How to Build a Diverse and Effective Board of Directors
Goals for this session

1. Share good practices for creating an effective Board

2. Provide guidance to encourage diversity on the Board

3. Share lessons for managing conflict with a Board
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• Board Design and Management
• The Importance of Diversity
• Managing Conflict
A well-functioning Board can generate a lot of value

1. Drive organizational growth
2. Foster a culture of open dissent
3. Support in setting an effective strategy
4. Aid in stakeholder access
5. Provide an engine for fundraising
Organizations with high-functioning Boards are purposeful about their governance design

<table>
<thead>
<tr>
<th>Category</th>
<th>Design Dimension</th>
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<tbody>
<tr>
<td>Roles and Responsibilities</td>
<td>• Primary purpose of governing bodies</td>
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<td></td>
<td>• Nature and distribution of basic oversight roles and responsibilities</td>
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<td></td>
<td>• Expected level of engagement/time commitment</td>
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<td>• Expectations of membership (e.g., attendance norms, tenure, alternates, etc.)</td>
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<td></td>
<td>• Compensation</td>
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<td>Structure</td>
<td>• Hosting arrangement of organization</td>
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<td></td>
<td>• Size of governing bodies</td>
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<td>• Governing body composition (e.g., seniority and expertise)</td>
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<td></td>
<td>• Board chair arrangement</td>
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<td></td>
<td>• Presence of committees</td>
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<td></td>
<td>• Composition of committees</td>
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<tr>
<td>Policies and Processes</td>
<td>• Interaction between the Partnership bodies</td>
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<td>• Process for scheduling Board meetings, setting agenda, and receiving materials</td>
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<td></td>
<td>• Decision-making process (e.g., consensus, majority)</td>
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<td>• Selection process of new members and (co-)chairs</td>
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To make the most of their Boards, organizations should consider the Board’s primary purpose

<table>
<thead>
<tr>
<th>Primary Purpose</th>
<th>Benchmark</th>
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<tbody>
<tr>
<td>Governing body focused on technical advice</td>
<td>Reference Group</td>
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<tr>
<td>Governing body focused on fundraising</td>
<td>High Level Steering Group</td>
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<tr>
<td>Governing body focused on raising the profile of the organization</td>
<td>Leadership Council</td>
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This has implications for the profiles of Board members to seek out
Setting clear expectations of Board members also ensures that their time is used effectively.

- **Attendance Norms**
- **Tenure**
- **Alternates**
To make the most of their Boards, organizations need to invest in Board management

- Prepare meetings
- Carve out specific roles for Board members
- Identify and plan for event opportunities
- Hire a staff member that engages with the Board
- Send a scheduling notice in advance
- Send meeting materials in advance
Dysfunctional Board dynamics can lead to less successful governance

<table>
<thead>
<tr>
<th>RUBBER STAMP BOARD</th>
<th>MICROMANAGING BOARD</th>
<th>BALKANIZED BOARD</th>
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<tbody>
<tr>
<td>• Approves whatever management proposes</td>
<td>• Takes on key management functions in addition to governing role</td>
<td>• Focus is on one part of the organization</td>
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<tr>
<td>• Organization is run by Executives who value autonomy</td>
<td>• Organization’s staff is disempowered and passive</td>
<td>• Organization is run by Chief Executive who is left without Board’s support in strategizing</td>
</tr>
<tr>
<td>• Board is assembled with expectations members will be compliant and serve as “window dressing”</td>
<td></td>
<td>• Board is fragmented and lacking insight to greater organization’s landscape</td>
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</tbody>
</table>

Alex Counts, Spotting and Fixing Dysfunctional Nonprofit Board, 2020.
Warning signs of dysfunction can help diagnose how to make Boards more effective

1. Misplaced Loyalty
2. Seizing Management Functions
3. Unexamined Performance
4. Suppressing Dissent
5. Tolerating Misbehaviour
6. Accepting Balkanization
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Creating a diverse Board carries additional benefits

“A Board composed of directors representing a range of perspectives and identities leads to an environment of collaborative tension that is the essence of good governance.”

“A diverse board of directors can bring a realistic view of the community, strengthen the organization's connection and credibility to its constituency, improve fundraising and assist with grants distribution. In essence, make the group more effective at carrying out its mission.”

“As Boards become more diverse, it will only create more inclusive companies—a virtuous cycle.”

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3 Michelle Buck and Victor Crawford, It’s time to make board diversity an expectation, not just a priority, 2021.
Actions to widen the diversity of a Board

1. Address bias
2. Involve all team members in fostering diversity
3. Be proactive in recruiting
4. Make diversity a part of your mission
5. Set clear goals and monitor results
6. Create a Board that supports diverse members

Tatiana Morand, 6 Steps to Increase Board Diversity at Your Nonprofit, 2021.
Adam Wire, How to Increase Diversity for a Nonprofit Board of Directors in 8 Steps, 2022.
In expanding the definition of diversity, organizations should also consider how to diversify for global perspectives

**What?**

As boards strive to improve the board and organization's effectiveness in engaging with all the stakeholders and in order to understand and manage both risks and opportunities effectively, geographic diversity in the board room will need to increase.

**How?**

Creating and sustaining an effective global board must include a focus on board processes.

- Board meetings can be scheduled for times in which members across the globe can attend.
- Board meetings can be located outside of where the HQ are to give board directors.
- Board materials can be prepared with a cultural sensitivity to processes and language is important to accommodate for potential confusion that can occur due to differences in business language, jargon, culture context that simply do not translate cross-culturally.
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Conflict within a Board can undermine its effectiveness

Grant MacDonald, Managing Board Conflict, 2003.
Ways of managing conflict

- Build a strong and capable Board of Directors
- Have structured procedures
- Develop skills and the space to solve conflicts effectively

Grant MacDonald, Managing Board Conflict, 2003.
Experience sharing – opening up the conversation

1. Where have you struggled to make the most of your Board?

2. What good/best practices on Board management have you seen or implemented yourself?

3. Where have you found it challenging to increase Board diversity?

4. What good/best practices have you seen for increasing and managing a diverse Board?
Additional resources


https://ssir.org/articles/entry/challenging_conventional_wisdom_on_nonprofit_boards
