

The governance of nonprofit organizations

Food for All

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Introduction

This report gives an outline of the problems faced by Food for All, a nonprofit organization aimed at the creation of a network of food pantries. The report will start of by describing the characteristics of Food for all. It will provide an outline of the characteristics of the organization and its board. Furthermore, it will highlight the challenges this organization faces.

After this, an overview of the results of the board performance self-assessment survey (BPSAQ) will be provided that was held at Food for all, a nonprofit organization aimed at the creation of a network of food pantries. Besides reporting on the results of the survey, this report will assess the effectiveness of the board by using the data gathered in the survey and combine this with theoretical concepts on board governance effectiveness. Finally, recommendations will be made to increase the board's performance.

Background on the organization

Mission and vision

Food for all's mission and vision are as follows:

Mission: *"to address hunger through food pantries operated by member organizations."*

Vision: *"to create a dynamic network of well stocked food pantries nourishing hungry neighbors."*

Characteristics of the organization

Food for all is a nonprofit organization aimed at creating a network addressing hunger through food pantries operated by member organizations. Being 31 years since its initiation, the organization now spans a coalition of over 50 independent member organizations. Member organizations are independent food pantries meeting minimum criteria in areas such as: numbers of meals served, opening hours, sanitary regulations, keeping of statistics and attending coalition meetings. Furthermore, all members are registered as nonprofits and have their own independent boards and (voluntary) staff as well as a unique culture and identity. No costs are associated with membership of Food for all.

The work of the organization is aimed at supporting member organizations by providing support, knowledge, the creation of awareness in the community on the issue of hunger. These activities are aimed at reaching overarching goals that the individual pantries could not reach on themselves. Furthermore, it strives to facilitate networking and the sharing of good practices among its members.

The organization itself consists of a board of 13 persons, 7 paid staff members and 1 volunteer. Board members serve on a voluntary basis. The organization structure is formed by the board and five standing committees, which are shown in the table on the next page.

Characteristics of the board

The board of Food for all is the executive body of the organization. It consists of 13 persons, 3 of which have to be from member organizations. Board members serve for a term of 3 years with a 1 year waiting period between terms. Board members sit on committees which are organized along functional lines. An overview of the committees is presented in the table below.

Name of the committee	Responsibilities
Executive committee	Responsible for day-to-day operations
Governance committee	Responsible for governance decisions
Nominating committee	Nominates new board members
Personnel committee	Responsible for personnel affairs
Finance committee	Responsible for financial oversight

Within the board, the Executive Director carries substantial influence over policy making and is given the freedom of direction and managing to achieve the objectives established by the board. This is similar to other results based boards.

Challenges facing the organizations and the board

At this point in time, Food for all faces three challenges: the need for consensus between its member organizations, the degree to which board members should be involved and the role of the executive director.

The first challenge of Food for all is to create consensus among its members. As a large coalition, Food for all is constantly balancing its activities with those provided by its member organizations. Due to the many moving parts, the different cultures of the member organizations clash on a regular basis despite their common goals. The second challenge relates to the size of the organization. Due to its small size, the Food for all board is constantly balancing between managerial and board duties. Becoming mired in managerial and operational duties the board has limited time to complete its board duties resulting in some friction between aspired and realized goals. The third challenge revolves about the relation between the executive director and the rest of the board. Due to a lack of clarity in the involvement of the executive director in the development of policy and the managing of the organization the relationship with the board is sometimes complicated. This lack of clarity forms a potential challenge if not resolved.

Besides the challenges, an opportunity exists to improve their governance model by strengthening good governance practices that further the work of the coalition and their membership along the lines as described by Gill (2005). This is why experts in the field of nonprofit governance were contacted to assist them in this process.

