

# Building the Board Your Foundation Deserves: The Governance Checklist





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# Introduction

In the early days of a family foundation, the founding donor and other enthusiastic family members tend to turn first to the excitement of grantmaking and, soon thereafter, to the practicalities of management and investment needs. Governance doesn't often make it into the conversation right away—and that makes a certain sense. Early decisions around governance tend to be informal and perhaps intended to be supportive of a strong founder. Over time, however, families and their foundations evolve and founding structures and systems may not serve the foundation (and/or the family) as well as they once did.

While some older foundations realize the primacy of good governance somewhere along the way, newer foundations are realizing that early, thoughtful attention to governance helps position the foundation for success from the outset. Finally, when organizational development calls for it, attention to governance must be a vital part of any review/refresh of the foundation's leadership and operations.

Whether the foundation is older, newer, or renewing, its leaders come to realize that effective grantmaking and management are critically dependent on the quality of their governance. Governance sets the tone (values) and direction (vision and purpose) for everything else.

Attention to governance also ensures that those entrusted with the legal, social, and moral wellbeing of the foundation fully understand and are held accountable for what trusteeship entails. The result is a clarity and shared understanding of what is expected of both individuals and the collective.

Whenever your interest in advancing great governance kicks in, boards usually reach out for advice and support. They usually are looking for answers to some or all of a long list of questions:

- *How many board members should we have?*
- *How often should the board meet?*
- *Do we need committees?*
- *Do we offer discretionary grants or other incentives/acknowledgments of service for participation by the board and/or extended family?*
- *How does the board access community and program expertise?*
- *When do we bring on the next generation?*

And many, many more.

While there are legal and ethical standards that attend to all foundation trusteeship, for most governance practices, there is no “one size fits all.” So much depends on your goals and circumstances. And questions can rarely be thoughtfully answered without some context.

- *What are you trying to achieve?*
- *What role will your board play?*
- *What do you expect of members?*

And many, many more.

This *Passages* guide introduces and describes a checklist of governance-related questions you will likely want to address with your board. While there are good resources to help you identify common and effective practices in each area (many of which can be found in the [NCFP Knowledge Center](#)), this guide focuses less on the outcomes and more on ensuring all of the issues you should be considering are on the table. Think of this as a roadmap rather than pinpointing your destination. By presenting it in this format, family foundation boards will have a practical guide to building the board their foundation deserves.

This guide covers many areas of family foundation governance, including:

- *Foundation Needs and Expectations of Board Members*
- *Board Composition, Selection, and Terms*
- *Board Committees and Decision Making*
- *Board Assessment and Renewal*

Part I begins with a set of questions that, without a doubt, are the most frequently overlooked and the most fundamental: *Governance Guiding Principles and the Role of the Board*.

***For additional guidance, see NCFP’s Family Giving Lifecycle primer [Governance: Building a Framework for Your Decision Making](#)***

# Part I: Governance Guiding Principles and the Role of the Board

Founders, families, and advisors bring different perspectives and experiences to board service. The best of family philanthropy is often found in the richness of that diversity. Yet, when those views are very different—and perhaps even in direct conflict—resolution can be impossible without a common understanding of what it means to serve on any particular board. Before determining any of your governance policies or practices, start with the first and most fundamental of questions:

## *Which principles will inspire and guide your board's service?*

Guiding principles for board service reflect critical issues of attitude and approach. The earlier these principles can be developed and shared with current and prospective board members, the more likely there will be a common basis for developing and adhering to governance policies and practices.



*Affirming shared guiding principles for your foundation board gives invaluable context for all the board work ahead for years to come.*

NCFP recently asked about guiding principles of a foundation trying to position the founding board to include the next generation. Board service, as they had learned from the founders, is a privilege and not a source of any tangible personal benefit. They went on to emphasize that future members should come to the board to support the shared values and mission of

the foundation; personal interests should be supported by personal volunteering and giving. Understanding the value this family places on selfless service went a long way to developing specific policies on eligibility, terms, discretionary grants, and more.

Asked the same question, another family felt the foundation benefited from as many family members as possible bringing their diverse passions, networks, and opinions to the work. Their policies and practices require balancing individual initiative with the need to work as a collective.

## FRAMING CRITICAL QUESTIONS OF ATTITUDE AND APPROACH

As you think about your values, motivations, and aspirations—and as you seek to ensure the best possible governance structure for your foundation—here are some questions to help frame your guiding principles. Document your answers to these questions, and use them as the basis for the policies and practices you establish.

