

Community Action Board Member Training – July 2021

Presented by:

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PROMISE OF COMMUNITY ACTION

Community Action changes people's lives, embodies the spirit of hope, improves communities and makes America a better place to live. We care about the entire community, and we are dedicated to helping people help themselves and each other.



TRAINING TOPICS THUS FAR IN 2021

- Board of Directors Roles and Responsibilities
- Organizational Performance Standards
- Tri-Partite Board Structure
- Evaluation of the Executive Director
- Fiduciary Responsibilities of Board Members

TODAY'S TRAINING TOPICS

- Board Recruitment and Vacancies
- Succession Planning (Org Standard 5.6)

Board of Directors – Recruitment and Vacancies

LEGAL FIDUCIARY DUTIES FOR ALL BOARDS

DUTY OF LOYALTY



DUTY OF CARE



DUTY OF OBEDIENCE



- **Duty of Loyalty** – Act in the best interest of the agency, its mission, and purpose
- **Duty of Care** – Exercise responsibilities in good faith with diligence, care, attention and skill
- **Duty of Obedience** – Abide by laws, contract agreements and Board decisions

ORG STANDARDS AND BOARD GOVERNANCE

- Org Standard 5.1 – Requires Tri-Partite Board Structure
- 5.2 – Requires written procedures for selection process of low-income Board members
- 5.3 – By-laws must be reviewed by an attorney every five years
- 5.4 – Each Board member receives a copy of the bylaws within the past 2 years
- 5.5 – Board meets in accordance with frequency and quorum requirements and fills Board vacancies as established in bylaws

ORG STANDARDS AND BOARD GOVERNANCE

- 5.6 – Each Board member has signed a conflict of interest policy within the past 2 years
- 5.7 – Has a process to provide a structured orientation for governing body members within 6 months of being seated
- 5.8 – Board of Directors received training on their duties and responsibilities within the past 2 years
- 5.9 – Board of Directors receives programmatic reports at each regular meeting

STRATEGICALLY RECRUITING AND SELECTING BOARD MEMBERS

Elements of Effective Recruitment

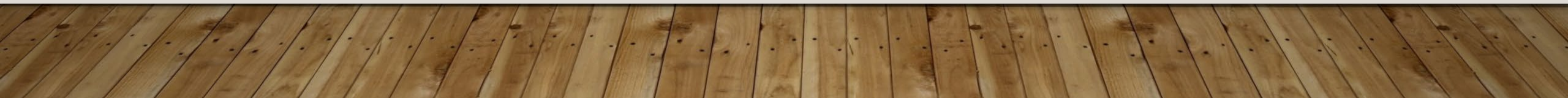
Needs

Attributes

Mission, values, interests

Expectations

Commitment



KEY SKILLS FOR BOARD MEMBERS

- **Finance** – CPAs, CFOs, business process, grants management
- **Law** – JDs, paralegals
- **Fundraising** – fundraising/development professionals, individuals with business connections, event planners
- **Administration** – CEOs/EDs, HR Directions
- **Research** – PhDs, MDs, program evaluation, performance measurement/quality improvement
- **Advocacy/Outreach** – Communications, Community Organization/Engagement

CAPLAW SAMPLE CAA BOARD COMPOSITION MATRIX

Board Members	Sector			Diversity	Skill/Experience/Expertise								Access/Connections						Years on Board	Term Exp.	Committee	Office
	Public	Private	Low-Income		P.R. Communications	Financial Planning/Management	Organizational Management	H.R. Management	Fundraising	Early childhood education & development	Attorney	Foundations	Wealthy Individuals	Business/Corporations	Politics/Government	Religious Community	Grassroots Constituents					
				Examples: Racial, Ethnic, Disability, Age, etc.																		
1. Jane Doe		X		Hispanic				X	X									1	9/1/13	Personnel	Secretary	
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BOARD SELECTION PROCEDURE

