



# Governing Our Charitable Sector

## *2010 Survey Findings*

June 28<sup>th</sup>, 2010

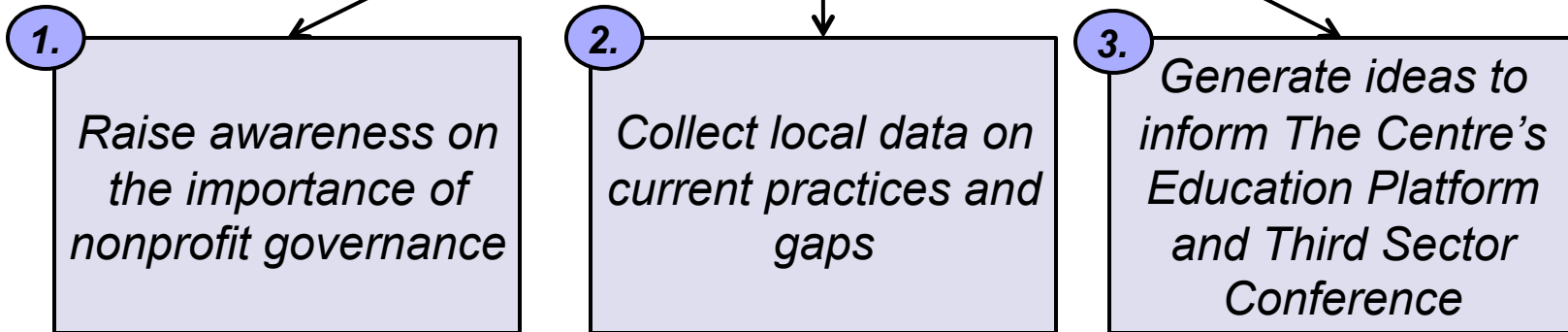
**EWS CONSULTING**

# Bermuda's first Nonprofit Governance Research Project!

**Concept:** Conduct governance research survey with local registered charities to understand:

- **Local trends and practices related to Board governance**
- **Compare where possible to US trends and practices** (Board Source 2007 Nonprofit Index and 2008 National Board Governance Survey)

**Purpose:**





## Profile of Respondents:

- **86** registered charities responded
- **Cross-section** of charities from Youth Development, Arts and Culture, Health, Environment and Sports
- 64% of respondents have annual budgets of \$150K or more
- 74% of respondents have **paid staff**
- **70%** of people who completed the survey were **Board Chairs/Board members** (otherwise the top staff completed the survey)

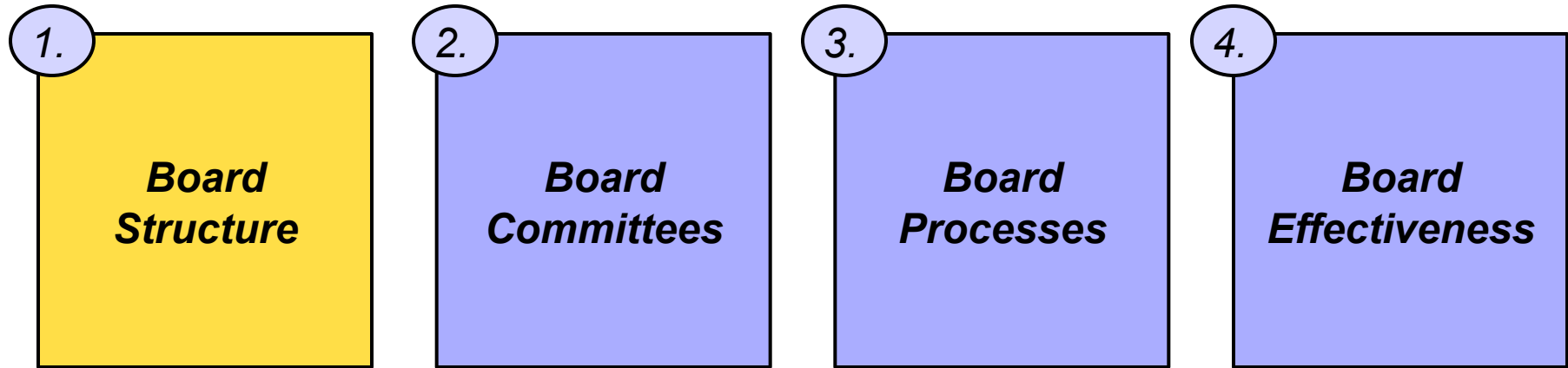


What is the overall role of a Board?

**The board is morally and legally  
accountable for the health and  
effectiveness of the organisation**

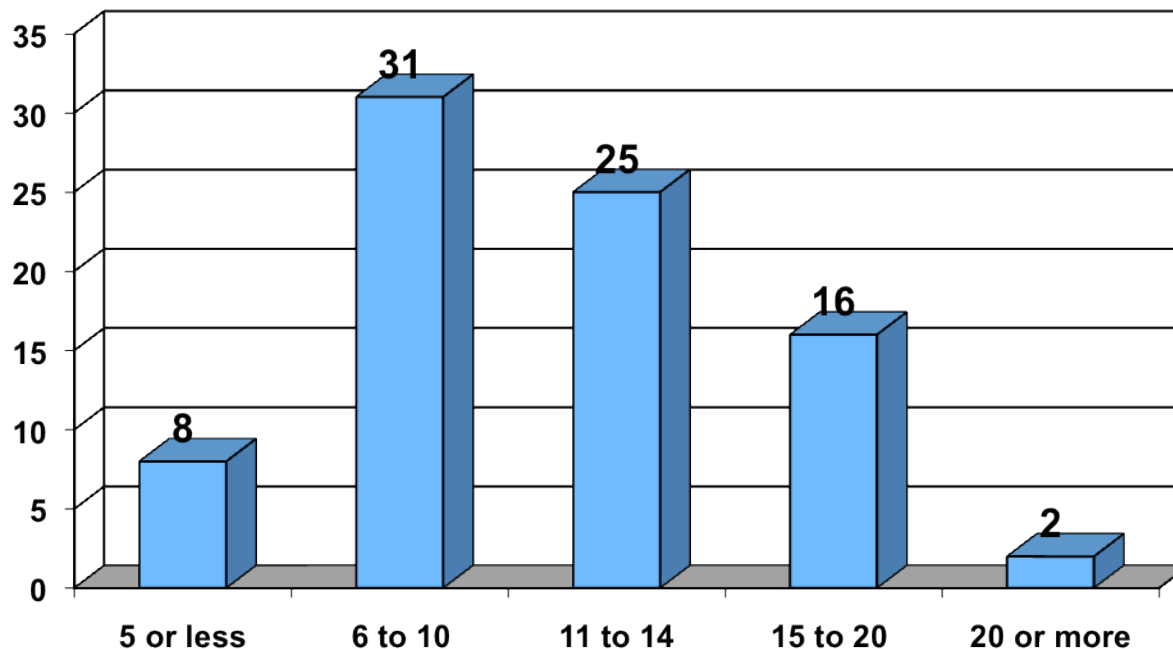


The survey focused on four main areas:




Bermuda charity Boards vary greatly in their size:

What is the size of your Board?



