



## Achieving Excellence as a Library Board

Michigan Library Association Conference  
October 23, 2008

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### Training Objectives



- Issues with nonprofit boards today
- Specific issues – Library boards
- Review the standards of conduct of board service
- Discuss the work of the board
  - Board Operations, Strategic Planning, Ambassadorship, Oversight, Resource Development

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### The Nonprofit Sector



- AKA the third sector, independent sector, charitable sector, voluntary sector
- Nonprofits vary in size and scope
- Over 1.5 million nonprofits in the U.S.
  - Over 10.9 million paid employees and 60 million volunteers

(Source: The Independent Sector, 2002)

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## Nonprofits in Michigan



- 43,000 nonprofits
- 400,000 nonprofit employees
- Average wage = \$26,000
- Generate an additional 135,000 jobs as a result of spending
- Generate nearly \$69 billion in total economic activity



Source: Michigan Nonprofit Association 2008

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## Issues in the Sector



- Increased competition for funding
- Increased expectations from funders
- Charity "Watch Dog" groups
- Staffs too small to build capacity
- No strategic plans to set "road map"
- Lack of leadership – boards
- No succession planning – boards & staffs
- Lack of focus on mission - boards

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## Issues with Boards



- Do not fundraise
- Do not understand diversified funding sources
- Do not understand their duties and roles as outlined by the IRS and sector experts
- Do not educate themselves - "I've been a board member for 20 years... there is nothing new to learn."
- Defer to staff
- Don't provide vision
- Don't make decisions based on mission

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Appointed, Elected or Volunteer? 

- Whether your library board is elected, appointed or volunteer, the duties of the trustees are still the same.
- Library boards are supposed to focus on the mission of the library and the needs of the community as they relate to the library.
- Issues: entitlement, acting as if you are a city council member, platform for other political aspirations.

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Roles for Library Boards 

Library Board members are responsible for:

- Controlling the expenditure of all funds credited to the Library
- Adopting an annual budget for the Library
- Appointing a director
- Setting policies regarding the use of the Library
- Seeing that adequate funding is provided
- Adopting short and long-range plans for the Library's future growth and development

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Library Core Values 

- Equitable access to the world's information, ideas and creative works
- Intellectual freedom and diversity of opinion and cultures
- Lifelong learning and the love of reading
- Responsiveness to community demands
- A welcoming environment for all
- A balance of traditional and innovative services

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## Library Core Values



- Responsible stewardship of public resources
- Partnerships that advance the Library's mission
- Does this board use these core values to hire their Library Director?
  - How does this board ensure its elected trustees know and adhere to these core values?
  - How does this board communicate these values to constituents, to community members who don't use the library, and to governmental and community partners?

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## Using the Core Values



- Does your board use the core values in hiring the Library Director?
- How does your board ensure its elected trustees know and adhere to the core values?
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## Why Be a Board Member?



- Help achieve mission
- Leverage existing skills or develop new management skills - fundraising
- Broaden your professional and personal network to the benefit of the organization
- Demonstrate commitment to your community
- Any other reason is likely a conflict of interest

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## Focus on Mission



- The sole reason the board exists is to ensure the mission is achieved
- The mission should be the primary focus when transacting board business
  - Program development
  - Setting financial priorities
  - Strategic planning



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## Standards of Conduct



*“Board members need to come prepared, rise to the occasion, work diligently as a group, and expect to be intellectually taxed by complex and consequential questions.”*

Governance as Leadership: Reframing the Work of Nonprofit Boards,  
© 2005 by BoardSource, Inc., p. 180

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## Standards of Conduct (“Duties”)



... when doing “the work of the board”

- Duty of Care
- Duty of Loyalty
- Duty of Obedience
- Duty of Confidentiality

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## Protection Against Liability



- Liability can arise when duties of care, loyalty, or obedience are breached
- Protections against liability
  - Prudent and careful oversight!
  - Indemnification policy in nonprofit bylaws
  - Director and Officer Liability Insurance
  - Personal liability insurance, e.g., "umbrella" policy
  - Employer insurance on behalf of employees

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## Board Duties vs. Board Roles



- **Duties** explain how the board BEHAVES when fulfilling the Roles and Responsibilities.
- **Roles and Responsibilities** are what the board DOES.

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## Work of the Board



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Work of the Board 

**Board Operations**  
 Strategic Planning  
 Resource Development  
 Oversight  
 Ambassadorship

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Board Operations 

- Life Stages and Board Roles
- Board Composition
- Recruitment and Education
- Effective Meetings
- Committees

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Life Stages and Board Roles 

Organization Life Stage	Board Stage	Board Characteristics
Idea/Start-up	Organizing Board	Hands-on, fills role of staff
Growth	↓ Governing Board	Staff implements day-to-day activities; board transitions to oversight
Maturity	↓	Board concentrates on planning, oversight, fundraising
Review and Renew/Decline	↓	Board leads process of renewal or dissolution

Variations: **Founding Boards**, **Institutional Boards**  
 Source: Jay Connor, The Collaboratory for Community Support, 2003

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## Board Composition



- Composition Analysis
  - Consider the organization's upcoming goals
  - Seek proper balance of skills, age, ethnicity, geography, gender, political affiliation, and constituent representation
- Ongoing Considerations
  - Required officers: President, Treasurer, Secretary
  - Size of the board: Large enough to ensure committee work can be supported
  - Terms and term limit

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## Recruitment and Education



- Recruitment
  - Analyze current board composition
  - Identify and cultivate candidates
  - Elect, orient, and engage new members
- Education
  - Reports on program and mission achievement
  - External education on board roles and trends
  - "How-to" topics
    - Fundraising, reading financials, etc.