Use board committee



Recruit smartly & strategically



Require applications



Follow selection procedures

GOVERNANCE/BOARD DEVELOPMENT COMMITTEE

- Oversees processes for selecting board members and filling vacancies
- Standing Committee – meets throughout the year (not just before board elections)
- Other Tasks:
 - Works with ED to ensure board functions well
 - Coordinates board orientation and training
 - Implements board self-assessment process
 - Coordinates periodic review of agency governing documents

A NOTE ON BYLAWS

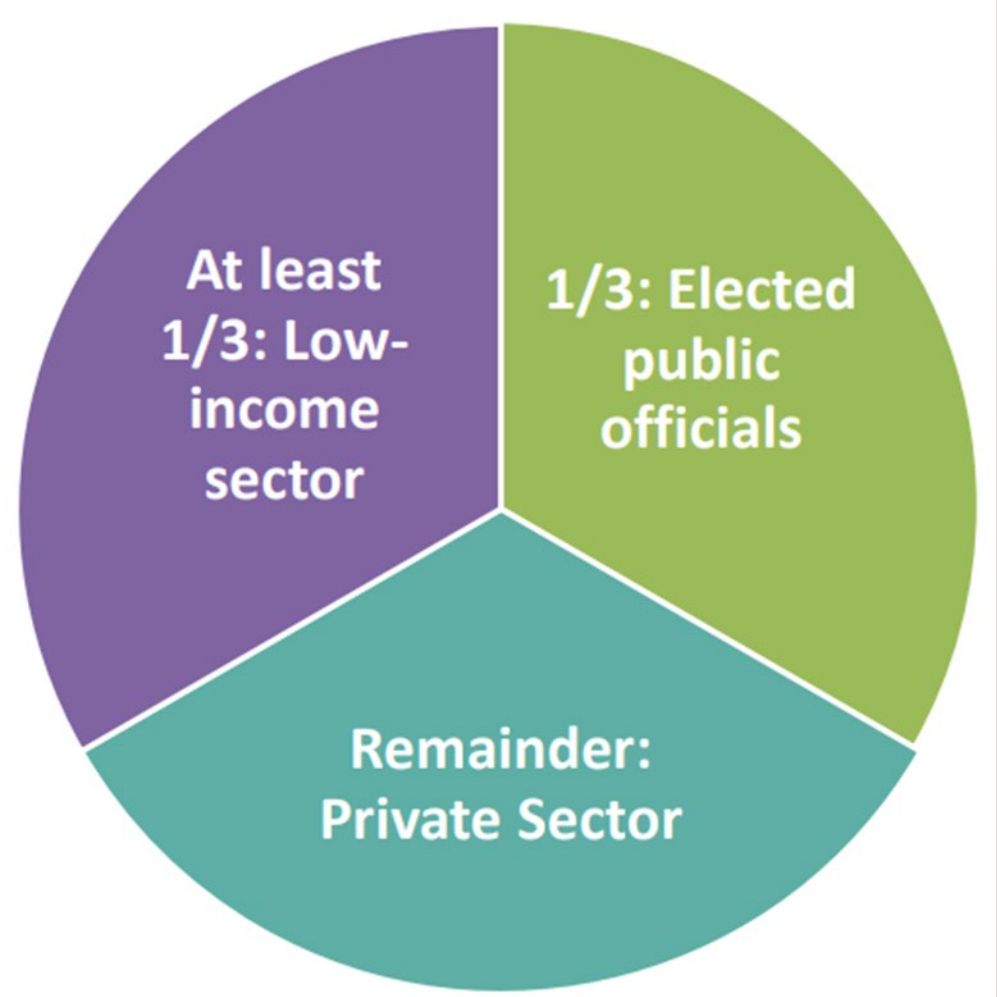


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- Ensure agency bylaws give board maximum flexibility in recruiting and selecting board members. Amend them, if necessary.
 - Follow procedures outlined in bylaws
 - Check that bylaws reflect grant requirements (CSBG, Head Start, Wx, etc.) for board composition and selection, as well as state non-profit corporation laws
 - Organizational Standard 5.3 requires the CAAs bylaws to be reviewed by an attorney within the past 5 years

