

LEADERSHIP: BOARD, STAFF, AND VOLUNTEERS

Guiding Principle: Nonprofits depend upon effective leadership to successfully enact their missions and programs. Effective leadership consists of a partnership between the board and management, each of which plays an essential role. Understanding and negotiating these shared and complex elements of leadership is essential to the organization's success. A nonprofit's employees, members, and volunteers are fundamental to its ability to achieve its mission.

Board members are in a position of trust to ensure that resources are used to carry out the mission of the organization. An organization's board leadership should consist of volunteer members who are committed to the mission and who demonstrate an understanding of the community served. An effective nonprofit board should determine the mission of the organization, assure establishment of management policies and procedures, assure that adequate human and financial resources are available, and actively monitor the organization's allocation of resources to effectively and efficiently fulfill its mission.

Nonprofits should also have executive leadership, which carries out the day-to-day operations of the organization, ensures financial and organizational sustainability, and provides adequate information to the board of directors. An organization's human resource policies should address paid employees, members, and volunteers and should be fair, establish clear expectations, and provide meaningful and effective performance evaluation.

A. LEADERSHIP AND GOVERNANCE

(1) Governance and Fiduciary Responsibility

- a. The board should be composed of individuals who are personally committed to the mission of the organization and understand their roles as fiduciaries in performing the legal duties of a governing body.
- b. The board should establish and periodically review the bylaws and policies to ensure the effective governance and management of the organization.

(2) Executive Supervision, Performance, and Compensation

- a. The board should appoint the chief executive, set the executive's compensation, and annually evaluate the executive's performance. In cases where a designated committee performs one of these responsibilities, the decision should be ratified by the full board.

- b. The board is responsible for supporting the functions of the executive, granting sufficient authority, and helping to ensure his or her success in managing the organization.

(3) Board Effectiveness

- a. The board is responsible for its own operations, including periodic (i.e., at least annual) evaluation of its own performance.
- b. The board should have stated performance expectations and hold board members accountable for attendance at meetings, participation in fundraising activities, committee service, and involvement in program activities.
- c. The board should establish a rigorous board development strategy for recruiting and selecting members to run for board office and ensuring that the board has an appropriate mix of talent, connections to the community, and diversity.
- d. Board policies should include limits on the number of consecutive terms a board member may serve.
- e. The board is responsible for the orientation, education, and (where appropriate) the removal of board members. New board members should receive an introduction to the Standards for Excellence code.

(4) Succession Planning and Leadership Development

- a. The board, in partnership with the executive, should engage in coordinated succession planning and leadership development to ensure a thorough process for recruiting and developing new board, executive, staff, and volunteer leaders.

(5) Board Member Independence

- a. Board members of public charities should serve without compensation for their service as board members. They may be provided reasonable reimbursement for expenses directly related to performing their board service.
- b. The board should have no fewer than five (5) independent and unrelated directors. Seven (7) or more directors are preferable.

- c. When an employee of the organization is a voting member of the board, the board is responsible for ensuring that the employee will not be in a position to exercise undue influence.

(6) Board Meetings

- a. The board should meet as frequently as needed to fully and adequately conduct the business of the organization. At a minimum, the board should meet four (4) times a year.
- b. Board agendas should be strategically structured around decision-making in a way that facilitates efficient, effective, and engaging meetings. Accurate minutes reflecting board and committee actions should be kept and distributed to all board and committee members.
- c. Committees with decision-making authority should report any committee actions or decisions to the full board. Those decisions must be reflected in the board minutes.

B. LEADERSHIP AND OPERATIONAL MANAGEMENT

(1) Executive Functions

- a. The executive is responsible for the day-to-day management and operations of the organization. The executive should be committed to the mission of the organization and have the skills necessary to manage the paid and volunteer talent, and financial resources of the organization.

(2) Supporting the Board

- a. The executive should support the board's policy and oversight function by providing accurate and timely information and resources to the board.
- b. The executive should periodically prepare for the board an overview of the compensation structure of the organization and the value of volunteer investments in the organization.

(3) Organizational and Financial Sustainability

- a. The executive should consider what personnel and financial resources are necessary for organizational sustainability and

mission fulfillment. The executive should also assist the board in planning for the organization's future.

(4) Managing Employees and Volunteers

- a. Staff, members, and volunteers should be recruited, screened (including required background checks), selected, trained, supervised, evaluated, and recognized appropriately. Staff, members, and volunteers should be oriented to their positions, the organization, and the Standards for Excellence code, and should be provided with appropriate professional development opportunities.

C. CULTURAL COMPETENCY

- (1) A nonprofit's leadership should ensure that the organization has a policy, plan, or strategies in place that enables the organization to effectively serve and interact with people equitably across different cultures and backgrounds.