

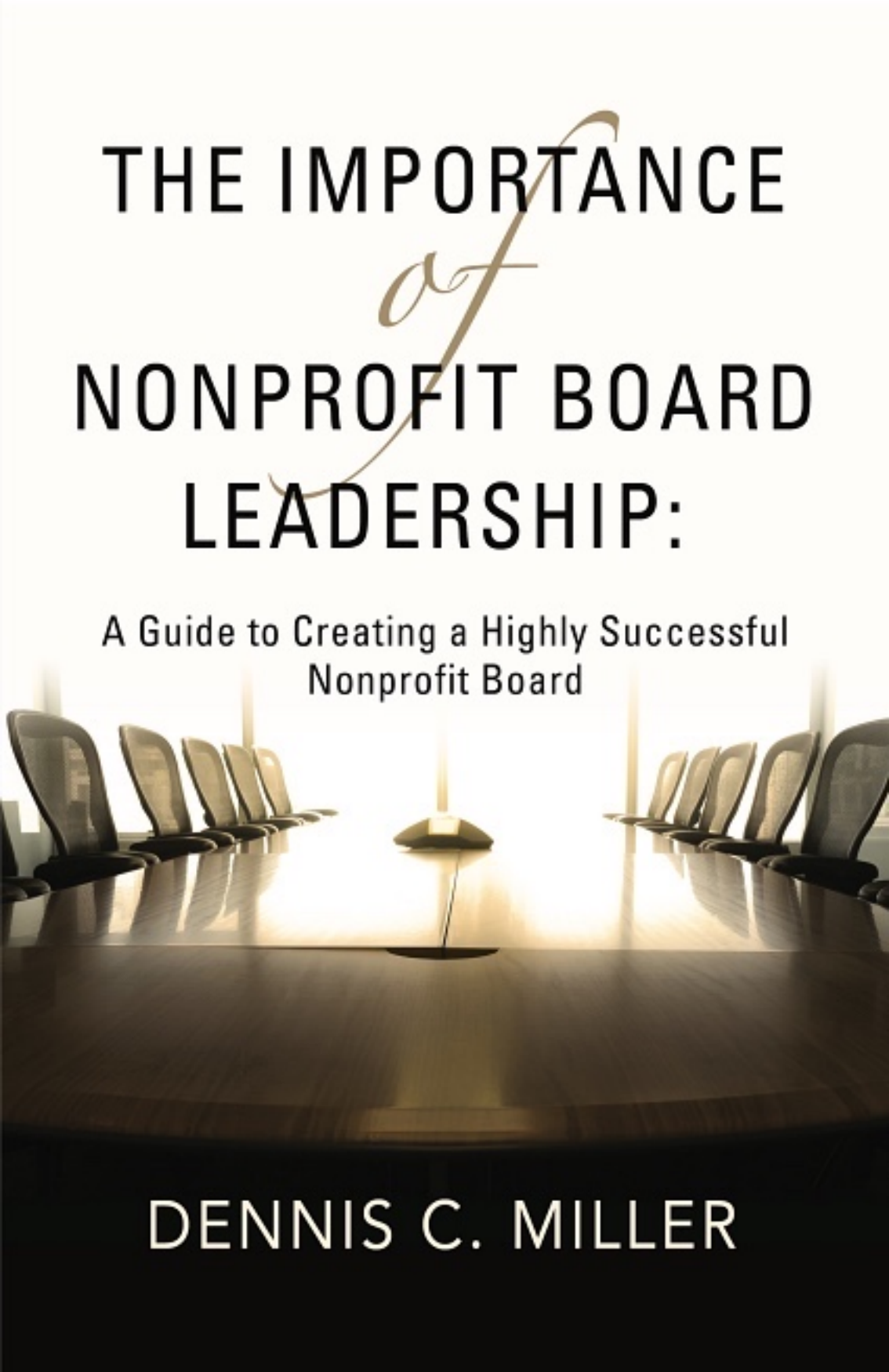
This book provides concise information about how to motivate and engage board members on how to become a highly successful nonprofit organization. Each chapter provides valuable information on nonprofit board leadership best practices.

**The Importance of Nonprofit Board Leadership:
A Guide to Creating a Highly Successful Nonprofit Board**
By Dennis C. Miller

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THE IMPORTANCE
of
NONPROFIT BOARD
LEADERSHIP:

A Guide to Creating a Highly Successful
Nonprofit Board

DENNIS C. MILLER

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This book details the author's four decades of personal experiences with and opinions about the importance of nonprofit board leadership. He is a nationally recognized expert in nonprofit board governance, but the author is not providing any legal advice. The author and publisher are providing this book and its contents on an “as is” basis and make no representations or warranties of any kind with respect to this book or its contents.