RECRUITMENT STRATEGIES

- Encourage staff and board members to **identify clients** who may be able and **willing to serve**.
- Invite prospective board members to serve in an **advisory capacity** to the board and/or to a committee
- **Build connections** to other public, non-profit, and private services providers
- **Identify** other advisory bodies, committees, and commissions to engage
- Participate in or hold a **community forum**
- Develop a **social media strategy** for publicizing opportunities
- Recruit from **natural constituencies** (Head Start parents, school districts, neighborhood associations)
- Use a **Board Development Committee** to actively and continuously oversee recruitment

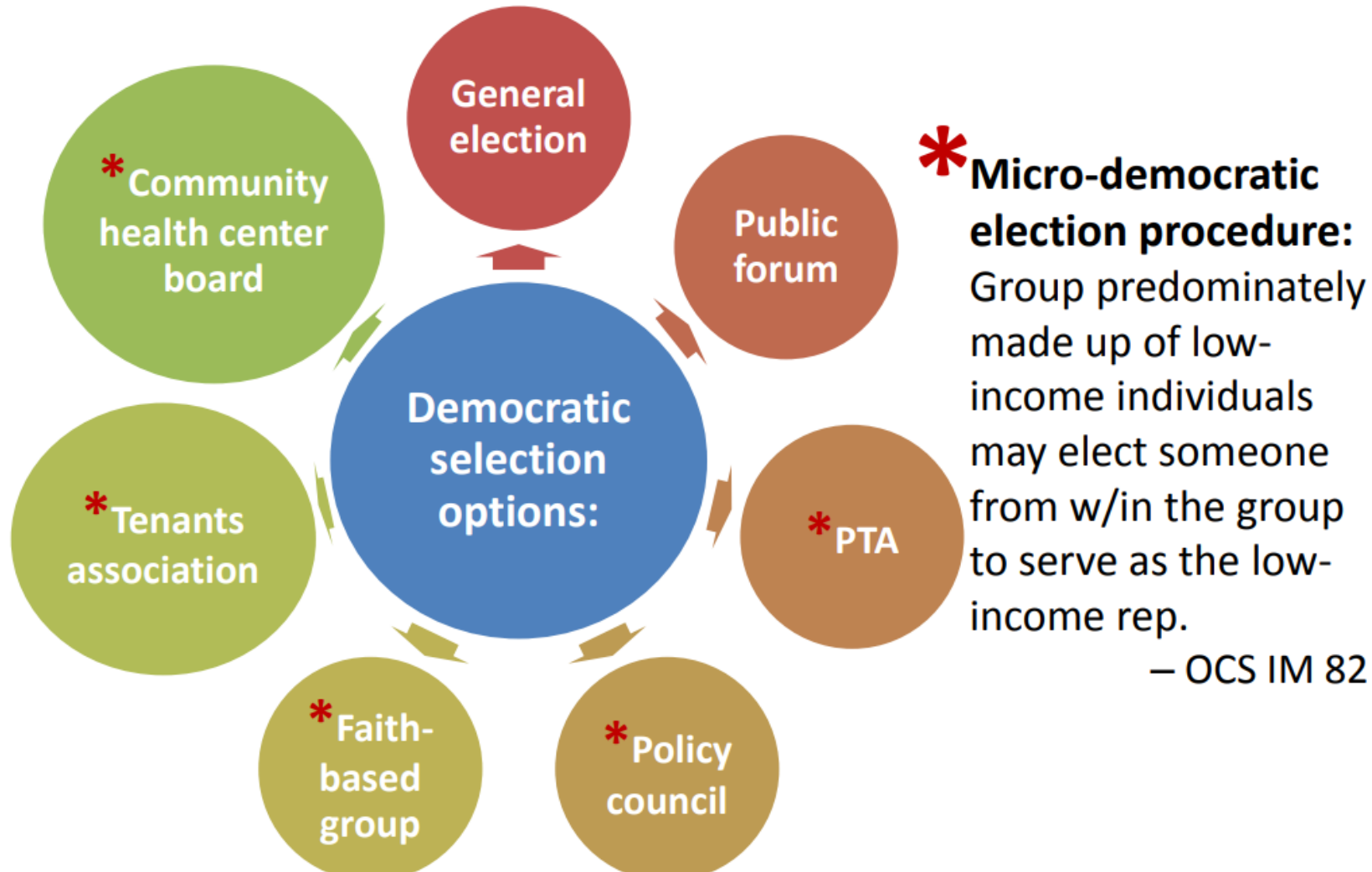
TRIPARTITE BOARD COMPOSITION REQUIREMENTS



