

Maximizing contribution:

Nonprofit governance in Rhode Island



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A program of The Rhode Island Foundation

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This word cloud conveys the collective responses from INE board development workshop participants.

INTRODUCTION

Rhode Island nonprofit organizations could not function without the oversight and governance of the thousands of volunteers who sit on boards of directors. This report is the first of its kind in Rhode Island and captures data about the composition, functions, performance, and needs of nonprofit boards. We hope to share our findings widely to educate board members, executives, and the public about the critical roles and work done by nonprofit boards.

The findings contained herein were collected during the summer of 2012 in response to a survey conducted by the Initiative for Nonprofit Excellence. We heard from 237 individuals; 122 self-identified as executive directors and 93 as board members (22 did not self-identify). For the purpose of creating an initial picture of governance practices across the state, we believe that the survey results provide a useful set of responses and a benchmark for future inquiries.

We asked participants to give us a range of information regarding board composition, term limits, governance practices, and their opinions about their board's effectiveness. We also asked a number of open-ended questions and received a rich and detailed set of responses. Overall, we learned a great deal about nonprofit governance across the state from our survey participants and are grateful for their willingness to participate.



-Jill Pfitzenmayer, Ph.D.

Vice President, The Initiative for Nonprofit Excellence

SURVEY PARTICIPANTS

Of the 237 survey participants:

- 18% serve on one nonprofit board;
- 9% serve on two boards;
- 5% serve on three boards; and
- 6% serve on more than three boards.

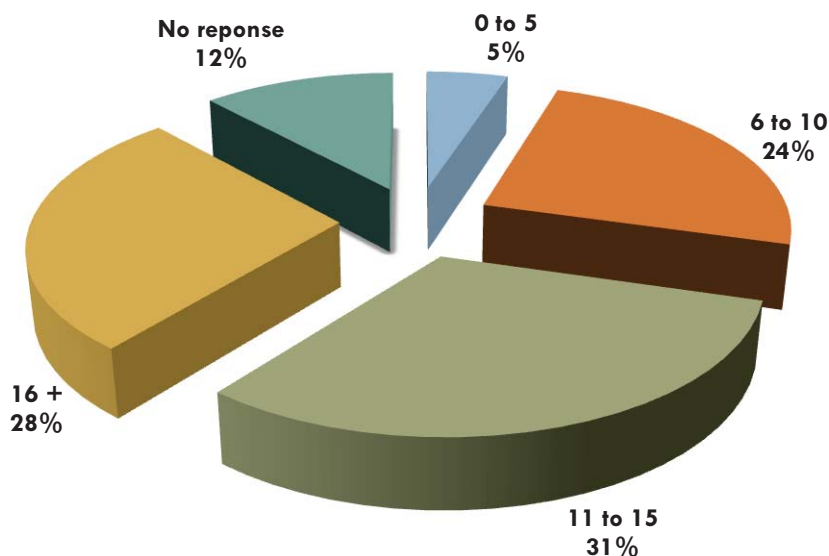
The remaining respondents did not indicate whether or not they serve on boards (they are likely executive directors and responded on behalf of their own organization's boards).

The organizations represented in the survey are fairly typical of the sector as a whole. Twenty-eight percent (28%) of respondents are from organizations founded before 1975; 29% were founded between 1976 and 2000, and 20% were founded after 2001 (23% did not furnish a year of founding).

NONPROFIT BOARD COMPOSITION

Most nonprofit boards involve between six and 15 members (see figure 1). Board membership is largely split among men and women; however, approximately 10% of boards report that a majority (75%) of their members are either all men or all women.

Figure 1. Number of board members



ALL SECTORS ARE REPRESENTED IN THE RESPONSES:

Arts, community/economic development, education, environment, health, human services, and others.

The organizations in the survey are slightly more representative of those with larger budgets:

- 16% have a budget below \$100,000
- 18% between \$100,000 and \$500,000
- and the remainder above \$500,000 (25% of respondents did not specify their budget size).

Age distribution is predictably lopsided;

boards are overwhelmingly populated by those over 50 (see figure 2).