- **For founders: In choosing to establish the foundation, what were your hopes for the philanthropy and for the family's involvement?** Have you shared those hopes with those you've chosen to join you in this work? Candor and clarity about your motivations and goals can eliminate early and endless misunderstandings by those charged with carrying out your wishes.
- **For older foundations that don't have a founder legacy statement: Which charitable memories and personal reflections do you have of the family historically and, most especially, the founders?** While each person will have memories unique to their relationship with the founder, the important work will come from discussing those reflections with family members and board colleagues and capturing a shared recollection and, ultimately, your statement of founding principles.
- **Do board members see themselves as stewards of a family legacy?** Do they understand their responsibilities as stewards of a public trust? Do any family members use other frames of reference (typically a family business or family office) to (perhaps inappropriately) behave as owners of a financial asset?
- **Does the family serve the foundation or does the foundation serve the family?** Do board members understand their legal and ethical obligations as private foundation trustees?
- **How do you define the privilege of trusteeship: as honor and responsibility or as personal prerogative?** Should/will there be any tangible personal or individual benefit to board service?
- **To what extent is this a family foundation where a shared vision and mission are pursued and to what extent is it a vehicle for the giving interests of individual board members?** Recognize that this issue—like many on this list—becomes more complicated as the family grows; any initial solutions identified at founding may need to be revisited—and likely amended—over time.
- **Given that systems do not always age well, is the foundation intended to exist in perpetuity and, if so, how will your governance policies and practices reflect that goal?** Years ago, one relatively small family foundation—that intended to be a perpetual foundation—set a policy that all blood relatives could serve on the board. Over time, this became increasingly difficult and eventually unrealistic and unmanageable.

- **If there will be a shared vision and goals, how will those be determined?**
- **How will the spirit of the foundation and its governance reflect the fact that this is, first and foremost, the philanthropy of the founder’s family in its entirety?** In the first informal years, foundations may divide up the work, decision making authority, grantmaking opportunities, and board seats among segments of the family—often defined by the branches represented by the second generation. Other foundations determine roles and privileges based on generations. Over time, what starts as a helpful organizing mechanism can become the endgame. The board may struggle to maintain “[fairness](#)” among those segments and often lose the sense of the founding family as a whole. Fair to whom? And to what? Reaffirming the legacy of the founder and the entire family can help counterbalance the ongoing demands of family divisions.
- **How will you build your foundation community to access the expertise and experience you’ll need for maximum effectiveness?** How will others complement the knowledge and perspectives family members bring to the table? And to what extent is family control a priority? (For more on this important topic, see the section on eligibility.)
- **How will guiding principles characterize your relationships, not only with your fellow board members, but also with your current and prospective grantees, collaborating funders, and others?**

## **ACTION STEPS: DEVELOPING YOUR STATEMENT OF GUIDING PRINCIPLES**

If you’re thinking about a governance refresh, planning to welcome a new generation to voluntary service, or looking to identify community board members who understand and practice your approach to governance, consider developing a shared statement of guiding principles. To do so:

- 1 Define and draft principles that will guide your governance and your approach to the privilege of board service.**
- 2 Discuss how these principles should be reflected in your board policies and practices.**
- 3 If you’ve already done work to articulate your values, explore what your values say about your governance philosophy and your approach to board service—for now and for the years ahead.**

*For examples of governance policies and trustee job descriptions  
visit [NCFP’s Policy Central](#)*

## Part 2: Clarifying Foundation Needs and Board Member Expectations

Deciding which principles will inspire and guide your governance policies and practices provides invaluable context for all board work.

And, while you are likely more than ready to start selecting people, you'll first want to consider the question of what you are asking them to do. Prospective board and committee members will want to understand the expectations that you have for their participation. Equally importantly, you will want to make sure they are ready to do the work you envision. Start by reflecting on the following questions:

- *What work needs to be done?*
- *Which roles will individual board members be expected to play?*
- *What does that say about your expectations of the board members called to serve?*
- *Why and how will you communicate these expectations to others?*

This section of the Checklist details how each of these questions might be approached and what your answers might cover. The time and effort you spend doing so will save countless hours of misunderstanding, frustration, and conflict in the future.

### ABOUT THIS SECTION:

- This set of questions gives you the opportunity to think critically about **what you need your board to do**. And, perhaps just as importantly, which roles do you **not** expect them to play?
- These questions will help clarify your own thinking not only on what needs to be done, but on **whom you choose to invite** to be part of your governance team.
- This step will clarify the **elements of the position and responsibilities required of each board member**. It is, in effect, your board member job description. Creating the basis for your board member job description will ensure that all members are on the same page in terms of expectations and satisfactory performance.
- Having this information in hand allows you to **share the demands of the job with prospective board members** during the invitation process and before they accept. No one will be able to say they didn't know how much work there was to be done, how much of a time commitment is involved, or what they needed to do to remain in good standing.