LOW-INCOME SECTOR

- Must be democratically selected to assure representative of low-income people in service area
- If chosen to represent a particular neighborhood, must live there
- Should represent current low-income residents, but don't need to be low-income themselves
- **RECOMMENDATION:** Have at least some, if not all, low-income board members who are low-income themselves.
- **CAPLAW Case Study: Raising the Low Income Voice**

Low-Income Sector



THE DEMOCRATIC SELECTION PROCESS FOR LOW-INCOME REPRESENTATIVES

- **OCS IM #82:** *Every Effort should be made by eligible entities to assure that board members representing low-income individuals and families have been selected on the basis of some form of democratic procedure either directly through the election, public forum, or, if not possible, through a similar democratic process such as election to a position of responsibility in another significant service or community organization such as a school PTA, a faith-based organization leadership group, or an advisory board/governing council to another low-income service provider.*

DEMOCRATIC SELECTION PROCEDURES

- **Recruitment (ongoing)**

- Advertising on website, by mail, or through social media
- Petitions
- Staff interactions at intake
- Referrals from individuals or organizations in the community
- Applications

- **Election Method**

- Ballots at polling place or online using the CAA website or other organizations serving low-income people
- Public forum
- Rely on community groups to elect members from within their group or choose someone from among their elected officers to serve on the tripartite board.

FILLING VACANCIES

- There is no federal law governing the time frame for filling vacancies.
- The State will work with agencies that have vacancies that extend past 90 days.
- Democratic selection procedures should be included in the bylaws of the organization.
- CAPAW Bylaws Toolkit can outline processes and language for bylaws.
- CAAs are expected to document *good faith effort* to fill vacancies in a *timely manner*.

BOARD VACANCY POLICY FOR ND

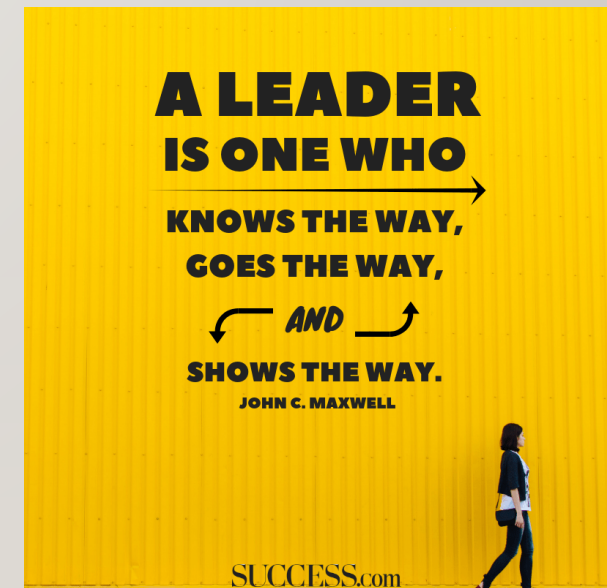
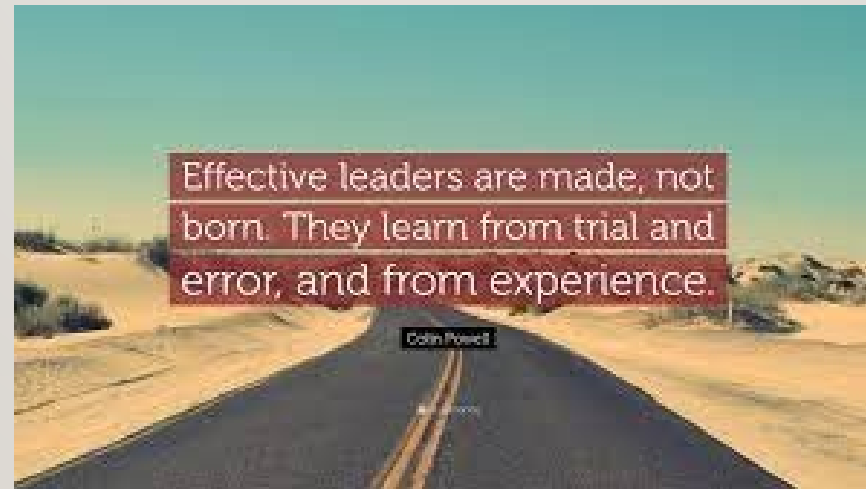
- **Board Vacancies:** Agencies will notify DCS of board vacancy status in writing on a quarterly basis and will actively work to fill the position within 90 days. If the position cannot be filled within 90 days, the CAA will submit to DCS a detailed explanation and action plan for filling the vacancy.
- Policy is found in the state's CSBG Policies and Procedures & Application Program Guide.

