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NONPROFIT BOARD Leader

a board development newsletter from
Cain Consulting Group, Inc.

June 2011

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Bylaws or board policies?

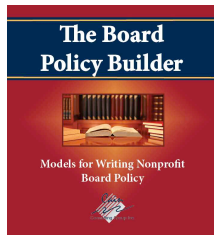
Board policy manual



Cain Consulting Group, Inc.

926 Ave F, PO Box 272
Hawarden, IA 51023
800-735-9471

www.cain-consulting.com
mail@cain-consulting.com



The Board Policy Builder

If your board is operating without a written set of board policies, you could be setting yourself up for serious trouble. Without a written board policy manual, crisis decisions become the rule rather than the exception. The Board Policy Builder will help you develop the policy manual you need.

Dear Jan,

Is your paperwork in order?

One simple exercise--careful attention to paperwork--would prevent much of the litigation that nonprofit boards occasionally find themselves in.

"Paperwork" means board policies, bylaws, meeting minutes, job descriptions--any documentation of what the board has done and the standards under which the board says it operates.

Treat these documents with the importance they deserve, and the board will avoid messy situations. Board inattention to those documents could land you in court.

Sandy Gregg & Dan Cain

Bylaws or board policies... which is it?



Board policies are the rules and guidelines by which the board has determined it will operate. They are statements to staff, constituents and the public of board belief and intent. Board policies cover areas such as executive director responsibilities, board meetings, board officers, and organization facilities and equipment.

All board policies should be in writing and reviewed annually for accuracy. New board members should be well oriented about the policies, and every board member should have a copy of the board policy to be used as reference.

A board that does not have policies readily available in a manual should appoint a task force to research minutes of past board meetings and other sources to gather the board policies into a manual.

Stick to your policies in a crisis, and don't change policy just when the policy is called into use.

Bylaws are a more permanent set of guidelines for the board. They are usually adopted during the original organization of the nonprofit, and are more difficult to change than board policies. But they should not be

This kit consists of printed model policies in a loose leaf notebook and on CD. Modify the model policies to make them specific and appropriate to your organization. When your board approves the policies...you have your policy manual.

[The Board Policy Builder](#)

Regular Price: \$159.00

On Sale this month: \$143.10

S & H: \$8.00

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immune from change when the board determines a need.

Board Policy Manual...how does yours stack up?

Ask a board member, "What's the board's job?" and the response will likely be, "The board sets policy." Follow that with, "Do you have a board policy manual?" and the answer, more often than not, will be "No."

Obviously there's more than a little disconnect here. A policy-making board with no written policies? To be fair, most boards have policies even if they are not in writing. Dig through the meeting minutes, and you'll find resolutions that are clearly policies. Practices that have become tradition for the board are virtually board policies. But those are not adequate to protect the board.

To be usable and effective, board policies must be in writing and organized in a manner that allows board members to reference them easily. Anything less is a big risk for the board and the organization the board is supposed to protect. Here are a few examples of typical board problems resulting from poorly written or no board policies:

- 1) A board member has a very long talk with the board's attorney, without authorization from anyone, and the attorney sends the organization a very long bill for his time. No board policy defining who may speak to professional consultants on behalf of the board.
- 2) The executive resigns and the board discovers serious discrepancies between what they thought was an accurate picture of the financial strength of the organization and the reality. The board has not commissioned a professional audit for the last four years. The board has a policy that a professional audit will be conducted annually, but the policy fails to define the process for hiring the auditor or who will do it.
- 3) Angry constituents show up en masse for a board meeting and demand to talk to the board. Chaos erupts when some board members want to allow unlimited time for the complaints, and other board members object to allowing outsiders any time on the agenda. No board policy covering what will be allowed and what will not be allowed.

These cases of inadequate or nonexistent policies caused major problems for all of these boards that took many hours and much expense to resolve. Your organization simply cannot be without carefully developed, written board policies.

If you'd like to see the model policies from *The Board Policy Builder* that cover the three cases above, [click here](#) and type policies in the subject line.

An equally important benefit of good policies is the guidance they provide board members for efficient, effective operation of the board. Board meetings operate better if you have specifics in policy about how meetings will operate. Committees work better if your policies have job descriptions and expectations for all committees. Management can assist

the board better if board policies spell out what kind of assistance the board expects of the manager.

Granted, even having the perfect board policy manual in place is no guarantee that board members will follow their own policies. But a board in-service with your attorney about the gravity of not following written board policies will solve that problem quickly.

Expect to spend a significant amount of time developing your board policy manual. Craft your policies carefully and get formal board approval for each policy. When the manual is complete, make sure every board member has a copy for easy reference. Then assign a committee to begin the nonstop review of policies, a few each month, to ensure that they remain accurate and up-to-date. New board member orientation should also include a review of the board policies.

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Cain Consulting Group | 926 Ave F | P.O. Box 272 | Hawarden | IA | 51023