

	SUCCESSFUL BOARD STRUCTURES	<i>A position paper from TGG The Gordon Group</i>
	Target Audience:	Nonprofit Founders, Boards & Executive Directors
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INTRODUCTION

Forming an effective working Board of Directors is one of the most important factors for success¹. Maintaining that same Board once you are established is a real challenge, for which **TGG** provides training and support. Navigating this complex topic successfully from the beginning of your nonprofit's formation can prevent many downstream struggles.

THREE DIFFERENT STRUCTURES

In this paper, we will explore three different types of leadership structures:

- 1) Board of Directors
- 2) Board or Council of Advisors
- 3) Council of Reference

NONPROFIT BOARD OF DIRECTORS BASICS

The board of directors plays a crucial role in the governance and strategic direction of a nonprofit organization. Here's a broad overview of how it works:

1. Purpose and Responsibilities

Governance: The board is responsible for overseeing the organization's activities and ensuring that it adheres to its mission and goals. It governs according to the By-Laws.

¹ Miller, June. *Four Critical Factors That Impact Nonprofit Success*. www.boardsource.org

Strategy: They set long-term goals and strategic direction, ensuring the organization has a clear vision for the future and concrete methods for pursuing that vision.

Financial Oversight: The board approves the budget, monitors financial performance, and ensures that funds are used appropriately.

Fundraising: Members are responsible for fundraising efforts and leverage their networks to secure donations.

Hiring and Evaluating the Executive

Director: The board hires and evaluates the performance of the executive director, who is tasked with accomplishing the mission and either runs or oversees the day-to-day operations.

2. Composition

Board Members: Typically, a board consists of individuals with diverse skills, backgrounds, and expertise relevant to the organization's mission. This diversity helps in making well-rounded decisions.

Officers: The board elects officers such as a chairperson, vice-chairperson, secretary, and treasurer, who have specific roles in leading and organizing board activities. These roles are defined in the By-Laws.

3. Meetings and Decision-Making

Regular Meetings: The board meets regularly (e.g., quarterly, bi-monthly) to

discuss and make decisions about the organization's strategy and operations.

Committees: Boards often form committees (e.g., finance committee, audit committee) to focus on specific areas and report back to the full board.

4. Legal and Ethical Responsibilities

Fiduciary Duty: Board members have a legal duty to act in the best interest of the organization, which includes being diligent, loyal, and acting in good faith.

Compliance: They ensure the organization complies with all relevant laws and regulations, including tax-exempt status requirements. An effective board sets high standards for ethical behavior and works to enforce those standards over time.

5. Strategic Planning and Evaluation

Strategic Planning: The board helps develop and review the organization's strategic plan, setting priorities and guiding long-term decisions.

Performance Evaluation: They assess the organization's progress towards its goals and make adjustments as needed.

6. Recruitment and Training

Recruitment: Boards often engage in recruiting new members who bring valuable skills and perspectives.

Training: Ongoing training helps board members stay informed about best practices in nonprofit governance and the organization's operations.

7. Conflict of Interest

Disclosure: Board members must disclose any potential conflicts of interest and recuse themselves from decisions where they might have a personal stake.

8. Diversity and Inclusion

A mature, healthy board has a broad spectrum of local leaders as well as one or more people from the client base that is being served.

Overall, a strong, functional board of directors is essential in ensuring that an organization operates effectively, remains true to its mission, and maintains accountability to its stakeholders.

BOARD OR COUNCIL OF ADVISORS

Often, a nonprofit's founder has accumulated several trusted advisors in their life or career. These are senior-level "wise heads" that the founder trusts and looks to for advice and solutions to difficult challenges. Unlike a board of directors, which has legal and fiduciary responsibilities, the council of advisors typically offers strategic insights and expertise without having formal decision-making power.

These advisors can be friends that are available for a quick phone call or coffee. Or the group can be organized into a formal council of advisors (some prefer council over 'board' to prevent confusion with the board of directors). The council of advisors is also an excellent tool for adding friends of the organization that the founder recognizes as making good candidates for future membership on the board of directors.

SUCCESSFUL BOARD STRUCTURES

One approach is for the council to meet formally once a year to recognize and appreciate their support and input for the founder and the organization. They can be met with individually during the year on an informal, as-needed basis.

These advisors typically have valuable credentials and professional experience that can elevate the credibility of the nonprofit organization. This can help in fundraising and attracting future board members.

COUNCIL OF REFERENCE

A very powerful tool to build up the strength and credibility of a nonprofit is the council of reference. This group typically consists of internationally or nationally known leaders of other organizations, people who will endorse the nonprofit in a direct way, typically with a *letter of reference* formally printed on their organization's letterhead and signed by the leader.

The letter should be personal in content, addressing personal knowledge of the nonprofit's founder and the good results that the nonprofit has been producing.

The types of leaders you want to recruit for this effort (which can take many months or even 1-2 years to really build it out to completion) are as follows:

- 1) Heads of Corporations
- 2) Agency Directors
- 3) Nonprofit, Charity, and Ministry Leaders
- 4) Celebrities and Elected Officials
- 5) Other famous leaders whose credibility is impeccable and whose letter

addressed to the nonprofit will strengthen the nonprofit with the weight of their endorsement.

The letters, in their original form, are usually stored in a notebook for safekeeping and ease of reference. They are also scanned into digital format and uploaded to the nonprofit's website for display on the "Council of Reference" web-page.

In closing, remember that you can engage the consulting services of TGG on a fractional basis as needed. Check our website often for more free position papers on nonprofit success strategies.