Board members are predominantly white

(representing 75-100% of governing bodies). Table A below captures the reported racial and ethnic make-up of boards.

Figure 2. Age distribution of board members

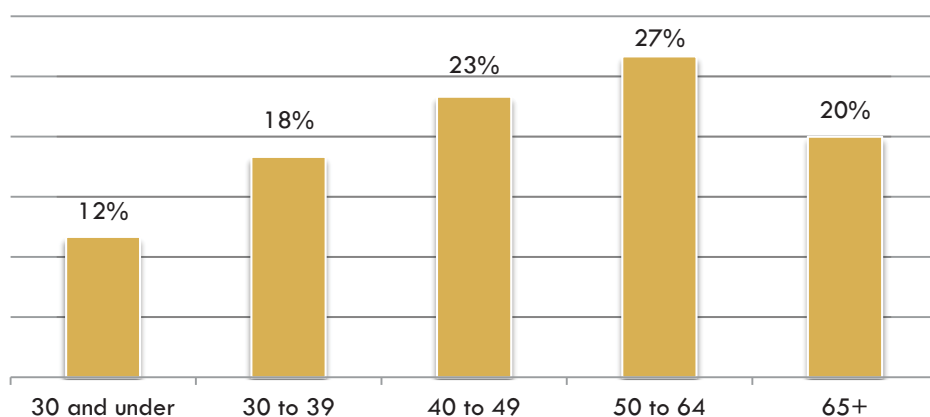
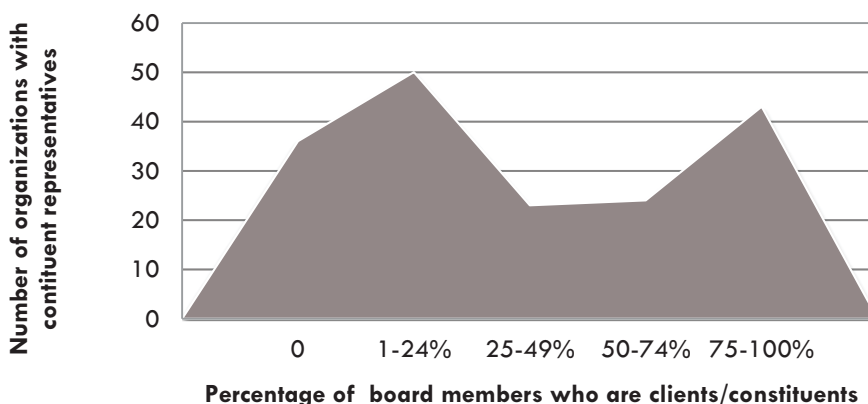


Table A. Ethnic/racial makeup of boards

	Asian	American Indian or Alaskan	Black or African American	Hispanic or Latino	Native Hawaiian or Other Pacific Islander	White	Two or more races	Other
Percentage of board members								
75-100%	0	0	2	1	0	121	1	0
50-74%	0	0	2	1	1	34	3	0
25-49%	1	0	6	3	0	12	3	0
1-24%	24	6	64	56	2	1	23	3
0%	99	114	63	67	115	0	65	53
	Number of responses							

Many boards make an effort to have client/beneficiary or constituent representation (see figure 3).

Figure 3. Client/beneficiary/constituent representation



BOARD RECRUITMENT

BOARD RECRUITMENT IS AN ISSUE FOR MANY NONPROFITS

- 55% stated that it is “somewhat difficult” to recruit qualified people to serve on their board.
- 11% report that recruitment is “very difficult”.
- Only 34% of respondents indicated that it is “not difficult at all” to recruit new members.

The need for diversity resonated throughout the survey comments. Many cited the need for diversity in age and board experience and a tool to access new donors.

“It would be good to see more community representation on the board, as well as those who have a working background in our sector. Corporate representation would also be helpful in building relations with others who are looking to invest in worthwhile causes.”

