

Vision: Leadership Focus



January 2011

Fast Focus Tips

- Exceptional boards demonstrate openness with donors and the public
- Exceptional boards have an active exchange between board and staff
- Exceptional boards comply with government and organizational filing requirements

Find the book,
*www.boardsource.org

This is the last in a series illuminating the Twelve Principles of Exceptional Boards. See the Principles listed on page 2, left column. Find all 12 issues at www.iauw.org under Newsletters. Keep them for board conversations and training and share with other organizations.

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Ethos of Transparency Policies, Playbooks, and Game Plans

It's late in the 4th quarter. The visiting football team is behind by three points and has the ball. What to do? What to do? The camera pans to the hometown quarterback on the bench, and he is...checking the Game Plan! If you aren't a sports fan, you may wonder why a highly successful quarterback depends on a book to select the right strategy. If you are a sports fan, you may know that the playbook is an essential reference tool, and a game plan is like a highly crafted cheat sheet showing plays that will work in the crucial moment at hand.

Now you're in the board room, impact task force meeting or campaign cabinet report meeting. Each volunteer has a "playbook" that includes a "game plan" for select donor/partner/investor prospects tied to each volunteer's unique opportunities within his or her realm of influence. The game plan may include making a phone call, writing a personal note, arranging a lunch meeting, or inviting someone to a United Way event – steps that will bring the prospective stakeholder closer to the organization.

The game plan is co-developed by lead volunteers, chief executive, and perhaps other key staff focused on a clear result. Donor or partner growth may be targeted toward specific funds, goals, initiatives, or strategies. Board or other meetings can serve as report times benchmarking progress and holding all involved accountable. Some say, "you get what you measure." A game plan can help measure activities for reaching donors and others.

The football analogy illustrates one of three ways a board can benefit from an Ethos of Transparency, noted in the BoardSource book, *The Source: Twelve Principles of Governance that Power Exceptional Boards*.^{*} Transparency within the board grows from having clear digestible information so decisions are easily made. Read more about additional transparency aspects that can help your board be even more exceptional.

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12 Principles of Governance That Power Exceptional Boards

1. Constructive Partnership
2. Mission Driven
3. Strategic Thinking
4. Culture of Inquiry
5. Independent-Mindedness
6. **Ethos of Transparency**
7. Compliance with Integrity
8. Sustaining Resources
9. Results Oriented
10. Intentional Board Practices
11. **Continuous Learning**
12. Revitalization

Altered Realities

Boards and staffs are both concerned about the time it takes to be transparent and open, rightly so. But the benefits outweigh the risks and challenges. Read some possible issues, reality checks, and considerations. Have frank board conversations about how to achieve higher transparency. Set goals to implement additional best practices over time.



Possible Issues	Reality Checks	New Considerations
Transparency takes much time and effort.	It does take time to report current cash flow, progress on impact work, new donor engagement. Some tasks are legal requirements and must take priority (see box page 3).	The risk of “not doing” is that stakeholders may be less likely to support your organization because they don’t know enough about your good work.
Transparency can make staff and volunteers uncomfortable.	Sharing successes is easy. Take time to celebrate milestones and achievements together. Admitting challenges, obstacles, or declines isn’t as fun.	Having a doctrine of “no surprises” helps everyone respect and trust one another. When tough news is shared, it is respected and welcomed with a spirit of working on it together.
Shouldn’t some information be confidential?	Posting board member names on the Web site is recommended because it demonstrates leadership and accountability. Chief executives must have an annual performance review by the board. Staff salary information in the IRS Form 990 is only listed for top staff and is required – check the latest rules.	Personal board member affiliations and contact information need not be listed on the Web site. Chief executive performance results are not shared outside of the board.

Responsible Boards x	The Source of Power =	Exceptional Boards
Comply with government (and organizational) filing requirements	Active exchange between board and staff	Alongside staff, feel connected to the organization
Report annually on accomplishments and use of funds	Openness with donors and the public	Cultivate relationships with donors and stakeholders
	Whistle-blower policies to protect staff	Earn public trust and support

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Inside Out, Outside In

Internal Transparency

Newsworthy: The chief executive must willingly and immediately share major news, good or bad, with the board. A major lynchpin donor's decision is breaking news. When big changes happen, the board and key stakeholders are notified quickly. In order for this to be done well, the board and chief executive define what is "major" in advance.