Board of Directors – Succession Planning (Org Standard 4.5)

Org Standard 4.5 – Board of Directors has approved a written succession plan for the Executive Director, including procedures for absence of 3 months or less and a process for filling permanent vacancies.

WHAT IS SUCCESSION PLANNING?

- A plan to help Community Action sustain effective leadership



WHAT IS SUCCESSION PLANNING?

- A systematic process for ensuring leadership availability, continuity and appropriate development of an organization's leadership talent.
- **Systematic** – there's a proactive process in place that frames the CAA's approach to succession planning
- **Availability** – the process ensures that the appropriate people are available for the critical leadership positions in the organization, whether those people are incumbents, someone who is ready to step in an acting capacity, or successors to be tapped when a transitions does occur
- **Continuity** – attention is paid to leadership continuity, which involves having people who are cross trained for different positions and are ready to step in for a colleague on an emergency basis
- **Appropriate Development** – Focus on staff and leader development in the CAA, that is appropriate to the size, scale, and resources of the CAA

WHY PLAN FOR SUCCESSION

- Succession planning is critical to the future sustainability of the organization
- Boards are often reluctant to bring the topic up for fear of sending the wrong signal to the Executive Director. EDs often avoid the topic because they fear the potential impact – that it sends a signal that they are looking for a different job, or the board might try to push them out, or they fear becoming a lame duck.
- The net result is that both sides avoid the topic and miss the **opportunity to sustain the mission work of the organization, which is the real, true promise of succession planning**

WHY PLAN FOR SUCCESSION

- *All careers end in a transition, eventually.* It's just a question of when, how, and how well the transition is managed.
- **Help Ensure Organization Sustainability** – deeper understanding of an individual executive's role and responsibilities, and can open the dialogue about bench depth within the organization, all of which furthers the CAA's sustainability.
- **Helps Mitigate Risk** – emergency backup plans ensure that there are cross-trained people ready to step in if something were to happen to an executive.
- **Increases Likelihood of Successful Transition** – developing a better understanding of the role of leadership positions in an organization. ***Better understanding leads to better decisions!***

WHY PLAN FOR SUCCESSION CONT.

- Ensures effective talent management to achieve growth and vision/mission
- Prepares individuals for inevitable change by developing critical competencies
- Promotes continuity of organizational culture
- Helps assure that good leadership development with intentionally happen
- Can be connected to Category 7 of the Org Standards that address Human Resource Management

THREE APPROACHES TO SUCCESSION PLANNING

1. **Leader Development Planning** – CAA is forecasting its future leadership talent needs, and in turn, reviewing internal leaders, assessing whether they have the potential to move into those forecasted roles.
2. **Departure-Defined Succession Planning** - used when the ED, particularly a long-term executive, plans to leave within the next 2 to 5 years.
 - a) Focus on the preparing the organization for transition and assessing core areas: business model, ensuring Board and Executives have a deep understanding of the CAA, financial resources, and the health of the culture of the organization.
Address any issues.
 - b) The incumbent plan their exit from the organization and the handoff to his/her successor.
3. **Succession Essentials** – Recommended! A blend of Leader Development and Departure-Defined.

