.

**The Free Management Library** — [www.managementhelp.org](http://www.managementhelp.org)

An excellent resource for both management and governance of nonprofits.

**TechSoup** — [www.techsoup.org](http://www.techsoup.org)

The best tech resource for nonprofits. Discounted software, technical assistance, FAQ's and other ways to embrace technology for mission.

**BoardSource** — [www.boardsource.org](http://www.boardsource.org)

While focused primarily on US nonprofit boards, many of the boardsource publications have relevance to boards across the globe.

### RMHC resources

**RMHC Strategy Guide**

**RMHC Manual: Financial Guidelines**

### Tools

NOTE: These are just samples of forms and formats for you to consider using at your Chapter. Don't just cut and paste. Use these, and samples from the online resources listed above, and develop custom forms and policies that meet the unique needs of your Chapter. There are three key tools provided here. Others will be added from time to time on RMHC Fileshare. Check to see what's available. The tools below are:

- > Sample Conflict of Interest Policy and Signature form
- > Sample Board Job Description form
- > Sample Board Self Evaluation tool

# Sample Conflict of Interest Policy and Signature form

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Conflict of Interest Policies are not fixed: there is not one best policy for all organizations. As you develop and adopt your Conflict of Interest Policy, you need to pay attention to a number of key things. Let's first go through what those issues are and your options. Then, you'll find a sample Conflict of Interest Policy to use as a starting point for your Chapter.

## Rights

Your Chapter will have to decide whether, when a board member has a declared conflict of interest, he or she retains one or more of the following rights during a discussion about which the conflict pertains:

- **The right of presence.** Can the board member remain in the room during the discussion?
- **The right of voice.** Can the board member state their opinion on the issue? Note that giving someone the right of voice implies that they also have the right of presence.
- **The right of vote.** Can the board member vote on the issue? As above, the right of vote, if granted, implies the right of voice and presence have also been granted.

Different Chapters will handle these rights differently, and that's just fine, as long as your Chapter establishes the rights in your policy and follows the policy every time.

## Declarations

The optimal method for declaring a conflict of interest is for the board member themselves to do it. They should be given the opportunity to go on record annually by filling out a conflict of interest form and signing it. There will, however, be times when a conflict comes up at a particular meeting and a board member tells everyone that she feels she has a conflict. That's great.

The less optimal, but just as important, method of declaration is for a fellow board member to state that they feel one of their peers has a conflict. If the member who may or may not have a conflict agrees, all is well. If not, the full board will usually vote. This process should be detailed in your Conflict of Interest Policy.

## Annual review

Your Chapter's Conflict of Interest Policy should be reviewed annually, and all board members should be required to sign a new conflict of interest declaration each year. Failure to sign such a declaration should be cause for dismissal from the board.

On the next page you will see a sample Conflict of Interest Policy for your board to review, discuss, amend to meet your local needs, and then adopt. Note that examples are included right in the policy. We recommend that you add your own examples, or use these, but keep them in the policy.

*Sample on pages 58 and 59*



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## CONFLICT OF INTEREST POLICY

Ronald McDonald House Charities of \_\_\_\_\_  
Ronald McDonald House of \_\_\_\_\_

Adopted by the Board of Directors on \_\_\_\_\_ (current date) .

Due for review and potential update on \_\_\_\_\_ (current date noted above plus 12 months) .

The Board of Directors of RMHC/RMH of \_\_\_\_\_ are personally and collectively dedicated to acting ethically and in the best interests of both the children and the community we serve and RMHC. Given that dedication, this conflict of interest policy is intended to provide our definition of a conflict and guide board members in how to both declare and deal with potential and real conflicts in their governance duties.

As good stewards of RMHC the Board of Directors seeks to always avoid even the slightest appearance of impropriety. We value the trust our community has placed in us, and always seek to further that trust.

### Definition of Conflict of Interest:

A conflict of interest arises in any situation that may compromise the ability of one or more Directors to make unbiased decisions as part of their governance duties related to RMHC. These situations may involve family relations, personal business dealings, or other community or professional activities.

### Declarations:

Each RMHC/RMH Board member is required to review this policy and declare any and all potential conflicts annually. The form for this declaration and the agreement to abide by these policies is found at the end of this policy.

If a conflict arises during any given year, a board member is required to raise the conflict to the President of the Board and the Executive Director either in writing or at a duly called meeting of the Board. Further, if any board member feels that another member may have a conflict, he or she is required to raise that potential conflict at the next duly called board meeting. If the board member does not agree that he or she has a conflict, the board will vote on the issue.

### Rights:

Once a board member declares or has been found to have a conflict of interest, he or she may no longer participate in any discussion related to the conflict nor may they vote on any matter pertaining to the conflict.

