



## *The Role of the Board in Development*

### **Participation or Leadership?**

*Which will your board choose?*

In today’s competitive fundraising environment it now seems universally recognized that successful organizations strive to attain 100 percent gift participation from their board members. We have observed that many organizations and development officers seem overly fixated on achieving this significant goal of participation. But, is this focus correctly targeted?

Often, in the fervor to achieve this fundraising hallmark, we’ve overheard development staff say to their volunteer board members, “Please make your gift so we can state that we have 100 percent board participation, even if all you contribute is \$100.” Especially in this instance, it’s appropriate to reconsider the true objective of securing the board’s financial support early in your organization’s campaign.

The members of a nonprofit board serve many roles, such as protecting the community’s trust, and enabling the organization to better serve its mission. It is from these basic roles that all other donors should, and often do, gauge the authenticity of and credibility of a nonprofit’s proposed plans based on the generosity of its volunteer leadership.

The drive for 100 percent participation is rooted in the importance of

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## *Board Development Techniques*

### **Build A More Effective Board**

It is undeniable that a nonprofit organization’s success in fundraising is affected by the way it goes about selecting and recruiting its board members. Success is also influenced by the way new board members are introduced to the organization and how they become involved in the operational and organizational life of the institution.

Many organizations seem to walk through these functions in a routine manner, without giving much thought to the process. Too often, we see a board’s nominating committee favor candidates who are familiar, accessible and available, rather than those who could make a real difference. To compound the problem, organizations often fail to place an emphasis on board member responsibilities, especially those duties related to fundraising. And yet, these same organizations are often the first to bemoan the fact that they have difficulty attracting and retaining the most respected, capable and effective people — those who have a reputation for getting things done and who thrive on a challenge!

**An organization will gain a definite edge over its competitors if it does a better job of enlisting, training and involving its board members.**

Some of the strongest and most effective boards are those known to be most selective about their membership, and those which demand a great deal from their members. That’s not because the best volunteers are gluttons for punishment; it’s because they seek involvement that is *authentic, challenging, and meaningful*. Most volunteers seek the satisfaction of accomplishing something important, and gravitate to organizations which offer the opportunity to make a difference.

Some organizations, however, may not be looking for go-getters. They may prefer board members who are passive and agreeable — those who don’t make waves. The top administrator may in fact

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## Forming a new Committee on Governance

An organization stands to gain a definite edge if it does a better job of enlisting, training and involving its board members, and managing the board, than its competitors do. One way to do this is to replace the standard nominating committee with a committee on governance. The committee should include the current board chair, two to three other key members in terms of affluence and influence, and may also include former board chairs.

### Functions of the Committee:

1. Prepare written position descriptions for all board members, and all standing board committees
2. Continuously maintain a list of qualified candidates for board membership
3. Recommend candidates for membership to the full board
4. Interview and brief candidates in advance of enlistment and acceptance
5. Coordinate (or manage) the board orientation process, and ensure all board members have the resources to succeed
6. Continuously evaluate the board's organization, membership, attendance, operation and performance.

## Build A More Effective Board

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be quite comfortable with the *status quo*, and probably benefit from it, until it's time to raise money or to advance the organization in a bold new direction.

Most development professionals are looking for ways to excite, inspire and activate board leaders. They are hoping to attract the same movers and shakers every other nonprofit organization seeks to attract — volunteers who aspire to raise more money, initiate new programs, and serve new constituencies.

To accomplish these things, we do not need to make board membership easier; we need to make it *more selective, more demanding, and more rewarding*. Making changes at the board level can be a sensitive and difficult task, but it is well worth the effort. We have often recommended restructuring an organization's old nominating committee and creating a new Committee on Governance (or if you prefer, Committee on Trustees). The purpose of this committee is to ***focus year-round on the continuous improvement of the board*** as a steward of the public trust, and as a driving force in the advancement of the organization. Further, the committee should adopt an attitude of service to the individual, and approach their work with a belief that each member of the board wants to achieve and be successful.

This committee should include the strongest and most qualified people affiliated with your organization. It must be empowered to redefine the caliber of board members you seek, and how they are attracted and enlisted. The committee must establish clear-cut expectations for members, and identify the resources and support to allow each individual to fully impact the realization of the organization's mission.