SUCCESSION ESSENTIALS

Two Key Documents Developed in the Succession Essentials Approach:

1. **Emergency Back Up Plan** - frames the agreement between the executive who is being backed up and the person or people who are identified to provide the backup
 2. **Board-Adopted Succession Policy** - a formal policy of the board that frames how the board will handle short and long-term unexpected absences of the ED as well as how they would manage the transition if the ED decides to leave permanently.
- These two documents establish an “insurance policy” in case you need it at your CAA
 - More importantly, the planning process will lead to a deeper understanding of the CAA and its current and future leadership needs.



PUTTING SUCCESSION ESSENTIALS INTO PLACE

- **Organize Task Force** – 3-5 members, include Board Chair and another officer. Include appropriate staff.
- **Orient Task Force** – organize and make assignments
- **Gather Supporting Documents** - job descriptions, org chart, and strategic plan. Make necessary updates.
- **Ensure Current Job Descriptions** – actually reflect the current set of duties and responsibilities
- **Develop Emergency Backup Plans** – templates available from National CAP
- **Develop Succession Policy** – must have Board approval
- **Review and Reflect with Task Force** – prepare to share with Board
- **Review and Reflect with Board** – Build Board’s comfort level and competency in success plan
- **Implement and Schedule** – put it on the Board calendar for (at least) annual review

PUTTING SUCCESSION ESSENTIALS INTO PLACE – **DEVELOP EMERGENCY BACK UP PLAN**

- [Template](#) available from National CAP (ED should develop the first draft and review with Board and staff)
- Sections of the plan include:
 - **Rationale** – Rationale for the plan
 - **Priority functions of the positions** – identify responsibilities that must be addressed in a temporary staffing situation. Which duties are most critical? Which require the most time and effort?
 - **Business as usual** – outline the top 3-6 leadership activities that require attention during this temporary situation
 - **Plan implementation** – identify appropriate steps to implement the plan, to whom action steps are assigned
 - *Determine how much independence the President/Board Chair should have in the plan and how much and at what points should the Board Chair consult with the executive committee or the broader board*
 - **Definitions** – make clear your definitions; especially what is “short-term” and “long-term” absence

DEVELOP EMERGENCY BACK UP PLAN – IN THE EVENT OF A TEMPORARY, UNPLANNED ABSENCE

- **Who may appoint** – how much independence should the Board Chair have without consulting
- **First backup** – person primarily designated to back up the ED
- **Second backup** – if first backup is unavailable, an identified second backup is recommended
- **Cross-training** – **VITAL!** Ensure backups have been trained and are current on necessary information
- **Authority and restrictions** – carefully consider how much authority backups have; generally based on the experience of the backup.
- **Compensation** – determine if there will be pay differential for the backups addl. responsibilities
- **Oversight and support** – Typically, board chair is designated supervisor for the acting ED. Board Chair will have to have a high level of engagement w/the CAA
- **Communication plan** – Ensure stakeholders are aware of appointment of temporary ED

DEVELOP EMERGENCY BACK UP PLAN – IN THE EVENT OF A TEMPORARY, UNPLANNED ABSENCE

- **Short-term Absence** – typically defined as less than 2-3 months
 - Interim ED can “juggle” their two positions for a short-term absence.
 - **Long-term Absence** – longer than 2-3 months.
 - Interim ED cannot be expected to “juggle” for longer than 2-3 months
 - Consider additional backup/support for the interim’s actual position
 - **Permanent Unplanned Absence** – invoke the Board’s adopted succession policy (next slide!)
- **IMPORTANT NOTES:**
 - If the Fiscal Director is going to be the interim ED (regardless of length), ensure check signing policies are being followed. Likely need a new staff person identified to sign checks.
 - Ensure all key events and milestones are assigned accordingly
 - Collect contact information for all appropriate staff and partners
 - Ensure access to CAA’s critical documents