Conceptual framework for board effectiveness

Defining nonprofit governance

Governance, with all its dimensions can be seen as a form of strategic leadership in an organization. Being defined as *“the exercise of authority direction and control of an organization in order to ensure its purpose is achieved”* (Gill, 2005). It can be divided into four components: accountability, transparency, predictability and participation. Alongside these four components Murray and Harrison (2012) identified nine dimensions that determine effective governance: clarity of authority and responsibilities, role in planning, role in performance assessment, role in fundraising, structure and operating procedures, effective board meetings, composition and board development, informal culture, and leadership on the board. Together, these dimensions determine the effectiveness of a board.

Areas of board performance of the Board Self-Assessment Questionnaire

The BPSAQ covers eight dimensions of board governance: board meetings, leadership, role clarity, planning & oversight, performance assessment, culture, fundraising and board composition & development. These are combined in an overall indicator that focuses on the overall performance of the board. The board meeting indicator focuses on the efficiency of the meetings of the board. Well performing boards will have efficient meetings. This relates to the operating procedures dimension as described by Murray and Harrison (2012). This dimension can be divided into two groups: procedural performance and board structuring. The board meeting indicator focuses primarily on the procedural performance aspect of the procedure dimension.

The leadership indicator focuses on the effectiveness of the leadership role of the board as well of the leadership within the board. Well performing boards have a strong leadership (from both the chair and its CEO). This relates to the leadership on the board dimension of Murray and Harrison (2012).

The role clarity indicator focuses on the clarity with which roles are divided across the organization and within the board. Well performing boards will have a clear division of roles and responsibilities. This indicator relates to the clarity of authority and responsibilities dimension of Murray and Harrison (2012). This includes both legal responsibility (fiduciary duty) and authority (division of roles between board and staff). The role clarity indicator focuses on both of these aspects.

The planning & oversight indicator focuses on the role of the board in long-term planning. Well performing boards will be involved in this planning while delegating day-to-day responsibilities to staff members and volunteers. This indicator relates to the role in planning dimension of Murray and Harrison (2012). This involves planning for the future (for example, through developing strategic plans) and monitoring performance.

The performance assessment indicator focuses on the ability of the board to track the performance of the organization as well as individual staff. Well performing boards have a good overview of how the plans are realized and are informed quickly and accurately when deviations occur from the plan. This indicator relates to the role in performance assessment indicator by Murray and Harrison (2012).

The culture indicator focuses on the informal culture and how this contributes to the overall effectiveness of the board. Well performing boards have an informal culture that improves its efficiency. This relates to the informal culture dimension of Murray and Harrison (2012).

The fundraising indicator focuses on the ability of the board to select sources for funding and the ability to secure it. Well performing boards are able to identify funding opportunities and are able to secure them. This indicator relates closely with the role in fundraising dimension of Murray and Harrison (2012). This task is often seen as the hardest for boards as boards can have trouble to find candidates or existing members that have experience with or are willing to participate in fundraising activities.

The board composition & development indicator focuses the formal structure of the board and the recruitment of new board members. Well performing board will have a clear structure and structured recruitment procedures. This indicator is aligned with the composition and board development and operating procedures dimension of Murray and Harrison (2012). Here composition and board development are related to both activities measured in this indicator whereas operating procedures (board structuring) only relates to clarity of structure.

Methodology

For this report, data on the organization, as provided by the course staff, was used. It was not possible to gather data other than information contained within the document. Therefore some gaps exist in the analysis.

Results

Key outcomes of the board performance self-assessment survey

The BPSAQ was completed by 67% of the respondents (n=15), 0% of whom answered 'not sure' more than 20 times. This suggests the results of the survey are valid and reliable. The average score of the board across all investigated domains was 181.74 corresponding with a moderately effective board (score range 171 – 221, see annex 1 for more details). Looking at the results of the BPSAQ in greater detail gives insight in the positive and negative characteristics of this board. These are displayed in Table 1 and

Table 2. Here, the name of the indicator, averaged score and seriousness of the problem are displayed. Seriousness is displayed through color coding the numbers. Here, red means a very serious problem, orange represents a moderately serious problem and green few or no problems. For an overview of relation between seriousness and average scores for each of the indicators, see annex 1.

