

*From “Survivor” to “Amazing Race”:
Intentional Leadership for Dynamic Boards*



bri

**Gregory Nielsen
President and CEO**

www.nielsenconsults.com

Email: gregory@nielsenconsults.com

Twitter: [@gregory_nielsen](https://twitter.com/gregory_nielsen)



NIELSEN
TRAINING & CONSULTING, LLC

AGENDA

- Role of the Board
- Leading Practices in Governance
- Fiduciary Duties
- Trends and hot topics in Governance
- Managing conflicts and mitigating risk



CASTLES WITH FOUNDATIONS

- If you have built castles in the air, your work need not be lost; that is where they should be. Now put the foundations under them.
 - Henry David Thoreau



HABITS: GOOD OR BAD?



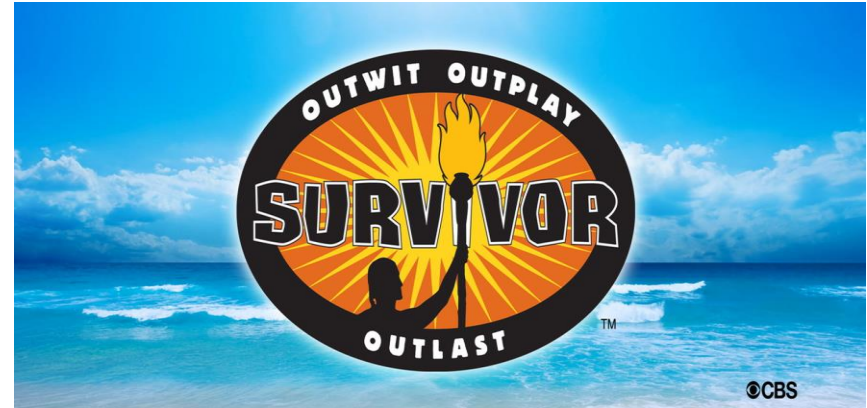
NIELSEN
TRAINING & CONSULTING, LLC

FUNDAMENTALS OF NONPROFIT GOVERNANCE

YES!



NO!



FUNDAMENTALS OF NONPROFIT GOVERNANCE

Everyone has a role to play!

- Captain = CEO
- Crew = Staff
- Passengers = Those served by the mission
- Destination = Vision
- **WHAT ABOUT THE BOARD?**



10 BOARD RESPONSIBILITIES

- Determine mission and purpose
- Select CEO
- Support/evaluate CEO
- Ensure effective planning
- Monitor programs/services



10 BOARD RESPONSIBILITIES

- Ensure adequate financial resources
- Protect assets/financial oversight
- Build competent Board
- Ensure integrity
- Enhance public standing



FIND A CHAIR WHO...



NIELSEN
TRAINING & CONSULTING, LLC

THE BOARD IS A TEAM

- Defining consensus



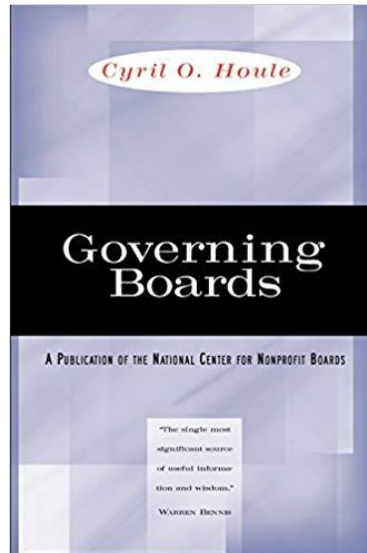
- Effective decisions formula

- $ED = RD \times CD$



VICTORIES ARE EARNED

- “A good Board is a *victory*, not a *gift*.”
 - Cyril Houle - Governing Boards



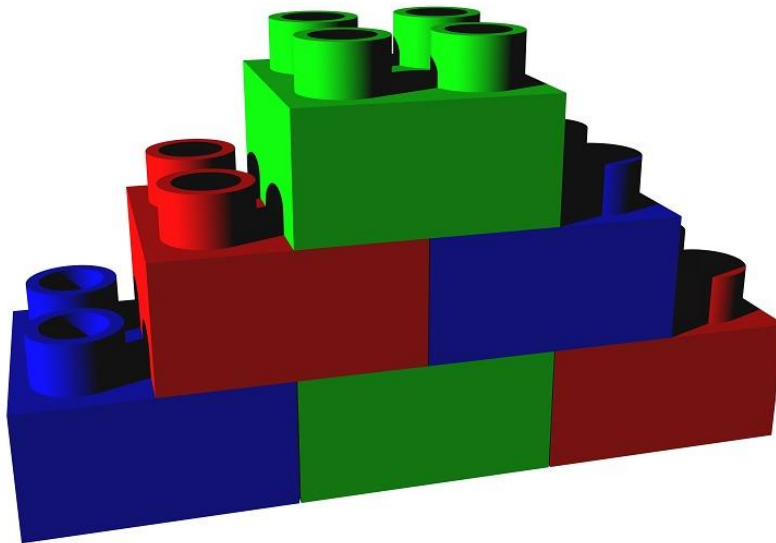
5 CHARACTERISTICS OF HIGHLY EFFECTIVE BOARDS