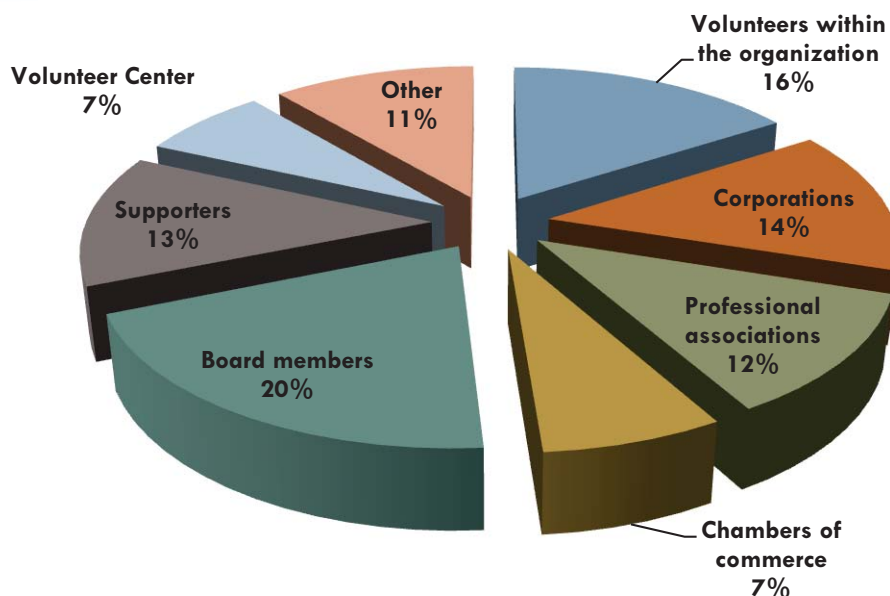


Board members network with young professionals interested in nonprofit board service at the INE's semi-annual “Energizing the Sector” event.

BOARDS RECRUIT NEW MEMBERS IN A NUMBER OF WAYS

Most commonly, potential members are referred by current members. Board members are also recruited from volunteers, corporations, professional associations, other supporters, and local chambers of commerce. Figure 4 provides more detail.

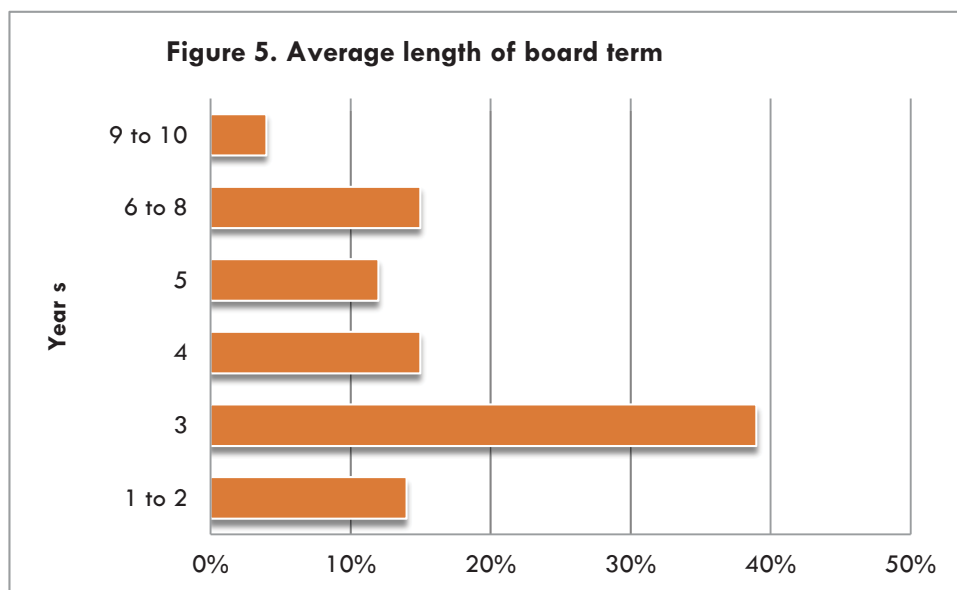
Figure 4. Referral sources for new board members



