

Establishing and maintaining a board

In this section we look at issues to consider when setting up a board and keeping it going.

4.1 Roles of board members

People often agree to become board members without understanding what their role will be. They discover their role once they have attended a few board meetings. If board members fully understand their role before they take up their position on the board, their contribution could be more fruitful from the beginning.

REFLECTION

- Are board members made aware of their role before they join the board of our organisation?
- Ask board members to think back to when they started to serve on the board. How much understanding did they have of their role? How long did it take for them to fully understand what was required of them?
- What training or induction is given to new board members?

All board members have a part to play in governing the organisation. These roles include:

- attending board meetings
- reading all documents that are circulated before board meetings
- participating in discussions at board meetings
- helping to make decisions by voting
- working as a team
- being an active member of one or two committees
- keeping up-to-date on the issues that the organisation is seeking to address
- understanding the organisation's current work. This may involve visiting a project, meeting with staff or reading literature that the organisation produces about its work
- representing and speaking on behalf of the organisation in public, where appropriate
- praying for the work of the organisation and for the effectiveness of the board.

A board needs to have a few official positions of responsibility in order to function well. These positions are usually chairperson, vice-chairperson, secretary and treasurer. Depending on the focus and needs of the organisation, some boards will have additional positions such as a legal representative or a church representative. In addition to the roles above, these people have the following responsibilities:

- Chairperson**
- Have overall responsibility for making sure the board functions well.
 - Chair board meetings (see page 70).
 - Oversee the work of committees.
 - Appoint chairpersons for committees and recommend committee members to the board.
 - Oversee the recruitment of the CEO.
 - Meet regularly with the CEO, supervise the CEO's work and co-ordinate the CEO's annual performance evaluation.
 - Work with the CEO to ensure that board decisions are carried out.
 - Provide orientation for new board members, alongside the CEO.
 - Plan the next board meeting – prepare the agenda in consultation with the CEO.
 - Sign the minutes of board meetings.
 - Represent the board externally and act as a spokesperson for the organisation.
 - Help board members to assess their performance and set individual goals.
 - Deal with conflict between board members or behavioural issues.
- Vice-chairperson**
- Act as the chairperson in board meetings if the board chairperson is absent.
 - Be prepared to take on the responsibilities of the chairperson if the chairperson becomes unable to carry them out.
 - Carry out special assignments required by the chairperson.
 - The vice-chairperson often chairs the nominating committee.
 - Often the vice-chairperson will succeed the board chairperson.
- Secretary**
- Give board members written notice of meetings at least one week before.
 - Take accurate minutes at meetings and store them safely, along with other important board records.
 - Distribute minutes after board meetings.
 - Keep correspondence up-to-date.
 - Take on the responsibilities of the chairperson and vice-chairperson if they are both absent.

- Treasurer**
- Act as the financial officer. This means overseeing, and managing the board’s review of, financial aspects of the organisation. However, it does not mean that the treasurer is accountable for the organisation’s financial affairs. This is the responsibility of the entire board, or the financial committee, if the board feels it is appropriate to delegate this responsibility.
 - Chair the finance committee.
 - Ensure regular financial reports are made available to the board. This involves working with the CEO and finance director.
 - Help the CEO and finance director to prepare the annual budget.
 - Present the annual budget to the board for approval.
 - Commission and review the annual audit.
 - Use financial knowledge to guide the board through financial matters.
 - Authorise payments with the chairperson or CEO in small or young organisations where the board is more involved in management.

It may be useful to ensure there is a legal representative on the board. Their responsibility could be to:

- Protect the organisation’s legal status.
- Oversee the issuing of external contracts.
- Ensure that legal complaints by employees and other stakeholders are dealt with effectively.

REFLECTION

- Do we agree with the list of roles of all board members above? Is there anything that we would like to add to the list?
- Does our board have some key positions of responsibility? What are these? Do we agree with the roles listed above? Is there anything that we would like to add to the lists?

