

Common Sense Tips on Board Leadership in Uncertain Times

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There is much written about the responsibilities inherent in board leadership. The Association of Governing Boards of Universities and Colleges and BoardSource provide the best information and guidance on these issues. Through hands-on experience over the past 30 years, there are a number of “common sense” principles that I have seen effective boards utilize to deal with the day-to-day reality of board leadership.

The following “tips” are a reflection of that experience.

1. No Margin ... No Mission

Healthy nonprofits succeed in tough times when they employ sound fiscal policies. Take the necessary steps to balance your budget in the context of your mission, purpose and long range plans. Ensure that the steps that are taken have a positive impact on your service delivery.

Examine strategies to enhance revenue as well as to trim expenses. Partner with your organization’s Chief Executive to find ways to increase net revenue. Find opportunities to get stronger not weaker.

2. Review Your Investment Policy

Wise investment of your organization’s assets is a fundamental fiscal responsibility for the board. Investment policies are a necessary discipline in good times and in challenging ones. If your organization does not have an investment policy create one that makes sense for the size and type of your organization. If you have a current investment policy, now is the time to review it to be sure that it is still appropriate.

With the status of current investment returns, you may also need to review your organization’s spending policies in relation to your strategic plans and the goals and objectives of your organization.

3. Beware of the Self-Fulfilling Prophecy

Be careful to avoid draconian measures because you think things will be bad. Things could get worse because of measures taken to cut back on programs or staff – not because of the external environment. Ensure that your decisions about the current and future operation of your organization are data-driven -- avoid conjecture and speculation.

4. Invoke the Common Sense Rule

Boards should act with prudence in uncertain times. There are very smart people on your board – people who manage and lead other organizations. This is the time to act with a cool head and with thoughtful advice. Avoid reacting to problems and partner with your Chief Executive and staff leadership to make the best decisions.

Do your decisions – as difficult as they may be – make sense for your organization, given its mission, purpose, goals and objectives?

5. Act with Courage

When times are tough leadership must be exhibited in a positive way. This time should be used to your advantage. How can you position your organization to be stronger, more resilient and more relevant in tough times? Can your organization learn to “take a punch” – or rebound positively from a punch that it has taken? Can you work more productively as a team? Can you keep morale strong and keep doing your “good work” well?

6. Be Worthy Not Needy

This is a good time for a mission check. Are you relevant? Do you do what you say you do? Are you an organization that is worthy of external support or are you an organization that is constantly “in need of help” to keep its budget balanced to stay afloat? Which organization are you? Which do you want to be?

7. Invest in Activities that Generate Revenue

Pay attention to strategies that will allow you to generate more net revenue for your organization. Do not just look at cutting expenses. At some point cutting expenses will endanger the quality of your programs and service delivery and you will begin a self-fulfilling prophecy that may compromise your “worthiness”.

Where in your organization can you invest dollars and get more dollars back? Build the capacity of your organization to raise more money in a variety of ways. Invest in fundraising. Examine the productivity of your annual fund, membership, events, major gift efforts and planned giving. Invest and be involved in the fundraising program.

8. Keep Donors and Prospects Close

Your organization's ability to attract more resources and support – both in good times and bad – rely on the positive relationships you have established with your constituency. If you want donors to invest in you for the first time, return to you as a past donor or increase their current support to a higher level you must have a strong and positive relationship with them.

Be deliberate and intentional about strengthening those relationships. Spend time cultivating prospects and donors. Tough times increase the competition for donors so take steps to position your organization for a positive response. Make it easy for your donors to say yes by keeping them informed, make them part of the “family” and let them know that their dollars have made a difference to your organization.

Say “Thank You” and mean it and find ways to get them more involved in what you are doing so that they can see both the reasons for giving as well as the need for your organization to do what it does.

9. Communicate

Take a proactive stance disseminating the good news of your organization to your constituency. Increase your frequency and expand your message. Utilize all of your current methods to keep people informed of your mission, purpose, plans, and relevancy. Examine strategies to communicate more often and at less cost. Employ strategies to segment your market and sharpen your messaging.

Create separate communication strategies for each of your constituent segments: foundations, corporations and individuals (annual, major and potential planned gift donors, current donors, lapsed donors, non-donors). If you can keep them informed, you can get them involved. If you get them involved, you will get them inspired to invest.

10. Assess the Strength of the Board

Take some time to review the composition of your board in relation to your mission, purpose, goals and objectives of your strategic plan. Do you have the kind of board you need to fulfill the objectives of your strategic plan? Create a profile of the skill sets represented your current board. Compare those skill sets to what you feel is needed to move your organization forward. Form a Governance Committee as opposed to a Nominating Committee to monitor identification, enlistment, training, utilization, evaluation, and stewardship of board members.