### Key Insights

- The average Board size is **11.4 members**
- **44%** of respondents have **ex-officio Board members**
- Within these organisations the **average number of ex-officio members is 2.4**



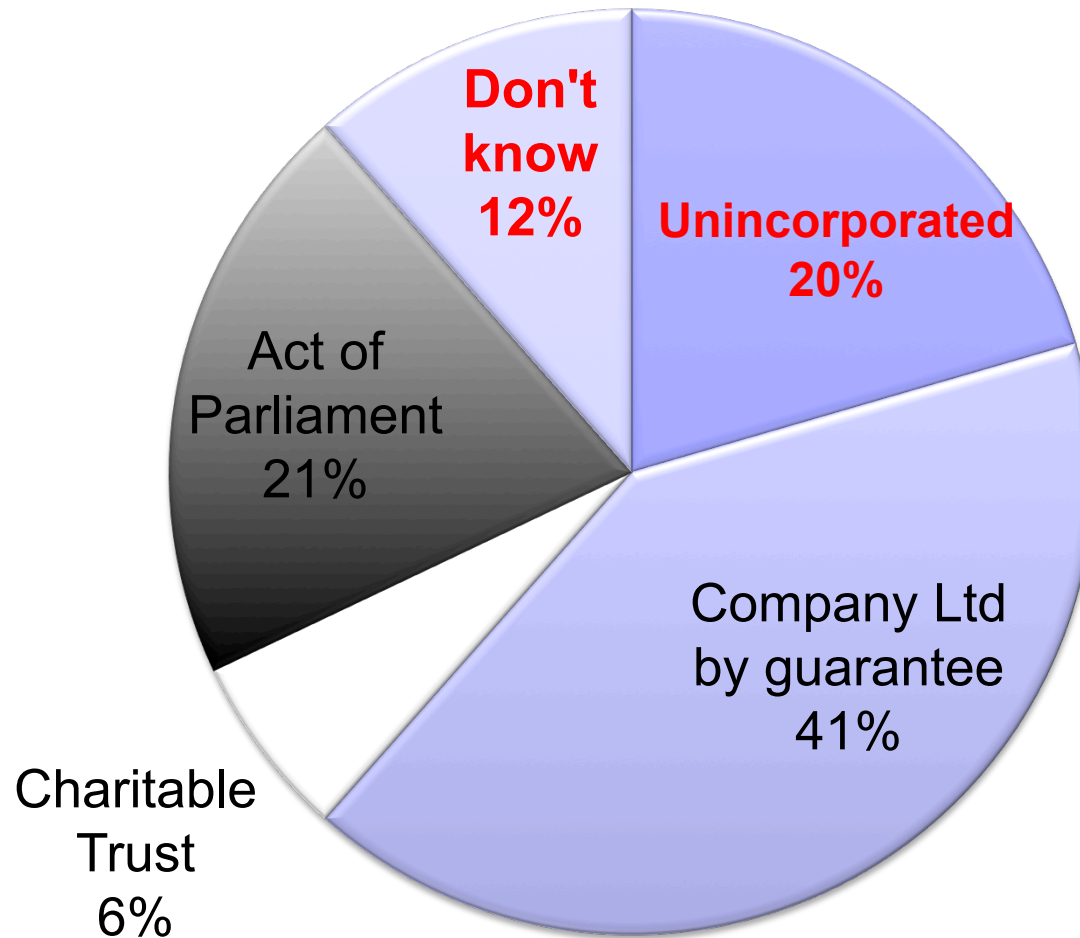
Bermuda charity Boards are generally smaller than US nonprofit Boards:

	<b>BERMUDA</b>	<b>US*</b>
Average Board Size (Voting Members):	<b>11</b>	<b>16</b>
Percentage of Boards with fewer than 15 members:	<b>78%</b>	<b>47%</b>
Percentage of CEO's that are voting members of the Board:	<b>20%</b>	<b>14%</b>
Percentage of organisations with other paid staff on the Board	<b>5%</b>	<b>Not Available</b>

\*Board Source – Nonprofit Governance Index 2007 (2152 nonprofits)

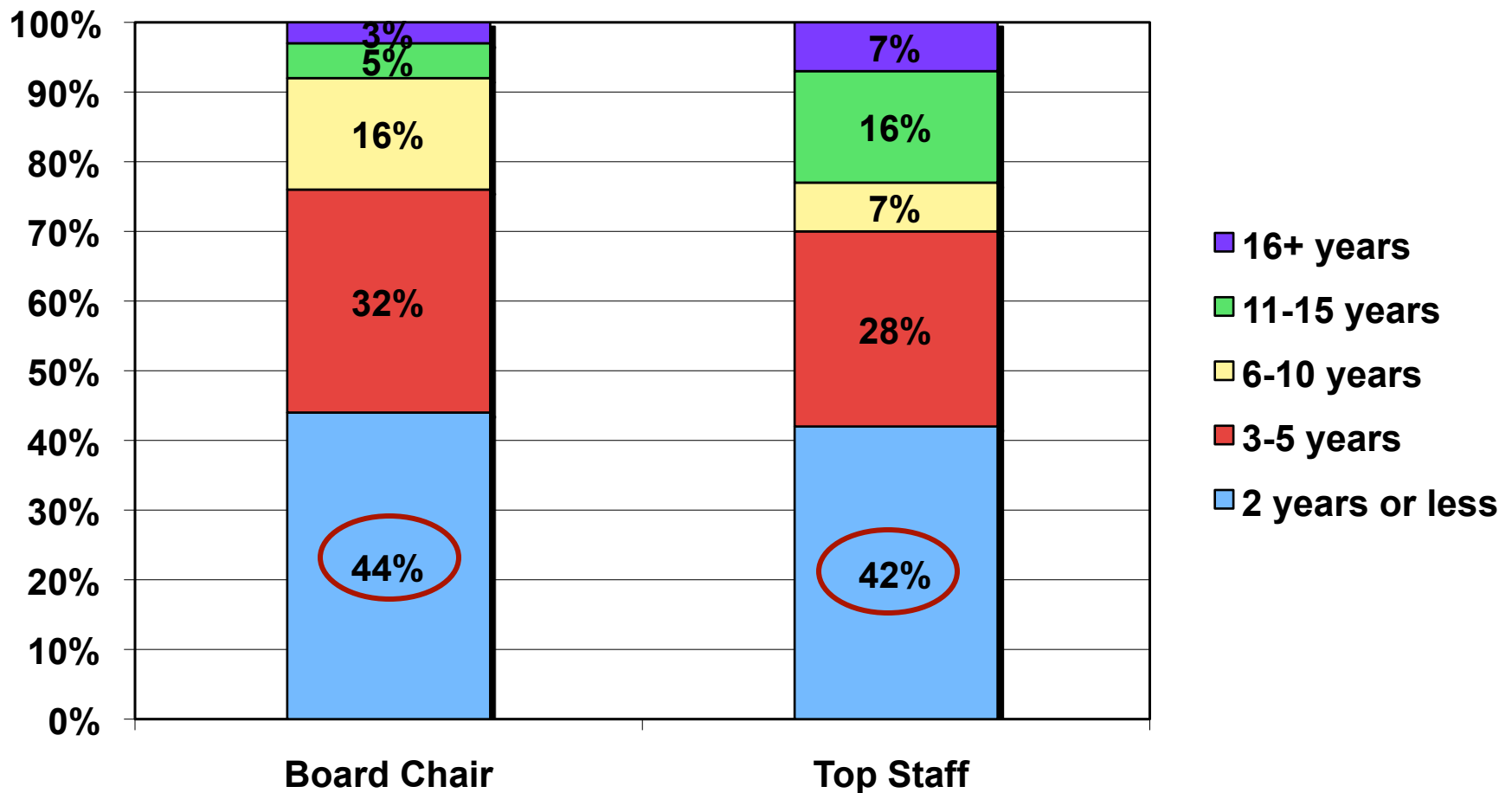
~70% of respondents have a formal legal structure. Of those that are unincorporated, some have significant budgets.