4.2 Board membership



- Size of the board** The number of board members should depend on the size and mission of the organisation. The board requires members with an appropriate range of skills, knowledge and expertise to fulfil its needs. It should not have so few members that it becomes overburdened and ineffective. On the other hand, the board should not have so many members that they are not able to participate actively. The more people there are in board meetings, the longer it takes to hold discussions. It is also more difficult to find a date when everyone can attend.
- Role of the CEO** In some organisations the CEO is an *ex officio* member of the board. This means that whoever holds the position of CEO is automatically a board member. Sometimes the CEO is allowed to vote and sometimes not. CEO membership on the board is useful as it strengthens the working relationship between the board and the CEO. However, it can confuse the difference between governance and management of the organisation. As the board is responsible for recruiting, supporting and evaluating the CEO, it can become awkward to do if the CEO is also a board member. For these reasons it can be better not to allow the CEO to be a board member. However, this does not stop the CEO attending board meetings, for all or part of the meeting. This is vital if a good working relationship between the CEO and the board is to be developed. CEO feedback to the board is essential if good decisions are to be made.
- Term of service** The board should consider the term of service of board members. Usually this involves setting the length of service before re-election. It can also be helpful to set a maximum number of terms for which a member can serve, either with or without a break between terms. For example, board members may serve a maximum of three terms of three years per term. They must be re-elected after each term if they wish to continue. The purpose of setting maximum terms of service is to encourage the election of new members who bring in new ideas and vision. Otherwise boards can become stagnant and fail to move the organisation forward creatively. It also provides an opportunity to stop ineffective members from continuing. It is usual to stagger the terms so that all the long-standing members do not finish their terms of service at once. This ensures that the board has a good balance of experience and new ideas.

It is helpful to keep a record of the board members and their terms of service in the board manual (see page 62). This will enable the board to prepare for elections and recruitment of new board members. This plan can also record the terms of members in key positions so that the board knows when to elect new people to those positions.

EXAMPLE
Record of board members with a service of three terms of three years each

Name	Date elected to board	Date for re-election	Date for second re-election	Date when retiring from the board

This table aids planning. However, this pattern of events may not happen so the board needs to be flexible. For example, a board member may decide not to stand for re-election, they could decide to resign from the board during a term of service, or the board may decide to dismiss them.

REFLECTION

- How many people serve on our board? Is this too many, too few, or an appropriate number?
- What is the CEO's relationship with the board? Is this appropriate?
- Have we identified terms of service for board members? If not, should we consider this? If we have, are the terms of service appropriate?
- Is there a good balance of experience and new ideas among board members?

4.3 Recruiting new members

BIBLE STUDY

Selecting godly leaders

- Read 1 Samuel 16:1-12. This Bible passage focuses on the selection of David, the new king of Israel.
 - What does God look for when he is selecting a leader (verse 7)?
 - Do we only look at the surface when we are recruiting new leaders?
 - Unlike God, it can be difficult for us to look directly at people's hearts. How can we make sure that we recruit the right people?
- Read 1 Peter 5:1-4. This passage is aimed at elders, who are Christian leaders.
 - What is Peter encouraging leaders to be like?
 - What qualities is Peter discouraging?
 - Why do we think Peter mentions these things to the elders?
 - Do we need to be reminded of these things?
 - How can we ensure the people we recruit have the good qualities noted here?

When considering new board members it is important to look at both their professional skills and their personal qualities. For example, it is unhelpful to recruit someone who has a lot of professional development experience if they do not like working in a team.

Professional skills and knowledge relate to qualifications and work experience. *Personal qualities* are individual characteristics that enable people to do a job well. They relate to people's behaviour and show **how** they carry out a task. The box opposite outlines some key personal qualities for board members.

It is important to avoid letting prejudice affect who is recruited. There may be some personal characteristics that are not relevant to being a board member. Examples include physical appearance, age and marital status.

