



Ready to Serve Board Training

Richard Schenck
Community Development Manager - Midwest

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What is Governance?

Governance is the activity performed by an entity that holds authority within a system. Applies to:

- For-Profit Board of Directors
- Government Boards, Councils, Etc.
- Non-Profit Boards

Individual board members do not govern the organization, rather meeting as a group confers governing status to the board as a whole.

Governance Framework Needed

Mission Statement

Vision Statement

Values

Proper Governance Includes the Following Board Practices

Provide Oversight:

- Monitor Finances
- Set Policies
- Monitor and Evaluate Progress in Achieving Mission

Provide Proper Resources

- Financial Resources
- Human Resources
- Public Credibility (Reputation Management)

Identify Broad Directions for Development

Engage in Planning:

- Strategic
- Protective
- Succession

“Legal” Duties as a Board Member

- 1. Care – Act in the best interest of the non-profit
- 2. Loyalty – It’s not about you
- 3. Obedience – Governing documents
 - Articles of Incorporation
 - By-laws

The Ten Basic Responsibilities of Non-Profit Boards

Determine Mission and Purpose

- It is the foundation of a non-profit and drives priorities
- Needs to be reviewed periodically
- What if we take on more than our mission?
- Should we take on a new program?
- How Flexible are we?
- How well can we handle change?

Select the CEO

- Extremely important function
- Internal vs. external search
- Who will conduct the search?
- Succession planning
- What skill sets are you looking for?
- Will the CEO fit with the culture?
- The Board is selling the organization

Support and Evaluate the CEO

- The relationship of CEO & Board Chair
- Does the CEO need professional coaching?
- Is there an Executive Committee with defined roles?
- NO SURPRISES
- One-on-One with the CEO
- Solid performance review policy and procedures
- How will you determine compensation?

Ensure Effective Planning

- Board should be active participants, but not lead it
- The experiences you bring to the Board are a valuable asset to the planning process
- A good facilitator is important
- One year short term, 3-5 years long term
- Who is responsible for what? Ownership and accountability, what and by when?

Monitor and Strengthen Programs and Services

- Do the programs align with the mission and purpose?
- Due diligence needed when considering taking on other organizations and/or their programs?
- Are we a working board or a planning board?
- Does the board know and understand the signature programs and services?
- Do we see reports that demonstrate our success?

Ensure Adequate Financial Resources

- Don't spend beyond your means
- Budgets need to be balanced
- How diverse are your revenue streams?
- It takes money to raise money
- You are likely expected to help raise money

Protect Assets and Provide Financial Oversight

- Sometimes you need a Plan B.
- Financial oversight is #2—Mission is #1
- You are there to focus on risk
- CFO's are important
- Audits and transparency are keys
- Audit committees/finance committees—When do you need one?
- All audit firms are not alike
- Management letters
- Do you handle government money?
- Ask questions—you have a fiduciary responsibility to safeguard assets

Build a Competent Board

- Diversity matters
- Some boards require client participation
- What are the expectations of a board member?
- The importance of a nominating /governance committee
- Term limits or no term limits
- Board orientation
- Periodic education about products and services
- Do the expectations of the CEO and Board match?
- Dysfunctional politeness

Ensure Legal and Ethical Integrity

- Compliance issues
- 990's
- By-laws & Articles of Incorporation
- Ethics
- Exceed expectations—be the best!
- Code of Ethics Policy
- Conflict of Interest Policy

Enhance the Organization's Public Standing

- As a board member you are the organization
- You serve as an ambassador
- You should know what they do
- Tell your family and friends about the great things they do
- Confidentiality
- Media is handled by the organization—NOT YOU!

Some Wells Fargo Guidance

Conduct Due Diligence Before You Join

- Mission statement and strategic plan
- By-laws and articles of incorporation
- Board composition
- Board governance process
- Sense of the time commitment
- Three years of financial statements/audits

Questions I Wished I Had Asked
Expectations

- How long has the organization been in existence?
- What is its purpose and what are your long range plans?
- When was it founded? Is the founder still involved?
- Is there a transition plan?
- How long have the current directors served?
- What are their backgrounds? Any requirements?
- How do you recruit your directors?
- Is there a Board manual?
- Is there an Executive Committee?

**Questions I Wished I Had Asked
Expectations (continued)**

- Is there a minimum giving expectation?
- How is the organization funded?
- Are directors expected to raise money?
- Are you contemplating a capital campaign?
- Does the organization have any significant obligations?
- What kind of insurance does the organization carry?
- Do you prepare an annual audit and who is the auditor?
- Does the organization have a budget process?

**Questions I Wished I Had Asked
Expectations (continued)**

- Does it have a mission statement and strategic plan?
- Do you measure the benchmarks of the strategic plan?
- Do any of your board members serve as officers?
- How big is the staff? Do you rely on volunteers?
- How is your relationship with the staff?
- Is the organization a Wells Fargo customer?

My Top 10 List

1. Don't be a "part-time" director
2. Choose an organization or cause you will be passionate about
3. You are there to provide advice, not to run the organization
4. Recognize the great work they do
5. It is OK to disagree as a board member—be respectful

My Top 10 List (continued)

- 6. They should be on your personal contribution list
- 7. Take pride in their results and tell others
- 8. Make sure the organization remains #1
- 9. You represent your company, make them proud of your service
- 10. Your board participation can enhance your leadership skills

Questions?

Contact Information:
Richard Schenck
Wells Fargo Bank
4650 S. 24th St.
Omaha, NE 68107
402-536-2329
Richard.E.Schenck@wellsfargo.com

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