### Examples:

1. Board member Carlos is an architect. In the next year, the Chapter will discuss renovations to its House. While Carlos's firm does not do renovations, it does work nearly exclusively with ABC Construction. Carlos could be seen as having a bias toward ABC if and when bids are sought for the renovation, so he declares the conflict. He participates in discussions around what renovations are needed and what's possible given the prior construction of the House. This is appropriate, since Carlos has expertise in this area. However, when a list of potential bidders is discussed Carlos not only stays silent, he notes that he is intentionally not participating due to his conflict and that silence is noted in the minutes. Bids are sought, and when they are discussed and voted on, Carlos also remains silent and abstains from voting, and asks that both facts be recorded in the minutes.

2. Johanna is VP of Community Relations for the local children's hospital, the hospital where the local Chapter has a Family Room. In a strategic planning session, another board member floats the idea of starting a second Family Room in another (read: competing) hospital. Johanna appropriately asks if there is currently any problem with the way her hospital is interacting with RMHC, and when the Board says no, but "we think growing this way could be good and should study it further," she declares her conflict. She is not put on the ad hoc committee to study the addition of a new Family Room, attends the meeting of the Board where the ad hoc committee makes its recommendation, but doesn't comment or vote and, like Carlos, asks that the minutes record her abstention.

## BOARD MEMBER ACKNOWLEDGEMENT OF THE CONFLICT OF INTEREST POLICY

I \_\_\_\_\_ (name) \_\_\_\_\_ have been provided a copy of the RMHC/RMH of \_\_\_\_\_ Conflict of Interest Policy adopted on \_\_\_\_\_ (date) \_\_\_\_\_, have had the chance to both read the policy and ask questions about it, and agree to abide by it.

At this time, I have the following conflict(s) to declare, as I do not want to have anyone inside or outside of RMHC/RMH to feel I cannot be impartial in my governance duties:

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_

If any other conflicts of interest arise during the course of the coming year I will declare them to the President of the Board and Executive Director.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Printed name \_\_\_\_\_

# Sample Board Job Description form

The key in a board job description is to let prospective board members know the expectations of your Chapter regarding their board service, and to provide standards of accountability. The sample below is a template upon which your Chapter can build its own unique set of requirements and expectations.

## BOARD JOB DESCRIPTION AND EXPECTATIONS

Ronald McDonald House Charities of \_\_\_\_\_

Ronald McDonald House of \_\_\_\_\_

As a member of the Board of Directors of Ronald McDonald House Charities of \_\_\_\_\_ you are agreeing to perform the following duties to the best of your abilities. Once you join the Board, you are a fiduciary of the Chapter, and thus responsible to see that the mission of the Chapter is carried out in the best manner possible. In addition, board members are responsible for the following:

### Attendance:

We hold \_\_\_\_\_ Board Meetings per year on the following schedule: \_\_\_\_\_.

We expect you will attend at least \_\_\_\_\_ of these meetings each year.

### Participation:

We expect that you will arrive at the Board meetings on time and be prepared, having read your materials, and will participate in the meeting, adding your unique perspective and insights.

### Committees:

All board members are expected to serve on at least one committee. Committee assignments are made each year. Thus, if you wish to change your committee assignment(s), that can happen annually.

### Community Representation:

Any board member may be asked to represent RMHC at a community event. While not mandatory, it is encouraged. In addition, during day-to-day activities in the community, remember that you are a representative of RMHC.

### Conflict of Interest:

RMHC has a Conflict of Interest Policy, which you have been given. You cannot serve as a Board member until you have completed and signed the RMHC Conflict of Interest Form. This form needs to be signed each year of your service on the Board.

### Fundraising:

RMHC receives \_\_\_\_\_% of its funds from various fundraising efforts. Board members are expected to participate in fund raising as follows: *(NOTE. the following are just examples of the level of specificity needed, and will not pertain to all Chapters.)*

- > Attend at least 50% of the eight major fundraising events each year.
- > Donate, or solicit at least \$5,000 per year.
- > Sell ten tickets to the gala and at least one foursome for the golf event.
- > Make some amount of personal donation each year.

## Sample Board Self Evaluation tool

The following tool is an example of a board self-evaluation. After reviewing it, make any and all changes to the key issues, scale etc. Then, once a year the Board Development Committee distributes the survey to all board members. Each member anonymously fills the form out and returns it. The survey can be administered on paper, or online through free or low cost providers like *SurveyMonkey.com*.

The evaluations are tallied and, in the first year, a baseline score in each area noted by the Board Development Committee. In addition, if there are areas that get low scores, the Board Development Committee can focus on those issues. Finally, in future years, using the same evaluation can provide trend data to better focus the time and resources of the Board Development Committee on improving the governance of the Chapter.