### Legal Structure



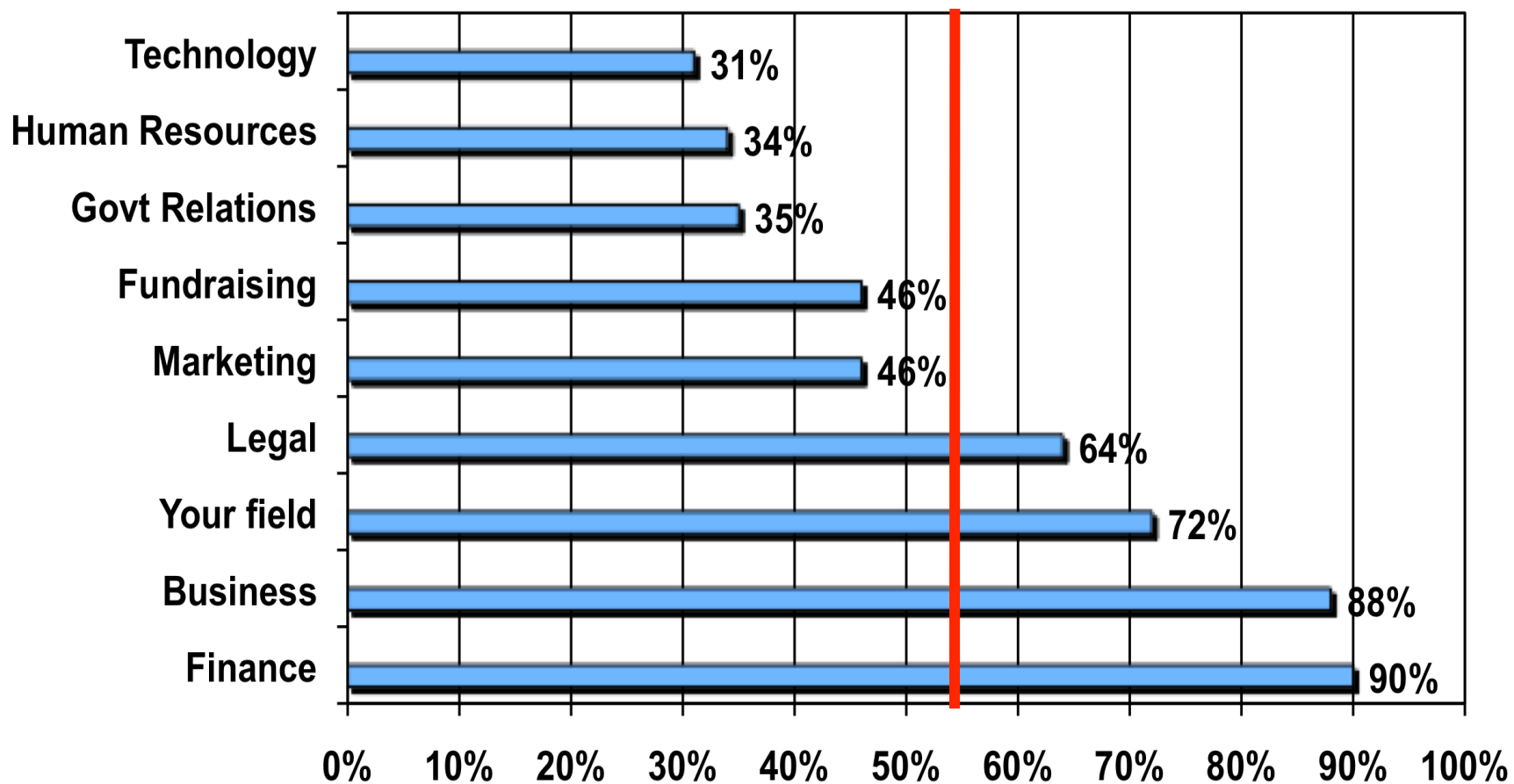
Within the study, over 40% of Board Chairs and Top Staff have been in their positions 2 years or less.

*How long have you been in your current position?*



The more common skill sets on Boards are business, finance, legal and an expertise in the organisation's field.

Percentage of organisations that have Board members with the following expertise



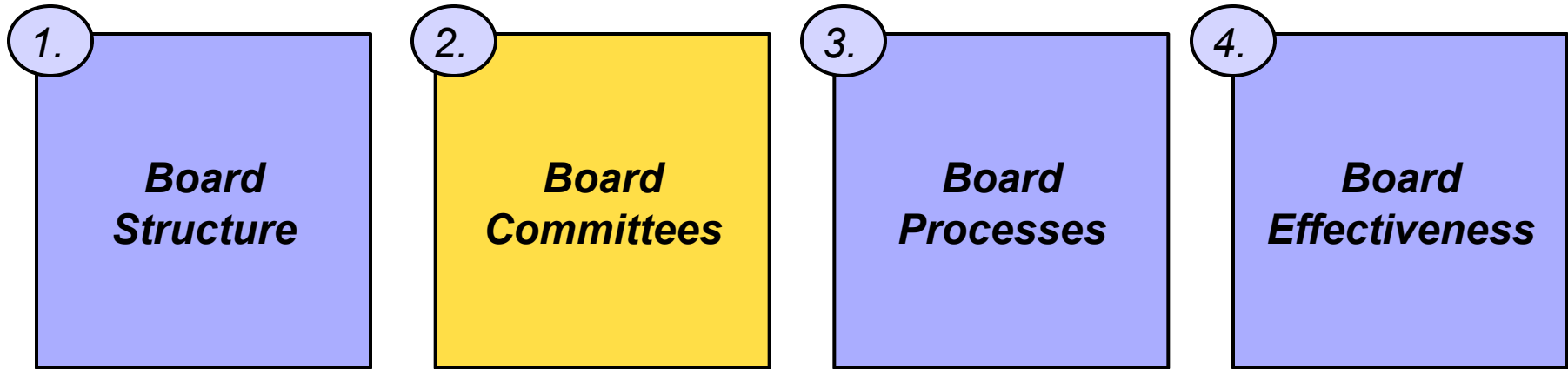


## Questions to consider:

1. Do Boards and ED's understand the various **legal structure** options and risks inherent with each? What more can be done to provide Boards with the information to make an informed decision on their structure?
2. Do we have enough **training and development** opportunities for new Board Chairs and ED's? If not, what else can we do?
3. How can we **find and train more Board members** with varied skill sets (e.g. HR, IT, Marketing etc.)?



