Nonprofit Board Committees

From our consulting work with hundreds of nonprofits we have developed a keen appreciation for the role of a well-functioning board committee structure in helping the organization to achieve success. In our experience, most nonprofit organizations have too many board committees doing too little work.

A typical nonprofit has a plethora of committees: Finance, Personnel, Facilities, Program, Nominating, Membership, Fund Development, and of course an Executive Committee. Often, when one committee malfunctions, the board appoints another. For example, when the Development Committee fails to raise funds (or even to meet), the board may appoint a special Annual Giving Committee to manage the yearly fund appeal. When none of this actually produces any appreciable increase in donations, it may then charter a Major Gifts Committee to go after big donors.

The work of multiple separate committees may also overlap and interfere with each other. For example, after extensive study of competitors, the economy and the year's performance, the Personnel Committee decides employees deserve a 4% raise in the coming year. They forward this recommendation to the Finance Committee, which determines that whatever the staff deserves there is only enough money in the next year's budget for a 2% raise. The result: wasted effort and possible tensions between committees.

Most nonprofits can benefit from following a simpler three-committee structure, consisting of Internal Affairs, External Affairs, and Governance.

The Three-Committee Structure

Internal Affairs Committee

This committee focuses on all internal and operational issues coming before the board. These include issues related to finance, investments, capital acquisitions, human resources, and facilities.

Often, when these issues are put before separate committees, the process is slowed. For example, in the example regarding raises given above, it is better to have the discussion of pay equity and finances occur in the same room at the same time. Similarly, it is folly for a separate Facilities Committee to make plans regarding anything from a boiler replacement to a major building project without reference to the financial impact and thus the Finance Committee. Bringing all internal issues related to expenditures under one committee's jurisdiction streamlines the process.

External Affairs Committee

This committee focuses on all external issues, including fundraising, public relations, publications (such as the annual report) and marketing.

These issues often overlap. Public relations efforts should be crafted to help fundraising and vice versa. Also, as described above, nonprofits sometimes attempt to sidestep a failing Fundraising Committee by creating other vehicles. One committee charged with fundraising and other external matters makes it clear where the responsibility lies.

Governance Committee

This committee is responsible for the health and functioning of the board. It recruits and nominates new members, evaluates the performance of the board itself, orients, trains and educates board members, and produces board materials, such as board books.

This committee is arguably the most important of the three. It is responsible for ensuring the good functioning of the board today and for recruiting and preparing tomorrow's leaders. It grows out of the Nominating Committee function present in most boards, and encompasses the overall health of the board.

The Role of the Executive Committee

Many nonprofits have an Executive Committee, composed of board leaders. These committees usually begin life with a mandate to "take care of issues that come up between board meetings," and work with the executive to organize the board meetings themselves. Over time, however, an Executive Committee can begin to usurp the role of the board. It works closely with the executive and so hears of issues before they come to the board, and often helps the executive to resolve them in advance of the next board meeting. As a result, board meetings risk becoming a series of reports by the executive committee and the executive on actions they have taken. This can lead board members to feel they have no meaningful role in decision-making.

Our advice: if your board meets fairly frequently (monthly or bimonthly), task your Executive Committee with organizing the agenda for the next board meeting and nothing more. (The only exception should be a true crisis in which the executive needs help.) For nonprofits that meet less frequently (perhaps quarterly), consciously limit the Executive Committee's activities to routine business so that meetings of the full board are the venue for strategic discussions.

Officers

The typical nonprofit has a President (or Chair), one or more Vice Presidents (or Vice-Chairs), a Treasurer and a Secretary. The role of any Vice Presidents is simply to remain available for the odd occasion when the President is ill or otherwise absent, and then to fill in by chairing a board meeting. Meanwhile, the Chairs of the standing committees typically have no other official role. In order to avoid having Vice Presidents without leadership roles and Committee Chairs with responsibility for major functions who are not officers, we recommend the following structure:

- President
- Vice President for Internal Affairs
- Vice President for External Affairs
- Vice President for Governance
- Secretary

In this way the three Vice Presidents are the heads of the three committees. The Vice President for Internal Affairs is also the Treasurer. This group, by the way, constitutes the Executive Committee. Staff can be assigned to support each of the committees:

- Internal Affairs - Chief Financial Officer and Director of Human Resources
- External Affairs - Development Director
- Governance - Executive Director

The President and Executive Director should try to attend as many committee meetings as possible, but the appropriate Vice President, supported by and working closely with the appropriate staff person, can manage most of each committee's work. In smaller nonprofits, where the Executive Director must support all board committees, this arrangement can be a significant timesaver.

Advantages

The three-committee structure has several key advantages:

- Each board member need only serve on one committee at a time in order for each committee to engage one third of the board.
- Fewer committees means fewer committee meetings, making for less work by the staff and fewer demands on the board. Everyone can focus on the job at hand rather than on the mechanics of scheduling, preparing for, and managing meetings.
- Because of their small number, and their direct tie to the leadership of the board, the accountability lines of the three committees are clearer.
- Board meetings can be organized around the three committees' reports, reinforcing the importance of their work.