

# ICANN GOVERNANCE TRAINING

## OCTOBER 25, 2017

### AGENDA

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## Developing a High Impact Board

### Presenters

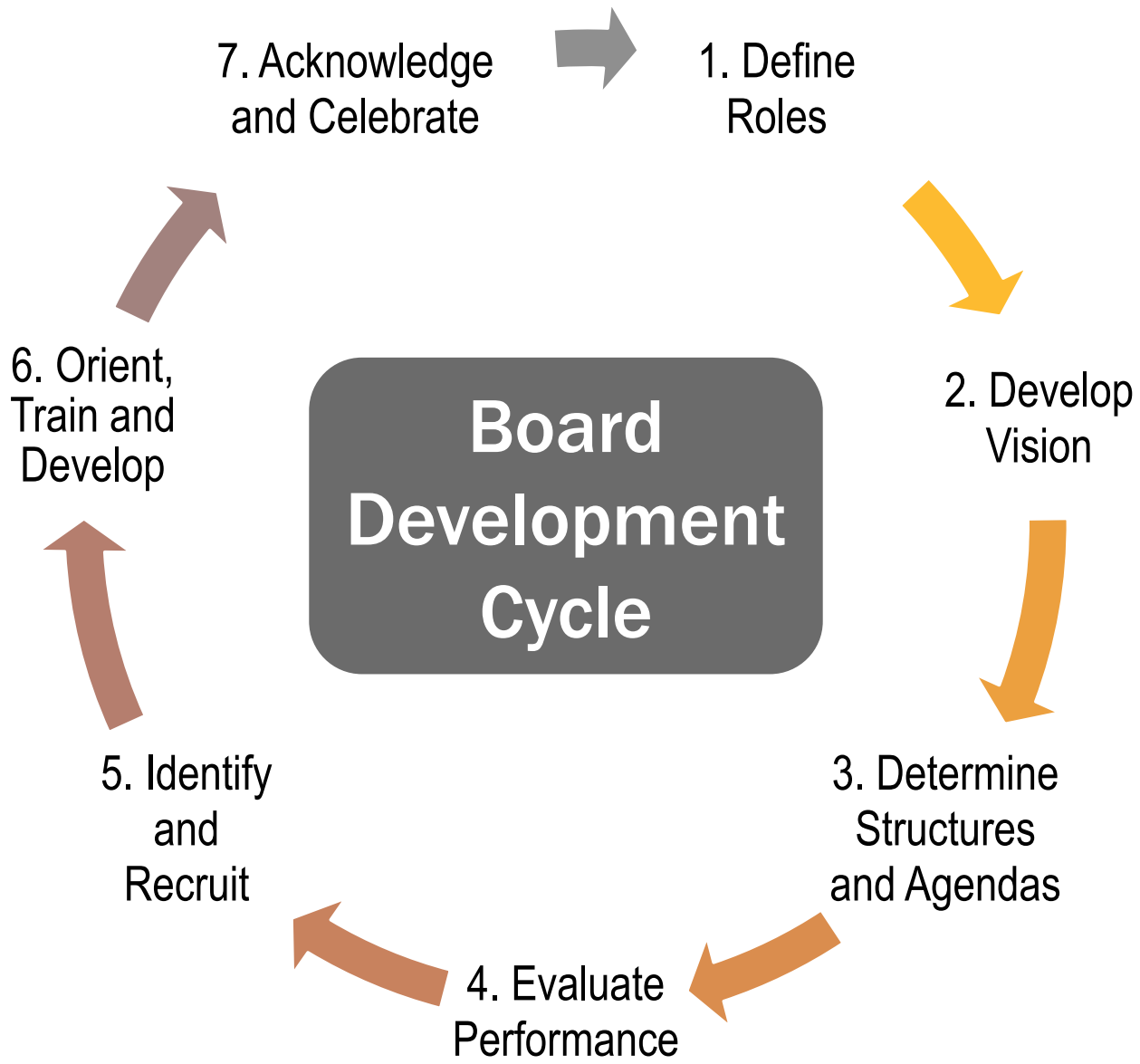
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### Learning Objectives

In this session, participants will learn to:

- Confirm responsibilities and fiduciary duties per ICANN's Governance Guidelines and key committee charters
- Understand how governance relates to key stakeholder groups
- Distinguish between the complementary functions of board governance and management
- Recognize the key responsibilities of a nonprofit board of directors
- Cultivate characteristics of high impact boards of directors within the context of being a U.S. nonprofit corporation with global directors operating internationally

| Timeline                      | Topics  | Materials   |
|-------------------------------|---|---|
| 9:00 – 9:15 am<br>(15 mins)   | <b>Introduction</b><br><b>Definition of Nonprofit Governance</b> <ul style="list-style-type: none"> <li>▪ Difference between board governance and management</li> </ul> | Pre Read: Harvard Business Review article "Building a Better Board"   |
| 9:15 – 10:15 am<br>(60 mins)  | <b>Building an Engaged and High Impact Board</b><br>Board Development Cycle   | Handout: Board Development Cycle  |
| 10:15 – 10:30 am<br>(15 mins) | <b>Break</b>  |   |
| 10:30 – 11:45 am<br>(75 mins) | <b>10 Responsibilities of Nonprofit Boards</b>  | Handout: Board v. Staff Roles ( <i>distributed onsite</i> )<br>Handout: 10 Responsibilities of Nonprofit Boards ( <i>distributed onsite</i> )<br>Handout: The Roles of the Nonprofit Board<br>Handout: Tips for Building Board Leadership |
| 11:45 – 12:00 pm<br>(15 mins) | <b>Final Questions &amp; Closing</b>  |   |



# THE ROLES OF THE NONPROFIT BOARD

## Two Primary Roles of the Nonprofit Board

### 1. Governing (Fiduciary) Role

Serving as trustees (or stewards) to “protect the public interest.”