# DEFINING ROLES AND RESPONSIBILITIES OF YOUR BOARD

We recommend starting with three critical questions to help define the roles and responsibilities of the board.

1

**Do your individual board members understand the legal requirements of foundations and their governing boards? Are there areas where they could use additional guidance or training? The overall duties of care, loyalty, and obligation are regulated. Boards, collectively and individually, can be held *accountable for them*.**

There are the rules for what you must do:

- Ensure assets are accounted for and invested responsibly;
- Distribute at least the minimum required payout required by law and ensure excise taxes are paid;
- Keep adequate records and file appropriate forms (Form 990PF particularly);
- And more.

Then there are the things the law prohibits:

- Self-dealing;
- Lobbying;
- And more.

NCFP's [Governance Essentials Content Collection](#) has a variety of resources providing greater details on the legal and fiduciary responsibilities of board members.

2

**Will there be paid, professional staff to manage day-to-day responsibilities of the foundation?**

If the answer is that the work will be done by volunteer board managers, consider the following questions:

- How will that work be appropriately and fairly assigned?
- How will the work be supported (advisors, consultants, contractors, etc.) and how will it be assessed for effectiveness?

If there will be staff, consider these additional questions:

- How will the board identify and oversee the staff executive (executive director, president, chief executive officer, etc.)?
- How will you set performance goals and standards and monitor that performance?
- How will you avoid getting into staff management or other areas more appropriate to staff than the board?

### 3 | What will the board's role be in designing and carrying out your grantmaking strategy?

Typically, the board sets the values, vision, and mission of the foundation and also approves and monitors grantmaking strategy and performance. Some foundations have staff or consultants to propose the strategy, carry out the grantmaking, and submit information on how well goals are being achieved. Other boards prefer a more hands-on role in grantmaking. Your foundation will allocate these roles based on your particular circumstances and preferences. Questions to guide this discussion include:

- What role is the board expected to play with the public, especially the grantseeking public, as well as current grantees?
- Will the board conduct site visits, and/or meet with potential grantees and members of the communities served?
- Will board members be expected to be active in nonprofits or to represent the foundation at nonprofit events?

Articulating the roles your board will play should form the basis of your Board Member Job Description. Carefully crafting this document is critical to ensuring that everyone is on the same page about what is required, what makes for good service, and what you might look for in future board members.



***Your board job description moves the privilege of board service out of the realm of entitlement and into the more appropriate area of opportunity and responsibility.***

Families sometimes face the question of how to deal with a board member who is not carrying out the responsibilities of service in the spirit or manner they had hoped. In the absence of a written overview, there is no basis for a constructive conversation with the underperforming board member. Having a job description that all have agreed upon allows you to discuss together the reasons performance may not be as expected and whether there is anything that can be done to improve it. And, as mentioned above, it also is an excellent introduction to the demands of board service for prospective board members—family or not. Ensuring invitees know exactly what is involved in the role allows them to gauge their readiness and availability to do what is needed.

## WHAT ARE THE SPECIFIC EXPECTATIONS OF INDIVIDUAL BOARD MEMBERS?

A base set of expectations to be defined in the job description will likely include many or all of the following:

- Attendance at meetings;
- Participation on committees;
- Availability for leadership positions (board and committee chairs, for example);
- Participation in community meetings or site visits;
- Expected financial contributions to the foundation (if applicable);
- Engaging in ongoing learning, professional development, and board renewal exercises/retreats;
- Timely responsiveness to board and committee leadership as well as staff;
- Participation in a board orientation; and
- Demonstration of a professional demeanor and conduct appropriate to the roll, including contributing to consensus building and teamwork.

In his seminal book, *Foundation Trusteeship: Service in the Public Interest*, John Nason wrote his list of the ten “[Qualities of a Good Trustee](#).” A remarkable and inspiring summary, many family foundations have used John’s list as the basis for their own board member job descriptions.