- Define
- Recruit
- Orient
- Govern
- Evaluate

Recruit Attributes Chart						
CANDIDATES	HAS TIME	RACIAL DIVERSITY	GEOGRAPHIC REACH	CONTACTS TO MONEY	ASSERTIVE/ POSITIVE	MISSION ATTACHMENT
Banking/loans						
Candidate A.	X	X		X	X	X
Candidate B.	X		X	X		
Candidate C.		X	X		X	X
Attorney						
Candidate D.		X	X			X
Candidate E.	X	X	X	X	X	X
Candidate F.	X			X		

SURVIVOR → AMAZING RACE

- Building the Team
 - Matrix
 - Diversity Matters!



SURVIVOR → AMAZING RACE

- **Governing**
 - Planning Strategically
 - Committees
 - Meetings



NIELSEN
TRAINING & CONSULTING, LLC

SURVIVOR → AMAZING RACE

- Advocating
 - Meaningful Message



SURVIVOR → AMAZING RACE

- Evaluating



BOARD LEGAL DUTIES

- **Duty of Care**
- **Duty of Loyalty**
- **Duty of Obedience**



COMMON CONFLICTS

- **Business Conflicts**
- **Gifts**
- **Serving 2 masters**

© Cartoonbank.com



"Try this—I just bought a hundred shares."



NIELSEN
TRAINING & CONSULTING, LLC

MANAGING CONFLICTS

- Clear written conflict of interest policy for the organization
 - Process to determine
 - How organization will deal with
- Reviewed and signed annually
- Accessible to the public

AREAS RIPE FOR ETHICAL TRAPS

- Compensation
- Fundraising



COMPENSATION

- What is reasonable in the for-profit sector is often seen as unreasonable in the nonprofit sector
- What is the organization's compensation policy and who reviews compensation decisions?
- Rule of Thumb for Reasonable Compensation:
 - For like services
 - By like enterprises
 - Under like circumstances
 - On the date the contract is made

FUNDRAISING

- IRS Guidance:
 - Accurate, truthful, and candid solicitation materials
 - Reasonable fundraising costs
 - Information about fundraising costs and practices provided to donors
 - Schedules G and M of 990 require information about fundraising expenses, revenues, and activities

BOARD TRENDS

- Simple committee structure
- Fewer standing committees
- Smaller Board size
- Audit committee
- Non-Board members on committees



TOP 10 RISKS FACING BOARDS

1. Exposure from social media use, misuse and naiveté.
2. Loss of key staff leaders.
3. IRS Form 990 and federal tax-exempt status.
4. Copyrights and trademarks.
5. Lobbying and political activity compliance.
 - a. 501(c)(3)—no political campaign activities; lobbying within limits.
 - b. 501(c)(6)—may engage in limited political campaign activities and may lobby as its primary activity.

TOP 10 RISKS FACING BOARDS

6. Sexual Harassment.

7. Mistakes in Contracting.

8. Lack of synchronicity in board policy and practice.

9. Failure to understand and manage conflicts of interest.

10. Reliance on the goodwill, good nature and insurance coverage of others.



COMMIT TO ACT



NIELSEN
TRAINING & CONSULTING, LLC

THANK YOU!

The information contained in this presentation has been prepared by Gregory Nielsen and is not intended to constitute legal advice. Gregory Nielsen has used reasonable efforts in collecting, preparing, and providing this information, but does not guarantee its accuracy, completeness, adequacy, or currency. The publication and distribution of this presentation are not intended to create, and receipt does not constitute, an attorney-client relationship. Reproduction of this presentation is expressly prohibited.

Gregory Nielsen

gregory@nielsenconsults.com

www.nielsenconsults.com

Twitter: @gregory_nielsen

Phone: (502) 472-5367