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| Define, protect, and advance the mission of the organization                                    | Mission vs. “what we do”<br>What business are we in?<br>Who do we serve?<br>What value do we bring to the community?<br>Determine organizational strategies                                     |
| Safeguard the assets (human, financial, and property) of the organization                       | The fiduciary responsibility of the board<br>Self-dealing transactions by board members<br>Conflict of interest by a board member   |
| Recruit, hire, support, review and, if necessary, remove the chief executive/executive director | The relationship of the board to the chief executive<br>Who is the boss?<br>Governance vs. management<br>The special relationship of the board chair and the chief executive/executive director |

### 2. Supporting Role

Supporting the organization’s operations, accomplishment of its mission and strategic goals.

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| Be ambassadors to the world on behalf of the organization | Talk up the organization<br>Abide by the decisions of the board<br>Keep the organization in the front of your mind       |
| Ensure adequate resources to carry out the mission        |  |
| Provide expertise and contacts                            | Share specialized knowledge and time when requested by the organization<br>Introduce key staff to external professionals |

# THE ROLES OF THE NONPROFIT BOARD

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## Legal Duties of Board Members

Defined by case law, these are the legal standards by which all actions taken by directors are judged. The entire board and individual board members must adhere to these collective duties. Boards demonstrate accountability by showing they have effectively discharged these 3 duties.

### 1. Duty of Care

Requires that directors of nonprofit organizations be reasonably informed about the organization's activities, participants in decisions, and do so in good faith and with the care of an ordinarily prudent person in similar circumstances. In short, **pay attention to the organization's activities and operations.**

- Attend board meetings and assigned committee meetings
- Prepare in advance for board meetings by reviewing agenda and materials
- Obtain information before voting to make sound decisions
- Exercise independent judgment
- Frequently review the organization's finances and financial policies
- Ensure compliance with state and federal filing requirements, particularly annual reporting

### 2. Duty of Loyalty

Requires directors to exercise their power in the interest of the organization and not in their own interest or the interest of another entity, particularly one with which they have a formal relationship. When acting on behalf of the organization, board members must put the interests of the organization before their personal and professional interests.

- Adhere to the organization's conflict-of-interest policy
- Disclose any conflict of interests
- Avoid the use of corporate opportunities for personal gain or benefit
- Maintain the confidentiality of information about the organization

### 3. Duty of Obedience

Requires directors to comply with applicable federal, state, and local laws and to adhere to the organization's bylaws and remain guardians of the mission.

- Ensure compliance with all regulatory and reporting requirements, such as IRS Form 990 and paying employment taxes
- Examine all documents that govern the organization and its operations, such as the bylaws
- Make decisions that fall within the scope of the organization's mission and governing documents

# TIPS FOR BUILDING BOARD LEADERSHIP

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## What the Board Chair Can Do

- Always be thinking about who should be the next leaders and begin cultivating them even before they know you have chosen them.
- Groom future leaders for key board positions.
- Know who your next board Chair will be a year in advance.
- Know who your next committee Chairs will be six months in advance.
- Make sure that you have the right people leading committees (especially the Governance Committee) and key board initiatives.
- Make sure that board members follow through on their commitments.
- Make sure that board members exhibit appropriate behavior when acting on behalf of the organization.

## What the Executive Director/CEO Can Do

- Treat building board leadership as one of your most important responsibilities.
- Build a strong, trusting relationship with board members – especially the key leaders who can bring about change on the board. Spend one-on-one time with each board member (e.g., a breakfast once or twice a year), and meet with the board Chair at least once a month.
- Hold the board accountable for carrying out its roles and responsibilities.
- Do what you say you are going to do.
- Work with the board Chair and Governance Committee to determine and groom the next group of board leaders.
- Acknowledge board members' contributions and thank them for their time and commitment.
- When possible, educate your board on board leadership and build their capacity.

## What the Board Chair and Executive Director/CEO Can Do as a Team

- Partner to identify future board leadership and groom future board leaders.
- Develop a strong, trusting, transparent relationship.
- Keep each other informed of key activities – no surprises.
- Keep raising the standards of who you select.
- Build a strong, engaged board culture.

# TIPS FOR BUILDING BOARD LEADERSHIP

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## How to Build an Engaged Board Culture

- Hold board members accountable. Board members who do not fit in the culture and do not fulfill their roles can drag down a good board – talk with them one on one if their behavior is unacceptable or if they are not carrying out their duties.
- Start meetings on time. Be respectful of board members' time.
- Hold the Executive Director/CEO accountable.
- Have board members work together more – build a team culture.
- Foster a culture of inquiry – build a learning organization.
- Help the board to see the Executive Director/CEO as a partner and not their “staff.”
- Divide up the basic governance roles, but have everyone involved in the key activities through which the board can impact the organization.
- Have some fun and laugh.
- Focus on what is really going to make or break the organization.