The survey focused on four main areas:



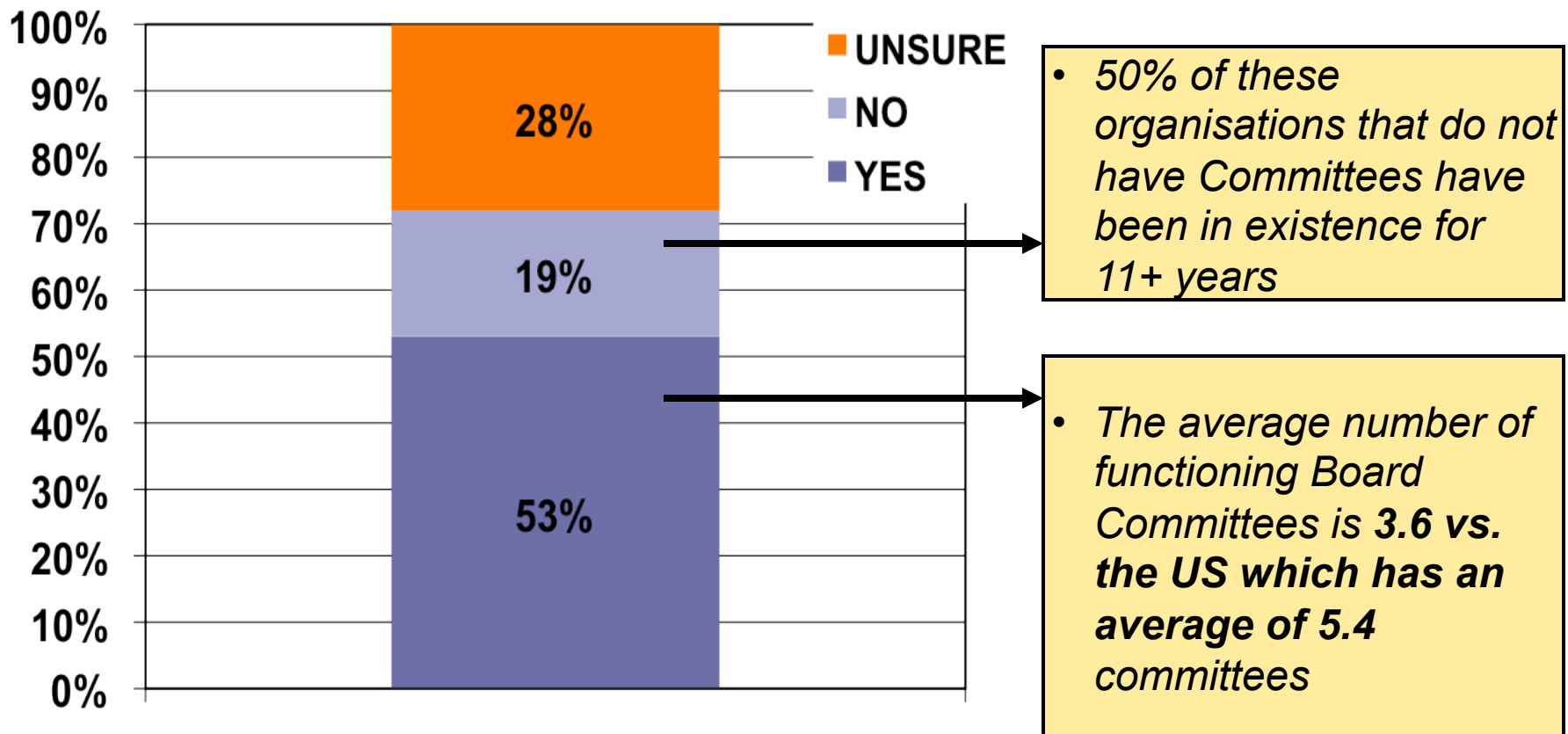


## What is the purpose of Board Committees?

- Establish Board committees when it's apparent that **issues are too complex and/or numerous** to be handled by the entire board.
- For ongoing, major activities establish **standing committees** (e.g. finance, development, governance); for short-term activities, establish ad hoc committees or **task forces** that cease when the activities are completed.
- All committees should have a **charter or mandate** and **goals** for the year

# 53% of respondent organisations have Board Committees

## Does your organisation have any Board Committees?



\*US Data is from Board Source – Nonprofit Governance Index 2007 (2152 nonprofits)

The three most common Committees are Finance Committees, Executive Committees and Development Committees

**Does your organisation have the following Committees? (YES RESPONSES)**

	BERMUDA	US
1. Finance Committee	49%	77%
2. Executive Committee	47%	79%
3. Fundraising Committee	45%	57%
4. Governance Committee	27%	68%
5. Marketing Committee	26%	29%
6. Programme Committee	21%	32%
7. Strategic Planning	19%	
8. Investment Committee	13%	
9. Audit Committee	12%	54%
10. Advisory Committee	10%	
11. Advocacy Committee	10%	

 Significant difference between US and Bermuda

\*US Data is from Board Source – Nonprofit Governance Index 2007 (2152 nonprofits)



Many respondents have other Committees that were not listed in the survey:

Other Committees include:
1. Events Committee
2. Operations Committee
3. Property Committee
4. International Advisory Committee
5. Scholarships/Careers Committee
6. Membership Committee
7. Legal Committee
8. Education Committee
9. Alumni Committee

***Be sure to distinguish which are Board Committees versus Programme Committees – Programme Committees should be lead by staff not a Board member (e.g. Exhibitions Committee, Support Group Committee etc.)***

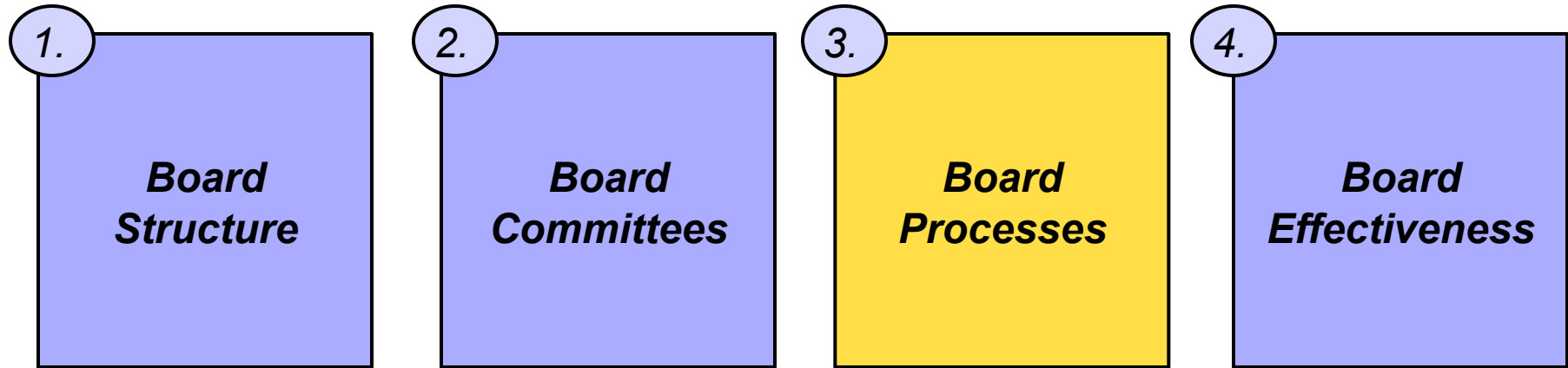


Questions to consider:

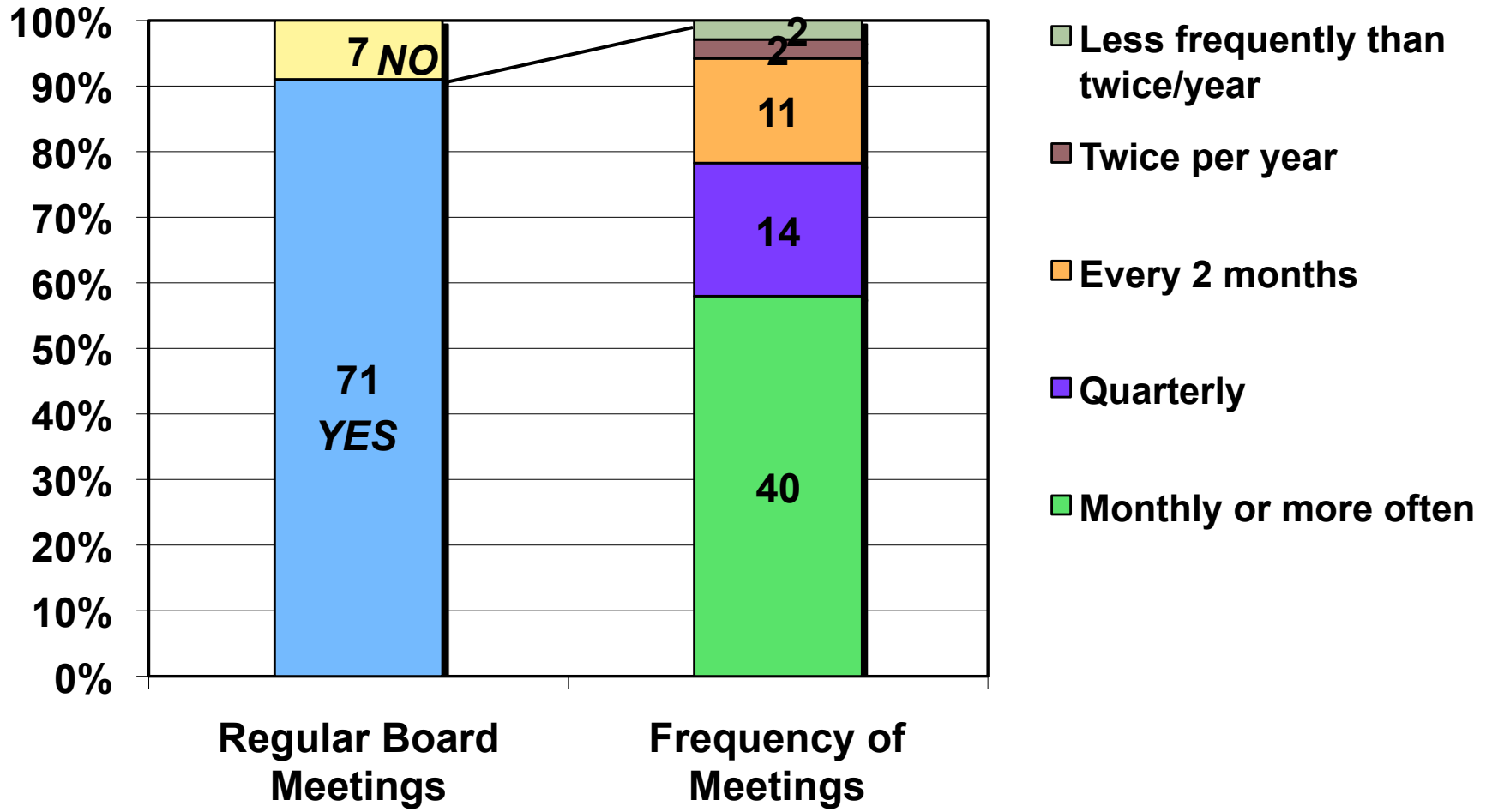
4. *How do we ensure Boards are not **overstepping their oversight role with programmes**, especially if some of their Committees are really more programme Committees?*
5. *How can we encourage the development of effective **Governance Committees**?*



The survey focused on four main areas:



90% of respondents hold regular Board meetings, and more than 50% hold them monthly or more often.




The most common focus of the Board meetings is on projects, programmes and finances.

Over the past 12 months, how would you best describe the Board meetings time allocation for the following topics? (Must total 100 points)



The most important focus area at this point in time for Boards is ensuring effective programmes:

<b>What is the Board's most important focus area?</b>	<b>BERMUDA</b>	<b>US</b>
1. Ensuring Effective Programmes	<b>43%</b>	<b>17%</b>
2. Fundraising	<b>21%</b>	<b>19%</b>
3. Strategic Planning	<b>21%</b>	<b>44%</b>
4. Management Oversight	<b>12%</b>	<b>16%</b>
5. Protecting the Reputation	<b>3%</b>	<b>4%</b>

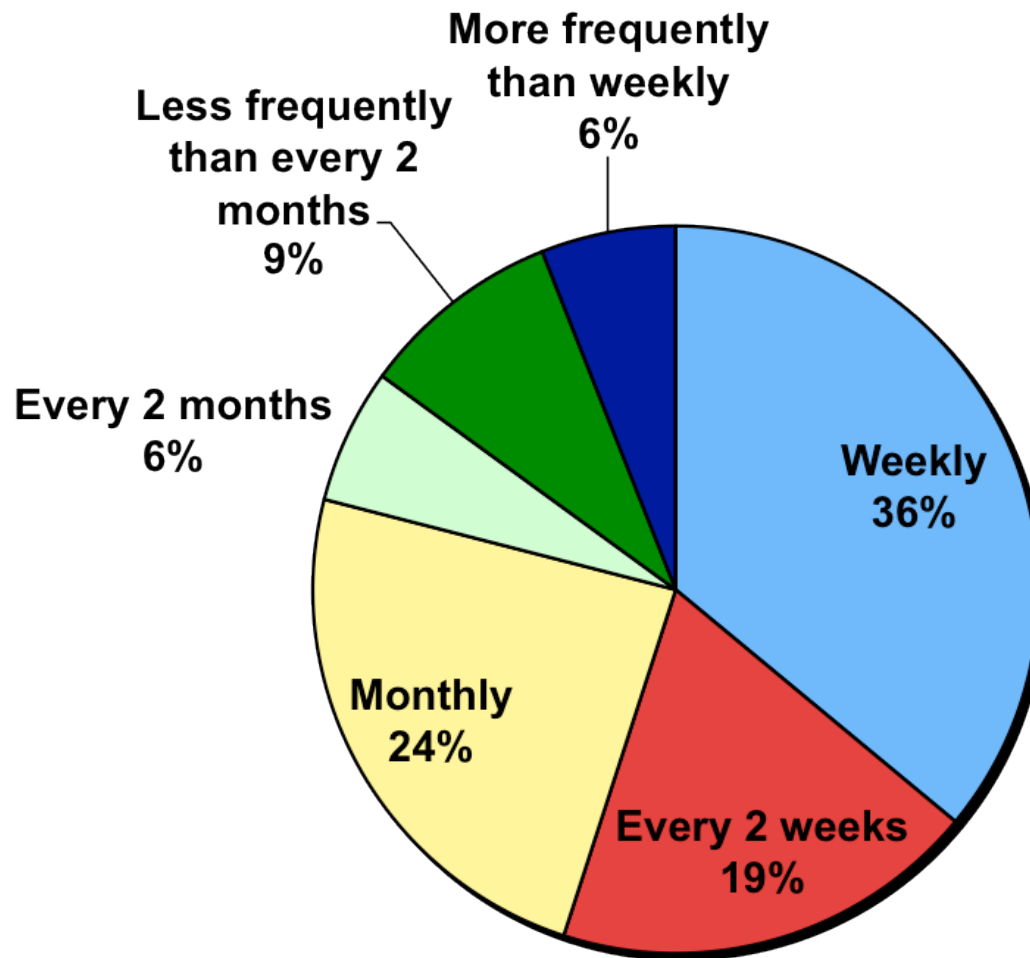


***“No single relationship in the organization is as important as that between the board and its chief executive officer. Probably no single relationship is as easily misconstrued or has such dire potential consequences. That relationship, well conceived, can set the stage for effective governance and management.”***