Please note that the criteria provided as well as the scoring scale are suggested, not mandatory. Amend the tool to reflect your Chapter's unique needs.

### RMHC ANNUAL BOARD SELF EVALUATION

Each year all members of the RMHC Board of Directors are asked to evaluate the efforts and capabilities of the Board. Please fill out the form below using the past twelve months as your reference.

Return the form to \_\_\_\_\_ (name) by \_\_\_\_\_ (date) .

Criteria	Agree 4	Somewhat agree 3	Somewhat disagree 2	Disagree 1	Don't know
Board members know our mission and work toward it consistently.					
Board meetings are well attended.					
Full discussion of issues is encouraged and well facilitated.					
We get our board materials at least four days in advance of our meetings.					
We have a current strategic plan and review the plan's status regularly.					
Board members participate adequately in fundraising efforts.					
Our budget is well planned, and I feel we oversee the implementation of the budget adequately.					
Our staff prepare us well for our policy discussions.					
As a board, we regularly look out into the future to see what may affect RMHC.					
Our financial controls are adequate and followed.					
Our Conflict of Interest Policy is adequate and followed.					
I am proud to be a member of the RMHC Board of Directors.					

Other questions might cover issues such as ED evaluation, the readability of financial reports, board knowledge of individual programs, the role of board and staff being clearly defined, board diversity, the committee structure, etc. Again, make this evaluation reflect the unique needs of your RMHC Chapter.

## Discussion questions

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### *Section 3:* **Best practices in nonprofit governance**

- 3.1 Are we, as a board, adequately transparent? What can we do to be better in this area?
  - 3.2 Are we checking with our Board annually to ensure our meetings are the right length, at the right location and time, and of the right frequency?
  - 3.3 What about board terms? Are ours appropriate for our Chapter's needs?
  - 3.4 How are we doing on diversity on our board? How can we get better?
  - 3.5 Do we have the right committees to support our Board? Do we meet the test of letting committees report to the Board, or do our Board meetings essentially repeat the committee meeting in full?
  - 3.6 Do we need a board mentoring program? How should we get up and running in this area?
- 

### *Section 4:* **Board roles and responsibilities**

- 4.1 How many of these responsibilities are we fulfilling now?
  - 4.2 Which of these responsibilities can we perform better? How?
  - 4.3 Are there any responsibilities that we've taken on as board members that really are staff duties?
  - 4.4 Are we good about sticking to policy and not delving into management issues? How can we be better in this important area?
  - 4.5 Are we satisfied with our current board turnover plan? Are our terms the right length?
  - 4.6 Is our emphasis on fund raising about right? Do we spend too much time on it? Too little?
  - 4.7 Are we happy with our external auditor? Do we feel he or she is giving us the right information?
- 

### *Section 5:* **Officer roles and responsibilities**

- 5.1 Do we have job descriptions for our officers? If we do, do they need improvement?
  - 5.2 Do we need meeting management training for all our board members who run meetings?
  - 5.3 Should we consider establishing a Vice-Treasurer position?
  - 5.4 Is how we select our President, and the sequence we use for ascending to the Presidency still the best for our Chapter now that we've grown?
  - 5-5 Is our job description for our Vice-President appropriate? Should we re-examine it? Do we have job descriptions for our officers? If we do, do they need improvement?
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*Section 6: **Staff roles and responsibilities***

- 6.1 Do our staff have the skills to support the board?
  - 6.2 Do we encourage our staff to make recommendations?
  - 6.3 Are staff other than the ED sharing the job of supporting our committees?
  - 6.4 Are there ways we on the board can help our staff assist us better?
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*Section 7: **Barriers to effective governance***

- 7.1 How many of these barriers do we see as current problems for our Board?
  - 7.2 How can we evaluate whether or not we're doing well, or getting better at any or all of these? Can they be added to our board evaluation?
  - 7.3 How are we doing on quorums? What is our definition of a quorum in our bylaws?
  - 7.4 Should we consider a different frequency of meetings?
  - 7.5 Is there any area we should improve in staff support of our board and committees? Do we get our materials four days in advance?
  - 7.6 Does our leadership regularly remind board members to keep our board discussions private?
- 

*Section 8: **Board liability***

- 8.1 How do we measure up with the list above? Do we need to bid the audit work next year?
  - 8.2 How are we doing on board attendance? Do we encourage our board to have their names noted if there is dissent?
  - 8.3 Do we need to improve our skills in taking good minutes?
  - 8.4 When was the last time we reviewed our Directors and Officers insurance?
  - 8.5 When was the last time we reviewed (and updated) our bylaws? Are we following them now?
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*Section 9: **Better board and committee meetings***

- 9.1 Do our meetings start and end on time now? If not, why not?
- 9.2 Do we get our meeting materials at least four days in advance? If not, what can be done to ensure that we do?
- 9.3 Does everyone get to contribute to every meeting? How can we encourage more discussion on items of importance?
- 9.4 How else can we improve our meeting culture?
- 9.5 Should we get some training in meeting management, buy the book referenced above or other meeting management books?

