

NONPROFIT CORPORATE GOVERNANCE

TOP TAKEAWAYS

Strategic Planning & Strategic Plan Implementations

- The Board must work to support candid discussions.
- The process should seek to develop and focus on a shared agenda and shared values.
- The plan must become the touchstone for critical decisions.
- Management and the Board must both embrace the strategic plan to be successful.
- The plan must be clear about the organization's priorities.

Financial Management

- Financial management must be transparent. This is essential to preserve internal and external trust and perception.
- Nonprofits must recognize that there are differences between the culture and mission of nonprofits, but still must have a margin to survive.
- Being "worthy" is not an excuse for lack of financial responsibility.
- Internal controls must be established and maintained.

Development & Fundraising

- It is important to be clear about expectations.
- Transparency in terms of the relationship between mission and resources is necessary.
- In troubled times, contact with third parties (e.g. ratings agencies, AG's offices, the donor base) is mandatory.
- Regulatory requirements must be adhered to.

Board Management, Board Development & Succession Planning

- The Board and Management should develop a comfortable balance with respect to information flow, involvement and decision making.
- Effective strategic planning assists in Board management and priority setting.
- Creating "group think" vs. "I think" is the key to effective Board action.
- Succession planning for Board membership prevents stagnation, assists in organization perspective and creates confidence in the ability to achieve long term mission goals. Therefore, it must be built around the strategic plan.

Executive Management & Compensation

- Non-profit compensation is a sensitive and very important topic. The message it sends internally and externally should not be underestimated.
- The Board must create a strong rationale for compensation decisions.
- The best approach to review compensation is to establish, in advance, performance goals and criteria for success, and award compensation based upon achievement of those goals.
- The Board must be prepared to communicate and defend its decisions based on objective and subjective factors.