It is common for board members to be too busy to carry out their role well. They may have paid work elsewhere that requires a lot of their time and energy. They might therefore have little time to attend meetings, participate in committees, prepare for meetings or speak at public engagements. As a result, the board may become unmotivated and unproductive and the organisation could fail. Board members may be in high demand in the local area and they may be a board member for a number of institutions. It is important to be realistic about whether a potential board member is currently in a position to make a full commitment to the role.

It can be helpful to list professional skills and personal qualities in the board manual so that the board can refer to it when the need arises. Some of these could be marked as essential for board members. Others could be considered desirable. Professional skills may be applicable to specific board roles. For example, it may be felt that the treasurer should have studied financial management to a certain level. However, it may not be necessary for all board members to have relevant professional skills. Some board members

Key personal qualities for board members

Adapted from Stahlke (2003) *Governance matters* p354

Research has identified four types of personal qualities useful for board members:

■ **Achieving qualities**

COMMITMENT TO THE ORGANISATION – in agreement with mission, vision and values.

In a Christian organisation, board members should show a commitment to serving God.

GOOD COMMUNICATION – good at speaking, listening, reading, writing, openness

CONFLICT RESOLUTION – committed to justice and fairness in order to restore healthy relationships

INITIATIVE – able to grasp opportunities and draw attention to issues

OBJECTIVITY – able to be impartial and unbiased

■ **Thinking qualities**

CONCEPTUAL THINKING – able to make connections, see trends and relationships, interpret information

EFFECTIVE JUDGMENT – able to apply common sense, reason, knowledge, and experience

INDEPENDENT THINKING – able to maintain own beliefs despite influence, opposition or threat

LOGICAL THINKING – able to think through an issue carefully

■ **Leadership qualities**

ACCOUNTABILITY – welcomes giving and receiving objective evaluation of relationships and performance

INTERDEPENDENCE – able to work effectively with others, committed to group decisions

STEWARDSHIP – able to make the best use of resources while aiming for high standards

■ **Individual qualities**

EMPATHY – aware of and appreciates the feelings, concerns and needs of others

OPEN-MINDEDNESS – open to new information and ideas. This includes willingness to develop necessary skills where they are lacking

PERSONAL INTEGRITY – trustworthy, conscientiousness, honest

SELF-AWARENESS – able to assess and manage strengths and weaknesses

SELF-ESTEEM – confident in own worth and capabilities

TRANSPARENCY – has no hidden agenda but is open with information, unless confidential.

without such skills may have an important contribution to make. This applies particularly to some beneficiaries.

Well-functioning boards consist of people with different professional abilities, skills and backgrounds. When the need to recruit new members arises, it can be helpful to consider the current needs of the organisation. For example, if the organisation has recently started working in a new location, it could be helpful to recruit a new board member from, or with experience of working in, that area. Or, if the organisation is expanding its work and is starting to focus on a new development issue, it could be helpful to recruit a new board member with relevant experience. However, it is important to remember that the board should avoid managing the organisation. Therefore some board members should have skills in strategic thinking or governance, even if they have had little contact

with development work. In addition to considering the current needs of the organisation, it can also be helpful to consider the skills of the current and retiring board members to ensure that the board remains diverse. It can also be healthy to have a good balance of members according to gender, age and ethnicity.

CASE STUDY
Reviewing board mix

Help and Hope decides that it should make its board more diverse, since most of the current board members are of a similar age and have governance experience rather than experience of development work. All the board members are men.

At their annual retreat, the board members brainstorm the different types of people who should be represented on the board. The chairperson makes it clear that people's positions on the board are not under threat, but as board members retire, the board will be more selective about their replacements. Once the board has discussed the types of people who should be represented on the board, they discuss the proportion of board members that they should represent. They decide that:

- One quarter of the members should have relevant development experience.
- One quarter of the members should have governance experience.
- One quarter of the members should be church leaders.
- The last quarter is not specified to allow for beneficiary representation.

They also decide that at least one third of the board members should be women. These details are written in the board manual.