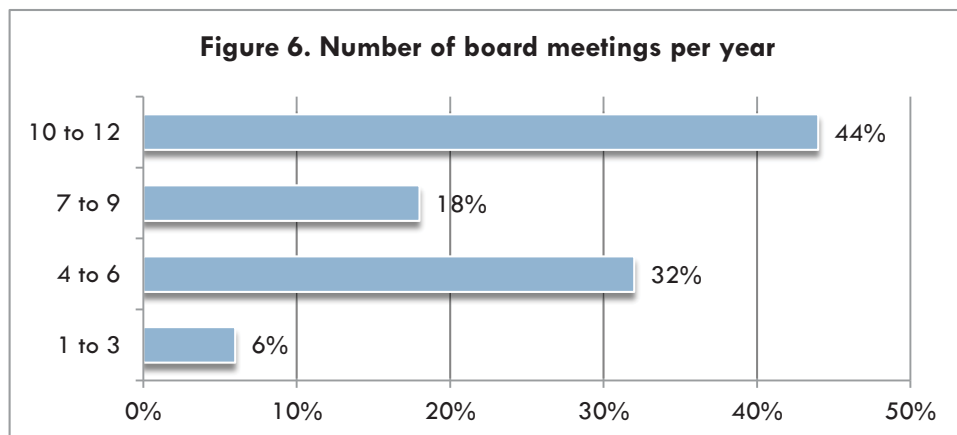
BOARD FUNCTIONING

A SURPRISINGLY HIGH NUMBER OF BOARDS DO NOT HAVE TERM LIMITS (27%).

Board terms vary greatly; terms run as low as one year to more than 10 years. One member stated that among their board members, “some (have been on the board) since the organization was founded.” The range of board terms is depicted in Figure 5.



Boards also vary significantly around the number of meetings held each year. Many boards (44%) meet 10-12 times per year. Figure 6 provides more detail.



“We are in the middle of an intentional self study and hoped for transition into a more strategic instead of operational role for the board, with better training and orientation for new board members. We expect to see that begin to bear fruit in 2013.”

“Our Board is a working board, and although some members are unable to contribute financially, they make significant contributions of time and expertise that have been invaluable to the development of the organization.”

ATTENDANCE AT BOARD MEETINGS ALSO VARIES:

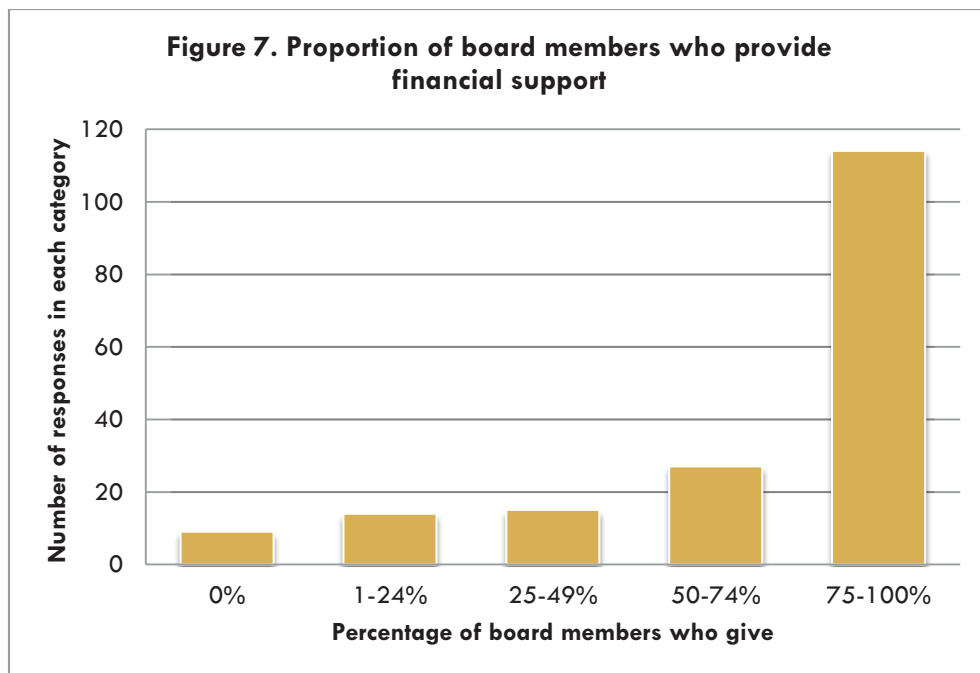
- The majority (52%) of respondents report that board attendance is 75-100%.
- A smaller proportion of organizations (36%) report that board members attendance rate is 50-74%.
- A very small percentage of organizations (11%) struggle with attendance and report that only half of the board attend most meetings.

