

Principles of Good Governance

Jane Mack, President/CEO, FSA | Friends Services Alliance

Board members may find themselves in varying roles associated with the nonprofit organization for which they serve. Sitting in a board meeting, volunteering at an activity or event, or being the family member of a service recipient all represent different ways someone may interact with the organization, and each one calls for different lines of authority and accountability. Clarity for board members as to their roles and responsibilities helps prevent confusion and potential conflict.

The Multiple Hats of a Board Member

Board members often serve in multiple roles—or wear multiple hats—within an organization. Whether an individual has been recruited for his or her professional input, personal experience or another reason, it is important to be attentive to which hat a board member is wearing and to whom/what they are accountable when serving in their role.

Some of these hats include:

- **Governance Hat** – role as a member of the board; accountable to the mission of the organization and to the laws governing nonprofits, including the duties of care, loyalty and obedience. While the governance hat is a distinct one, it must always be in place, even when wearing another hat, so that the board member responds or acts appropriately.
- **Volunteer Hat** – volunteering for a specific activity with the organization; accountable to the program director or supervisor overseeing the activity.
- **Consumer/Client Hat** – the board member, family or friend may be the recipient of services from the organization; in this role, the board member is not accountable to anyone at the organization; he or she should not expect special treatment and must follow the same process and procedures as other clients.

- **Operations Hat** – fulfilling specific duties at the organization that are typically performed by staff; accountable to management.

When serving as a volunteer or serving an operational function, other staff may perceive the board member as directing or requesting them to do something. It is up to board members to advise the staff person to whom they are accountable that they are not serving in board member capacity.



Clients or staff members may not recognize that the board member may be “wearing a different hat” and approach the board member with a question or complaint. The board member should not address the question or concern directly, as this can be misconstrued as an official action or commitment made on behalf of the board. Unless it is a simple and straightforward inquiry (an example of this would be, “How often does the board meet?”), it does not matter what hat the board member is wearing at the time: the best response is to acknowledge and refer. Let the person know that you hear them and refer them or

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their concern to the appropriate person. Boards should have an identified practice of who/how a board member should communicate a concern or complaint. Possible responses might be, “Have you spoken to your supervisor about this?”, “What is the organization’s policy for handling a concern like this?”, or “I will share your concern with the Board Chair.”

Reviewing these roles and the desired responses should be part of board orientation. Having written policies articulating how board members should respond to questions or complaints is a helpful resource, and it clarifies the desired process for both board and staff. In all situations, the onus falls on the board member to act and respond appropriately. When board members confuse their roles, it can create challenges for them and others. Well-intentioned responses may be misinterpreted as direction to staff or commitments on behalf of the organization, and have resulted in tremendous conflicts—up to and including legal action. Clarity as to which hat the board member is wearing, to whom/what they are accountable to, and education as to appropriate actions/reactions is helpful in preventing these problems.

Governance is a Group Activity

A nonprofit board is granted its authority and responsibility by law. ***That privilege belongs to the board as a collective, not any individual board member, and a board only acts in its governance capacity when it is doing so as a group.***

Organizational direction is determined by the board, and it is a board decision when information should be shared beyond the boardroom. There may be times when an individual trustee is granted authority by the board to provide direction or speak on behalf of an organization, but these instances should be documented in board minutes and made clear to staff and clients accordingly.

Confusion may arise when an individual board member directs, or appears to direct, a staff

member without such authority, or shares information outside of the boardroom that the board has not yet approved for public knowledge. Staff or clients may not know that the board member is not speaking on behalf of the full board, and can be put in an awkward position if they unknowingly follow the direction or share news that is not the official position as determined by the governing body.

It is incumbent on board members to navigate these potential hazards in a constructive manner. Even well-intentioned comments may create confusion. Board education is key in helping trustees understand the importance of treading carefully. Beginning with new board member recruitment and orientation, articulating the expectations of board members to navigate this dynamic will go a long way toward avoiding a potentially troublesome situation.

The Value of Time

Board time is a precious commodity, and utilizing it appropriately is critical for creating and maintaining an effective and engaged board. Boards need to devote time to visioning, planning and decision-making, yet one of the most meaningful uses of board time may not lead to immediate action – the practice of dialogue and discernment.

In Peter Senge’s book *The Fifth Discipline: The Art and Practice of the Learning Organization*, he notes an important difference between “discussion” and “dialogue.” He defines discussion as a time when different positions are presented and defended, convergence on a course of action occurs, and decisions are made. Dialogue, he goes on to say, is when different points of view are presented as a means of exploring complex issues. The goal is not seeking agreement, but rather divergence, deeper understanding and learning.

Not every agenda item benefits from a swift resolution. In fact, at times it is a valuable practice to devote time on the agenda to dialogue, with the express intent of not reaching a decision. Allowing time to “season” an issue allows space for further reflection and increased clarity about the topic at hand.

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Confidentiality and Transparency



There is a fine line between the need for confidentiality and the commitment to transparency. Confusion over the difference can render a board ineffective.