*“Practical wisdom: the capacity to see the whole picture; to recognize the validity of opposing arguments; to distinguish principle from expediency; and to temper the ideal with what is realistically possible.”*

— Quality #7 from John Nason’s “Qualities of a Good Trustee”

## ACTION STEPS: CREATING YOUR BOARD MEMBER JOB DESCRIPTION

Articulating roles, responsibilities, and expectations offers the best possible chance to build a board that understands shared and individual purpose. Boards benefit from the diverse perspectives and experiences of each member and the statement of common purpose and performance will help ensure there is more clarity than chaos. The process of addressing the questions in this part of the Checklist and the resulting job description will elevate your board beyond the sum of individual privileges and predilections to a higher sense of shared vision and responsibility. Action steps related to this stage of the checklist include:

- 1** Review samples of board member job descriptions generously shared by your colleagues in [NCFP’s Policy Central](#) and in [Splendid Legacy 2: Creating and Re-Creating Your Family Foundation](#).
- 2** Work with your board—and, if needed, an outside facilitator—to answer the questions in this section of the *Governance Checklist* and draft your own board member job description.

# Part 3: Composing Your Board: Eligibility, Size, Selection, and Terms

Fully understanding the principles and work of the board is prelude to articulating the expectations of both the full board and individual board members. Combined, these form the basis for your Board Member Job Description and support the next set of questions—who will serve, how many board members you will have, how will they be chosen, and will there be board terms and rotation.

## 1 | Who is in your pool of potential board nominees?

Considering all the possible people who might add valued expertise and perspective to your board does not mean that everyone in that pool eventually will be nominated. Your particular pool should reflect your most expansive thinking about potential board colleagues—family members, community advisors, program experts, and those whose experience reflects the communities and causes you serve. Expansive thinking opens up possibilities, advantages, and challenges to be vetted as you move into your selection process. Those in the pool of candidates should not interpret eligibility as a guarantee, and certainly not an expectation, of future service.

### Family Members

For purposes of board eligibility, start by defining who is considered “family.” Common categories of family members may include:

- Lineal descendants
- Spouses
- Partners
- Adopted children
- Stepchildren

As with most questions on the Governance Checklist, the earlier you have these conversations, the easier it is to make difficult decisions and stick to them. It is also more likely that your choices will be based on your governance principles rather than the personalities of those expecting to be included.

### Beyond the Family: A Condition of Effectiveness

How might the foundation benefit from the perspectives of community members, legal or financial experts, those with diverse lived experiences, and/or those with a special understanding of your grantmaking priorities—or of philanthropy generally?



Many believe that a board greatly benefits from the perspectives of community leaders and issue experts, as having those will offer the best access to all the information, experiences, and sensitivity needed for quality grantmaking and management. Some believe that the presence of those beyond the family heightens the professionalism and boardroom demeanor of the family. The recent social climate has emphasized the value of diversity not just as a moral imperative but as a condition of effectiveness. Those whose bylaws or other circumstances prompt them to keep governance close, may find that diversity enhances committees, advisory boards, consultants, and other communications and relationships you rely on to be more informed and sensitive to the communities and causes you serve.

## 2 | How will you decide on who will be considered for board service?

With this backdrop in mind, how do you decide who will be eligible for board service, and what your target board make-up will be? A few things to consider:

- **Review goals for participation:** How might your goals for family participation support you in embracing the family in a shared charitable effort? How might your goals for a highly-performing board be enhanced and challenged by expanding eligibility beyond the family? How might the presence of others affect the behavior and performance of family members?
- **Review common practice:** How might the experience of other family foundations offer context?
  - ◇ According to NCFP's [Trends 2020 study](#), 65% of all family foundations have at least one member from outside the family. 79% of larger foundations (\$200 million or more in assets) have at least one non-family member. Further, 40% of those founded since 1990 have at least 3 community members; 27% of those founded prior to 1990 have at least 3 community members.
- **Consider additional options for adding the community voice:** If you know you want other perspectives guiding your decision making, you should also consider other options for securing that participation in addition to board service, including:
  - ◇ Committee participation
  - ◇ Advisory panels
  - ◇ Guest speakers and panels
  - ◇ Community meetings/discussion groups

For those considering community board members but not sure how the dynamics or logistics might be affected, including other voices in these and other ways can introduce you to how dynamics and content benefit from engaging new and diverse perspectives and how your board might similarly benefit.

