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## ASSESSING A NONPROFIT'S LEADERSHIP & GOVERNANCE

A REPORT PREPARED FOR

LATINO BEHAVIORAL HEALTH SERVICES

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## **Assessing a Nonprofit's Leadership and Governance**

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## **Executive Summary**

Latino Behavioral Health Services, or LBHS, is a nonprofit in Utah that provides support to those in the Latino community who have been traditionally unable to access adequate mental health care. It is a young nonprofit, having been founded in 2013, but has experienced tremendous growth and success. With this growth and success LBHS has encountered a number of growing pains that are common to most nonprofits. This report will analyze the current situation LBHS is in and will provide some context from the current academic and practical literature regarding nonprofit leadership and governance.

This report will also provide LBHS leadership with a number of potential opportunities for improvement in their governance structure. It will specifically provide LBHS leadership with examples of what other nonprofits are doing, or have done, in Utah to address similar growth challenges. It is the hope of the authors of this report that the policies, bylaws and other recommended documents and changes will be put into practice by LBHS for the betterment of the organization. Structural and organizational challenges are common in the nonprofit sector, especially when a nonprofit experiences rapid success as in the case of LBHS. LBHS is at the a point where the implementation of the recommended changes in this report can have the maximum possible impact on the overall success of the organization.

## **Introduction**

Latino Behavioral Health Services is a fairly new nonprofit in Utah which has quickly seen a lot of success. Success had come because of its unique services, passionate founders and focus on educating the Latino community. The mission of LBHS is to bring awareness, empowerment and recovery. Operating as a peer run organization, the board of directors and resident partners working for LBHS have backgrounds in mental illness, substance abuse and the

immigrant experience. The vision of LBHS to bring mental health awareness. As well as well-being to people with mental illness and substance abuse. They are successful in achieving this vision as a culture of collaboration, leadership and respect for all those who work for and come through the door of LBHS.

At this time, LBHS has a very hard-working board of directors. Board chair being Teresa Molina who also serves as clinical director. Teresa Molina who is a peer, has been in recovery since 1989. Her research interest includes mental health, substance use and community practice for recovery. For her dissertation she focused on recovery from intimate abuse among the Latinos in Utah. She has also volunteered as an instructor for NAMI Utah, LBHS, and refugee background organizations. Teresa earned her PhD and MSW degrees from the University of Utah. Her MBA degree from Lake Superior State University and received her BS in Economics at UNAM (LBHS).

Executive director includes Leticia and Jacqueline. Leticia Frias, is originally from Mexico she is a mother of six and a grandmother of eight. Leticia is also very active in programs such as Nami's signature program called " De Familia A Familia " where she works as a trainer and also, for LBHS. She is currently working on her case manager certification from the University of Utah. She is trained on Mental Health First Aid and a certified Peer Support Specialist for the State of Utah. At LBHS she works as the Family Programs Coordinator. Jacqueline Gomez, has been in peer recovery since 1997. She became an activist and advocate through social service work. She came to the state of Utah from Colombia in 1979. She has a passion and focus for recovery towards those who have been impacted by immigration and mental illness among the Latino community. She earned her Bachelor degree in Sociology from the University of Utah along with a certificate of Human Services. She has also earned her case

management certificate from the Department of Social Work and Non-profit Management Certificate from the Business Administration from the University of Utah. Jacqueline, has also received several awards such as Pete Suazo's Social Justice Award, NAMI Excellence Award and YWCA'S Outstanding Achievement Award (LBHS).

Other board members include Patricia Riano, who at this time handles some of the financial logistics for the organization. Patricia became interested in mental health from the experience of a parent with an adult child who had struggled with mental health. She was able to learn how to educate herself and her family regarding this issue. She has volunteer as an instructor for NAMI and LBHS. She has currently started her MSW at the University of Utah (LBHS).

The organization has several goals, more importantly they want to help the Latino population and other diverse communities in Utah become aware of mental illness and its effects through support, education, empowerment and recovery. LBHS wants to meet the mental needs of the Latino population in Utah in a way that only culturally and linguistically is suitable for this demographic. LBHS believes it's essential to meet this population needs by hearing the voices, engaging in leadership of Latinos in recovery. The goal being to increase the number of Latinos in Utah who are maintaining a recovery from mental illness to a degree in which they can join the workforce as a certified Peer Specialist.

The organization at this time offers services for individuals and their families. Programs for mental health, peer to peer, group recovery groups, certified Peer Support Specialist Certification and SOSA- Support group. For substance use disorder the program has a 12-step support group and science of addiction class. In the family program they offer Family to Family and even support group. For the substance use disorder, they use the CRAFT- support group.

The organization also does its duty to educate the communities. They attend school programs locally to raise awareness and erase stigma about the substance use disorder and mental health. They have implemented a program in a few schools where they offer a six-week course for parents, caregivers of children under 18, adolescents under 13, children 6-12 who want to learn about mental health issues. Childcare is provided along with materials and the program is free. The target population at this time is the Hispanic community but they would like to expand their resources to refugees eventually (LBHS).

The organization has a great group of sponsors who have helped them spread the word about their services. They have used this to build collaborations through contracts and partnerships all over the state. Partnerships include UNA, Salt Lake County, NAMI Utah, Sorensen Foundation, University Neighborhood Partners and many others. LBHS also has a Facebook page they post weekly updates on services, activities, pictures of events and regarding employment. LBHS has been granted some funds through grants, public/private donation and some fundraising. With only four years of operations LBHS has been able to see their organization improve the lives of their clients. They hope to continue to grow, expand services and gain more funds especially through grants.

