"A camel is a horse built and designed by a committee"

- Anonymous

Board Committees: Boon or Bane?

Although there are a lot of derogatory jokes about committees, the truth is they can be extremely important to the success of your board. Why? Basically, there are two reasons. First, by transferring "roll up the shirt sleeves" work to committees, the full board can keep its meetings shorter, more focused, and aimed principally at the strategic and policy-related matters it needs to be working on. Second, important issues are often complex. They require research, consideration of alternatives, extensive discussion, and even brainstorming. These activities are not routinely the type of things you want to have your full board engage in. I am a big fan of *effective* committees and have seen them accomplish truly excellent work on behalf of the full board.

If they are so good, why not have a whole bunch of committees – maybe one to address every aspect of the organization's operations? That's a really *bad* idea for several reasons. First, committees create work, which means some board members are going to have increased workload. Remember most of those folks are volunteers who are trying to earn a living while at the same time helping your organization meet its goals. Organizational leaders need to be very sensitive to the time demands on their board members.

Second, if not properly chartered and managed, committees can get involved in micro-managing operational affairs. This is not something the board should be involved in. This micromanagement can lead to (1) dissatisfaction on the part of operational managers, (2) bad or less than optimal decisions if the committee members are not experts in matters being examined, and (3) undermining the CEO or executive directors by creating confusion as to who is issuing instructions to the staff.

So what do organizational leaders need to know about the proper use of committees on their boards?

First, it is important to understand that there are often a variety of committees within an organization. I often wish that there were more terms used to describe the workings of various groups of people in an organization because a lot of confusion is created when very different organizational entities share the same name – "committee."

The primary focus of this chapter is board committees which help the full board of directors accomplish its governance responsibilities. Because these committees are doing the work of the board, they are more often than not made up of board members. Some state laws even require that these committees be made up of only directors.

There are two other types of committees that I want to mention but not spend a great deal of time with. The first are advisory committees. These are committees which, as the name implies, provide advice or counsel to the board. Advisory committees are not chartered to do the work of the board, and they do not have any specific membership requirements. In fact, it may be a good idea to get individuals from outside the organization to serve on advisory committees in order to bring an outside perspective to the group. Two quick points about advisory committees. First, if you are going to have them, use them. Don't create a group and ask people to serve on it if you have no intention of listening to their advice? That's bad management and bad human relations. Second, make sure any advisory committee understands its charter. I once inherited an advisory committee that thought their job was to actively solve operational problems for the organization. That's not normally the function of an advisory committee.

The second type of non-board committee is what I call an operating committee. Some sources refer to them as "organizational" committees. These are groups of people, consisting of volunteers or staff or some combination thereof that are responsible for accomplishing some operational function for the organization. They may put on events, run programs, or conduct studies for the organization. The point is they are carrying out some operational activity. That is not the role of the board, and these committees should not be organized as part of the board. To help avoid confusion with board committees, think about naming these groups task forces or teams or groups or something to differentiate them from governing committees. I have been associated in the past with groups that had a wide variety of operational groups and board groups that were all called "committees," and frankly it was very confusing to the membership of the organization. I used to have to spend a fair amount of time explaining to even members of the committees the difference between committee types and what the different roles were for each type of committee.

Now back to board committees. Board committees can be of two principal types: standing committees or ad hoc committees. The former exist on a permanent basis and are often required and defined by the organization's bylaws. Examples of standing committees might be an executive committee or an audit committee. Ad hoc committees are assembled for a particular time-limited function, and they dissolve when that task is completed. Examples of this latter type might be a strategic planning committee or a chief executive search committee.

In the past, there was more emphasis on standing committee. Today, as boards are shrinking in size, there is a move away from standing committees because of the workload they create. More emphasis is now being placed on the use of ad hoc committees to meet time-limited requirements.

So what committees do you need? Frankly, that depends on the organization, but here are some statistics on what other nonprofits are doing. The BoardSource Nonprofit Governance Index 2010 reports that the average number of committees on boards was 5.6. However, there were only four committee types that were reported on more than 50% of boards. These are executive committees (78%), finance (including audit) committees (83%), governance (and nominating) committees (83%), and development/fundraising committees (55%). (1:24-25)

In my readings, the two committees that are receiving the most attention in the literature these days are governance committees and audit committees. We live in a changing governance environment with increased emphasis being placed on governance in both the for-profit and nonprofit arenas. As part of this, many boards are creating governance committees or expanding the duties of what used to be known as nominating committees to cover other governance functions.

These governance committees are typically being charged with responsibilities that might include the following.

1 Determining the skills and expertise that the board needs to carry out its responsibilities and the organization's mission,

2 Seeking out and cultivating potential new board members with the needed skills, abilities, and personality and nominating them for full board consideration,

3 Providing orientation and training to newly elected board members,

4 Working with the board chair and chief executive to provide on-going education and growth for board members,

5 Assessing board member participation, commitment, and contributions to the board,

6 Spearheading board and committee assessment,

7 Evaluating and recommending changes to board structure, processes and guiding document. (2:60-61)

Audit committees are also being created in response to the changing governance environment. In fact, some states now require organizations over a certain size to have audit committees separate from the finance committee. Typically, audit committees are charged with the following responsibilities.