Once gaps for new board members are defined, potential people should be identified, either by existing board members or by members of the organisation. Members of the organisation may need to vote for new board members, even if the board carried out the search for them. Where the organisation has no members, the board itself usually finds and elects its own board members. It can be helpful to appoint one or two members to form a nominating committee.

Potential board members could be:

- members of the organisation
- professional contacts of current board members
- experts in the development issue that the organisation focuses on
- members of committees
- donors
- beneficiaries
- local leaders, such as church leaders.

Remember that the board members should live or work near enough to the organisation to be able to travel to meetings quickly, easily and economically. The board should set aside a budget to pay for expenses of board members, such as transport and food during meetings.

It is easier for organisations working near the grassroots to have beneficiaries on their board. Be aware that beneficiaries may not be well-educated. This should not affect their presence on the board, since they have a lot to contribute. However, it may require reviewing how information is shared and a bigger investment in training.

Being on a board is a big responsibility. Board members have both a legal and moral responsibility for the organisation's work. This burden is often overlooked by people who are invited to become board members. Rather than looking at being on a board as an opportunity to serve with humility and to give, it is easy to see it only as an opportunity to raise one's status within society and to meet one's own ends. Another danger is that people who know they have a lot to offer might become a board member for a variety of organisations. This affects the time they are able to commit to each organisation and can result in conflicts of interest.

BIBLE STUDY

Serving others

- Read Philippians 2:1-11.
 - *Whom should we seek to imitate?*
 - *Verses 6 and 11 state that Jesus is God, yet look at verses 7-8! List his characteristics.*
 - *Why was Jesus' servant nature so important for God's plan to be fulfilled?*
 - *Verses 1-4 encourage us to have a servant heart. Can we think of times when we have failed to put others first?*
 - *What is the cause of this?*

It is easy to blame our lack of service on other people, saying that they do not deserve to be served. However, verse 1 clearly shows us that the problem lies in our own relationship with God. Sometimes we forget what Christ did for us when we did not deserve it.

- *Verse 3 warns us to avoid doing things for our own benefit. How can we ensure that people who work for our organisation, on the board or as staff, have the right motivation?*

Potential board members should be given an opportunity to prayerfully consider whether they should join a particular board. People who are already on a number of boards of other organisations should not be approached. Those who are invited to become a board member should be given time and space to make their decision. It can be helpful to provide them with a photocopy of the sheet on page 58 so that they can think through some important issues before coming to a decision. If boards are to govern effectively, board members must be 100% committed to the organisation. Ensuring that potential board members give the matter careful consideration helps to protect the organisation from governance problems later on.

Deciding whether to become a board member

Adapted from www.boardsource.org

These questions may help potential board members to decide whether they are committed to the organisation and to consider what they have to offer.

Some of the questions can be answered by looking at the organisation's written materials and reports such as the annual report, audited financial statement and board manual. Other written materials that are not produced by the organisation itself, such as newspaper articles, reports and books, can provide useful, unbiased insight. It can also be helpful to talk to people in order to gain their opinion. These people might include current and previous board members, the CEO and staff members, as well as other stakeholders, such as beneficiaries.

■ **Organisation's work**

- What is the organisation's mission?
- What is the organisation's Christian distinctiveness?
- How do its current programmes relate to the mission?
- Can I visit the organisation to see a programme?
- Is there a strategic plan that is reviewed and evaluated on a regular basis?

■ **Financial status**

- Is the financial condition of the organisation sound?
- Does the board discuss and approve the annual budget?
- How often do board members receive financial reports?

■ **Beneficiaries**

- Whom does the organisation serve?
- Are the organisation's clients satisfied with the work of the organisation?

■ **Structure of the board**

- How is the board structured?
- Are there descriptions of the responsibilities of the board and individual members?
- Are there descriptions of board committee functions and responsibilities?
- Who are the other board members?
- Is there a system to prevent conflicts of interest?

■ **Individual board members' responsibilities**

- In what ways does the board think I can contribute as a board member?
- How much of my time will be required?
- How are committee assignments made?
- What orientation will I receive?
- Does the organisation provide opportunities for development and education of board members?
- What is the board's role, if any, in fundraising?