PUTTING SUCCESSION ESSENTIALS INTO PLACE – **DEVELOP SUCCESSION POLICY**

- [Template](#) available from National CAP
- Succession policy must be adopted by the Board and is only necessary for Executive Director position
- **Guiding Principles of Succession Policy:**
 - Board must clarify its philosophy on open, competitive searches. Some have a strong philosophy of hiring from within
 - Most organizations find that, even with a well-groomed internal successor, the process is well served by an open, competitive process
 - That way, whoever is appointed ED (whether internal or external) has a clear mandate of “winning” the position via a competitive process
 - Be mindful that long-term EDs have a management team reflective of the ED’s desires/talents/abilities/idiosyncrasies, rather than a more objectively designed structure
 - Be open, you need to look at the capabilities of the boarder management team and hire with that context in mind

PUTTING SUCCESSION ESSENTIALS INTO PLACE – **DEVELOP SUCCESSION POLICY**

- **Lines of Authority in a Succession Policy:**

- Clarifies that the selection of the new ED is the responsibility of the Board.
 - The ED hires staff.
- It is the Board's responsibility to ensure an orderly transition between EDs.
 - The ED's responsibility to ensure orderly transition among senior management and staff
- Board should review the emergency backup plan and succession policy for the ED position.
- Backup plans for additional management team members are highly recommended, but reviewed and approved by the ED.
 - The Board should be aware that backup plans exist.
 - In the interest of organizational sustainability, the Board may even urge or require the backup plans for management team

PUTTING SUCCESSION ESSENTIALS INTO PLACE – **DEVELOP SUCCESSION POLICY**

- **Additional Components of a Succession Policy:**
- **Emergency Backup Plan** – reference the previously discussed plan and indicate how those plans have a role in ensuring sustainability and orderly succession
- **Board Action in the Event of an ED Vacancy** – lays out the top level process for managing the transitions, including the appointment of an acting or interim CEO
- **Preparation Timeframe for Replacement of ED** – outlines the optimal timeframe for the incumbent ED to notify the Board of their desire to leave the position/retire, as well as the time required for a successful execution of the ED transition

PUTTING SUCCESSION ESSENTIALS INTO PLACE – **DEVELOP SUCCESSION POLICY**

- **Additional Components of a Succession Policy:**
- **Role of the Outgoing ED in Planned Transitions**– clarify the role of the departing ED in assisting the Board in planning the transition to their successor. Generally, it’s not a good idea to simply task the departing ED with finding their successor. *The appointment of a new ED is the MOST IMPORTANT DECISION a Board can make.* ED transition is a time for the Board to step up, delivering a higher level of engagement with the CAA than during “business as usual” times.
- **Initial Implementation of the Transition Plan**– brief outline designed to get a transition committee in place and get their started on their plan to manage the transition and the search
- **Committee Regarding Diverse Candidates and Staff Leader Development** – a commitment to developing internal candidates, but ensuring due diligence by conducting an open and competitive search. Board should also clarify its commitment to diversity

SUCCESSION ESSENTIAL TEMPLATES AVAILABLE



Emergency Backup Succession
Plan Template



Executive Director Succession
Policy Template

CONSIDER MERGER AND SHARED ADMIN SERVICES DURING SUCCESSION PLANNING

- Shared Services – arrangements between two CAAs to share administrative or programmatic functions or physical resources.
- Merger - does not mean transferring assets and liabilities to another CAA and then dissolve; merger can be any one of various methods of combining programs, assets or entire corporate entity between CAAs
- Core Idea – **Reduce costs** and **improve** management and services delivery by **sharing administrative and programmatic functions** with another CAA
- When CAAs share staff and tasks, **more time, money, and energy is available to feed the mission**. CAAs gain capacity thru scale and thru specialization.