### **Organization Strengths and Opportunities for Growth**

Since Latino Behavioral Health Services' establishment as a nonprofit in 2013 they have experienced exponential success. LBHS provides support to those in the Latino community who have been traditionally unable to access adequate mental health care. The founders worked together before this with The National Alliance on Mental Illness, (NAMI), collaboratively then heading The NAMI Latino Task Force (LBHS). The founders Jacqueline Gómez-Arias, Dr. Teresa Molina and two other women transitioned from working at NAMI to creating their own

NPO, now LBHS. The four alone wrote the 501c3 application. Jacqueline Gómez-Arias now works as the executive director of the organization and Dr. Teresa Molina works as the president of the board with six other members sitting on the board. The board members all participate in some capacity as a working board with over 95% percent of the board at LBHS having direct experience with mental illness (LBHS). Their multidimensional roles both as board members and as peer advisors are important to their mission and contribute to the diversity of this board. Their strength derives from a closeness among board members, rooting from their shared experience as founders. The common experiences they share strengthen their mission understanding the importance that these services are directly available to the Latino community. Their vision is bolstered as an organization as they work together incredibly well, share ideas and communicate regularly.

They today continue to partner with NAMI to conduct their programs in Spanish. Furthermore, they partner with USARA, the University of Utah to run pertinent conferences and presentations (LBHS). They have worked to establish these partnerships among other contracts and grants. They have collaborations, partnerships and grants that connect them all over the state and well as the country. Their collaborations have helped increase the scope of their services while also defining them as an organization. Their collaborations strengthen them by increasing the capacity of their organization, with many partners over Salt Lake City extending their reach into the public sector.

LBHS is entering a phase of opportunity that could challenge them in terms of their growth, we have identified an opportunity for increasing strength in terms of capacity. This come not from internal problems but rather from their previous success. Their success has led to an increased demand for the services. This is affecting the board as well as the employees in the



organization. The needs will continue to grow externally and internally at LBHS and this will require focused leadership within the organization. This is because of the growth they have experienced so far and their intent to continue expanding in the future. They will continue to grow in terms of responsibilities and funding however, their leadership will need to be able to sustain this growth. To ensure sustainable growth LBHS will need to focus on building capacity and this will involve assessing the role of the board. In the past they have kept the board peer run however, this could present an opportunity for growth for the organization as they might begin to look to transition to a professionally run board. All these decisions will of course need to be made while keeping in mind the future financial decisions of LBHS.

As aforementioned a strength of the organization is the collaborations, contracts and partnerships they maintain. However, there is could be an opportunity to reflect on their current strategies to focus in on effective collaboration. The organization is determined to continue expanding their scope to other services and members of the community. As they move towards a future that works to reach out to other minorities in the state this will require further collaboration. In order to continue their successful partnerships they will need to focus on continuing effective, meaningful collaborations.

### **Literature Review**

The third sector, or nonprofit sector, is defined as a collection of organizations that are formal, private, nonprofit distributing, self-governing, and voluntary (Salamon & Anheier, 1992, p. 135). The U.S. tax code recognizes 25 different types of nonprofits and according to the National Center for Charitable Statistics (NCCS), there are more than 1.5 million nonprofit organizations registered in the U.S. alone. Research on the subject of nonprofit governance and leadership has recently flourished. There are a wide variety of theories and models that have

increased our understanding of the sector significantly (see Cornforth, 2003; Miller-Millesen, 2003; Murray, 2004; Ostrower and Stone, 2006; Saidel, 1998).

Nonprofit organizations deal with a lot of challenges foremost amongst them being issues they face concerning their leadership and executives. Ronald Riggio in his book, *Improving Leadership in Nonprofit Organizations*, identifies three problems to nonprofit management. The first point he names is developing leaders of change. Riggio writes, “Leaders with a moral compass that works full time; leaders who are healers and unifiers, who embody the issue and live the values, who keep the faith.” (Riggio, 2009) The second issue he identifies is reflecting and embracing diversity. He argues that the “management must include a clear message that their goal is to provide equal access to opportunities for growth, learning, development, and participation to executives, faculty, student, management teams, workers, and customers from all segments of the nation’s increasingly diverse population.” (Riggio, 2009) The third issue he names is collaboration, alliance, and partnership. Here he argues that the leaders of nonprofit sector should “initiate a partnership with business and government leaders and their enterprises.” (Riggio, 2009) He further explains that the nonprofit leaders should look behind the walls of the nonprofit organization and take a look into other sectors as well to find opportunities for collaboration (Riggio, 2009).

In an article written by Forbes Nonprofit Council, they identified five challenges that all nonprofits should learn to cope with when growing as an organization. These five problems are “being comfortable receiving help,” “balancing innovation and productivity,” “having inconclusive deadlines,” “working with a complex model” and “being coachable.” (Forbes, 2016)