Table 1: Positive characteristics of Food for All's board

#	Indicator	Score	#	Indicator	Score
1	Board Meetings	33.09	2	Leadership issues	39.68

Table 2: Negative characteristics of Food for All's board

#	Indicator	Score	#	Indicator	Score
1	Clarity role and effectiveness	13.82	5	Informal culture	16.99
2	Planning and policy oversight	20.94	6	Role in fundraising	5.46
3	Performance assessment	12.58	7	Board composition and development	11.49

Based on the results of the survey, the relationship between the CEO and the board can be described as a professional one. Information flows both ways are adequate and neither the board nor the COE tries to dominate the other. Trust both between the CEO and the board and within the board itself is established and no inner groups are dominating discussions nor the agenda. The position of the chair of the board is very well established and this is used to facilitate efficient meetings were the expertise of individual board members is consulted regularly.

However, the survey also shows areas of improvement on several areas. These include the lack of succession planning, an absence of board policy, a lack of knowledge in the field of fundraising and regular evaluation. Although the number of board members at Food for All is currently sufficient, little attention is paid to succession planning. This results in a lack of high quality board candidates and not enough new board members who can bring in new and fresh ideas. In the long run this can lead to succession problems which can affect the continuation of the organization. Further, an absence of a standardized board orientation makes finding new members challenging as well. Second, the lack of policy threatens Food for All. Due to the lack of a strategic plan, the priorities of the organization are unclear. This lack of clarity extends further into the domain of board policy which is in urgent need of revision. All this, leads to an ambiguous situation where board members are uncertain about their own legal position and protection. In the long run this can also result in mission drift as there is no clarity about what to focus on. A third area of improvement is in the field of fundraising. Due to the unclear overall strategy, no fundraising strategy has been approved by the board and board members do not know how to engage in these activities. Lack of funding can affect

the execution of plans made and Finally, the lack of timely evaluation by the board leads to the situation that the board does not come up with areas to improve on. This leads to the need for outside help to identify these areas.

Linking the survey results to concepts of nonprofit governance

Using the board performance self-assessment survey, positive areas and areas of improvement for the Food for All board were identified. Areas the board is performing well on are the effectiveness of board meetings and a clear leadership structure. This aligns with the clarity of authority, effective board meetings and leadership on the board dimensions by Murray and Harrison (2012). Areas of improvement include succession planning, board policy, fundraising activities and evaluation. These areas all correspond with the accountability dimension of board governance as described by Gill (2005).

Recommendations

For the three domains described above recommendations will be provided to help to board of Food for All improve its governance. In the field succession planning, it is recommended a more structured approach is taken to recruit and on-board new board members. This onboarding will need to take place soon (within 1 month) after the new member has started (Gill, p. 97). This will result in better quality of candidates who can provide new ideas. A possible first step would be to create a succession plan to create an overview when, how many and what kind of expertise is needed. In the field of strategic planning, it is essential to create a strategic plan to focus the organization and to prioritize actions. Failing to formulate these goals has already caused a lack of prioritization of tasks. A similar line of thought is followed when it comes to fundraising. As well as with the overall strategy, a fundraising strategy will help in the prioritization of actions and will avoid drift.

Conclusion

Four areas of board improvement can be identified to enhance the performance of the Food for All board: succession planning, board policy, fundraising activities and evaluation. It has to be noted that these areas do only partially match with the initial suggestions for improvement as offered in the first report of these series and are therefore in need for further investigation. Besides these points for improvement, effectiveness of board meetings and a clear leadership structure are areas the board is performing well on. Recommendations in these areas involve structuring these processes by developing plans for succession planning, strategy and fundraising.

References

Gill, Mel D. (2005). *Governing for Results*. Victoria, BC, Canada: Trafford Publishing.

Murray, Vic and Harrison, Yvonne (2012). Guidelines for Reviewing Board Performance and Processing Board Check-Up Results. Authors.