“We are undergoing a major cultural change with our board through an aggressive governance committee that is putting some ‘teeth’ in our by-laws requiring a deeper commitment from our board from a fundraising perspective and from a participation perspective.”

FINANCIAL SUPPORT

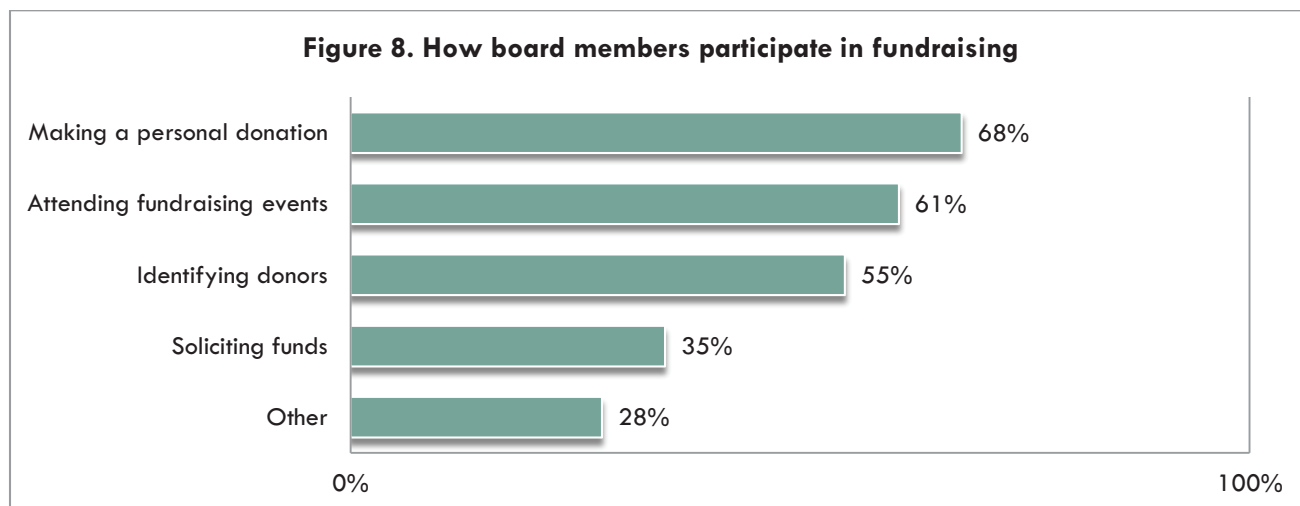
While best practice standards indicate that every board member should provide annual financial support at a level appropriate to their ability to give, this standard is not followed by all respondents.

Figure 7 offers a breakdown of giving levels.



What we did not ask, but encourage boards to consider: why are boards reluctant to make financial contribution a requirement for board membership?

FUND DEVELOPMENT by board members is required by most organizations, but merely suggested by others. Figure 8 outlines the responses to how board members are asked to raise funds.



When asked about the other ways that board members are asked to fundraise, respondents noted that many boards ask members to serve as community supporters, to donate goods for auction, volunteer and/or to subscribe or join the organization.

BOARD PERFORMANCE

SURVEY RESPONDENTS ARE LARGELY SATISFIED WITH HOW THEIR BOARD MEETINGS ARE RUN.

