

Index reports data, indicates room for improvement

The recent publication of the Nonprofit Governance 2007 Index by BoardSource provides nonprofit executives and boards a thumbnail image of the opinions of these individuals regarding board operation and impact. Compiled with survey results from more than 1000 board members and 1100 chief executives, the report covers subjects from board performance to composition to policies and practices, presenting statistical information and narrative analysis.¹ For nonprofit professionals and board members, the report supplies a panacea of information and attitudes about those who guide these organizations.

Chief executives and board members give their boards high marks overall for understanding mission; financial, legal and ethical oversight; program knowledge; CEO guidance; and commitment level. Where they diverge is strategic planning, recruitment, community relations and fund raising. Not surprisingly, the board members graded themselves better than they were graded by chief executives.

Strategic challenges weighed on the minds of both board members and chief executives, specifically financial stability and fundraising. Despite these concerns, too few seem to realize the importance of financial contributions from board members. Only 46 percent of charities have 100 percent board giving and boards average only 74 percent participation in giving. Of those nonprofits surveyed, only 68 percent require financial contributions from board members. As proponents of the organization and believers in its mission, board members need to make a personal financial commitment. The importance relates to organizational success on grant applications, corporate fund raising and any personal fundraising by board members themselves. How can board members possibly solicit gifts when they aren't giving themselves?

The Index does show that positive steps have been in the arena of accountability and financial oversight. There has been a dramatic increase in the number of boards that have conflict of interest policies (88 percent), written ethics statements (69 percent) and whistleblower's policies (60 percent).

In terms of financial oversight, more than 90 percent of boards conduct an external financial audit. Board members feel that organizational financials are understandable, timely and accurate, yet just over half of board members give tops marks for financial oversight. This may stem from a lack of financial emphasis during board development and indicates an opportunity for further board education.

Board size, structure, meetings and committees varied, but averaged 16 voting members who keep their board positions for 3.1 years. Larger organizations tend to have term limits (two on average). Board members report that a belief in the organization's mission is the reason for their involvement; many are recruited by other board members or the CEO.

Board composition is predominated by those with skills traditional to boards: business, law, financial or experience in an organizationally related field. Seventy percent of boards lack a

¹ <http://www.boardsource.org/governance>

member with technological experience, something all organizations should seek for their boards.

Three quarters of boards meet between three and 10 times a year and half have committees dedicated to executive functions, finance, governance and fundraising. Nearly 95 percent of board members are looking for more training although 74 percent of organizations have a board training program.

Of the data presented in the Nonprofit Governance 2007 Index, its most valuable feature is honesty. The statistics presented often show where the opinions of chief executives and board members diverge. From this, nonprofit boards and leaders can discuss differing opinions for the overall benefit of the organization, thus making them and their organizations more effective.