**Conduct regular board assessments to determine both dynamics and performance**

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## Effective Meetings



- Frequency
  - Minimum of 3 per year
- Efficiency
  - Follow agenda; use consent agendas and other techniques to honour volunteers' time
- Attendance
  - Consider an attendance policy
- Strong facilitation by Board Chair
  - Positive group dynamics
  - Give opportunity for Board to discuss issues
  - Celebrate accomplishments

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## Committees



- Used to organize the work of the board
  - Board should set clear goals, establish follow-up guidelines to ensure each committee serves its purpose
- Common committees
  - Executive, Finance, Development, Governance, Program, Audit
- Consider ad hoc and standing committees
  - Non-board members can serve on non-governing committees

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## Work of the Board



Board Operations  
**Strategic Planning**  
Resource Development  
Oversight  
Ambassadorship

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## Why have a Strategic Plan?



- Provides organization focus
  - Ability to prioritize and be flexible in order to achieve mission
- Path for program and resource development
- Funders will ask for it



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## Strategic Plan Essentials



- Focus on the mission
- Avoid set rules
- Consider different formats
- Research before beginning (key constituents)
- Complete in big/small chunks
- Include board, staff and community input

MUST BE USABLE

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## How to Use Plan



Use the plan to drive annual goals for:

- Library Director
- Committees
- Board

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## Work of the Board



Board Operations  
Strategic Planning  
**Resource Development**  
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## Physical Resources



- Facilities
- Office Equipment
- Computers, Web, and other technology



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## Human Resources



- Board oversees the Library Director
  - Board President/Chair is main communicator
  - Board provides oversight and works *in partnership* with the Library Director
    - Recruits/hires
    - Sets goals
    - Delegates tasks and authority to the Director
    - Evaluates (rewards/coaches/terminates)
- Library Director manages all other staff
  - Paid and volunteer

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## Library Director & President



- The key relationship is between the Director and the Board President/Chair
- Board should jointly determine goals and participate in annual evaluation of the Director
- Board need to take care to avoid micromanagement
  - Board should not over burden the Director with requests that have not gone through the President
  - Board needs to respect time of the Director and provide authority

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## Financial Resources



- Board must ensure adequate financial resources
  - Different approaches to fundraising – board is expected to lead the effort
  - Establish broad fundraising policies
  - Consider diverse funding sources
  - Active involvement – Levy Rates

**Best practice: 100% participation by board in annual giving**

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## Work of the Board



Board Operations  
Strategic Planning  
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**Oversight**  
Ambassadorship

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## Program Oversight



- Approve general program goals that are aligned with mission and strategic plan
- Oversee progress against goals through staff reports
- Avoid micromanagement



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## Legal Oversight



- Ensure compliance with external laws...
  - Employment law (non-discrimination)
  - Tax law (exemptions, political activities, for-profit activities)
  - Civil and criminal laws in general
- ... and internal laws
  - Core Values
  - Bylaws, articles of incorporation, standards published by your national association
  - Organization and board policies

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## Financial Oversight



- Internal accounting controls
- Budgeting
  - Staff and Finance Committee generate draft
  - Board approves final budget – A roadmap for the Director (avoid micromanagement)
- Financial review
  - Balance sheet
  - Income statements
  - Cash forecast
- Auditing
  - Examination of financial statements to ensure accuracy
  - May be requested by funders

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## Work of the Board



Board Operations  
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**Ambassadorship**

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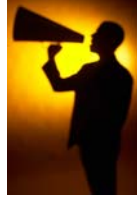
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## Ambassadorship



- Ensure that board speaks as a unit
- Advocate for the organization and its mission
- Designate an authorized spokesperson in advance of crisis
- Support marketing and communication plan



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## Ambassadorship



### What happens when boards do not work as a group and respect majority rule?

Key readings:

1. *The Five Dysfunctions of a Team*
2. *Governance as Leadership*
3. *The Leadership of the Future 2*
4. *Principles for Good Governance and Ethical Practice – Nonprofit Sector*
5. *Michigan Public Library Trustee Manual – 2004*

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## BoardConnect® Services



[www.boardconnect.org](http://www.boardconnect.org)

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Thank you for participating!



Contact Diana Kern at [dkern@new.org](mailto:dkern@new.org)

734.998.0160 ext. 230  
or visit

[www.new.org](http://www.new.org)  
for general nonprofit resources

[www.boardconnect.org](http://www.boardconnect.org)  
for BoardConnect information

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