When asked about the overall effectiveness of board meetings in accomplishing board business:

- ▣ 34% said “very effective”
- ▣ 60% report “effective”
- ▣ 6% stated “not effective at all”

“Motivation is the most important factor in a successful Board! Our Board members are committed to the organization and its mission.”

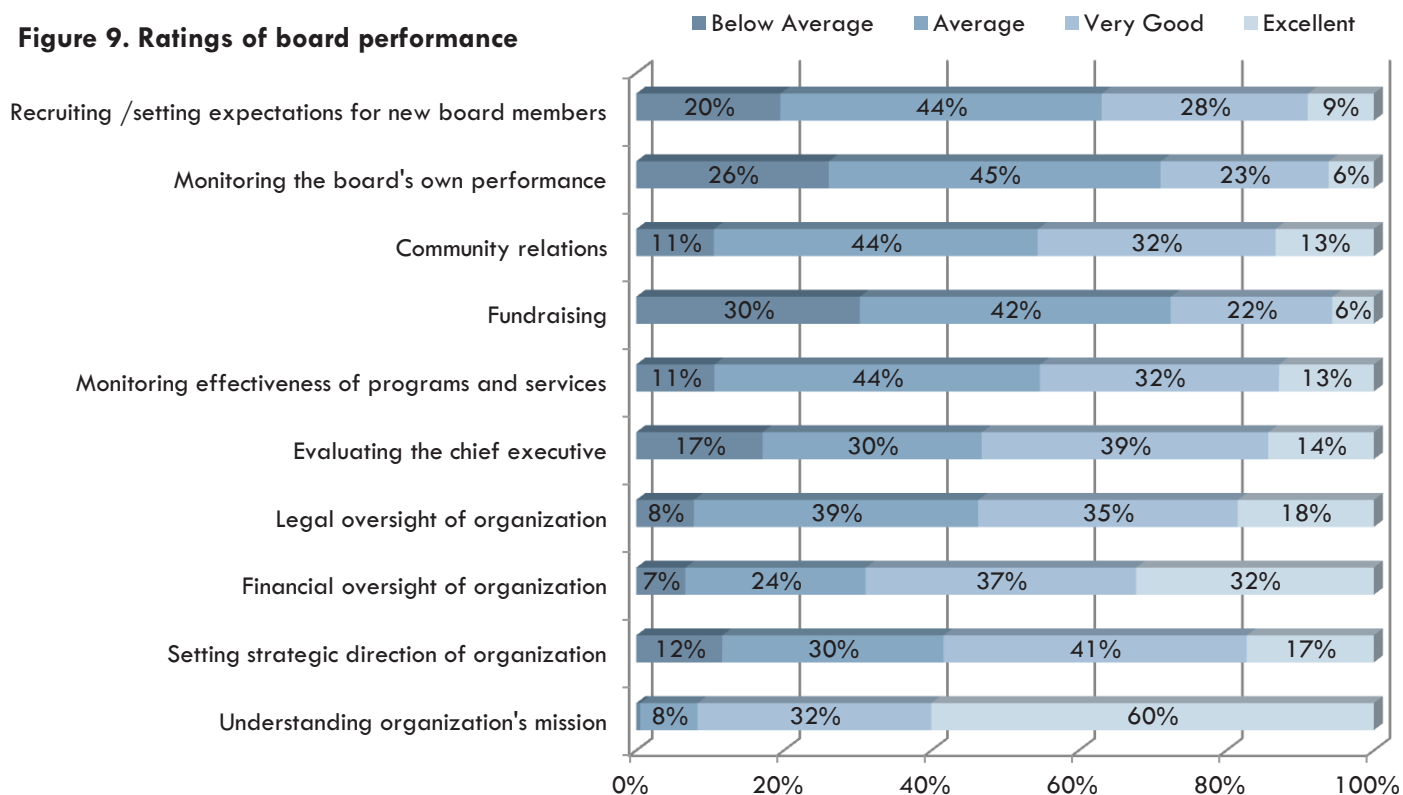
“...each of our board members brings a professional skill to the table that is of great benefit to the organization. These skills are donated to the organization to the extent that they eliminate considerable financial burden.”