The first issue as noted above is being comfortable with receiving help. They argue that NPO's should have an attitude of humility with seeking to receive help. They need to realize that their work heavily relies on contributions by donors and collaboration with other like-minded organizations. To address such problems Forbes argue, "NPO need to get solid board members and partners in place to compensate for the areas where the weaknesses lie." (Forbes, 2016) The second issue they discuss is regarding productivity and innovation. Forbes identifies two key strategies to help the organizations in this regard. First, "leveraging industry partnerships" by partnering with similar organizations to generate ideas and to create tools which otherwise be difficult and costly to make, and second key strategy is "investing in employees" by offering them programs and creating an environment for them where they can be innovative. (Forbes, 2016) Organizations often put so much on the employee's plate that they have to work and have no time to think about the future of the organization. Through innovation, employees are investing in the future of the organization. The third issue Forbes identified has inconclusive deadlines. "Mission creeps — or having a project deadline extend indeterminately is the biggest challenge nonprofit leaders must overcome. There is constant emotional pull from volunteers, staff and major donors to expand services. Even worse is the intense pressure from grant-makers to fund programs instead of operating costs, or to come up with solutions to problems that have existed for centuries. It takes discipline to say "no" and courage to cut what is not mission critical." (Forbes, 2016) The fourth challenge is working with a complex model. Unlike for-profit organizations, nonprofits face high expectations from donors and key stakeholders while having minimum paid staff and have a handful of volunteers. A great nonprofit leader, Forbes argues, "is willing to step up to this challenge to figure out how to motivate and engage both the volunteer leaders and paid staff to work in alignment and then, of course, be willing to adjust

multiple times over. And lastly, they discuss the developing a right attitude and humility to be coachable. (Forbes, 2016)

According to much of the literature, the ultimate legal authority for a nonprofit organization lies with the governing board (Elaine, 2016). Members of the governing board are the ones who are most accountable for the actions of the nonprofit organization according to the law. Following the board, officers of the nonprofit are the next most accountable and responsible for the operations of the organization. They have the authorities and responsibilities conferred on them by the board. Sometimes, members of the board are also officers of the nonprofit (Tschirhart and Bielefeld, 2012). The board of directors are supposed to do just that, direct. The act of doing should be left to the officers, employees and volunteers of the nonprofit (Jager and Rehli, 2012).

Officers of the nonprofit receive their authority from documents such as the bylaws, or by a resolution of the board (Elaine, 2016). Officers include the executive director and other managers of a nonprofit. They receive their marching orders from the board of directors and report back to the board regularly on their endeavors. Employees and volunteers fall below the officers and have a smaller amount of authority and responsibilities. Their authority to act for the organization comes primarily from delegation by the nonprofit's officers and the board of directors (Elaine, 2016).

Good governance in nonprofits goes far beyond compliance with laws and regulations. It is therefore important to understand what governance means for a nonprofit board and what is expected of nonprofit leaders. All nonprofits are governed by a governing board and many have managers who oversee the day to day operations. That being said, there are a number of different schools of thought as to how nonprofits should be governed. Nonprofits play an essential role in

people's lives and communities, because of this they have a serious responsibility to operate in an effective and ethical manner (Tschirhart and Bielefeld, 2012).

Governing boards and executive directors in the nonprofit sector face a wide variety of challenges. A governing board can be defined by as a group of directors, trustees, or governors with legal responsibility for governing an organization (Berardi et. al., 2016). The board has a number of important responsibilities that really shape the whole nature of their respective nonprofit. The board sets policies for the nonprofit and oversees all of its affairs (Hopkins and Gross, 2009). Boards also have a number of duties they must meet in their service to their nonprofit. These duties include a duty of care, a duty of loyalty and a duty of obedience (Hopkins and Gross, 2009). The board must guide their nonprofit in a manner that ensures it operates to fulfill its mission and does not stray from that mission. In addition the board must keep in mind that they are not the owners of the nonprofit, rather, the real owner is the public they serve (Tschirhart and Bielefeld, 2012).

Although there is a lot of literature regarding the governance of nonprofits, it is quite difficult for many, even those who are experienced in the nonprofit sector, to clearly separate where the role of the board ends and the role of nonprofit managers begins (Hopkins and Gross, 2009). Board responsibilities and roles are inseparable from the effectiveness of nonprofit managers, especially the nonprofit executive directors (Hinna et. al., 2016). According to the U.S. tax code, the board of directors, managers, executive directors, etc all have fiduciary responsibilities towards the nonprofit they serve.

The past literature has provided some evidence of the impact of nonprofit governance and effective leadership on organizational performance, but there is still much research that needs to be done on the subject. Callen et al. wrote, "although a great deal of empirical work has been

done trying to link for-profit corporate governance with corporate performance [...] much less empirical research has been done linking nonprofit governance with nonprofit performance” (Callen & Tinkelman, 2003, p. 493-494).

### **Review of Best Practices**

Board structures for nonprofits can range from working boards, to advisory boards, to governing boards. The type of board a nonprofit has is usually tailored to the organization's needs and structure and will often grow and change with the organization. Each type of board structure comes with its own set of benefits and challenges which will be further explored. The organizations chosen for this section have varying similarities to LBHS; from dealing with mental health and substance issues, to being a small organization within a small community, and finally to starting small and growing in Salt Lake City.

Working boards are generally defined as board members who are also active in the daily activities of the organization. This has not been revered as a good definition because all boards are technically “working”. Nonetheless this type of board structure refers to boards who are involved in the day to day of the organization. This is often the case of new or small non-profits purely out of necessity. They are small and just gaining ground so those who are involved tend to be involved at every level. It is easy for an organization to operate in this fashion for many years, but once a nonprofit begins to grow and hire paid staff it becomes more important for them to have a proper checks and balance system that a governing board can offer.

Moab Pride, a small nonprofit in southern Utah, has maintained a working board for the past six years. Those on the board were incredibly involved in the day to day operations of the organization from the beginning, the members were also all founders. They held multiple roles from executive director to stage manager to board secretary. They were knowledgeable and

motivated, but could also have a short sighted and narrow vision of the organization because of the direct involvement in the day to day operations.