- **Reflect upon other eligibility factors:** Finally, as you review your desired make-up, review these additional factors you might wish to consider:
  - ◇ Age (Is there a “coming of age” threshold? A retirement age?)
  - ◇ Professional skills
  - ◇ Education and work experience
  - ◇ Diversity, including race, ethnicity, gender, sexual orientation and disability
  - ◇ History of voluntary service and personal giving
  - ◇ Experience in the nonprofit/philanthropic sector
  - ◇ Previous foundation committee experience

### 3 | What is the ideal board size for your foundation?

What is the most inclusive yet efficient size for your foundation? Most family foundations do not shoot for a specific (and confining) number but instead establish a range (5-7 or 11-14, for example) designed to accommodate changing circumstances (a retirement, a sabbatical, a new member, etc.). Ideally, your board size will reflect:

- **The work that need to be done:** For obvious reasons, this is an essential place to start! For more guidance on defining board roles and responsibilities, see Part 2 on pages 8-11.
- **A rich variety of experiences and perspectives:** How many different experiences or points of view do you want/need represented?
- **Decision making:** Which size gives you the greatest opportunity for making the best decisions—with enough perspectives for vigorous consideration without becoming unwieldy?
- **Common practice:** Several studies conclude the average board size is about 5-8 members although that total can vary widely.

Note one question not on the list: “*How many people do you have to accommodate?*” Occasionally, foundations will continue to expand the size of the board rather than make difficult decisions about which candidates are the most able, committed, and available at any point in time.

As Margaret Mahoney, the late foundation president and trustee, wrote:

***“Responsible boards are not born. They are composed carefully. A board must be large enough to be diverse, yet small enough to be deliberate. Certain personal characteristics of board members are essential... A foundation needs trustees who can work together productively, but that does not require that they be unanimous in their opinions or uniform in their outlook... A foundation’s extraordinary potential for good springs from its board’s ability to act as a collective, to be cohesive in fulfilling its public trust.”***

## 4 | What will your nominating process look like?

Given your eligibility requirements and the pool of potential candidates ready to meet the expectations of board service, how will you make final decisions about who will be invited to serve on the board? And who will make these decisions?

- **Whom will decide?** Many family foundations appoint a [Governance Committee](#) (sometimes called a Nominating Committee) charged with ensuring the ongoing vitality and effectiveness of the board. This committee may plan retreats, board assessments, orientation for new members, and the like. Of course, key to their charge is their responsibility to propose a slate of candidates to the full board for approval. For very small boards, the board may choose to act as a Governance Committee of the whole.
- **How will you decide?** A number of factors should be considered when developing a slate of candidates:
  - ◇ *What are the current needs of the foundation?* Might you benefit from financial or legal expertise or expertise in your program areas?
  - ◇ *Whom among the family members might* add to the depth and breadth of the board (next generation members, candidates from different branches, etc.)?
  - ◇ *If you have a two-tiered system* (Members and Directors) what role will each play in proposing and approving the slate? For example, the [David and Lucile Packard Foundation](#) has Family Branch Members and At-Large Members, while the [Bainum Family Foundation](#) has a two-tiered structure with an eight-member Board of Directors who are nominated and appointed by the Members Committee, comprised of five members of the Bainum family.
  - ◇ *Will you centralize the nominations process or disperse nominating authority?* Some foundations choose not to consider board composition as a whole but to delegate that authority to individuals (i.e., to choose their successor trustees) or branches of the family. In the early years that might seem like an easy and “fair” way to do it. Ultimately, though, the foundation and the board will grow beyond those practices and will benefit from a process that considers the needs of the board as a whole rather than emphasizing the divisions within the family. Historically, those who centralize the process with the whole foundation’s wellbeing at the center, report fewer problems in naming members and maintaining a cohesive, highly-functioning board.

## 5 | Will board members serve terms? Will there be rotation of terms?

Understanding the implications of the length of board service requires the board to discuss and define how new family members, as well as new community members, will be invited to serve. How will your terms and rotation policy allow for maximum participation, fresh perspectives, and offer long-serving members the opportunity to “take a break?”

- **Will there be terms?** It is not unusual for founders and even G2 members to serve “life” terms to allow for continuity during the critical years of foundation formation and transfer of leadership to G3. Even in those cases, it makes sense to begin serving terms in G3 when there are likely more family members to choose from—as well as busy, younger people who may have limited time at any particular moment in their lives to serve effectively.
- **What will your terms be?** Terms can be of any length that makes most sense for your foundation. Most common are 3-, 4- and 5-year terms, which may be renewable.
- **Will there be rotation?** A few foundations are structured so board members serve terms but there is no limit to how many consecutive terms a member may serve. Again, to allow for continuity as well as the need to take a break or accommodate new members, most foundations structure their boards so that members are limited to a certain number (Two? Three?) of consecutive terms before taking a break (usually at least a year). In those cases, a member may be reconsidered by board service after the year(s) away.

