

Effective Governance - Board Handbook

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National Governing Bodies are Nonprofits

Unlike a business that drives to the bottom line, nonprofit organizations are formed to fulfill purposes (missions) that promote the betterment of society. In this sense, nonprofits are said to “hold public trust.” As a result, nonprofits and their board members are subject to strict ethical guidelines and public scrutiny.

National governing bodies are nonprofit organizations and are subject to the same basic standards as other nonprofits.

The Board's Role

NGB boards represent the interests of their sport communities and athletes in the United States by providing policy, guidance and strategic direction. The board is the highest authority in an NGB, and as such, focuses on long-term impacts. It doesn't concern itself with day-to-day operations. Instead, it hires a chief executive to co-create and implement strategy and to manage staff and operations.

Board members play an important oversight role. They take time to understand the NGB, ensure legal compliance, and embrace governance best practices.

Legal Responsibilities

Board members must meet three well-established nonprofit legal standards of conduct when carrying out board responsibilities.

They are:

- Duty of Obedience
 - Duty of Care
 - Duty of Loyalty
- *Duty of Obedience* ensures that operations and resources are aligned to fulfill the mission. Programs and services must support the mission. This relates directly to upholding the "public trust."
 - *Duty of Care* requires responsible financial and legal stewardship when making board decisions and taking action. Specific stewardship activities are included in the sample board member job description that follows.

- *Duty of Loyalty* requires sole commitment to the organization. Examples of actions that violate the Duty of Loyalty are self-dealing (using a board position for personal gain) and favoring the interests of a particular stakeholder group above the interests of the organization. For example, a coach who serves as a board member can and should voice the perspectives of fellow coaches in board discussions. But when voting, that coach must consider all relevant facts, including other constituent voices, and vote for what is best for the entire organization.

Avoiding real or perceived conflicts of interest is a major board imperative. The board must adopt a code of ethics and an ethics and conflict of interest policy that is applicable to staff, volunteers, board and committee members. Every person must annually certify compliance with the code, which may include completion of conflict of interest disclosure forms.

Board Member Self-Assessment

In addition to assessing the chief executive's performance every year, the board assesses its own performance. A survey can be administered by paper at a board meeting or through a simple online tool. Individual board members evaluate the board's performance as a whole compared to responsibilities and best practices. Results are reported and discussed at a meeting.

Many effective assessment tools are available on the Internet.

Fund Raising

Increasingly, NGBs are engaging in direct fund raising activities. Typically staff manages fund raising efforts, but board members assist. They are well aware of fund raising goals and can readily articulate reasons to give. They provide contact information for potential donors, make personal appeals in-person or through notes. It is a standard best practice for every board member to contribute personally. Many funders require 100% board giving before considering a funding request.

Setting Strategic Direction

NGBs that achieve organizational and sport success year after year work within a strategic framework that focuses on priorities, articulates expectations, and rewards performance. The value of strategic planning lies not only in creating a plan document, but also in the planning process itself. If done well, this process provokes productive thought, sparks compelling dialogue, and fosters collaboration and commitment. The strategic plan becomes an invaluable blueprint, rather than a dusty ornament on the shelf.

An effective strategic plan includes the following components:

- Inspiring vision and compelling mission
- Laudable core values
- Environmental analysis, which yields key success factors
- Goals and strategies that, if achieved, represent significant progress on the mission
- Detailed operating plan that includes measurable objectives and tactics, persons accountable for achieving them, and timelines
- Evaluation process that regularly assesses overall plan performance, and facilitates updates

A brief description of each plan component follows.

Vision and Mission

The vision describes the ideal future--what the world looks like if the mission is accomplished. The mission reflects the NGB's purpose--the role it plays in creating the ideal future.

Core Values

Core values articulate the principles and ideals that guide decisions and behaviors.

Key Success Factors

Key success factors are the three to five key things that must be addressed to ensure significant progress on the mission. They are the basis for formulating strategic direction. They are derived from a SWOT analysis. By considering how to maximize organizational **S**trengths, minimize **W**eaknesses, capitalize on external **O**pportunities, and neutralize **T**hreats, planners identify factors key to success.