This organization reported many benefits from having a working board. Those involved are committed to the mission, knowledgeable of the ins and outs of the organization, and passionate for what they started together as a team. They had a good working relationship and chemistry because of their friendships. As Helene Rohr stated, “They were friends and worked well together.” In the beginning they were simply too busy growing the organization and being caught up in the excitement of the response to them to bicker or challenge one another. Rather, “they just put their heads down and got things done.” (H. Rhor, personal communication, November 19, 2017)

Some drawbacks from simply “putting your head down and getting things done” would be having a lack of oversight of the executive director and other members of the founding and operating team. This can lead to all sorts of problems within the organization, from transparency to shortsightedness. While being friends can be beneficial it can also come with the risk of sacrificing professionalism, being able to hold appropriate boundaries, and in applying policies that may be unpopular. While many nonprofits begin this way, as a group of friends with a common goal, as the organization grows it becomes imperative that the board gains the ability to oversee all operations.

A governing board is made up of professionals, community members, and interested persons who meet quarterly to oversee the organization. These individuals are responsible for oversight of the organization in all areas; financial, legal, ethical, and mission driven. They have a legal responsibility to the organization as stated in the by-laws.

Volunteers of America, an extremely large nonprofit organization who specializes in substance abuse and mental health treatment, has a governing board who is in charge of overseeing the organizational goals, the executive director and the financials. Because both LBHS and Volunteers of America focus on mental health and substance abuse their board needs to be sensitive to the issues their clients face daily as well as issues of confidentiality.

One of the main challenges with a governing board is that they can be far removed from the services that the organization is providing. This can hinder them in both motivation within the board and in connection with what the day to day actually requires of staff. With a good executive director these issues can be skirted through proper communication and transparency.

A loss of motivation is a serious and common issue amongst board members. They do not always get an opportunity to see the difference the organization is making in other people's lives therefore they do not get the "feel good" effect that many people in nonprofits get. The people who receive services also do not get a chance to connect with these board members. Sometimes these types of organizations will hold retreats or activities where they invite, or require, board members to participate so that they get an opportunity to feel the good they are participating in and clients can meet those who are working on the board.

Having a governing board who is separated from the day to day operations is beneficial because of their ability of oversee the bigger picture. With the overall mission statement in mind, the governing board can focus on how the individual programs are achieving the goals of the organization. The governing board also oversees the executive director and demands accountability of the officers of the organization. This oversight and accountability within the organization builds a positive relationship with the community at large and reflects



professionalism and transparency. Having a good relationship with the community in which it resides helps a nonprofit with recruiting and retaining volunteers, clients, and donors.

An advisory board is similar to a governing board in that they offer oversight but they are not legally bound to the organization like the governing board is. They are more of an oversight committee who helps to ensure that the big picture, all things that take over a year to come to fruition, are aligned to succeed. Advisory boards are not as involved in making decisions for the organization, they are there to offer their professional opinions and to help guide the governing board.

Spyhop, a local nonprofit whose mission is to mentor young people in the digital media arts to help them find their voice, started out with a working board but now has both a governing board and an advisory board. They report that it works well for their organization but also comes with its share of benefits and challenges. One of the challenges in this type of dual board has been the maintenance of both boards, reports Matt Mateus the Program Manager of Spyhop. There is a certain amount of time you must dedicate to each board in order to keep board members informed, trained, motivated, and involved. While some people feel that this time is wasted, Matt has found it incredibly beneficial. “With both boards full they are able to reach more of the community through word of mouth and generate more donors and volunteers.” (M. Matteus, personal communication, November 29 2017) In his opinion, the increase of outreach from having both boards far exceeds the time it takes to maintain two productive boards. The benefits from this type of board structure has been increased oversight of Spyhop. With both a governing board and an advisory board overseeing programmatic and financial operations the organization has increased accountability and transparency. Matt also reports that they have seen an increase in diversity and more thoughtful representation of the community in which the organization

resides. He stated that there was a fear that “too many cooks in the kitchen” would divert the focus of the organization but that they have not experienced this within Spyhop.

The structure of the board should ultimately reflect the organization it oversees. As an organization grows so shall the board who oversees it. Ultimately, “every founding board will one day reach the point when it requires rejuvenation, when it’s time for the original members to step aside and welcome new recruits.” (Navigating the Organizational Lifecycle, 2013) This allows for growth without the hindrance of founder's syndrome and the potential for shortsightedness of the original board.

### **Board Best Practice Recommendations for LBHS**

Because the Board is a working board at LBHS it is crucial that they follow strict guidelines to ensure proper operation and practices. Currently LBHS does not have any board information due to the loss of a computer and, consequently, all of the files. Moving forward we recommend storing important files in a google drive or dropbox account to avoid any future loss due to equipment loss. This report intends to provide LBHS with a number of different recommendations to improve the governance of the Board of Directors and the overall governance of LBHS. The following is a list of recommendations for LBHS Board practices.

#### ***Bylaws***

##### *Code of Conduct for Board members*

Bylaws give structure and cohesion to a nonprofit organization. They are essential to a nonprofit's long term success and enable an organization to serve their clients to the best of their abilities. Bylaws and policies protect the nonprofit organization, the Board of Directors, staff, volunteers and the clients they serve. They should address basic activities, such as: governance (i.e. Board structure and when and how board meetings will be held and conducted), how the

Board of Directors and Officers will be appointed or elected, voting procedures (i.e. what constitutes a quorum). They should also address issues such as how committees are created and discontinued, the number of directors for the board, their required qualifications, and their terms of service, language that affirms the requirements and prohibitions for nonprofit (501(c)(3) organizations as set out by the IRS, rules that govern conflicts of interest, how the bylaws can be changed or amended, etc.