### **ACTION STEPS: DEFINING YOUR BOARD ELIGIBILITY, SIZE, SELECTION, AND TERMS**

We hope that reviewing this checklist will help you to:

- 1** Consider all the possible people that might add valuable dimension to your board: family; community members; special experts; representatives of the communities you serve; legal and financial advisors; and others.
- 2** Develop a “pool” of potential candidates.
- 3** Articulate, document, and communicate the eligibility requirements for board service. Emphasize that eligibility does not guarantee election.
- 4** Determine the most appropriate size range for your board.
- 5** Consider the value of terms and rotation and institute a policy based on your goals and circumstances.



# Part 4: Ensuring Board Vitality: Assessment, Renewal, Committees, Decision Making, and Communications

With your board leaders at the table, the final set of Checklist questions are designed to ensure your board functions well and is vital in the near and long-term.

## BOARD ASSESSMENT

Foundation boards are often eager to embrace assessment strategies for grantee performance, foundation staff reviews, and even for the effectiveness of their program goals and grants. Less frequently do they consider the effectiveness of their own performance. Yet it is just that kind of examination that enables boards to understand what is working and assess what might be done better.

There are many ways a board can assess performance. Where you land in terms of process is a matter of what you want to learn and how much of an investment of time and resources you feel ready to make. Questions to consider as you determine how board performance will be reviewed include:

- *How will board expectations (detailed in Part 2 of the Checklist) be considered and enforced?*
- *How will the functioning of the board as a whole be assessed?*
- *What do we want to learn and which assessment strategy will help us learn it?*
- *How can/will we use the resulting information to reinforce effective practices and make needed changes?*

## BOARD RENEWAL

Setting aside time for reflection is a key governance strategy for ensuring board vitality. Dedicating precious time for this purpose ensures you have the chance to think about opportunities and challenges that might not surface in the day-to-day demands of the board work agenda. The board—and board members—will benefit from critical reflection, renewal, and growth. Questions to consider as you decide what kinds of ongoing board development will be offered or required include:

- *How will new board members be oriented to the spirit and responsibilities of service?*
- *Which educational opportunities will help you stay current in the issues related to philanthropy and your program priorities: site visits; guest speakers; advisory groups; readings and commissioned papers; etc.?*

- *How might peer networks, conferences, webinars, and other opportunities in philanthropy and your fields of interest provide learning and enrichment?*
- *How might periodic board retreats help build skills and capacity, inspire, reinvigorate, and offer much-needed time away from ongoing business?*

## **BOARD COMMITTEES AND OTHER ADVISORY GROUPS**

Committees offer boards special expertise and more detailed attention to a variety of foundation matters than they might get otherwise. Critical to their usefulness is clarity about their charter and mission, how they will relate to and advise the board, who serves, and how and how often they will meet and communicate.

Most foundations have typical standing committees: executive; investments; finance and audit; and governance. Others add compensation and a variety of program committees. In addition to board members, and depending on the committee, foundations often include experts, former and prospective board members, family members, and representatives of the communities they serve. Questions to consider as you review your use of board committees and advisory groups include:

- *Which board committees will organize and guide the work of the board?*
- *What is the specific purpose of each committee? (Note: committees can get unwieldy when there is no clear understanding of their mission/purview.)*
- *How will committees relate and report to the board? Who do they advise? How? When do they advise and who and when (if ever) do they decide?*
- *Whom is eligible for committees?*
- *How will committee leadership be identified?*
- *How often will committees meet and how will they meet (in person, virtual, etc.)?*
- *How might advisory committees lend expertise and experience to enhance the board's work without adding to the board size/scope of work?*
- *Will there be terms and rotation for committee members?*
- *How will committees be staffed?*
- *How will other needed expertise be accessed: legal; communications; program; other?*

## BOARD DECISION MAKING

Early in the foundation's development, decision making can be pretty simple. That is, board members defer to the founder. Often the board is so small that consensus based on give and take become the norm. At some point, and usually the earlier the better, a process for making tough decisions must be worked out.

There is perhaps no board practice that is more critical—and contentious—than how decisions will be reached and honored. Foundations report that decision making can surface difficult family dynamics, most frequently in those foundations where board table and dining table behavior has not been satisfactorily distinguished.