■ **Board's relationship with staff**

- Is the board satisfied with the performance of the staff?
- How do board members and senior staff work with each other?

■ **Your interest in serving on the board**

- Am I committed to the mission of the organisation?
- Does the organisation have a basis of faith? Do I agree with it?
- What strengths can I offer the board?
- Can I contribute the necessary time to be an effective board member?
- Am I comfortable with the approach and tone of the organisation's fundraising efforts?
- Am I willing to contribute financial support?
- Can I place the organisation's purposes and interests above my own professional and personal interests when making decisions as a board member?

REFLECTION

- Do we consider both professional skills and personal qualities when we recruit new board members? What issues do we consider?
- Are we sometimes tempted to let prejudice affect who is recruited? How can we avoid this?
- Should we write a list of essential and desirable professional skills and personal qualities of board members in our board manual? If so, what items would be on this list?
- Do we have a good mix of people on our board? If not, what kind of people should we look for when we next recruit new members?
- How do we recruit people for our board?
- Are we looking in the right places for potential new members?
- Do we ensure that potential board members are fully aware of the responsibility of being a board member? Would the sheet on page 58 be useful for them?

4.4 Selecting people for key positions within the board

The board itself should be given the freedom to select people for key positions within the board. Issues to consider include:

- desired characteristics and qualities for the role
- the length of service in the role
- how people will be selected, such as by a secret vote.

Characteristics of a good chairperson

- vision – the chairperson needs to be able to encourage the board to look at where the organisation is going in the future.
- facilitation skills (see page 70 for more detail about facilitating a meeting) and team working skills so that they can draw wisdom out of others
- knowledge of integral mission (for Christian organisations)
- experience of being on a board and taking on a key board position
- good biblical knowledge (for Christian organisations)
- general knowledge about the location of the organisation’s work, its donors and national law regarding development work.

It can be helpful if the chairperson has served the organisation as a board member for some time before taking on the role. This will have enabled the chairperson to gain a good understanding of the organisation and the dynamics of the board. However, if times have been difficult for the organisation, it can be useful if someone from outside comes straight onto the board as the chairperson. Such a person will be more objective and be able to make important improvements to the organisation.

REFLECTION

- 'The chair[person] is the chief servant of the board, not the individual with the most power' (Stahlke (2003) p178). Discuss this statement. Is this the view in our organisation?

Characteristics of a good secretary

- good writing skills
- skills in summarising information
- organised
- good at distributing information.

Characteristics of a good treasurer

- experience of financial management. It is helpful if the treasurer has past experience of financial management in a development organisation.
- understanding of legal requirements regarding finances
- organised
- knowledge of sources of funding.

The legal representative, if there is one, should have good knowledge of national law, particularly in relation to employment and development work.

REFLECTION

- Do we agree with the characteristics of various board positions listed above? What characteristics might we want to add?

4.5 Resigning from the board

A board member could or should decide to resign for a number of reasons:

- if they no longer agree with the mission of the organisation
- if they do not have enough available time
- if they become unable to carry out tasks
- if a conflict of interest arises (see page 61).

A board member could be tempted to resign after a disagreement at a board meeting or because they do not agree with a decision. However, they should consider this carefully and prayerfully. In a well-functioning board, every board member will, at some point during their service, see the board making decisions they do not agree with. The beauty of the way God made us is that we have different views and backgrounds. Life would be very boring if we were all the same! An unhappy board member should think about why they want to resign and see whether issues can be resolved without resigning. They should ask themselves:

- Are there fundamental differences in my views compared with everyone else's? Or, in general, am I happy with most of the decisions that the board makes?
- Do I feel that my views are listened to? If not, are there ways that I could encourage the discussions to be more participatory?
- Are there particular people on the board with whom I find it difficult to work? Can I find a way to build bridges?
- How valuable is my contribution to the board? How would the board be affected if I resigned?