LBHS would benefit greatly from the organizational structure bylaws would bring. That being said, bylaws are meaningless if they are not followed. LBHS should formulate bylaws that are tailored to their needs. Their bylaws should include the aforementioned items as well as any other subjects that the Board of Directors feel is necessary for LBHS to be successful in their growth. Once LBHS adopts a set of bylaws, they should be reviewed regularly and updated as needed so that they can change and grow as LBHS changes and grows. It is further recommended that LBHS make their bylaws available for the public to increase transparency and make it publicly known how LBHS is governed and operated. See section II of the Appendix of this report for a sample bylaw document that LBHS can adapt and tailor to its needs.

### *Conflict of Interest*

Conflict of Interest are unavoidable because people play more than one role in their lives. Two obligations usually conflict. These conflicts can however, create risk of corruption because an individual personal interest can affect judgment, actions and duties towards the nonprofit. This is why it's needed to take precaution to avoid and minimize self-dealing by governing board members and officers (Bryce, 2017).

*The conflict of interest policy must include:*

1. A definition of the circumstance that constitute a conflict of interest.

2. Procedures for disclosing a conflict of interest to the audit committee board of the, or if there is none, to the board itself.
3. A requirement that the person with the conflict of interest not be present at or participate in the board or committee deliberation or vote on the matter giving rise to the conflict.
4. A prohibition against any attempt by the person with the conflict to influence improperly the deliberation or voting on the matter giving rise to the conflict and
5. Procedures for disclosing, addressing, and documenting related party transactions that are discussed later.

For LBHS, to be effective and attract more donations it's important to have formally written policies. This will help them with monitoring and enforcing conflict of interest policy. All individuals involved specifically members of the board where very sensitive information is shared owe their organization loyalty, which requires them to avoid interactions that may be detrimental for the organization. Enforcing conflict of interest can make it easier to identify a problem and reduce such issues.

A written policy for employees to confidentially report unethical behavior will help to report activity and protect the organization resource. Properly written policy can ensure that relevant documents are available to protect the organization status. Being able to easily evaluate the success of its programs, monitor and prepare financial statements. The policies will encourage engagement in activities that will benefit the interest of LHBS and increase donor confidence. In a study done by three universities they found that about 85 % of organization who are well structure and have well written policies

attract large amounts of donations (Harris,2015).They found that at least once a year these organizations received one large amount of donation.

### *A Board Manual*

A board manual is often given to new board members just after their election into the position. This manual includes the details of what will be expected of their tenure with the organization. These guidelines are helpful for both the organization and the new, or existing, board members because it outlines expectations, terms, positions, and more. By giving new members tools for success the organization is empowering them to be better board members.

The first piece of this manual is often a board member agreement which they and the executive director both sign. These agreements outline how the members are to represent the organization, what is expected of them as far as attendance and contributions, and how they are to deal with any conflicts of interest or other issues that arise. These are the binding agreement between the board and the organization that ensures they will do their best to represent, promote, and oversee the mission of the organization.

Boards will have varying positions from secretary to board chair, each with its own set of responsibilities, as listed in the by-laws. Having clear position descriptions and responsibilities helps the member know exactly what role they fulfill within the board, gives them a purpose and gives them ownership over a part of the operations. This increases buy in from board members especially during board meetings when it becomes easy to sit back and wait for others to take the lead.

These specific positions, as well as the tenure of board members, should be subject to term limits. It is important to both rotate board members through these positions and to rotate members through the board itself. This ensures that there is fluidity in the board, that one person

or group of people do not maintain the power within the organization, and that board members are involved in many aspects of the organization. Maintaining a rotating membership of board members is increasingly important to nonprofits because of the freshness and life new members bring to the organization. Terms should also be staggered so that only a few board members are replaced at a time rather than replacing the entire board at once.

Board manuals are important documents for both the new board member and the organization because they are the policy and procedure manual for the board. With these documents the board members are armed with the knowledge, expectations, and policies for the organization they are overseeing. The organization can be sure that they have given all pertinent information to board members and can rest assured that their expectations are clear. This form of communication is vital to any organization, especially for nonprofits.

#### *Evaluation Process*

A high number of nonprofits fail and do not last long to make an impact in the community. Many nonprofits are following the corporate strategy of training managers not realizing the reason behind the weaknesses is lack of leadership and not management.

Not only the nonprofit boards are weak due to a lack of leadership, but also they have been weak in the area of evaluation in measuring their progress and assessing their needs. To assist LBHS's board and administration becomes more efficient in their efforts we have some recommendations concerning evaluating their organization systematically to ensure they are meeting their goals and making changes as they move forward. First, there is a need for the board to assess itself before evaluating the program and rest of the organization. In a survey completed by Leading with Intent, a governance survey conducted by BoardSource, only a slight majority (51%) of organizations reported that they use a formal, written self-assessment to

evaluate their board's effectiveness. (NCN, 2017) Assessing one's performance is of utmost importance and should not be overlooked.

The second recommendation regarding evaluation is thinking about how they have been selecting their board members. What are the LBHS criteria behind these selections? It is essential for each of board members to reflect on their engagement with the organization. There needs to be a high expectation of the board members, and they should uphold themselves to that standard. If for some reason it is difficult for the members of the board to keep up with the demand that is required from them then perhaps they should be willing to step down so that others will be chosen in their stead. The board together should create a list of standard expectations for the board and have the members evaluate their engagement based on those set of standards. The president/chair should be willing to take the most advantage of the board's expertise and leadership and take their advice on creating a strategic plan for success. The board should also be able to work as a team to achieve results meaning that there should be regular meetings, regular communications between the executive director/chair and rest of the board, the board should be consulted with about every matter. Solange Charas in an article he wrote for Harvard Business Review writes that "boards that can function effectively as a team have an 800% greater impact on firm profitability." (Wild-appricot, 2017) According to what she said then we can say regular communication among members of the boards is crucial and necessary for the organization's success, and also it leads to the board members commitment to the nonprofit. In a recent research conducted at the Stanford School of Business, it was found that:

- "27% of board members don't think their colleagues have a strong understanding of the mission and strategy.

