
The Foundation Board Director: Linking Principles to Effective Practice

Philanthropic Foundations Canada

Calgary, Alberta

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**“THOSE WHO PRESUME TO
SERVE THE PUBLIC INTEREST
MUST STRIVE CONSTANTLY TO
EARN THE PUBLIC TRUST.”**

Brian O’Connell

Co-Founder

INDEPENDENT SECTOR

**“TROPHY-CASE BOARDS WILL BE
THE DEATH OF THE
PHILANTHROPIC SECTOR.”**

Landrum Boling
Council on
Foundations

**“YOU MUST BE
INTELLECTUALLY ENGAGED IF
YOU EXPECT TO BE EFFECTIVE
IN PHILANTHROPY”**

Waldemar Nielsen

**“DON’T GET AHEAD OF
YOUR BLOCKERS.”**

Waldemar Nielsen

CASE STUDY:

Evolution of a Philanthropist - Eli Lilly

“The Pursuit of a Virtuous People” by D. Susan Wisley, Director of Program Evaluation, Lilly Endowment

PHILANTHROPY AS RELIEF

- Operates on a principle of compassion
 - Alleviates Human Suffering
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PHILANTHROPY AS IMPROVEMENT

- Operates on principle of Progress
 - Maximizes human potential
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PHILANTHROPY AS SOCIAL REFORM

- Operates on principle of justice
 - Solves social problems
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**“Charity looks at the need,
not the cause.”**

German Proverb

“What is a foundation?”

“...a large body of money completely surrounded by people who want some.”

Dwight MacDonald
of the Ford Foundation

**WHAT WOULD WE LIKE TO HAVE
IN AN IDEAL BOARD MEMBER?**

BOARD SELECTION

10 Important Qualities for Foundation Trustees

David F. Freeman
The Handbook on
Private Foundations

Interest in and concern for the foundation
and its fields of focus;
Broad perspective on the problems of
society ;
Objectivity and impartiality;
Special skills in management,
investments, budgets, and the law;
Capacity for arriving at and accepting
group decisions;

Willingness to devote time and thought to the foundation's affairs;

Practical wisdom – the ability to see the whole picture, recognize the validity of opposing arguments, temper the ideal with what is realistic;

Commitment to the foundation as a whole and not to special interests or constituencies;

Commitment to the FIELD of private foundations;

Moral sensitivity to the act of giving.

“Foundations will be better served by men and women of vision and imagination, people who can bring dispassionate, objective, and broadly-based judgments to bear on foundation policies and issues.”

John W. Nason

WHAT IS “GOVERNANCE?”

What is **GOVERNANCE**?

“Governance is the process of providing strategic leadership to an organization. It entails the functions of setting direction, making policy and strategy decisions, overseeing and monitoring performance, and ensuring overall accountability.”

David Renz,

Midwest Center for Nonprofit Leadership

WHAT ARE THE ROLES OF A BOARD MEMBER?

LEGAL DUTIES OF BOARDS

Duty of Care

Duty of Loyalty

Duty of Obedience

DUTY OF CARE

- Exercising judgment in making informed decisions; acting in good faith consistent with what any good board members would consider to be in the best interests of the organization. The law holds board members accountable for being attentive and diligent.
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DUTY OF LOYALTY

- Calls on board members to consider and act in good faith to advance the interests of the organization. Board members will not authorize nor engage in transactions except those in which the best possible outcomes for the organization can be accomplished.
 - It prevents conflicts of interest.
 - It honors donor intent.
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DUTY OF OBEDIENCE

- Requires obedience to the organization's mission, by laws, policies, and honoring the standards of appropriate behavior such as laws, rules, and regulation.
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WHAT ARE THE CORE RESPONSIBILITIES OF A BOARD?

CORE RESPONSIBILITY OF THE BOARD

- Determine and articulate mission, vision, and core values;
 - Recruit, select, and evaluate the CEO;
 - Ensure planning for the future;
 - Determine strategy and monitor performance;
 - Effective financial resource management;
 - Enhance the credibility and public image;
 - Ensure integrity and accountability;
 - Assess and develop the board's effectiveness
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FIDUCIARY RESPONSIBILITIES OF BOARD MEMBERS

- To the foundation, and to the public;
 - Treat the resources of the foundation as a trust to be applied in an appropriate and legally accountable manner;
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Fiduciary Responsibilities, continued

- Adoption of governance policies
 - Establish a budget to allocate financial resources to accomplish the foundation's vision, mission, and goals and outcomes
 - Develop a system for monitoring and holding staff accountable
 - Implement an independent external review process (audit) to assess financial condition
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FIVE KEYS TO BOARD

EFFECTIVENESS

- Appropriate mix of trustee capabilities and utilization of those skills;
- Engagement in strategy development and impact assessment;
- Focus discussions on important topics;
- Positive relationships with the CEO;
- Opportunity for influence and respectful dissent among board members.

The Center for Effective Philanthropy

KAUFFMAN FOUNDATION

- Clarity of Vision, Mission, Purpose
 - Clarity of Strategy
 - Clarity of Measurement, Outcomes
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TABLE EXERCISE

- Now that we know the “ideals” of a perfect board member, and we have a good idea of the responsibilities of a board,

Are these ideals realistic in practice?

What is YOUR experience?

BOARD SELF-ASSESSMENT

BOARD SELF-ASSESSMENT

- Refresh the board's understanding of its role;
- Ensure that the foundation's mission remains relevant to current opportunities and challenges;
- Clarify areas of funding interest;
- Identify areas for improvement;
- Define new criteria for a successful board;
- Build trust, respect, and strong working relationships among board members.

BoardSource

A self-perpetuating board may well achieve a kind of self-satisfied insularity that almost defies attention to fundamental change in conditions appropriate for sensible policy.”

Wilbert E. Moore
Foundation Trusteeship
Service in the Public Interest
by John W. Nason

“The Donor’s desire to have descendants serve on the foundation board is readily understandable. But descendants do not always share the donor’s interests and concerns.”

John W. Nason
Foundation Trusteeship

FAMILY FOUNDATIONS

FIVE TOUGH QUESTIONS FOR FAMILY FOUNDATIONS

- How can I infuse my personal values into my family's philanthropy?
 - How can I bring new topics to the table and have a voice?
 - Where do I start looking at issues like family history, legacy and mission?
 - Who am I to make funding decisions when I lack “real-world” experience?
 - How can I make a lasting impact through my family's philanthropy?
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BOARD MEMBER ROLES

- The Informed Giver Role
- The Advisor Role
- The Co-Producer Role
- The Grants Approver Role
- The Policymaker Role
- The Accountability Role

Christine Letts

Effective Foundation Boards

KEY AREAS OF CONCERN

- Private Inurement
 - Executive Compensation
 - Conflict of Interest
 - Self Dealing
 - Governance
 - Audits
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THREE MOST PREVALENT BOARD PROBLEMS

- Dysfunctional group dynamics
 - Disengaged boards
 - Lack of clarity about board roles and responsibilities
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Solutions

- Boards Paying Attention
 - Controls and Audits
 - Transparency and Accountability
 - Ethical Practice – Have a Purpose
 - Preparing for the “Sniff Test”
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“IT’S NOT MY
MONEY !”



BOARD MEMBERS AS STEWARDS OF PHILANTHROPY

- Constitute the underlying assumptions of philanthropy;
 - Provide the structure and functions of philanthropy;
 - Link philanthropy to the other major sectors of society;
 - Define and develop the idea of philanthropy;
 - Illuminate philanthropy from other sectors;
 - Challenge, question, contradict, modify, or even attach philanthropy.
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