



Board Development

The CDFI Fund's Capacity Building Initiative: *Building Native CDFIs' Sustainability and Impact II*

November 6, 2019

ICF



Disclaimer

About the creation of this presentation:

The development of this presentation was funded by the CDFI Fund, under Contract No. GS00Q14OADU119. The information provided and opinions expressed in this presentation are those of the authors, who are solely responsible for the content, and do not reflect the opinions of the CDFI Fund or any other person, entity, or organization.

Introduction

This Webinar Will Help Participants:

1. Describe the roles and responsibilities of a CDFI Board
2. Recruit and equip new Board members with the tools to be effective
3. Develop policies around Board structure and performance
4. Identify Board management best practices for improved communication, governance, and engagement

Presenters

- Megan Bolado, Independent Consultant
- Hope Huskey, Associate Director, Sequoyah Fund
- Angie Main, Executive Director, Native American Community Development Corporation

Chat Box Introductions

Who are you, what is your role
and what CDFI are you from?

Please type into the chat box!

Poll

What are you hoping to gain from participating in this webinar?

- We're in the process of building our Board from scratch and are looking for guidance
- We have a Board but are looking for ideas on how to improve Board governance
- We have a well-established Board and governance process but are looking for new ideas to improve engagement
- Other (please type your comment in the chat box)



Board Roles and Responsibilities

Native CDFI Board: Roles and Responsibilities

- ✓ Determine the organization's mission and purpose
- ✓ Provide oversight of Executive Director
- ✓ Strategic planning
- ✓ Fiduciary oversight
- ✓ Policy making
- ✓ Manage risk
- ✓ Monitor and strengthen programs and services
- ✓ **Fundraising***
- ✓ **Capitalization and loan policy oversight***

* Native CDFI Board responsibilities that differ from normal nonprofit board responsibilities

Role of the Executive Director

- ✓ Manages the staff
- ✓ Oversees the development and delivery of programs and services
- ✓ Is the liaison between the Board and the organization
 - ✓ Works with the Board to develop and implement the strategic plan
 - ✓ Works with the Board to develop and implement a fundraising plan
 - ✓ Works with the Board to evaluate the organization

Balancing Skills and Experience





Board Recruitment

Board Assessment

Determine what you need from your Board, make a list of skill sets and experiences that could be useful

New Board

- Fundraising
- Program design and development
- Board or governance experience

Established Board

- Strategic Planning
- Fiduciary experience
- Legal and compliance experience

Board Assessment, cont...

Consider developing a Board matrix or a list of potential qualities and skill sets:

Areas of Expertise/Leadership Qualities	Number of Current Members	Prospective Members
Administration/Management		
Early Stage Organizations/Startups		
Financial Oversight		
Resources		
Money to Give		
Access to Money		
Community Connections		
Corporation		
Education		

* Adapted from Board Building Cycle, BoardSource

Board Job Descriptions

- ✓ Should include organization's mission and purpose
- ✓ Outline responsibilities of the Board
- ✓ Include expectations of personal contribution – personal connections, fundraising or financial contributions
- ✓ Board activity participation, including meeting attendance, committee membership or other activities
- ✓ Desired qualifications, skills or experience

Sample Board Job Description



Board Member Job Description Sample

XYZ Nonprofit

Member of the Board of Directors

Mission

XYZ Nonprofit's mission is to...

Mission Statement

For more information, please XYZ's website at www.xyz.org.