Questions to help guide your [decision-making policies and practices](#) include:

- **How will board decisions be made (consensus, voting, other)?**
- **What is the role of the board chair in leading meetings, voting, and advancing good process?**
- **What is the role of the chief staff executive in decision making and in navigating conflict?** Maybe more importantly, what is not the role of the chief executive in mediating family conflict?
- **Which decisions may require a special process and/or an outside facilitator?** Take time to differentiate between the high stakes/long-term impact decisions and those that may be lower stake and short term. That might help you dedicate more time and energy to those of special significance. For the latter, many foundations have found that a “consent agenda” allows them to focus on the more critical conversations.
- **How will conflicts of interest be handled?** (Note: what is essential, however, is a defined process for how board members will participate in conversation and/or voting when a conflict of interest is present. Conflicts of interest are not necessarily negative. It is often the case that foundation board members serve on other nonprofit boards or have ties to other organizations and businesses that cross paths with the foundation.)
- **How will strong disagreement be managed?** As with conflicts of interest, there will be disagreements, sometimes serious and emotional. Conflict is always present when an organization is growing and evolving. The issue is how conflict will be managed. How will you distinguish between foundation and family conflict? And which are appropriate for the board room and which are not? What role will the board chair play in facilitating resolution?
- **How will commitment to decisions, once made, be respected?** Some foundations—often those that make decisions by voting—have more trouble supporting the decision than making it. Members who take issue with the final choice may try to re-visit the decision over time. Equally important, how will members support the decision with the staff, grantees, and the public. The capacity to speak with one voice is a profound indicator of the foundation board's integrity, judgment, and reliability.

## BOARD COMMUNICATIONS

While the board meeting is the most significant venue for members to communicate, there are many more opportunities for communications between and among board members, the board chair, the chief staff person, other board officers, committees, other staff and foundation stakeholders, and the public. Having a strong system of information sharing can significantly increase the effectiveness of the board. Questions to help inform your board communications policies and practices include:

- *What is the most effective schedule for board meetings?*
- *How will meeting agendas be developed?*
- *How will the board be engaged between meetings?*
- *Will family and other stakeholders not serving on the board be informed about foundation activities? If so, how?*
- *Which communications strategies will be used to advance our priorities as well as the public's understanding of our philanthropy? (Website, social media, press releases, etc.)*
- *Who is the spokesperson for the foundation: the board chair; the chief staff person; the communications staff person; other?*

## SPECIAL CONSIDERATIONS

From time to time, foundations will offer special privileges to board members. These include the opportunity to recommend discretionary grants, have the expenses of participation reimbursed and, rarely and more controversially, be paid a fee. Thoughts about these privileges should draw extensively from the statement of Governance Principles detailed in the opening section of this guide. The same practices that serve one generation well may be disruptive in another. Monitoring the intentions and results of these privileges can help ensure they stay productive. Questions to ask might include:

- *Are our policies and practices in sync with our governance principles?*
- *How will appropriate expense reimbursement be managed?*
- *Will policies for fees and expense reimbursement be the same for family and non-family members? (Note: some foundations offer special privileges like discretionary grants and expense reimbursement only to community board members in gratitude for their service.)*
- *Will board members be offered discretionary grant privileges? If so, how will that practice be managed? How will it evolve over the generations? How will the full board review and approve the slate of discretionary grants?*
- *Will the foundation offer matching grants to board members? To the next generation? To others?*

## ACTION STEPS: ENSURING BOARD VITALITY

- 1** Determine your practices for evaluating the board and board member performance.
- 2** Design a program for ongoing board development and renewal that may include retreats, conferences and webinars, and guest speakers/writers.
- 3** Review your committee structure to ensure you have the right committees doing the right work with the right people. Include both board standing committees and other advisory or ad hoc committees in your review.
- 4** Assess the effectiveness of your decision-making practices and your communications to ensure they are still serving you well and explore how they might serve you even better.
- 5** Determine whether there should be any special privileges attached to board service—for family and/or community board members. If you offer such opportunities, affirm the motivations for those privileges and confirm that the practice is still working as hoped.
- 6** Decide if you will go through the Checklist on your own or with the help of an experienced family foundation facilitator. Contact NCFP for referrals if needed.





## Closing: Creating a Governance Checklist Action Plan

*“Families come to realize that deciding to allocate some of their wealth toward charity, picking priorities, and giving away money, is only just the beginning... if you want all the benefits, you need to allocate the time and attention and energy to governance – especially if you want this to last across the generations.”*

—[The Power to Produce Wonders: The Value of Family in Philanthropy](#)

The full promise and potential of any one family foundation spring from the motivations, practices, and commitment of its board of directors. Attention to ensuring the highest possible standards of good governance enhances not only the work of the board but also the grantmaking, administration, community relationships, and reputation of the foundation. Experience has demonstrated that the earlier in the life of the foundation a governance review is accomplished, the easier it is to set and enforce policy. Optimally, this review is not a one-time activity. Periodic attention to revisiting and revitalizing your governance policies ensures your board remains equally vital.