- 65% don't think their board is very experienced, and about half don't think their colleagues are very engaged in their work.
- 46% have little or no confidence that the performance data they review accurately measure the success of their organizations.” (Wild-appricot, 2017)

The third recommendation is to long-term plan and strategy. How is LBHS building relationship with other organizations? How are they creating capacity in future directors? For example, one of the challenges of many nonprofits is lack of skilled directors. Is LBHS consciously investing time and energy and assisting in building capacity for a future director and does the organization have someone in mind who can replace the existing director in 5-10 years? Now that few groups have offered their thoughts and recommendations about the things LBHS can improve on, what is the board's plan for addressing some of these suggestions? What plan will be made? What is the most urgent matter that needs to be addressed?

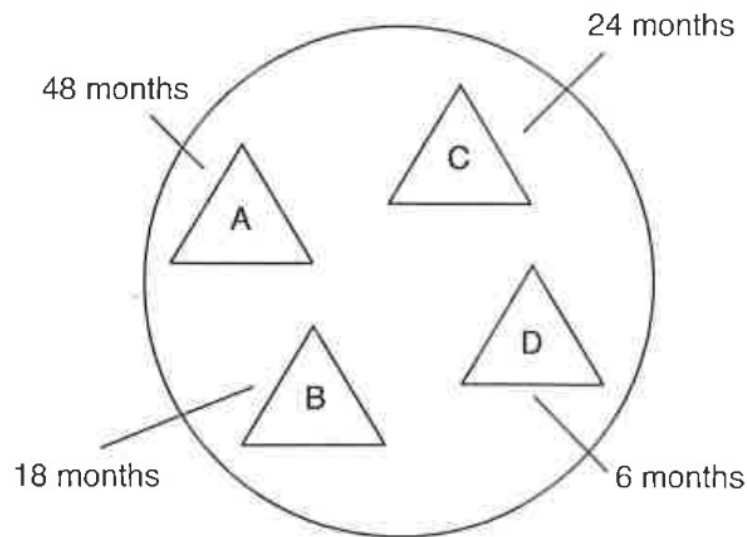
### *Strategic Planning*

Our team recommends creating a strategic plan for the organization to use as a reference tool throughout the years. We believe because of the continuing success of the organization it is within the best interests of LBHS to create a strategic change portfolio in order to execute their strategic plan as they develop as an organization.

We recommend the board to work with the executive director and other management to develop this strategic change portfolio. The strategic change portfolio will involve plans ranging six months to four years that will contain at any point in time long term projects and initiatives of the organization. It will be most important to create and commit in this portfolio long term initiatives focused on sustaining the organization in terms of fundraising, programming or facilities. Collectively the board should aim to brainstorm these significant issues together and



identify challenges the organization with face and potential areas of growth to ensure the organization is always working under its mission and towards its developing vision. Integrating the board into this process is key in developing innovative initiatives focused on the long term vision of the organization. A visual aid is attached below giving a written idea of this type of strategic planning in a portfolio.



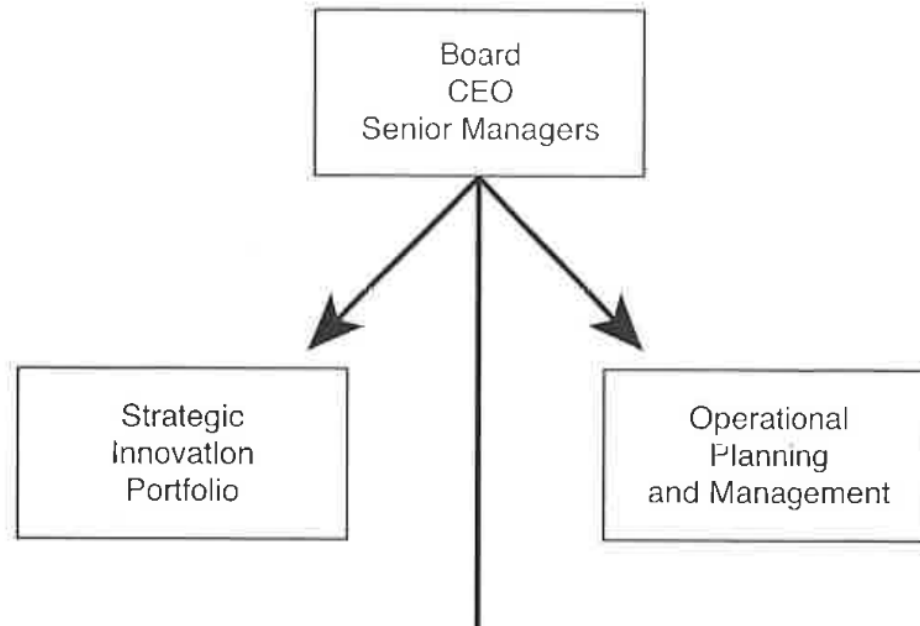
#### Strategic Innovation Initiatives

- A – New service center
- B – Fundraising campaign
- C – New management information system
- D – Board restructuring

(Eadie, pg. 104)

As LBHS will undoubtedly continue to grow it is important that the board has functions in place to help support this growth. A strategic change portfolio will benefit the organization for two major reasons, first it will facilitate the influence of the board in the organization and make them dynamic in their leadership. Second, it will mainstream the way in which the operational

team works and the board works both daily and in the long term (Eadie, pg. 105). This type of streamlined management is depicted in the image below.