Consider this situation: a governing board is engaged in strategic planning. During a meeting, participants are asked to share any scenarios they think might be explored, no matter how outrageous. One participant mentions the idea to change a program or tear down and replace a building, and that idea is put on the list.

Later, that one kernel of thought—one of many on a list—is shared with one of the organization's clients in a well-intentioned board member's idea of transparency. In a classic example of "whisper down the lane," that client shares the "news" with some friends, and this kernel of a thought quickly becomes a "plan," and the outcry in opposition is overwhelming. The energy of the board for exploration and planning is now shifted to clarifying information and responding to emotional consumers, all before the board has had a chance to do anything more than put an idea on a list.

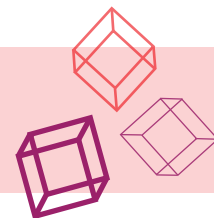
Confidentiality is the obligation and right not to disclose information to unauthorized individuals, entities, or processes if it would harm the organization, its business relationships, or an individual. (Sarna, 2013) Boards need the opportunity to explore, discuss, debate, and discern without the content of their discussions being shared outside of the boardroom. They need time and space to consider all aspects of a potential action from a governance perspective and their impact of fulfilling the mission of the organization. As part of the legal duty of loyalty, information discussed by the board is assumed confidential unless it decides to share the information publically.

At the same time, the call for transparency in our work is louder than ever. Consumers are more

educated, asking more questions, and demanding more answers. Transparency is defined as the "disclosure of information to the public to indicate the organization is well-managed, functions in an ethical manner, and handles its finances with efficiency and responsibility." (Sarna, 2013) In no way does this imply that board discussions are not held in confidence.

Orientation for new board members is an ideal time to make this clear. Many boards have implemented confidentiality policies that include what constitutes a confidential manner and how the board will address a breach. Perhaps asking board members to review and sign the policy annually, as is often done with Conflict of Interest statements, is a practice that will keep the importance of maintaining this fine line more front-of-mind.

The Importance of Perspective



Alan Kay, a researcher for PARC Xerox, is quoted as saying, "Perspective is worth 80 IQ points." I've used this quote in other writings, but for the purpose of this piece, I am drawing on it to say: a board member who understands perspective versus representation in the boardroom is worth 80...somethings!

Nonprofit trustees are invited to serve on boards for a number of reasons and need to understand the practices and expectations of the board. One significant distinction to clarify from the outset is whether the board member is being asked to bring a certain perspective, or to represent a specific group. If the board culture is based in tapping into the various perspectives of board members to explore an issue, having a member who sees their role as representing a certain constituency and advocating their positions can be disruptive. Asking for a legal perspective from a board member who is an attorney is different from asking them to provide legal counsel. A board member who operates a public relations firm may provide perspective on an issue from that point of

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view, but is merely offering an opinion for consideration. In the human service realm, best practices lead boards to include service recipients in their membership, and clarifying that they are being invited to offer the perspective of a client to board discussion versus representing the clients is key.

Board member recruitment and education are crucial in avoiding confusion of perspective versus representation. A board should have a written job description for members that clarifies expectations. Discussion in the recruitment process should include whether the board operates based on a perspective or representational model, and definitions of what that means. New board member orientation, as well as ongoing board education, can emphasize this principle. Finally, making sure that the board walks the walk, not just talks the talk, in managing this paradigm contributes to success. If a board member begins to slide into representational mode, any board member can remind them that the practice of contributing perspective to the conversation, but not carrying the banner of a stakeholder group, is the expectation in the boardroom.

Resources:

Hertzfeld, Andy. "Creative Think." Retrieved from <http://folklore.org>. Date of Alan Kay lecture given on website: July 20, 1982.

Sarna, Satyendra Kumar. "Confidentiality and Transparency in an Organization." October 13, 2013. Retrieved from <http://ispatguru.com/confidentiality-and-transparency-in-an-organization>.

Senge, Peter. *The Fifth Discipline: The Art and Practice of the Learning Organization*. Doubleday. October 1, 1994.

About Jane Mack

Jane Mack has served as the President and CEO of FSA since 2008. With more than 30 years of experience in the field of healthcare, she brings a diverse range of expertise to her role, including program development, board and staff education, quality assurance and management.

Under her leadership, FSA has grown to provide services to more than 80 nonprofit organizations in 14 states, and professionals nationwide have participated in hundreds of educational workshops, retreats, symposiums and webinars offered through FSA. She works closely with executive teams and governing boards to assist in matters of board and organizational development, oversight, conflicts of interest and board and staff role clarity.

About FSA

Friends Services Alliance (FSA) is a national professional association of values-aligned organizations that serve seniors. We support both staff and governing boards of CCRCs/life plan communities, home care groups, foundations and others by providing a spectrum of professional services specifically designed for our industry. We have been doing so for more than 25 years.

FSA's approach to working with both members and partners is rooted in our Quaker heritage. These values guide our work through a focus on best practices, the highest quality service, and the belief that all people shall be treated with dignity and respect.

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