Position

The Board will support the work of XYZ and provide mission-based leadership and strategic governance. While day-to-day operations are led by XYZ's chief executive officer (CEO), the Board-CEO relationship is a partnership, and the appropriate involvement of the Board is both critical and expected. Specific Board Member responsibilities include:

Position Description

Sample Board Job Description, cont...

is a partnership, and the appropriate involvement of the Board is both critical and expected. Board Member responsibilities include:

Board Responsibilities



Leadership, governance and oversight

- Serving as a trusted advisor to the CEO as s/he develops and implements XYZ's strategic plan
- Reviewing outcomes and metrics created by XYZ for evaluating its impact, and regularly measuring its performance and effectiveness using those metrics; reviewing agenda and supporting materials prior to board and committee meetings
- Approving XYZ's annual budget, audit reports, and material business decisions; being informed of, and meeting all, legal and fiduciary responsibilities
- Contributing to an annual performance evaluation of the CEO
- Assisting the CEO and board chair in identifying and recruiting other Board Members
- Partnering with the CEO and other board members to ensure that board resolutions are carried out
- Serving on committees or task forces and taking on special assignments
- Representing XYZ to stakeholders; acting as an ambassador for the organization
- Ensuring XYZ's commitment to a diverse board and staff that reflects the communities XYZ serves

Sample Board Job Description, cont...

Personal
Contribution

Fundraising

XYZ Board Members will consider XYZ a philanthropic priority and make annual gifts that reflect that priority. So that XYZ can credibly solicit contributions from foundations, organizations, and individuals, XYZ expects to have 100 percent of Board Members make an annual contribution that is commensurate with their capacity.

Board terms/participation

XYZ's Board Members will serve a three-year term to be eligible for re-appointment for one additional term. Board meetings will be held quarterly and committee meetings will be held in coordination with full board meetings.

Participation
Expectations

Qualifications

This is an extraordinary opportunity for an individual who is passionate about XYZ and who has a track record of board leadership. Selected Board Members will have a leadership stature in

Sample Board Job Description, cont...

Qualifications

This is an extraordinary opportunity for an individual who is passionate about XYZ's mission and who has a track record of board leadership. Selected Board Members will have achieved leadership stature in business, government, philanthropy, or the nonprofit sector. His/her accomplishments will allow him/her to attract other well-qualified, high-performing Board Members.

Ideal candidates will have the following qualifications:

- Extensive professional experience with significant executive leadership accomplishments in business, government, philanthropy, or the nonprofit sector
- A commitment to and understanding of XYZ's beneficiaries, preferably based on experience
- Savvy diplomatic skills and a natural affinity for cultivating relationships and persuading, convening, facilitating, and building consensus among diverse individuals
- Personal qualities of integrity, credibility, and a passion for improving the lives of beneficiaries

Qualifications, Skills,
Experience

Service on XYZ's Board of Directors is without remuneration, except for administrative support, travel, and accommodation costs in relation to Board Members' duties.

Board Mandates

Some boards are mandated by rules that require certain people sit on the board, such as a representative by the tribal president's office, or to meet the certification requirement to maintain accountability to the target market.

- Training
- Mentorship
- Non-voting advisory board

Board Recruitment: Good Practices

- ✓ Develop Board posting descriptions – include your mission, the skills and qualities you're looking for and application details like submission process and deadline
- ✓ Share the opportunity with local entities or leaders
- ✓ Encourage recruited members to recruit!
- ✓ Develop a strong vetting process for reviewing applications and selecting members

Recruiting in a Rural Community

- Invite former clients to join ad-hoc committees to learn the board process
- Consider strategies for engaging potential members from elsewhere in the region or state
 - Sequoyah Fund strategies
- What else?

Board Recruitment Resources

- Talk to your tribal government
- [Connect with your state association of nonprofits](#)
- [Board-matching resources](#), BoardSource
- Check in with local leaders of community-based organizations, financial institutions, and corporations

Selection Process

- Determine how you will review applications
- Make a list of must-haves and nice-to-haves
- Develop a process for conducting interviews
 - Who will conduct the interviews?
 - Create a list of standard interview questions
- Develop a process for applicant selection
- Develop a process for inviting new members to join
 - Invitation letters
 - In-person invitations

Input from Panelists

What other tips do you have for identifying and recruiting new board members?

Board Orientation

- Set expectations
- Overview of mission and activities
- Policies
 - Board Commitment or Member Agreement
 - Conflict of Interest
 - Bylaws
 - Term Limits
- Other important considerations
 - Where and how information is stored: a virtual drive, a hard copy binder, etc

Chat Box Question

Share how you have on-boarded new Board members in the past. Are there other things you've done beyond what's on this list?