SERVICES THAT CAN BE SHARED

PHYSICAL RESOURCES

- IT, hardware, software, cloud applications, servers
- Communication systems, phones, video conferencing
- Buses, transportation systems
- Workspaces, offsite storage, equipment

STAFFING

- Executive Director
- Financial and Administrative
- Human Resources
- Fundraising/Development
- Data collection/analysis

BENEFITS OF MERGER AND SHARED ADMIN

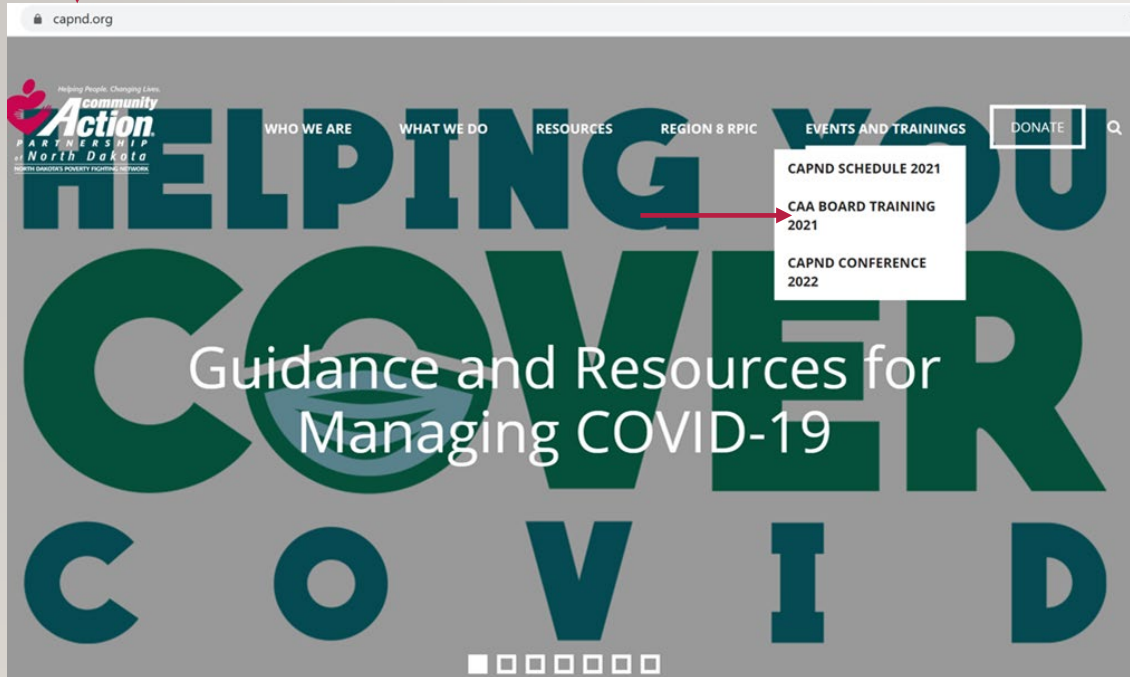
Efficiency	<ul style="list-style-type: none">• Reduce duplication & operational \$• Standardize process
Economies of Specialization	<ul style="list-style-type: none">• Access specialized services• Raise sophistication level
Sustainability & Investment	<ul style="list-style-type: none">• Expand donor base• Preserve institutional knowledge
Purchasing Power	<ul style="list-style-type: none">• Bulk purchasing discounts
Keep identity & autonomy	<ul style="list-style-type: none">• While minimizing costs

- Improved, expanded or preserved programs and services
- Strengthened financial position
- Upgraded administrative capacity and efficiency
- Enhanced visibility, branding and reputation
- Build each CAA's strength by joining forces
- Keep CAA identity

SOURCES FOR TODAY'S PRESENTATION

- CAPLAW
 - Tools for Top Notch CAAs
 - Combining Forces, Merger Manual
 - Working Better Together
 - Raising the Low-Income Voice: Democratic Selection Procedures for the Low-Income Sector of the Tripartite Board
- National Community Action Partnership
 - Executive Succession Planning Guide
 - CSBG Org Standards

ADDITIONAL BOARD MEMBER RESOURCES WWW.CAPND.ORG



- Training Materials
- Handouts and Information
- Training Dates
- CAPLAW: Tools for Top-Notch CAAs: A Practical Approach to Governance and Financial Excellence

QUESTIONS?



FUTURE TRAININGS

OCTOBER 30, 2021 12:00 CT/11:00 MT

FUTURE TRAINING TOPICS:

- ROMA for Boards
- Strategic Planning
- Risk Assessment - Oct
- Poverty in North Dakota
- Board Committees – Oct



CONTACT INFORMATION

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