(Eadie, pg. 104)

## Appendix

### I. References

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***II. Sample Bylaws (Obtained from “The Center For Nonprofit Resources”)***

**[Name of Nonprofit]  
BYLAWS (or Code of Regulations)  
Adopted [Date]**

**ARTICLE I – NAME**

The name of the organization is [Name of Organization.] [Name of Organization] is a not-for-profit corporation organized pursuant to Utah State Code and is a charitable organization within the meaning of Section 501(c)3 of the Internal Revenue Code.

**ARTICLE II – MISSION**

The purpose of [Name of Organization] is to [state mission.]

**ARTICLE III – AUTHORITY**

**Section 1 – Board of Directors’ Authority** – The governance of [Name of Organization] is and shall be entrusted to the Board of Directors. The Board of Directors shall define the policies and monitor their implementation. In addition to the power and authority expressly conferred upon it by these By-Laws, the Board shall take all such actions as necessary for nonprofit organizations under applicable laws; but subject, nevertheless, to the laws of the State of Ohio, and the provisions of the Articles of Incorporation of [Name of Organization.]

**Section 2 – Fiscal Year** – The fiscal year of [Name of Organization] shall commence on January 1 and terminate the following December 31 of every calendar year.

**ARTICLE IV – BOARD OF DIRECTORS**

**Section 1 – Number of Directors** – The Board of Directors shall consist of not less than eleven (11) or more than fifteen (15) Directors. New Directors shall be proposed by the Governance Committee and shall be voted upon by the Board of Directors.

**Section 2 – Election of Directors** – The Governance Committee shall prepare a slate of nominees for Directors to be submitted to the Board of Directors at least seven (7) days prior to the March board meeting. Members of the Board of Directors may submit additional nominations to the slate at any time prior to the election. If no positions on the slate are contested, the slate can be approved via a voice vote from a majority of the quorum. A ballot shall be provided for the election at the request of any Board Member or if positions on the slate are contested. If positions on the slate are contested, the candidate(s) receiving the most votes will be deemed elected.

**Section 3 – Orientation** – It shall be the responsibility of the Governance Committee to schedule and conduct an orientation session with for all newly elected Directors within ninety (90) days following their election.

**Section 4 – Terms and Limitations** – Directors shall be elected to serve for a term of three (3) years. No person shall serve for more than two (2) consecutive full three (3) year terms. Directors elected to fill unexpired terms may serve two full terms after. Directors may be elected again after sitting out for one year.

**Section 5 – Termination** – A Director may be terminated for any valid reason by a two-thirds (2/3) vote of the Board of Directors at the next meeting following a motion for termination. Any member absent from three meetings in succession or four meetings in any twelve-monthly period is automatically terminated and shall be so notified by the Governance Committee. If such a member requests reinstatement within two months, the board may reinstate the seat at their discretion.

**Section 6 – Ex Officio Board Members** – The board of directors shall include the following as ex-officio members:

1) [Here an organization can name people in specific offices, or who occupy roles with allied organizations or stakeholders.]

**Section 7 – Conflict of Interest** Board members shall annually sign and be bound by the Conflict of Interest Policy approved by the board.

**Section 8 – Non-Discrimination** – The Board of Directors shall establish and enforce a policy of non-discrimination for all services provided and for all employment practices. [Name of Organization] will comply with all laws and regulations ensuring that service recipients,

volunteers and employees will not be discriminated against because of race, color, ancestry, ethnic group, age, sex, religion, national origin, handicap or disability, sexual orientation, marital status, or veteran status.

**Section 9 – Director Vacancies** – The Governance Committee will make recommendations to fill vacancies, which may occur on the Board of Directors. Directors filling vacancies will be elected by a majority vote of a quorum of the Board of Directors present at any regularly scheduled meeting using the same process described in Article IV, Section 2. The newly-elected Director’s term shall only be for the remainder of the unexpired term created by the vacancy.

## **ARTICLE V- OFFICERS**

**Section 1 – Positions and Terms** – The officers of [Name of Organization] shall be a President, a Vice President, a Treasurer and a Secretary. Officer candidates must be a current Director in order to hold office. Except for President/Treasurer any two office may be combined at the discretion of the Board of Directors, and some of their duties may be delegated to staff at the Board’s discretion. All officers shall be elected to serve for a two (2) year term beginning at the January board meeting of even numbered years and ending at the same meeting two years later. No person shall serve more than four (4) consecutive years in any one office.

### **Section 2 – Duties of Officers –**

A. President - The President shall preside over all meetings of the Board of Directors. The President shall perform all acts incidental to the Office of the President, and shall have additional powers and duties as may be assigned by the Board of Directors. The President shall be an ex-officio member of all the standing committees.

B. Vice President – The Vice President shall Chair the Board Governance Committee of [Name of Organization] and is responsible for ensuring the integrity of the Board’s process. The Vice President, in the absence of the President, shall have all the powers of the President. The Vice President shall perform other such duties as from time to time may be assigned to the Vice President by the Board of Directors.

C. Secretary – The Secretary shall attend and keep minutes of all meetings of the Board of Directors of [Name of Organization] and is responsible for the integrity of Board documents. From time to time the Secretary may conduct official correspondence on behalf of the Board and shall perform such other duties as may be assigned by the Board of Directors.