Type your comments or questions in the box.



Board Structure and Functions

Bylaws

The operating manual for organizational governance

- Created by the Board
- Incorporate local, municipal, state and national laws
 - Some states require board membership and selection to be included in the articles of incorporation
 - Find the state regulations from your Secretary of State's office or your State Attorney General's office
- Some organizations may incorporate within the tribe, some with the state – if within the tribe, tribal laws will need to be taken into consideration
- Guide Board decision-making and actions

Bylaws: Good Practices

- ✓ Check legal regulations!
- ✓ Information should include what sticks, not what may change frequently
- ✓ Make bylaws transparent
- ✓ Should include (but not limited to):
 - Board selection, election and term limits
 - Board structure and functions
 - Board meeting processes (frequency, structure, quorum, etc)
 - Supervision over Executive Director
 - Conflict of interest policies

Bylaws Resources

- **BoardSource** - <https://boardsource.org/resources/bylaws/>
- **Independent Sector's Principle for Good Governance and Ethical Practice** - <https://independentsector.org/resource/principles/>
- **CDFI Fund - Effective Native CDFI Governance by the Board of Directors, Neighborworks Training Institute** - [https://www.cdfifund.gov/Documents/\(7\)%20Effective%20Native%20CDFI%20Governance%20by%20the%20Board%20of%20Directors.pdf](https://www.cdfifund.gov/Documents/(7)%20Effective%20Native%20CDFI%20Governance%20by%20the%20Board%20of%20Directors.pdf)

Role of the Board Chair

The chairperson of the Board leads the Board.

The Executive Director of the organization leads the day-to-day operations of the Board.

Role of the Board Chair, cont...

- Provides leadership to the Board
- Directs the Board to execute Board functions (strategic planning, fiscal oversight, loan policy, etc)
- Communicates regularly with the Executive Director to co-lead the organization
- Evaluates Board members and Board effectiveness

Board Committees

Typical Standing Committees	Examples of Ad Hoc Committees
Governance	New Product
Fundraising	Board Member Selection
Finance	Strategic Planning
Loan Committee	Special events – site relocation, ED search, etc