Share news, especially less-comfortable news, in context of plans and circumstances. Ensure that information is "digestible" and easy to review. Regular board updates help avoid surprises. If your board meets less often than monthly, consider having a conference call in-between meetings ("tween call") that keeps members current.

Measures: Internal focus may include identifying key goal and progress indicators and fiercely measuring against them on a regular basis.

External Transparency

Newsworthy: A major news notification outside of the board/staff should be well-crafted according to the circumstances but still needs immediate action.

Telling a major partner/investor that a program is not as successful as planned is easier when reasons and lessons learned are also shared. Suggesting "next steps" will also lighten the news. Being honest instills trust.

Thanks to building broad public trust, your partners, funders, and other stakeholders feel more connected to your work and may contribute more resources to address your goals.

Measures: Trust between the board/organization and the community may help craft new benchmarks. Experts with experience in a new focus area, such as educators and related leaders, know that their involvement will be well-spent and common interests will benefit both of their areas of work.

Transparency Twice as Strong

- ➔ **IRS Form 990.** Every nonprofit with a budget of more than \$25,000 must file the form and make it available to anyone requesting it. Post it on your web site and with GuideStar at www.guidestar.org.
- ➔ **Forms 1023 and 2014,** the tax-exemption forms, must be readily available and explain the organization's original purpose.
- ➔ **While board meeting minutes are not required to be public, they are the only way to prove you are operating according to your bylaws, should anyone challenge. Minutes should be brief, un-emotional, and clear about key decisions and elections.**

Appreciative Corner: Benefits of Having the Board's Trust



Case study: After hearing about declining gifts over three years from a major employer, the board was not surprised when the contributions disappeared entirely. However, the impact was great enough to cause a cash shortfall. Because the board had been watching the cash flow, within hours they were able to gather a dozen ideas of how to handle the cash-crunch and prioritize optional expenses.

Are there ways to instill more trust and openness between your board and staff so issues are understood and a "no surprises" culture is felt? Avoid "problem talk" and embrace "possibility talk." Ask board members to turn to a neighbor and do a quick interview. Ask:

When have you experienced a high-trust board that embraced issues easily? What kinds of conversations did they have? What helped set the tone? Did they discuss different topics from the usual board topics? What difference did it make?

Compile common positive experiences using key words. Discuss what it would take to have more open trusting experiences with your board.

Indiana Association of United Ways...Bringing Indiana United Ways together to help them create a successful future.

Community - Building a network of local United Ways/Funds in Indiana to increase their learning and collective achievement

- 62 member organizations
- 1010 matching grant program
- Roundtables and collaborative assistance
- *Vision: Leadership Focus* newsletter

Performance - Creating and delivering tools and resources increasing members' capacity to serve their communities

- State Leaders Conference and recognition programs
- 1010 grant technical assistance and training
- Regional conferencing and national program hosting
- Software user groups
- Indiana Nonprofit Resource Network
- NP&AS, Nonprofit Processing & Accounting Service
- Emergency Food and Shelter Program (EFSP)
- www.iauw.org and other Web site features

Advocacy - Representing United Ways to external audiences that contribute to United Way effectiveness and presenting education, income, and health learning and practice to members

- Partnerships and strong relationships with Indiana University Center on Philanthropy, Indiana Coalition for Human Services, Indiana Voluntary Organizations Active in Disaster
- Public Policy
- United Way Council of States and other national involvement
- Indiana 211
- Youth Philanthropy Initiative of Indiana
- Indiana Afterschool Network
- United Way Worldwide

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Give it a Try: Test Your Transparency Muscle



Ask a couple of board members to do a little investigative work. Go to www.guidestar.org and see how other organizations represent themselves. Bring back examples for the full board to review. Then, go internet surfing and check out the annual reports of other organizations you

know. What do they include? How do they measure and share their accomplishments? What inspires you? Remember that annual reports are important and, if they will be posted on the Web site, should be attractive but need not be elaborate. The best reports are usually well-branded, simple and clear, and have compelling headings and overall messages.

**“Fear fades when facts are faced.”
~ Frank Tyger**

laUW Supports: Go to the members' area, www.iauw.org, for a governmental report checklist (Operations Section) and suggestions for your annual report (Board/Governance Section: Board Manual, Sections IV and VII, and VII-Appendix).

This issue is the last “Power Principle” in the series. Go to the “Newsletters” tab at www.iauw.org and review all the “Powers” of Exceptional Boards. Share them with your new board and other organizations.