D. Treasurer – The Treasurer shall sign checks and other financial instruments and is responsible for the integrity of financial records. The Treasurer shall chair the Finance

Committee, prepare monthly financial reports for board review, and annually propose a budget based on estimated revenues and expenditures.

**Section 3 – Election of Officers** – The Governance Committee shall prepare a slate of nominees for officers to be submitted to the Board of Directors at least seven (7) days prior to the regularly-scheduled January meeting in even number years. Directors may submit additional nominees to the slate at any time prior to the meeting. The election process shall be the same procedure as described in Article IV, Section 2 of these By-Laws.

**Section 4 – Vacancies in Office** – In the case of vacancy in the office of the President, the Vice President shall succeed to the office for the unexpired term or until a new president is duly elected by the board. In case of a vacancy in the offices of Vice President, Treasurer, or Secretary, the vacancy shall be filled for the unexpired term by the Board of Directors at a regularly-scheduled meeting using the same process described in Article V, Section 3.

## **ARTICLE VI – MEETINGS OF THE BOARD OF DIRECTORS**

**Section 1 – Meetings Required** – The Board of Directors of [Name of Organization] shall meet at least quarterly beginning in January at a time and place designated by the President.

**Section 2 – Regular Meetings** – The Chairman shall give not less than seven (7) days notice of each regular meeting. The purpose of the meeting shall be stated in the notice of said meeting. A quorum necessary to conduct business shall consist of a simple majority of the Board of Directors (half of the directors plus one).

**Section 3 – Special Meetings** – Special Meetings of the Directors shall be held on the call of the President or Vice President acting as President, or upon written request of not less than three (3) Directors. The President shall give not less than three (3) days notice of said Special Meeting and the purpose of the meeting shall be stated in the notice of said meeting. A quorum necessary to conduct business shall consist of a simple majority of the Board of Directors (half of the directors plus one).

**Section 4 – Voting Rights of the Board of Directors** – Except as otherwise provided in the Articles of Incorporation or these By-Laws, each Director, except an ex-officio director, shall be entitled to one vote on each matter properly submitted to the Board of Directors via notice of meeting or agenda.

**Section 5 – Electronic Voting** – A vote on any [Name of Organization] item may be initiated by the President or a designee between meetings, collecting votes by phone or electronic mail. The



President will take reasonable precautions to ensure that the Board of Directors themselves cast the votes. There are no proxies for electronic votes, but neither is there a time limit. Instead, the President must continue gathering votes until no further voting could affect the outcome. Results of any electronic poll must be announced by the President or a designee to the whole Board of Directors (by email), and at the next meeting. All decisions made in this manner will be recorded in the minutes of the next regularly-scheduled meeting.

## **ARTICLE VII– COMMITTEES**

### **Section 1 – Executive Committee –**

A. The Executive Committee of the Board of Directors shall consist of the President, the Vice President, Treasurer, Secretary and up to two (2) additional Directors appointed by the Board.

B. The function of the Executive Committee shall be to carry on the business of [Name of Organization] in the interim between meetings of the Board of Directors. The President or any two (2) other members of the Executive Committee may call a meeting of the Committee. The Committee’s action shall be to review issues of board governance and make recommendations of policy options and agenda items for consideration of the full board.

**Section 2 – Standing Committees –** The Standing Committees shall study and make recommendations to the Board of Directors on all matters referred to them. Standing Committees act only with authority of the full board. The Standing Committees shall be:

Finance and Budget – Oversees the financial functions of [Name of Organization], presents monthly financial statements, and an annual budget with recommendations according to existing board policy.

Governance – Responsible for developing the Board of Directors through nomination, orientation, and ongoing education of board members; recommends governance policies and assures adherence to them; and undertakes other duties as outlined in these By-Laws and subsequent board policies.

**Section 3 – Appointments to Standing Committees –** The President of the Board of Directors shall annually in January and at other times as necessary appoint the chair and members of the Standing Committees.

**Section 4 – Additional Committees** – Additional committees may be created and appointed by Board of Directors as it deems necessary. Such committees shall have their full scope of authority designated in policy adopted by the Board.

## **ARTICLE VIII – FINANCE**

**Section 1 – Budget** – Prior to January 1 of each, a budget of estimated revenues and expenses for the coming year shall be approved and adopted by the Board of Directors.

**Section 2 – Audit** – The books of the accounts of [Name of Organization] shall be audited annually by an Internal Audit Committee consisting of at least one Board member and two others selected by the President. The three Board members selected cannot be authorized to sign checks or other monetary documents. A report of their findings shall be provided to the Board of Directors.

**Section 3 – Depositories and Official Signatures** – The Board of Directors shall approve the official depositories of [Name of Organization] and shall annually designate those persons who shall be authorized to sign checks and other monetary documents. Two (2) authorized signatures are necessary. Employees authorized to sign checks and handle funds will be properly bonded or appropriate employee dishonesty insurance shall be obtained to protect the interests of [Name of Organization].

## **ARTICLE IX – AMENDMENT OF BY-LAWS**

**Section 1 – Voting Process** – These By-Laws or any part of them may be amended, repealed or added to by a two-third (2/3) majority vote of the Board of Directors at any regular meeting at which a simple majority of the membership of the Board of Directors is present (one-half of the directors plus one).

**Section 2 – Notification** – Notice of such intended action shall be stated in the notice of the meeting sent to all members of the Board of Directors not less than seven (7) days prior. Amendments shall be read at one meeting and acted on at the next regular meeting.

**These By-Laws adopted by the Board of Directors on [Date]**