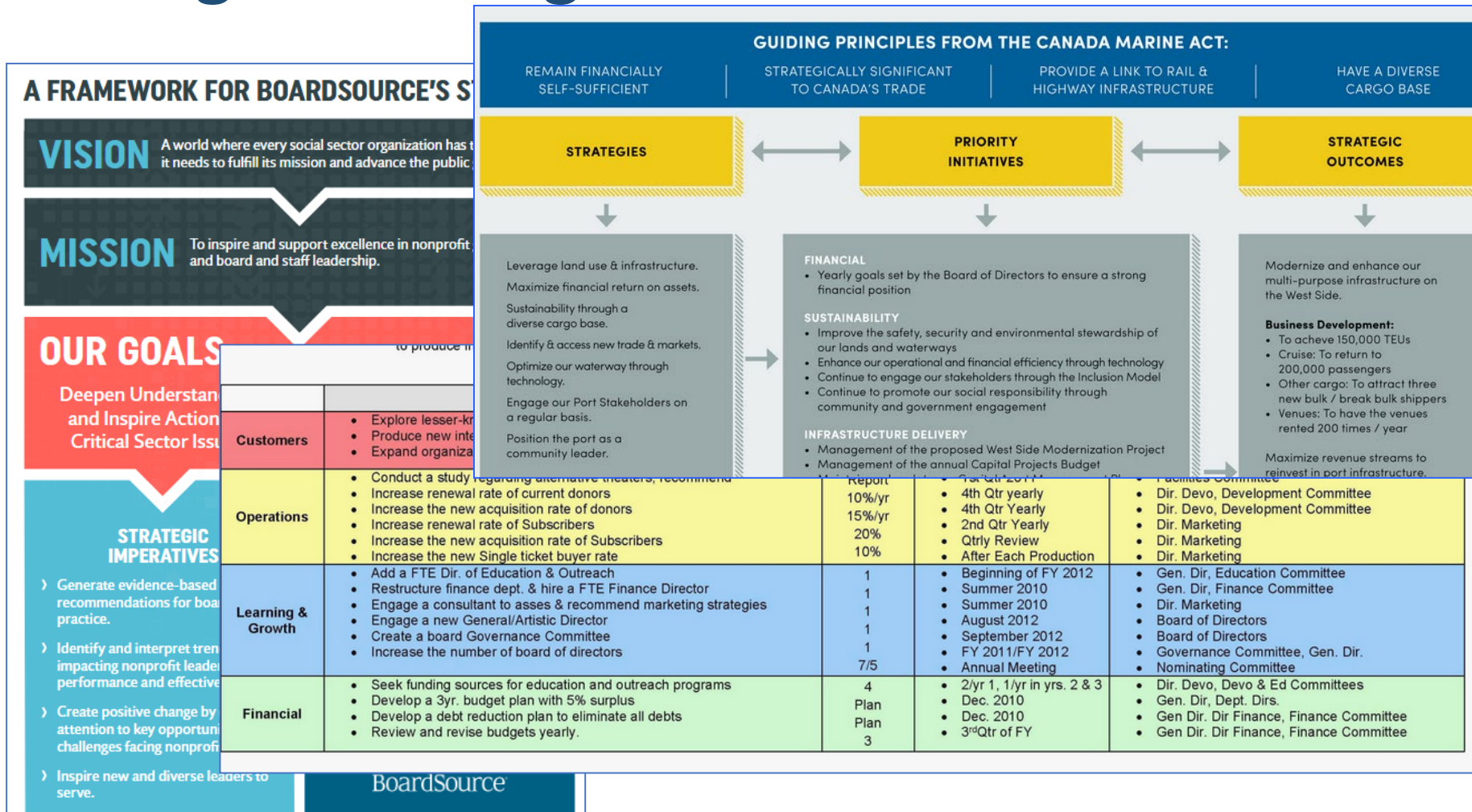
Native CDFIs – Loan Committees

- May approve loans and in some cases may have authority to modify, rework or write-off loans
- Make recommendations about loan policies, underwriting criteria, portfolio management, loan monitoring procedures
- Monitor and make recommendations regarding capitalization and risk management for the CDFI as a whole
- Monitor loan portfolios
- Make overall recommendations about lending policies – which should include the loan approval process
- Work in tandem with the rest of the Board, the Executive Director and the staff

Fiduciary Responsibilities

- Regularly monitors organizations' financial statements and balance sheets
- Reviews and approves budgets
- Ensures financial and legal compliance
- Solicits and oversees independent auditors for annual auditing
- Manages and assesses exposure to risk

Strategic Planning



Good Elements of a Strategic Plan

- ✓ Affirmation of mission and work – including community development activities
- ✓ Current year plan and 2 – 5 year plan, including goals, strategies, and metrics for achieving those goals
- ✓ Environmental scan – context of what's happening in the community and the field
- ✓ Fundraising and capitalization goals and strategies
- ✓ Portfolio review and expansion strategies
- ✓ Communication or outreach goals and strategies
- ✓ Programs and services, assessment of existing or developing

Fundraising and Capitalization

- Develop and actively peruse fundraising strategies from grants, donations, and other sources
- Identify opportunities for raising capital through loan portfolio management
- Review and approve capitalization plan

Chat Box Question

What are other important considerations for the structure and activities for your Board?

Type your comments or questions in the box.



Board Engagement and Development

Poll

Does your CDFI
employ a tool
to assess board
effectiveness?