## FINAL POSSIBLE ACTION STEPS:

- 1** Set expectations for what you might learn and gain from going through the Governance Checklist with your board. Be bold, be reasonable; imagine wildly, be practical.
- 2** Implement those approaches that get you most excited (and moving!) to lay the best possible foundation for your board leadership.
- 3** Know you are doing this work not just for the moment but for generations. That kind of perspective can help you distinguish between the problems of immediacy and the possibilities of the future.
- 4** Determine whether you want to go it on your own or with help/facilitation (see box). Whichever you choose, know that there are resources available to help you.
- 5** Get started!

### A NOTE ON OUTSIDE HELP AND FACILITATION

This Checklist has been designed to guide you through a thorough and thoughtful conversation about your governance and offers practical guidance on what to include. Some families, especially those in the very early stages, will take this process on themselves and do it very well.

Other families will want everyone to be heard (including the board chair, the founder, and other key members who might otherwise be charged with leading the discussion). For these families, a facilitator may offer a chance for everyone to be fully involved without the burden of impartially managing the process.

For some foundations, the number of board members and potential board members who did not share in the early creation of values and purpose has grown. Memories and perspectives may be different and an outside facilitator can find ways to navigate the differences to find the consensus.

There are experienced facilitators available with deep knowledge of family foundations and governance. A careful search process can ensure you get the one who will work best for your family's personality and circumstances. For suggestions and advice, complete the Consultant Referral Form on the National Center for Family Philanthropy's [website](#) and a member of NCFP will contact you to offer further support.

# Credits

## **About the National Center for Family Philanthropy**

NCFP is a network of philanthropic families committed to a world that is vibrant, equitable, and resilient. We share proven practices, work through common challenges, and learn together to strengthen our ability to effect meaningful change. Our range of programs and services support family philanthropy at its many points of inflection and help families embrace proven practices and advance momentum. Explore our resources, all rooted in a Family Giving Lifecycle, by visiting [www.ncfp.org](http://www.ncfp.org).

## **About the Author**

Virginia M. Esposito is the founding president of the National Center for Family Philanthropy. In January 2020, Ginny transitioned to the role of Senior Fellow to focus her efforts on research, writing, and consulting with families with a special focus on governance. Ginny was editor and principal author of the first edition of *Splendid Legacy* and of *Splendid Legacy 2: Creating and Recreating Your Family Foundation*. Her research publications include *The Power to Produce Wonders: The Value of Family in Philanthropy* and *The Family Foundation CEO: Crafting Consensus out of Complexity*. She has served on boards and committees for organizations including Great Nonprofits, the Binational Commission on the Nonprofit Sector (US and South Africa), the Commission on the Future of Public Education (Public Education Network), Committee on Ethics and Accountability (Independent Sector), the Philanthropy and the Black Church Project, and Strengthening Native American Philanthropy. She currently serves on the board of directors of the John M. Belk Endowment.



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# WORKSHEET: Governance Checklist Summary

## PART I: GOVERNANCE GUIDING PRINCIPLES AND THE ROLE OF THE BOARD

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Which principles will inspire and guide your board's service?

How will these principles be reflected in your board policies and practices?

If you have defined/articulated your shared values, what do your values say about your governance philosophy and your approach to board service—for now and for the years ahead?

## PART 2: CLARIFYING FOUNDATION NEEDS AND BOARD MEMBER EXPECTATIONS

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Do your individual board members understand the legal requirements of foundations and their governing boards? Are there areas where they could use additional guidance or training?

Will there be paid, professional staff to manage day-to-day responsibilities of the foundation?

What will the board's role be in designing and carrying out your grantmaking strategy?

What are the specific expectations of individual board members?

### **PART 3: COMPOSING YOUR BOARD: ELIGIBILITY, SIZE, SELECTION, AND TERMS OF THE BOARD**

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Who is in your pool of potential board nominees?

How will you decide on who will be considered for board service?

What is the ideal board size for your foundation?

What will your nominating process look like?

Will board members serve terms? Will there be rotation of terms?

### **PART 4: ENSURING BOARD VITALITY: ASSESSMENT, RENEWAL, COMMITTEES, DECISION-MAKING, AND COMMUNICATIONS**

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What is your plan for board assessment?

What is your plan for board renewal?

How do you plan to use board committees and other advisory groups?

What policies and practices will you use for difficult decisions?

What will be your policies around board communications and scheduling?

Are there other special considerations you will develop practices around—discretionary grants, board compensation, matching grants, etc.?