“Every board member needs to feel that her/his contributions are understood, valued, and appreciated.”

BOARD MEMBERS, HOWEVER, ARE NOT RATED HIGHLY AROUND THEIR PERFORMANCE OVERALL.

When asked about their performance in a number of areas, survey respondents were more critical. See Figure 9 for details on how core board functions were assessed.

Figure 9. Ratings of board performance



Respondents offered many comments around their board's effectiveness. Some described frustration around lack of consistent attendance at meetings; others noted the challenge of integrating more tenured and newer board members.



The need for highly participatory discussion and debate was mentioned by several respondents; some indicated that meetings tend to drift towards daily business matters rather than tackling strategic issues.

Several boards address these challenges by undergoing self-evaluation and training to build and sustain a strong board culture. Strategic planning and board retreats were also cited as useful practices for keeping board members engaged and focused.

INE participants listen intently during a board development workshop.

OBSTACLES TO EFFECTIVENESS

We received many thoughtful comments about the barriers to board effectiveness. Several indicators of trouble are:

- Board members and meetings that do not focus on longer-term and/or strategic issues. Discussion tends to drift toward operational or day-to-day matters.
- Lack of time devoted to board work was cited by many. Demands on time from work, family, and other volunteer commitments are challenging and frustrating.
- The board role in fundraising bubbled up in many places. Survey respondents report a reluctance to fundraise and/or lack of experience around fund development.
- Lack of structure or clarity about board roles was mentioned by many. A poor understanding of governance issues and leadership roles, as well as a lack of formal board procedures (such as having an orientation manual), were also identified as challenges.

“I think the board meetings have been used as an information sharing time rather than a strategic decision making focus for board meetings.”

INE BEST PRACTICE RECOMMENDATIONS

- All boards should have clearly defined roles and responsibilities. Term limits provide a steady flow of new talent and energy and should be adopted by all boards.
- Board member recruitment should be an ongoing process that actively creates a pipeline of potential board members representing diverse backgrounds. Board self-assessment should be conducted at least annually.
- Board meetings should be highly interactive and engaging. Consent agendas should be used in order to devote meeting time to strategic conversations.
- Board members need a deep understanding of the organization’s financial picture and fund development needs. All organizations should have 100% of board members providing financial support.



College Visions, recipient of the 2012 INE Best Practice Award in Board governance, holds a board meeting. Read more about College Visions’ best practices by visiting www.rifoundation.org/INE >INE Programs>INE Best Practice Awards

The Initiative for Nonprofit Excellence (INE) builds the capacity of nonprofit organizations so they can better achieve their missions. We provide tools and information to promote:

- ▣ **Leadership development:** workshops, grants, and mentoring to foster strong leadership among nonprofit executives, staff, and boards, as well as nonprofit emerging leaders.
- ▣ **Organizational development:** workshops and technical assistance to improve operations or delivery services.
- ▣ **Systems development:** free tools and resources that inform, educate, systematize, standardize, or create efficiencies.
- ▣ **Engagement and reflection:** informal convenings that promote quality discourse and experiential learning.

The Rhode Island Foundation launched the Initiative in 2008. Since then, the INE has worked with more than 1,600 individuals and 700 organizations. We embrace collaboration and learning and use evaluation to continually improve our programs and services. We also offer programs designed for different levels of participation, depending on the needs of organizations. Online resources, hands-on workshops, and multi-year capacity-building programs are all available.

Maximizing contribution: Nonprofit governance in Rhode Island is brought to you by the Initiative for Nonprofit Excellence at The Rhode Island Foundation.

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The logo for the Initiative for Nonprofit Excellence. It features a light green background with a faint, stylized image of a building. The text "Initiative for Nonprofit Excellence" is written in a dark red, serif font, centered on the right side of the image.

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Excellence

The logo for The Rhode Island Foundation. It consists of a solid red square. The text "THE RHODE ISLAND FOUNDATION" is written in white, all-caps, serif font, centered within the square.

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