- Yes
- No
- Not sure

Board Self-Assessment

- Checks Board effectiveness
- Measures achievements
- Identifies areas for growth and determines future activities
- Finds opportunities for adjusting Board functions or areas for needed training
- Supports the Board and the organization grow over time

Sample Board Self-Assessment

Elements of a successful board	Yes, we have this in place	We need to work on this	Next step
We have the right members on our board at this time, representing the professional skills and affiliations that we need.			
Our board members have been sufficiently trained to provide effective oversight.			
Our board members are comfortable as our CDFI moves to the next level.			
The board chair understands his/her role and responsibilities and carries them out effectively.			
There is good, regular communication with the board chair.			
We have regular, productive board meetings.			
Our board meeting agendas are clear and effective.			

Sample Board Self-Assessment, cont...

Please rate the board's performance in the following:

	Poor	Fair	OK	Good	Excellent	NA/Don't Know
W.1 Periodically reviewing and agreeing on how the organization should fulfill its mission.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
W.2 Articulating a vision that is distinct from the mission.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
W.3 Defining organizational values.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
W.4 Using the organization's mission and values to drive decisions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
W.5 Setting the organization's strategic direction in partnership with the chief executive.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Board Self-Assessment Resources

- **Board Assessment Questionnaire** (The New Hampshire Center for Nonprofits) -
<https://www.nhnonprofits.org/?q=node/393>
- **Nonprofit Board Assessment Tool** (McKinsey and Company) -
[http://leadershipsearch.com/docs/Board self assessment standard.pdf](http://leadershipsearch.com/docs/Board_self_assessment_standard.pdf)
- **Board Self Assessment** (BoardSource) -
<https://boardsource.org/board-support/assessing-performance/board-self-assessment/>

Meeting Structure

Structure meetings for productivity!

- Prioritize critical topics that require urgent action, but do make space for topics that are less-pressing or need room for discussion or debate
- Have a decision-making method in place for taking action
- Set ground-rules for discussion

Meeting Structure - Agendas

- Agendas should be developed by the Board Chair in tandem with the Executive Director
- Board members or committees can submit items for discussion to the agenda in advance
- Agendas and any meeting materials or information should be circulated in advance of meetings (at minimum, a week in advance) to give members the opportunity to review and prepare

Meeting Structure – Timelines & Responsibilities

- Any action items should have timeline set for completion or decision making
- Activities or action items should be delegated, and members should be aware of their assignments and timelines.

Communication – Information Sharing

- Develop a method for regularly sharing critical information with the Board
 - Dashboards
 - Staff or program updates
 - Loan and portfolio review

Communication – Intra-Board Communication

- Consider developing a calendar for the year that everyone has access to
- Enforce engagement expectations (regular meeting attendance, committee participation)
- Set up systems for regular communication beyond in-person meetings (remote meetings, phone check-ins)

Communication – Mitigating & Addressing Conflict

- Leadership of the Board Chair
- Consider including a process for resolving disputes in the bylaws
- Look to Board self-assessments to identify gaps in knowledge or policy
- Consensus-building

Chat Box Question

What tools or methods have you found useful for ensuring good communication with your board?

Please type your ideas or suggestions into the chat box.

Executive Director/Board Relationship

- Regular communication is critical
- Cultivate a good working relationship where each person willingly engages and shares information
- Clarify roles and expectations of each, and how they differ
- Develop a plan for working together to share information
- Remember that the Board of Directors oversees the Executive Director and is responsible for regularly assessing and reviewing the Executive Director's performance

Education and Leadership Development

- Use regular Board assessments and strategic planning materials to identify opportunities for training and education
- Consider including leadership training as part of the onboarding process
- Board retreats can provide the opportunity for the Board to spend dedicated time building rapport with one another as well as critical skills to support their efforts

Chat Box Question

What other questions about developing a robust, impactful Board do you have?

Type your comments or questions in the chat box

Questions?

- OFFICE HOURS SCHEDULED: **THURSDAY, NOVEMBER 7, 2019, 1PM-2PM ET**
 - Open forum for more individualized questions and/or questions related to loan applications that were not covered in this webinar.
- Registration reminder will be sent after this webinar.