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This book provides content related to the importance of nonprofit board leadership and the topics related to creating a highly successful nonprofit board. As such, use of this book implies your acceptance of this disclaimer.

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Chapter 1: The Four Stages of Board Governance

“The greatest leader is not necessarily the one who does the greatest things. He is the one that gets the people to do the greatest things.”

Ronald Reagan

There is no more important topic to discuss about how to become a highly successful nonprofit board than to understand and learn about the four stages of nonprofit board governance. Becoming aware of what stage of governance your board is functioning at today will, more than anything else, help to put you on a more sustainable path to a successful future.

In their 2004 book, *Governance as Leadership: Reframing the Work on Nonprofit Boards*, authors Richard Chiat, Barbara Taylor, and William Ryan point out that the board of a newly created nonprofit organization will be very different than that of an organization that has been operating successfully for decades. They divide the evolution of a nonprofit’s board into four stages in a way that resonates with my prior experience as a CEO and board chair.

They define the four stages of board governance as follows:

- Founding
- Fiduciary
- Strategic
- Leadership

A *founding* board does almost all the work of the organization, often without any paid staff. Their primary role is to get the organization off the ground. It is an exciting time, when a team of people who are passionate about a cause are working to bring a new organization to life.

The day-to-day level of volunteer energy required at the founding stage is not sustainable. Sooner or later, it will become difficult, if not impossible, to engage enough volunteer support to maintain operations. If an organization is to continue for the long term, the volunteers will need to hire paid staff to carry on the work. At this time, the board must transition to a *fiduciary* role, turning their focus to three primary legal responsibilities:

1. Duty of care, ensuring the prudent use of all assets, including facility, people, and goodwill.
2. Duty of loyalty, ensuring that the nonprofit's activities and transactions are, first and foremost, advancing its mission. The fiduciary board must be ready to recognize and disclose conflicts of interest and to make decisions that are in the best interest of the nonprofit corporation, rather than in the best interest of the individual board member (or any other individual or entity).
3. Duty of obedience, ensuring that the nonprofit obeys applicable laws and regulations, follows its own bylaws, and adheres to its stated corporate purposes/mission.

As the organization matures, in addition to the legal responsibilities, an effective board takes on a more strategic role and works with the CEO and executive leadership team to advise, develop, and monitor the implementation of a strategic plan and business plan.

The fourth stage of a board's developing role is one of *leadership*. Though the fiduciary and strategic roles remain important and continue as board functions, the ideal and mature role for any board desiring to succeed revolves around providing leadership to the organization in partnership with the chief executive officer. A leadership board accepts a sense of ownership, asking the right questions, putting forth new ideas and challenges, and partnering with the chief executive to continually refresh and renew the organization.

At the leadership stage it is important for the chief executive to feel a strong sense of security and self-confidence, to allow the board to be in partnership in leading the organization. For a nonprofit to succeed in fulfilling its mission and to have real impact in the community, it is imperative that the CEO and board grow together as partners.

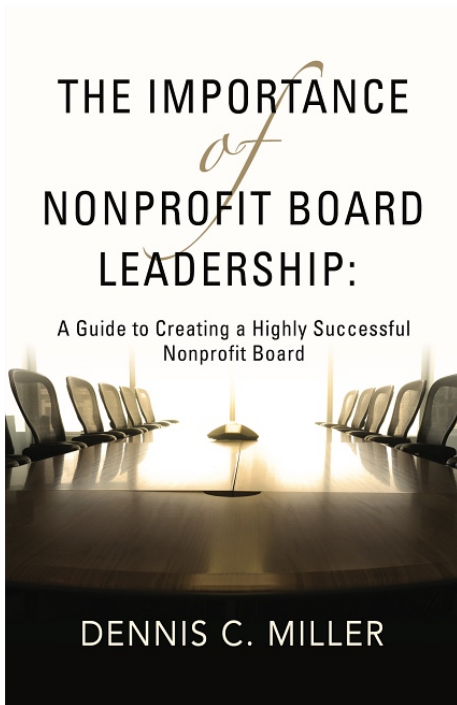
Every stage of board development requires active commitment on the part of its members, but as the organization matures, the nature of the actions changes. The manner of board involvement in the founding stage will be very different from what is most beneficial at the leadership stage.

An effective board is aware of its point on the continuum of stages, understands its role and function within each stage, and participates accordingly. At no stage, however, can a nonprofit board afford to adopt the position of passive advisors.

Discussion Questions

- *At what stage or life cycle is our board functioning today?*
- *What challenges and opportunities exist today for our board and CEO to work more in partnership and leadership?*

- *In which stage of board governance might our organization generate greater results for our community?*
- *In which of the four stages would we feel most rewarded, and feel that our contributions were most beneficial?*



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