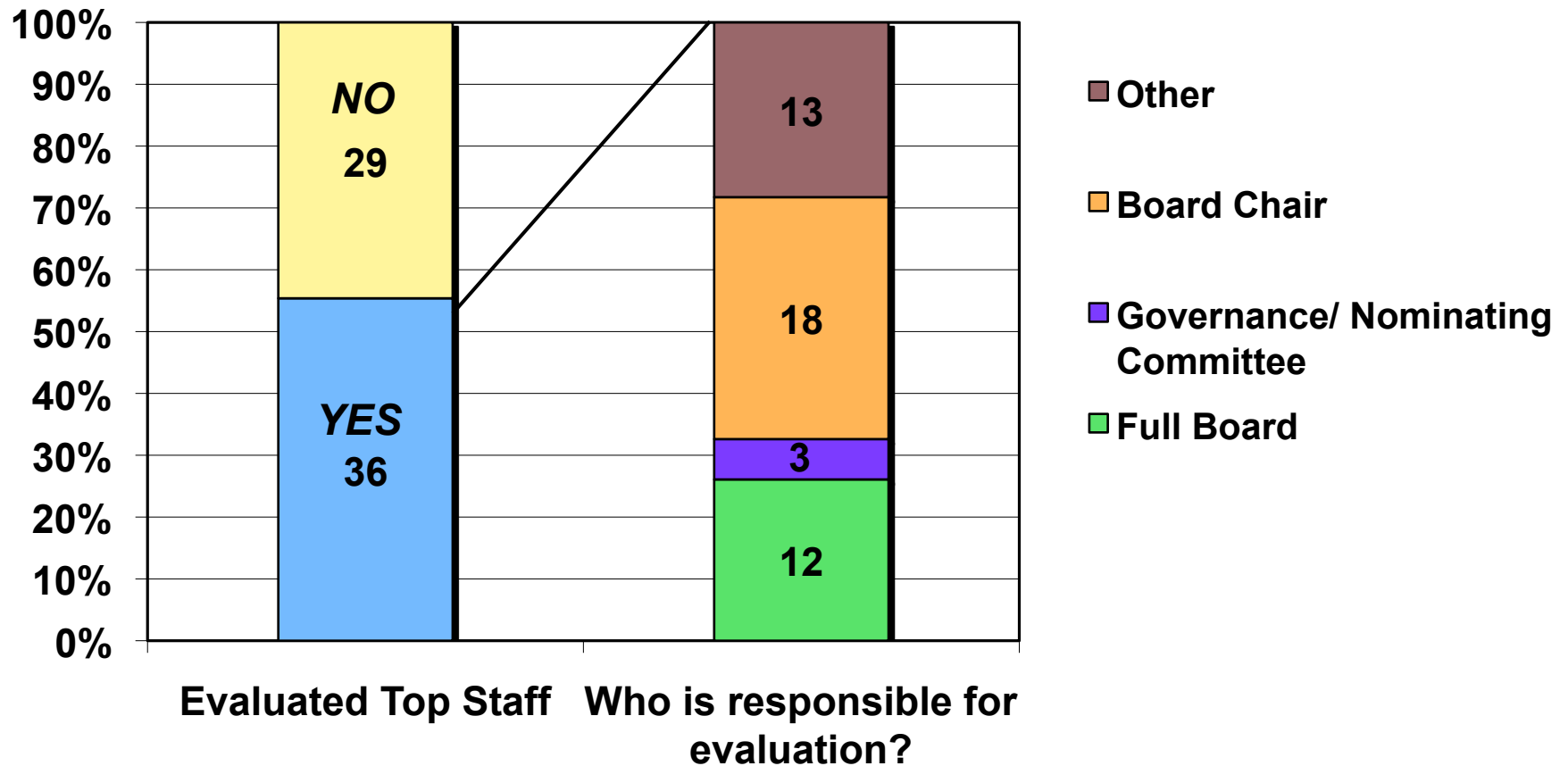
---John Carver, Boards that Make a Difference,  
1990

80% of Board Chairs are meeting with the top staff at least monthly

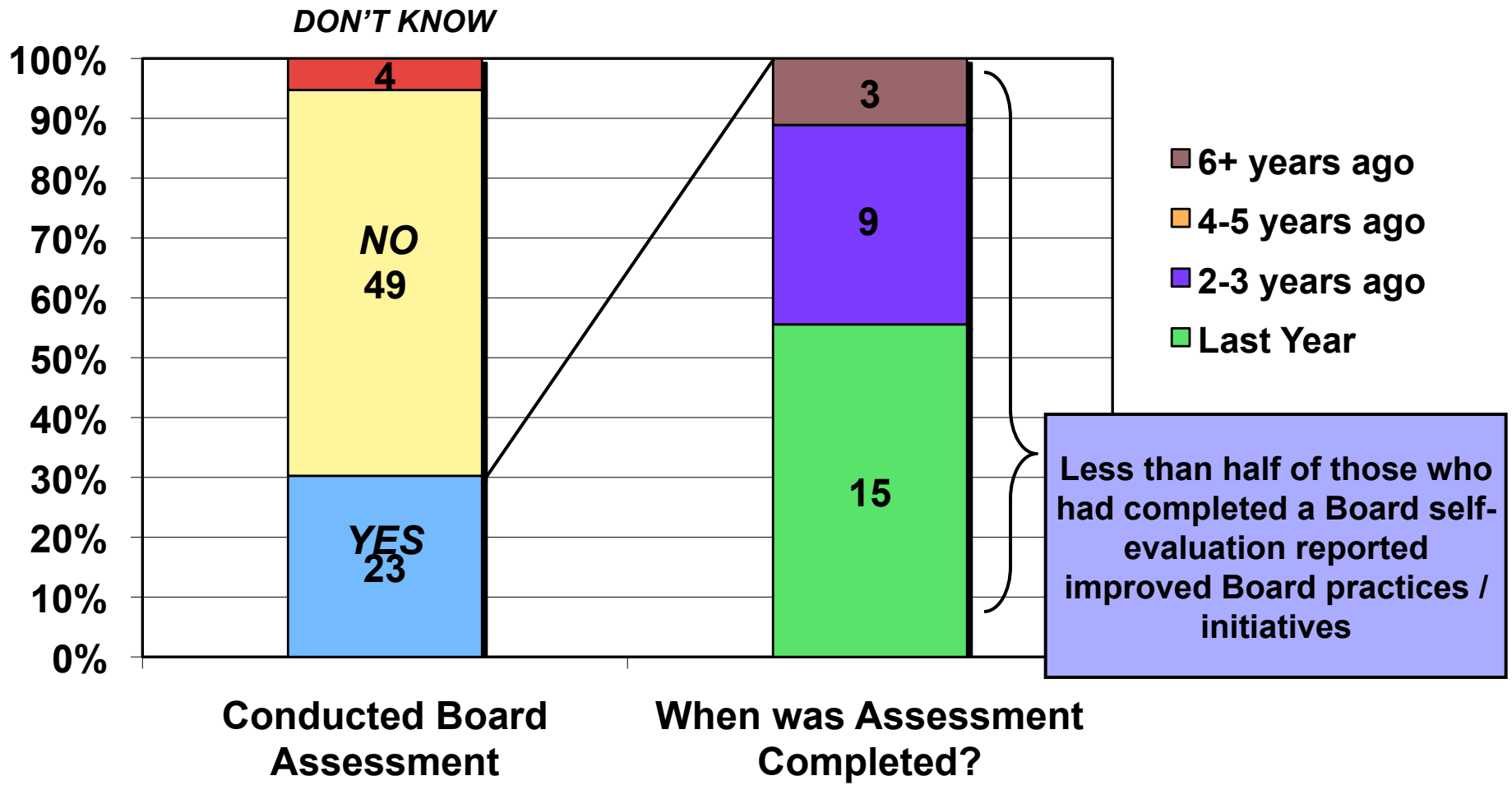
*How often does the Board Chair and top staff position meet or talk formally outside of Board meetings?*