Often people resign from boards because they lack confidence to stand firm and to share their concerns. The board chairperson should find ways to build the confidence of the board members. The chairperson should be approachable and encourage board members to come to them to discuss any issues and concerns. They should be willing to consider making changes to the way the board functions if particular board members are unhappy.

Some organisations are so desperate to keep their board members that board members are made to feel guilty about leaving the board if they do not have the time to participate. This results in unhappy board members and an ineffective board. It is far better to release that person from the board and recruit a new person who can be more committed to the board's work. The chairperson has an important role in ensuring that board members are realistic about what they can contribute and giving them freedom to leave if necessary.

REFLECTION

- Do we consider the pressures on board members?
- Are we open to allowing them to resign if they do not have the time to do the job properly?

4.6 Internal board policies

In addition to policies for the wider organisation, it can be helpful for the board to have some internal policies:

CONFLICTS OF INTEREST POLICY Board members have a responsibility to give their own views about issues during discussions. However, they should ensure that these views are made in the interests of the organisation and not to serve their own interests. To avoid conflicts of interest happening, it can be helpful to ask each member of the board to make known any potential conflicts of interest when they are elected. This information should be updated each year. For example, board members might have connections with other institutions with whom the organisation could come into contact:

- A board member might work for a building company.
- A board member might serve on the board of another development organisation.
- The spouse or close relative of a board member might work for a company that carries out financial audits.

If the board needs to discuss an issue which might result in a conflict of interest for a board member, that person should not be allowed to take part in discussions or decision-making. The board member should not allow their bias to influence other board members.

Another type of conflict of interest concerns paid work carried out for the organisation. For example, a board member may be registered as a consultant for the organisation. The policy could state that board members are not allowed to carry out paid consultancy work for the organisation, since board members are expected to serve as volunteers.

CONFIDENTIALITY POLICY All discussions during board meetings should be kept confidential. While it is important that decisions are communicated to the appropriate people, it is not a good idea to make known the process of decision-making. While the board consists of members with different opinions, once a decision is made, they should show a united front. Otherwise the organisation's reputation could be damaged and specific people could be offended. Board effectiveness can also be impacted. If confidentiality is broken, board members will be reluctant to share their views during board meetings, with consequences for the quality of decision-making.

REFLECTION

- Do we have any internal policies? If so, what are they? If not, what policies should we consider writing? What would the content be?

4.7 Board manual

It can be helpful for each board member and the CEO to have a copy of the board manual. This manual contains all the important information about the board. It can be used for reference by individual board members and the CEO. It can also be referred to, if necessary, during board meetings. To save printing out the whole manual each time part of the manual is updated, it can be helpful if the manual consists of a ring binder with loose pages.

If the organisation has bylaws, the board manual should include the bylaws. However, it should also include information about the internal workings of the board.

On the opposite page are items of information that the board manual could contain.

REFLECTION

- Do we have a board manual? If not, should we consider writing one?
- Is it in a user-friendly format and easy to update?
- Are there any gaps?
- Do all the relevant people have access to this manual?

Information to include in a board manual

Information about the organisation

- History (how it was set up, key events)
- Ministry (basis of faith, values statement, mission statement)
- Legal status (including copies of registration documents such as the Constitution or Articles of Association)
- Finance (recent annual report, audit report, annual budget, current donors)
- Structure (organisational chart showing areas of responsibility)

Information about members of the organisation, if relevant

- How they are selected
- How long they serve for
- What their liability is
- Their responsibilities
- Details about Annual Meetings

Information about the board

- How members are elected
- Terms of service
- Orientation
- Meetings
- Information schedule
- Decision-making
- Responsibilities
- Key positions on the board
- Internal policies, such as conflict of interest

Information about committees

- Responsibilities
- Appointment of members

Relationship descriptions - board/CEO, chair/board, etc.

List of members of the organisation, board members, people in key positions, members of committees

Schedule for election or re-election of board members and people in key positions on the board

Minutes of recent board meetings

Expense claim form