1 Developing financial accounting policies for the organization,

2 Developing and modifying corporate policies on such policy topics as conflict of interest, whistleblower protection, and document retention and destructions,

3 Establishing internal control policies and investigating potential violations of these controls,

4 Recruiting and selecting an audit firm,

5 Establishing the audit policies within the organization,

6 Gathering data on potential conflicts of interest and presenting these situation to the entire board,

7 Meeting privately with the auditors to understand audit findings,

8 Reviewing audit results as well as management letter comments and management's responses to the comments,

9 Reviewing Form 990 preparation and presenting it to the board,

10 Ensuring the true financial situation of the corporation is appropriately presented,

11 Ensuring organizational compliance with appropriate financial rules, regulation and laws.

Another popular board committee is the executive committee. Executive committees used to be extremely popular and almost essential in the era of larger boards. The basic purpose of the executive committee is to have a small group of individuals that can meet when necessary between regular board meetings or in emergency situations. Executive committees are often delegated the power to act for the full board in all but a hand full of matters that are often defined by state law.

Executive committees can be very efficient. They tend to have about 5-7 members, which is a very efficient number for group decision making. So it is not surprising that executive committees work well. In fact, they may work too well. What I mean by that is that the effectiveness of executive committees often leads to more reliance on them which, in turn, creates three problems. First, it can result in two classes of directors – those "in the know" on the executive committee and those not "in the know." A few years ago as part of a governance audit, I tested the organizational knowledge of executive committee members versus other directors. The results were almost staggering. The executive committee knew a great deal more about organizational issues and practices than regular directors. A second problem is that the over use of an executive committee can leave other directors feeling disenfranchised. This, in turn, can lead to apathy or even resignation from the board. It can also create a "we-they" conflict within the board itself. Finally, a common disadvantage of executive committees is that it is easier for "group think" to set in. Sometimes the larger group of the full board is needed to get the full diversity of opinion that effective board debates need.

Even though a significant majority of all nonprofits still have executive committees, some boards are altering the mission of these committees away from acting in place of the full board. One source reported that some committees are recasting their executive committees in more limited roles such as chief executive evaluation committees or even as the board "think tank" for future strategic issues. (2:64)

In closing, let me offer a few ideas to help your board committee structure be a boon to the organization rather than a bane.

1 Minimize the number of committees defined in the bylaws. Bylaws are the governing rules of the organization, and they may require committees that are either no longer needed or have changing responsibilities. Most experts are now recommending that very few committees be defined in bylaws. A better way is for the bylaws to authorize the board to create committees as specific needs arise.

2 Make sure you understand the nature of the task involved. Board committees should only be created to perform board functions. Advisory or operational matters should be dealt with by groups that are not to be confused with groups that are performing governance roles. If possible try to call these other groups something other than a committee; such as "council" "group", "task force", etc.

3 Make sure you know what the law in your area requires with regard to board committees and their membership. Consult with an attorney to learn whether specific committees (such as an audit committee) are legally required for your organization and what the law says about the membership composition for committees.

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4 Only create committees that have a real governance purpose. In the past, there was a philosophy that committees should be created so everyone on the board can have committee assignments and feel useful. That is an interesting thought. However, on the other side of the coin, I have heard far more directors complain about being overworked than underappreciated. Be sure to consider board member workload when creating committees.

5 Make sure each committee has a board-defined charter with specific responsibilities. In addition, the charter should delineate which, if any, matters the committee is empowered to act on for the board.

6 Don't establish committees to oversee or assist with staff functions. This invariably results in micro-management and all sorts of other management issues. Keep board committees doing board-level work.

7 Make sure the committee chair is strong. Over the years I have seen the same committee flourish and then flounder as strong chairs were replaced by weaker chairs. For this reason, I do not recommend an automatic rotation system for committee chairs that allows individuals to assume certain responsibilities simply by virtue of their tenure on the board. Committee chairs should be selected based on their organizational and human relations skills. Their job is to make the committee work right and not everyone is equipped to do this well.

8 Each committee should establish an annual work plan and then work through that plan over the course of the year. It is often helpful if these work plans for the year are shared with other committees and the full board during a retreat or other kick-off event for the board. In this way the full board has an appreciation for what is going to be examined and considered by the committees in upcoming months.

9 Have committee chairs prepare periodic reports for the full board to report on progress for the year. I do not recommend taking up precious board meeting time to cover these. Rather they should be attached to the agenda as a consent agenda item unless specific questions are raised on the report by other board members.

10 The best product that a committee can prepare for the full board is a well-researched set of policy options and implications which address a particular issue. This work should then serve as the basis for a fully informed board debate and decision. In this regard, good committee work can be thought of as "pre-board" work.

11 Each committee should conduct an annual evaluation of its work for the year and include accomplishments as well as work left undone. The report should also address whether any changes are needed to the charter. It might even address whether the committee need to continue to operate. In the literature, there is discussion that many boards are approaching the subject of committees on a zero-based basis. That is, no committee has a continuing role unless it proves itself needed and productive.

Remember, board committees can be either a boon or bane to your organization depending on a variety of factors. Hopefully the above ideas will help your committees add productively to the work of your board.

Notes:

1. "BoardSource Nonprofit Governance Index 2010," BoardSource, 2010. Available at www. boardsource.org.
2. Dambach, Charles F., Melissa Davis, and Robert L. Gale, Structures and Practices of Nonprofit Boards. BoardSource, Washington DC, 2009.

Recently retired as the CEO of the Pasadena Tournament of Roses, Mitch Dorger brings to his new consulting practice more than 40 years of work experience including 20 years as a chief executive officer. His experience as a CEO was consistently characterized by successful performance improvement programs and high employee morale and achievement. He believes the fundamental goal of leadership is to inspire teamwork and the spirit of continuous improvement. He has recent expertise in the world of non-profit organizations and is well versed in corporate governance, volunteer management, financial planning and management, government relations, and large event management. As a public speaker he has lectured on non-profit organizational management, strategic planning, change management and leadership. He has also served as a keynote speaker for four different festival and event association conventions.

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