Reverse Board Inaction With Informative Reports

By Mike Burns

It's board meeting time again. During the meeting — and this may be the only activity that happens at the meeting — there will be reports. Sometimes it feels like one report after another with an occasional question thrown-in and some member moving, and then the board votes to accept the report. And then, the meeting is over. Is this what you really signed up for?

I do not believe that meetings like this are the essence of a board member's job. But if this is indeed what you experience at your board meetings, it's time for a change. Reports and reporting processes are two areas in which I believe change is most possible to make board meetings an experience that is more effective and satisfying and most important: action or results-oriented.

Why Board Reports Matter

As part of their fiduciary duty, boards make policy and strategy decisions that move missions. Board members also assess their organization's progress in terms of compliance (internal and external rules or laws) and performance (Did the organization do what it said it would do and how well?).

Prudence is the generally accepted standard for assessing how successful a board has been in fulfilling its fiduciary obligations. Prudence is defined by the IRS as taking that degree of care that a reasonably prudent person (aka, someone in a similar situation) would exercise. One associate of mine suggested that, at its most plain level, boards are required to practice common sense, which pretty much sums up what all should expect from a board.

So, what precisely helps a board take the degree of care that a reasonably prudent person would exercise? The simple answer: make decisions that are as fully informed as possible. Making uninformed decisions is simply not an acceptable option. If having members fully informed is a core value, reports by the executive and other key staff, committees and task forces are fundamental.

What Should Reports Include?

To help board members understand how well things are going, execs and key staff can report on program successes and challenges, being sure to include mission moments or case studies to bring facts to life. Dashboards built around a strategic and an annual plan often serve as the foundation for report structure to ensure what is most important (e.g., compliance and mission) are heard by boards. Charts, pictograms and even emojis can also provide clarity to the report.

Committee and task force reports only need to include a summary of discussions, and, more importantly, recommendations for board consideration and action. Reports — still results-focused — may have content more similar to that provided by key staff when boards are in their earlier stages of development and particularly without staff. But no matter the stage of development, reports from these bodies should be focused on whatever is that group’s job description or specific assignments. Remember that a committee's authority does not include making decisions. Again, a dashboard for committee performance is worth consideration and can be created by each committee at the start of the nonprofit’s fiscal year.

I would be remiss in not acknowledging that board members themselves are built-in information resources that are often underused if not altogether neglected. Members’ own knowledge, experience and expertise about specific topics and what may be going on in the community can offer an unduplicated value to board decision-making. I pose that every effort should be made to call upon members intentionally and overtly as another tool for making more fully informed decisions.

How To Encourage Report Use

While going through the process of constructing reports, the next challenge is distribution — timing and method. Completed reports, distributed three days ahead of time is what I have found to be a good practice. Too many days earlier or later is pretty much a guarantee that members will not review the report. Distribution of reports can of course be completed through postal mail (add a few days to ensure an on-time delivery), email, and/or placed on a secure online electronic board portal where all board and corporate materials can be found.

Once reports are received, there is no guarantee that members will review them. But this doesn't mean prep time has been wasted. One tool that can help to ensure use and contribute to more efficient meeting management is the use of a consent agenda. Historically, reports are made individually at each meeting often just reciting what has been written leaving little time for discussion and action (remember the goal of reports in the first place)?

Consent agendas call for a single action to accept routine business, and staff and committee reports thus reducing time and more importantly doldrums. When a member asks to discuss an item from a report, that report can be moved to an agenda item and discussed later in the meeting. Such a process increases the possibility that members will read, comprehend and discuss matters that have an impact on policy, planning and evaluation — the activities a board conducts to fulfill its fiduciary duty.

In summary, prudence — the standard for measuring a nonprofit board's pursuit of its fiduciary duties — calls for decisions that are fully informed. Reports by staff and committees should be designed as a reliable, data-driven source for informing policies, planning and evaluation. Reports should be distributed to members in a timely manner (three days ahead of meetings). Dashboards and graphics can help make reports more understandable and usable. Using a consent agenda can help alleviate micro-governance, and free up time for more in-depth discussion and action.

Being fully informed is the key to a board's fulfillment of its fiduciary duty. This just makes common sense.

https://www.nonprofitpro.com/post/reverse-board-inaction-with-informative-board-reports