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*Section 10: **Better decision making***

- 10.1 Are we sticking to policy in our decisions or delving into management in following up our decisions?
- 10.2 What's our post-decision evaluation process look like? How can we learn from our past successes and mistakes?
- 10.3 What's our checklist look like to make sure we're not straying from our mission?

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*Section 11: **Recruiting and retaining the best board***

- 11.1 What's our board skillset? Is it what we need going forward?
  - 11.2 Do we have the right balance between advocates and business people on our board?
  - 11.3 Does our recruiting effort include staff? Is it ongoing? How can we do it better?
  - 11.4 What's our record on board retention? How many members leave (or stop participating) before the end of their term?
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# Takeaways

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## **Best practices takeaways**

- Best practices in governance are a goal every Chapter should seek to attain.
  - Trends in governance are important to monitor.
  - RMHC has a great number of resources in this area for local Chapters to use.
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## **Board responsibility takeaways**

- Boards are responsible for policy, not management.
  - Boards need to intentionally change over time.
  - Boards work primarily, but not solely, with the Executive Director
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## **Officer roles takeaways**

- The President's job is a crucial one. She or he must manage the board members, work closely with our ED, and be the face of the Chapter in the community.
  - The Treasurer must completely understand our financials and be able to report about the budget in a way all of us understand.
  - Meeting management is a learned skill.
- 

## **Staff roles takeaways**

- Staff have a key role in good governance.
  - Staff are in our Chapter 40-60 hours a week. Board members spend 4-6 hours a month on Chapter work.
  - Boards should request staff recommendations, but are not obligated to follow them.
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## **Barriers to effective governance takeaways**

- Most boards will face one or more of these barriers regularly.
  - Dealing with these barriers sooner rather than later is crucial to keeping their impact to a minimum.
  - Measure and inform on board attendance.
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### **Board liability takeaways**

- All board members need to make their best efforts to go to every meeting, go prepared, take part in the discussion and if they disagree with an action, have their name recorded in dissent.
- Have D&O insurance.
- Contract for an annual audit or review.

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### **Better meeting takeaways**

- Good meeting management is crucial for an effective board and the committees.
- Starting on time is a promise we need to keep.

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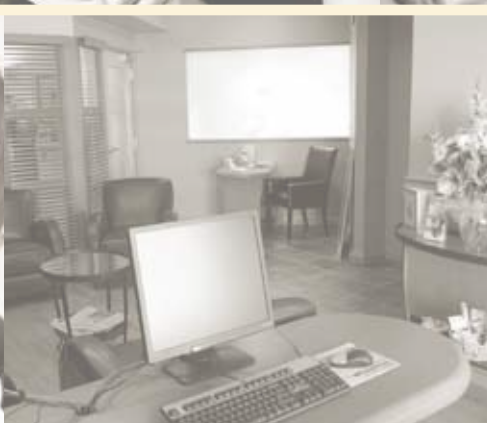
### **Better decision takeaways**

- Diversity of opinion is a strength in decision-making.
- Evaluation of decisions is important to making better decisions in the future.

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### **Recruitment and retention takeaways**

- Recruitment is a board-staff partnership.
  - To retain board members, you have to engage them.
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Thank you to the following Ronald McDonald House Charities Chapters who provided photos for this Governance Guide: RMHC Argentina (*cover—Members of the RMHC Argentina board and staff working together with leaders of local government and the medical community, including the mayor of the city of Buenos Aires, the secretary of Health and the director of Hospital de Niños Ricardo Gutierrez, to expand the reach and impact of the Charity.*), RMHC Baltimore (*page 43*), RMHC Chicagoland and Northwest Indiana (*page 51*), RMHC Chile (*page 20*), RMHC Germany (*page 28*), RMHC Greater Houston/ Galveston (*page 48*), RMHC Hungary (*page 40*), RMH in the Hunter (Tamworth, Australia) (*page 45*), RMHC Latvia (*page 54*), RMHC Madison (*page 32*), RMHC México (*page 30*), RMHC New Mexico (*page 46*), RMHC South Africa with Linda Dunham, RMHC Global Chair (*page 10*), RMHC Spain (*page 19*) and RMHC Thailand (*page 36*).

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