Annex 1: Ranges of performance as used in the board performance self-assessment survey indicators

Overall board performance

Range	Description
222 – 272	Very likely to be a highly effective board. Only minor ‘tune ups’ needed to maintain high performance.
171 – 221	A moderately effective board. May need to make some changes and undergo further development.
120 – 170	A board that is probably facing a number of major challenges in many areas. A large scale effort at reform should be undertaken.
68 – 119	A board that is probably experiencing extremely serious difficulties in carrying out its role in the governance function. Wholesale efforts to change in all the dimensions of board effectiveness are likely necessary.

Clarity of the board’s role and its effectiveness in meeting basic due diligence responsibilities

Range	Meaning	Description
15 – 20	No or few serious problems	The board is seen as being quite clear about its basic responsibilities and what its role ought to be.
10 – 15	A moderately serious problem	The board is seen as being moderately clear about its basic responsibilities and what its role ought to be, but some differences exist that may need some work.
5 – 10	A very serious problem	The board is seen as experiencing a considerable lack of clarity regarding its basic responsibilities and what its role ought to be. This is a high priority problem that requires considerable attention.

Board responsibilities for planning and policy oversight

Range	Meaning	Description
28 – 36	No or few serious problems	The board is seen as quite clear about its role in planning for the organization’s future and feels it is doing a good job of it.
20 – 28	A moderately serious problem	The board may be doing a moderately good job of carrying out its planning function but there are some areas that need work
11 – 20	A very serious problem	Many major problems are seen as existing for the board in grappling with its role in planning.

Board's role in performance assessment

Range	Meaning	Description
15 – 20	No or few serious problems	The board feels it is doing a very good job of tracking how well the organization is doing.
10 – 15	A moderately serious problem	The board feels it is doing a moderately good job in this area but needs some work.
5 – 10	A very serious problem	Major problems are seen to exist for the board in carrying out its planning function.

Board's role in fundraising

Range	Meaning	Description
9 – 12	No or few serious problems	The board is seen as quite clear about its role in fundraising and is doing a good job of it.
6 – 9	A moderately serious problem	The board is seen as either uncertain about its role in fundraising or there are problems in the way it carries out that role.
3 – 6	A very serious problem	There appear to be major problems for the board in dealing with its role in fundraising.

Issues related to the formal structure of the board

Range	Meaning	Description
33 – 44	No or few serious problems	The board is seen as having very satisfactory structural arrangements.
21 – 33	A moderately serious problem	The board is seen as having a moderately satisfactory structure but with some problems that need addressing.
11 – 21	A very serious problem	The board is seen as having many major problems with its structural arrangements.

Issues Related to Board Meetings

Range	Meaning	Description
33 – 44	No or few serious problems	The board's meetings are seen as running very effectively
21 – 33	A moderately serious problem	The board's meetings are seen as moderately effective but with some problems that need to be addressed
11 – 21	A very serious problem	The board is seen as having many major problems with the way its meetings are being run

Issues related to the composition of the board and board development

Range	Meaning	Description
19 – 24	No or few serious problems	The board's composition and level of development is seen as satisfactory
13 – 19	A moderately serious problem	The board's composition and level of development is seen as moderately satisfactory but with some problems that need to be addressed.
6 – 13	A very serious problem	The board is seen as experiencing major problems with how it is made up and the quality of orientation and training provided to its members.

Issues related to the informal culture of the board

Range	Meaning	Description
21 – 28	No or few serious problems	The board is seen as having an informal culture that contributes well to its effectiveness
14 – 21	A moderately serious problem	The board is seen as having an informal culture that moderately contributes to its effectiveness but there are some cultural issues that need to be addressed.
7 – 14	A very serious problem	The board is seen as having a seriously dysfunctional informal culture.

Board leadership issues

Range	Meaning	Description
33 – 44	No or few serious problems	The board is seen as having strong and effective leadership from its chair and CEO
21 – 33	A moderately serious problem	The board is seen as having moderately effective leadership but with some problems in that area that need to be addressed
11 – 21	A very serious problem	The board is seen as experiencing many serious leadership problems.