# Only 55% of top staff are being regularly evaluated

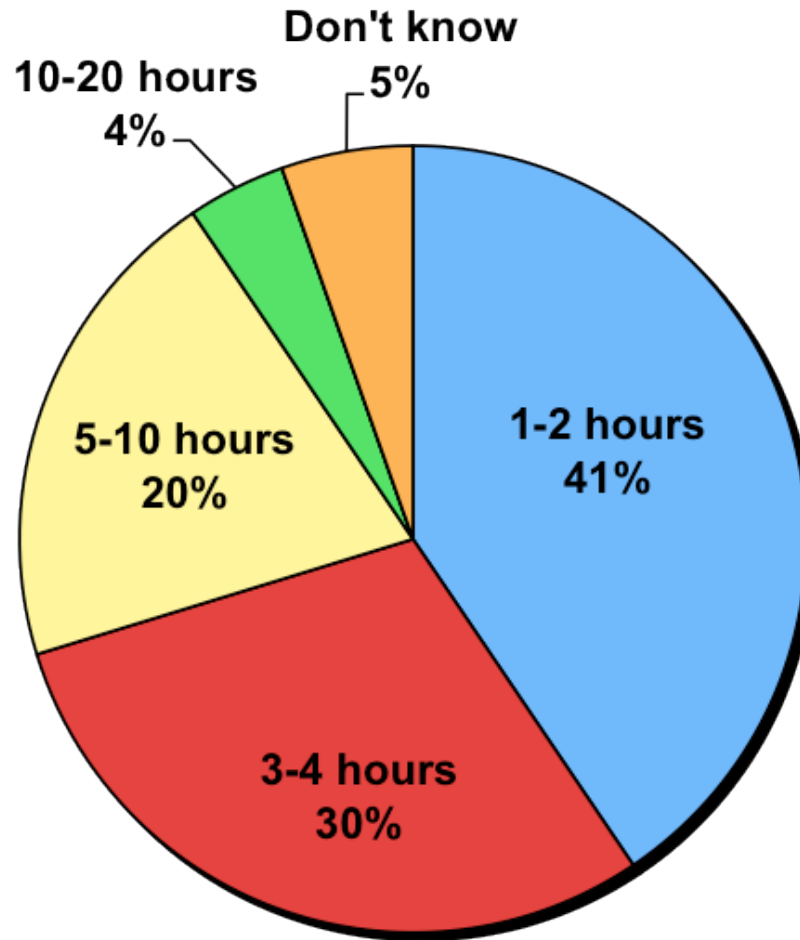


# The practice of completing a Board self-evaluation is starting to be adopted by Bermuda charities



71% of respondents said Board members spend 4 hours or less per month to fulfill their Board responsibilities.

**What is the average monthly time commitment for a general Board member to conduct his/her work?**



- Includes:**
- Board meetings
  - Fundraising events
  - Committee meetings
  - Individual tasks
  - Pre-reading before Board meetings
  - Donor pitches

Weighted average = 4 hours per month



*“For a **mid-sized, average board**, it is not unrealistic that you could expect people to be committing **75 to 100 hours per year**” (which is **6-8 hours per month**).*

*- Linda Crompton, CEO Board Source*

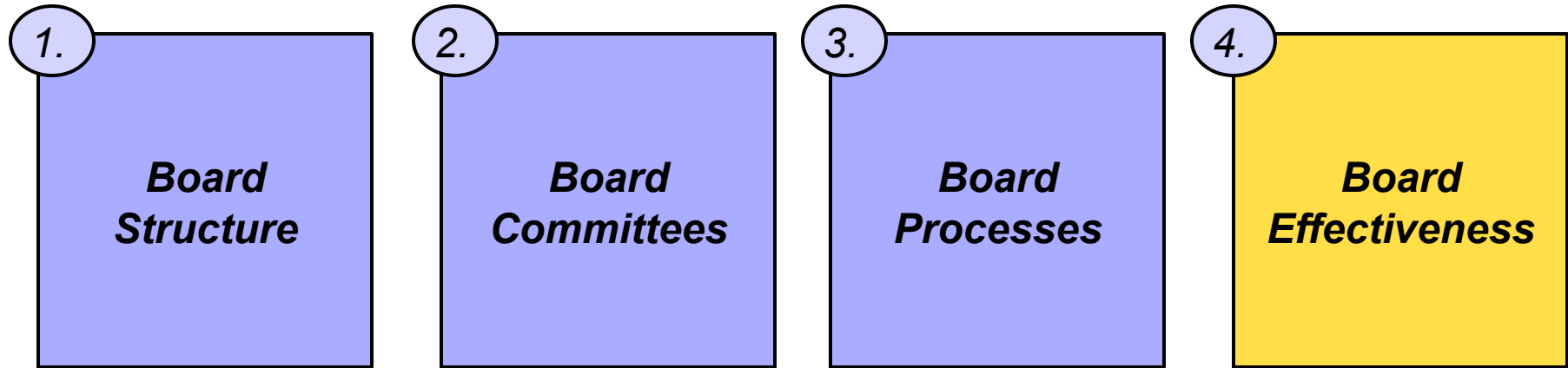


## Questions to consider:

6. *How can we shift the common Board **focus from programme oversight to other areas of their role** – e.g. recruiting new Board members, Board training and development, legal and regulatory compliance, managing and assessing the ED etc.*
7. *Are Board members **not being utilized enough or do they not give enough time?***