As the committee continues its work throughout the year, it should be expected to review and foster the active engagement and participation of each board member. In this manner, if an individual member consistently struggles to realize his or her full level of participation and their personal sense of achievement, it will be easier to have a forthright conversation about their continued volunteer leadership.

If this strategy seems drastic, consider the path more frequently chosen by too many organizations: *hoping things will change*. In our view, that's not the way to build a great board of directors!

**For more on The Role of Trustees in Development, access Goettler Series Volume 7 at [www.goettler.com](http://www.goettler.com).**

## Participation or Leadership?

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demonstrating the tangible (and hopefully pacesetting) leadership and commitment of the organization's board. We know that the external community will pay special attention to the level of commitment demonstrated by the board. We know from experience that donors will often give in relation to what others give, and especially in relation to what members of its volunteer leadership contribute.

Board members must set the pace for giving through their own financial commitment. Nothing is more critical or necessary to the legitimacy and success of the fundraising effort. If the governing board — presumably the most involved, committed and capable group of individuals — do not show their generous support, how can they expect anyone else to do so? Board members who make a token gift will not be in a position to play a leadership role in the execution of the campaign.

Provided that board members have already made their own commitments at an appropriately generous level, none are better qualified to ask their peers to do what they have already done. The board members' peers, in fact, expect to be solicited on behalf of the organization. If peers are not approached, they can only assume that (a) the organization doesn't need the money, or (b) the organization's development plan is ineffective . . . or worse.

The board must evaluate its own composition and performance for effective fundraising. We advise that the organization's volunteer leadership set high standards for board membership, and frequently discuss the expectations members have of each other. Board members who have been thoughtfully and carefully recruited, oriented, trained and involved, and yet still fail to produce, should be asked to step down to allow others who are able to meet the performance expectations and fulfill the board's duty to lead the organization forward.

Board members must support the organizations they serve. Unfortunately, too many organizations fail to make this expectation clear to members before they join the board. The subject of financial support is frequently avoided until the last possible minute when such support must be solicited. In these cases, the board has failed to provide the information and genuine involvement that leads naturally to generous financial support.

An effective board authenticates the organization it serves by providing distinguished and meaningful support. When volunteer leaders stand behind an organization, they confer legitimacy and credibility. Real leaders seek active involvement, challenge and responsibility, not just a name on a letterhead. So does your organization promote participation — or leadership?

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## *On Second Thought*

*by David S. Goettler*

# Directors -or- Trustees, does it matter?

Is there a changing preference for the name of your nonprofit governing board? In our experience it's hard to say that there is a clear industry standard. As we observe the practices of our clients, there are actually some that have both a governing board of trustees and a supporting board of directors.

When I first started in this field in the 1980s, there was a clear tendency for calling our board volunteers **trustees**. I always preferred this distinction for the nonprofit leader. In my mind, the trustee is charged not only with the effective oversight of the agency, but also with consideration of the organization's higher purpose of providing a benefit to society. In a way, the trustee is constantly reminded that the community bestowed its trust upon both the organization and the volunteer.

If the nonprofit organization where you work or volunteer is relatively young — organized and incorporated in the past 10 years — there is a higher probability that the organization's bylaws require that the organization be governed by a board of directors.

I more often relate a board of directors to a for-profit corporation. There are very clear distinctions between corporations that are organized for shareholder profit and those that are organized for the benefit of our communities or society. For one, members of large for-profit corporation boards are often compensated for their efforts. Often, the chief executive will also serve as the chairman of the board of directors. This must never occur with our nonprofit organizations.

But alas, few things remain forever unchanged. Today, several states actually require the use of the term director. Some legal scholars have argued for the change so as not to conflict with the fiduciary standards of a trustee under a state's charitable trust laws. Some state regulations hold the trustee of a trust to a higher standard of responsibility than a volunteer serving on a community nonprofit board. (Too bad.)

I'm not sure exactly when nor why this shift in the use of terms actually took place. Did it change because of our shifting generational sentiments? Did it change because individual and corporate donors are now demanding greater operational efficiencies for our nonprofit organizations — just like a for-profit shareholder? Whatever the reason, we must never lose sight of the nonprofit board's responsibility to protect the trust bestowed upon them to work for society's betterment.