Common Board Shortcomings

What are the main weaknesses, omissions, mistakes, flaws, bad judgments, and sins that a board or an individual board member can commit? This paper lists several ways that a governing board can lose its way, along with some basic principles by which to operate.

1. Veering off the mission
Example: A youth education organization accepts a generous grant to build a sports facility for young people.

The most important decision-making guideline for a board is the mission statement. If the mission is not a central theme at every board meeting, it can be easy for a board to lose focus of the organization's true purpose.

2. Complacency
Example: A board member does not know how to analyze financial statements. Instead of asking questions, he votes with the majority.

A core obligation of every board member is active participation. Some symptoms of complacency might include board members who put off their assignments, disregard the core responsibilities that come with being a board member, fail to ask questions, or miss meetings.

3. Misguided motivations
Example: A board member recruits an out-of-work relative to run the organization.

Board members must always think of the organization first. Allowing personal preferences to affect decision making places the organization in a secondary role in a board member's mind. Misguided and unethical motivations, undeclared conflicts of interest, and the pursuit of personal benefit can endanger the organization's tax-exempt status.

4. Multiple voices
Example: A board member is interviewed by the press and advocates for her own solution to a crisis situation -one not adopted by the board.

A board only has authority as a group. Boards speak with one voice, which is formulated through deliberation. Individual board members are bound by the collective decision. Differing opinions need to be resolved in the boardroom, not declared outside to constituents, the media, or customers.

5. Micromanaging
Example: The board insists on being involved in choosing a new computer system for the organization.

One of the key duties of a board is to hire a competent chief executive to run daily operations.
Part of this duty assumes that there is a valid job description and a performance evaluation process in place. A board's role is to oversee that the organization is well run; not to interfere in the domain of the chief executive.

6. Limitless terms
Example: Fearful of losing control, the founding board of an organization has been governing for 15 years.

Every board must accept and even thrive on change. New perspectives and different ideas keep a board and organization moving forward. Term limits can help boards avoid stagnation.

7. Lawless governance
Example: To get through a temporary financial crunch, the chief executive decides not to pay payroll taxes for several months. The board is unaware that this is happening.

Nonprofit tax-exempt organizations must heed federal, state, and local regulations, as well as their own bylaws. It is the board's role to make sure that all laws are respected. The board needs to assure that the organization files its Form 990 correctly and on time; that employment taxes are withheld regularly; and that official documents are saved appropriately. If a board fails to adopt appropriate policies or to effectively oversee financial regulations, it may become liable for wrong doings.

8. No self-assessment
Example: Board members' morale is low, attendance is sporadic, and the chair has no clue about how to energize the board.

By studying its own behavior, sharing impressions, and analyzing the results, a board is able to lay the groundwork for self-improvement. Failing to assess its own performance, a board is unable to define its strengths and weaknesses. As a by-product, it can also enhance its team spirit, its accountability, and its credibility with funders and other constituents.

9. Lack of self-improvement
Example: Board members have never seen individual board member job descriptions and are not familiar with their legal obligations.

Self-improvement is one of the innate consequences of self-assessment. Regular self-assessment is a futile process if it does not address apparent weaknesses in a board and result in structured self-betterment. Boards that do not provide learning possibilities for their members miss opportunities and inefficiently utilize their members' abilities.

10. Knotted purse strings
Example: A board is not able to reach consensus on its personal contribution policy. It becomes divided due to feelings of unfairness and lack of commitment.

Asking for and giving money are natural aspects of being a board member in most 501 (c)(3) charities. Boards that are responsible for fundraising, yet don't have a 100 percent personal contribution rate, have failed the ultimate commitment test. If the board is not supporting the organization whole-heartedly, how can it convince others to do so?

References
RichardT. Ingram, *Basic Responsibilities of Nonprofit Boards* (BoardSource Revised 2003).
Berit M. Lakey, *Nonprofit Governance: Steering Your Organization with Authority and Accountability* (BoardSource2000).