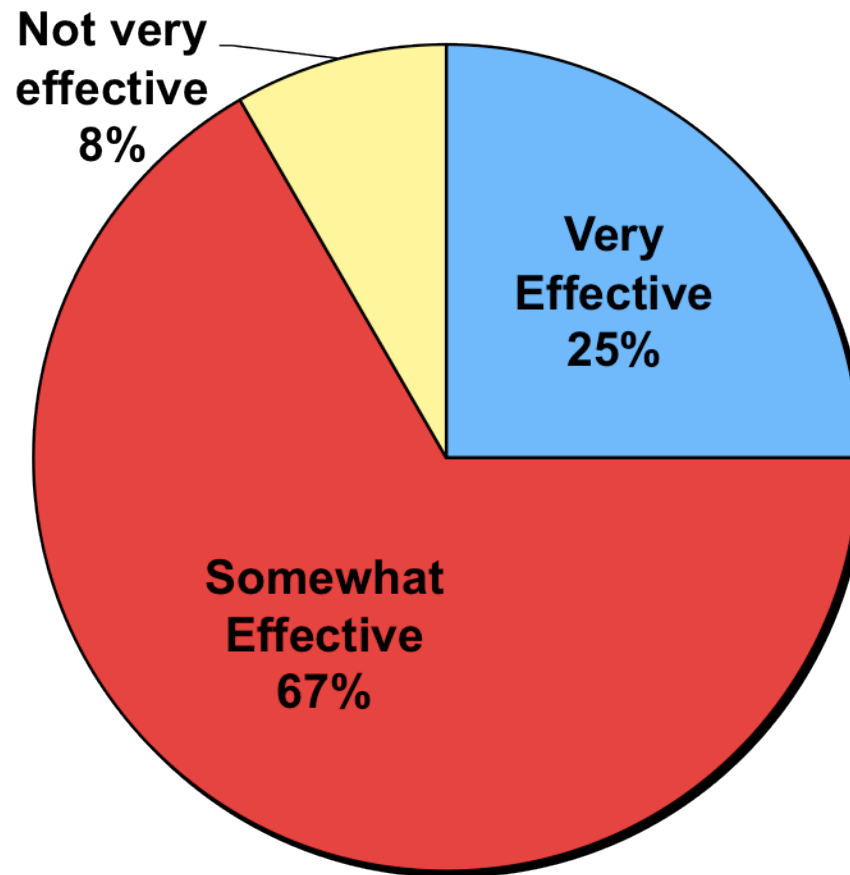


The survey focused on four main areas:



Only 25% of respondents rated their Board as very effective:

*How would you rate the performance of your Board?*





## Profile of organisations that rated their Board's as "Very Effective":

### **Average statistics on respondents who rated their Boards as "Very Effective"**

- Average Board size = 11
- Average number of functioning Committees = 5
- Average Board Chair tenure to date = 5 years
- Organisations are at least 3 years old
- All have a written mission statements
- 70% have an active strategic plan

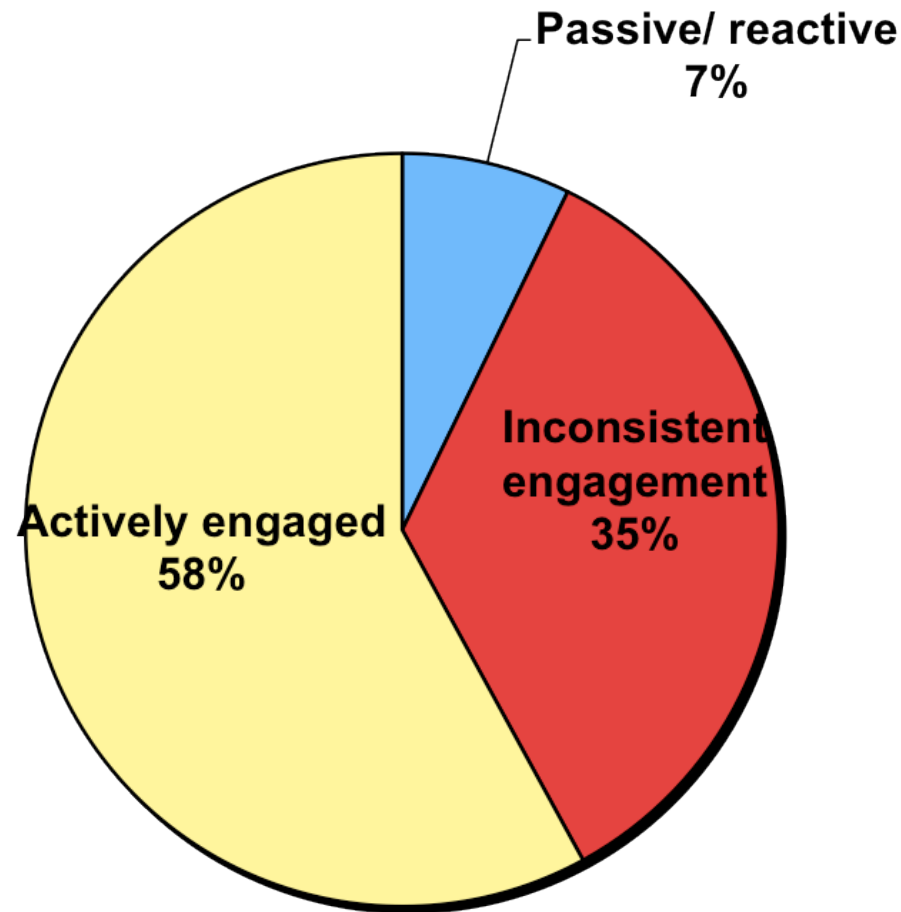


Most organisations have a mission statement, but fewer have a vision statement and strategic plan.

	<b>BERMUDA</b>	<b>US</b>
Do you have a written mission statement?	<b>94%</b>	<b>99%</b>
Do you have a written vision statement?	<b>55%</b>	<b>78%</b>
Do you have a strategic plan approved by the Board?	<b>72%</b>	<b>79%</b>

Only 58% of Boards actively engage in discourse and decision making processes

*How would you best characterise your Board's decision making process?*





## Questions to consider:

8. *How can we **encourage larger Boards** (e.g. not 5 person Boards) to promote healthier governance?*
9. *How can **we foster increased Board engagement and dialogue**?*



## Summary:

### ***The Good News...***

- Most Boards are meeting regularly
- About half of the organisations surveyed have Committees to effectively progress their work
- Regular dialogue is occurring outside of Board meetings between Board Chairs and the top staff
- Organisations have mission statements and many have strategic plans
- Boards are starting to assess themselves through annual Board assessments



## Summary - Areas for Improvement:

### **1. Board Structure**

- How can we increase the understanding of legal structures and risks?
- How can we promote Boards that are of a decent size to benefit from varied skill sets and view points?
- How can we encourage the formation of Governance Committees?

### **2. Training and Development**

- How can we provide more training and development for new Board Chairs and new ED's?
- How can we foster more accountability on Board's to provide training and development for themselves?

### **3. Board Role**

- How do we ensure Boards are not overstepping their oversight role with programmes, and encourage them to stay focused on their governance role?
- How can we ensure Board's fulfill their duty of evaluating their top staff annually?

### **4. Engaging Board Members**

- How can we engage existing Board members more and get them to devote more time to fulfill their Board role?
- How can we effectively find and train new Board members with varied skill sets?