

Nonprofit Executive Committees: Striking the Right Balance

By Kathy Cohen, Ph.D. and Nanette R. Fridman, MPP, JD

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When nonprofit organizations had boards of 50, 80 or even 100 people, the actual work of the board was done by executive committees. This made sense because it is nearly impossible to have meaningful conversations in groups that large. Over the last decade, we have seen a progressive and beneficial trend of boards downsizing with most boards ranging from 13 to 23 members. Given these numbers, is there still a role for executive committees on nonprofit boards?

Highly accomplished and well respected leaders disagree on this matter. Some believe that executive committees continue to be the powerhouses of the board, while others think that they are a completely outdated and destructive model. We believe the truth is in the middle. The use and effectiveness of any executive committee depends on six factors: (1) the size of the board, (2) the scope of the executive committee's work, (3) the size of the executive committee, (4) the perception of its power by other trustees and administrators, (5) the engagement of trustees who are not on the executive committee, and (6) effective management of board and committee meetings.

The reality is whether or not your organization has a sanctioned "executive committee," every nonprofit we have worked with has had either an official or unofficial coalition of board leaders who serve as the executive director's and/or board chair's inner circle. Semantics aside, it's worth closely examining the benefits and risks of an inner circle or executive committee to determine how your organization can best utilize this group.

Where Executive Committees Can be an Asset

Depth of Understanding: The executive committee often has a better understanding than the board at large of how the organization works. In high functioning executive committees and boards, this better understanding does not occur because the board is being shut out of important conversations. Rather, this happens naturally when a small group spends more time together with the executive, and can take a deeper dive into an issue before it is shared with the entire board. In fact, this is the work of any board committee: tackle big

issues and share the most salient points with the board whether they are questions, challenges, or progress. This process allows boards, in an efficient and thoughtful manner, to have the fullest understanding of the issues. It makes it possible to have broad, informed, and robust discussions about how issues can potentially impact the organization, its mission, and goals.

Beta Testers: Executive committees can be a fantastic beta testing ground. Perhaps the development director is presenting a new fundraising campaign to the board or the executive director needs to fire a beloved employee or a complicated financial picture needs to be explained to trustees who vary in their sophistication and understanding of complex finance. The executive committee can help determine what might be missing from a presentation, pose questions trustees are likely to ask, and uncover any points of confusion before such stumbling blocks derail constructive conversation at the board level.

Agenda Setters: It is often helpful to board chairs to have a group to review the agenda with and to be “eyes and ears” at both the committee level and in the community-at-large. This assists in making sure that key issues are brought to the surface and that many perspectives are heard.

Work that Doesn't Have a Home: The executive committee is a small and nimble group that is poised to take action around a particular issue when it doesn't fall squarely within another committee's or task force's domain. These issues can range from evaluating and selecting the three best offers to share with the board regarding a bank loan refinance to evaluating the engagement of a board consultant.

Emergent and Sensitive Issues: The executive committee is on-call and available to work with the executive director or board leaders on urgent or time-sensitive issues as well as issues that are sensitive in nature and require more discretion. This can be a life saver for organizations when such issues occur in-between regular board meetings.

Training Ground: For those in line for succession either formally or informally, the executive committee can be a source of mentorship and coaching. Having a small group setting can provide training ground and allow board members to develop their leadership skills.

Where Executive Committees Can Get in Trouble

Pre-deciding and Impeding Board Engagement: The problem we come across often in our work is that the executive committee can overstep its scope and serve as a separate, higher level board that pre-discusses and pre-determines every outcome. This can lead to a disengaged board with trustees who feel their skills are not well utilized and who feel they merely rubber stamp the work that the executive committee has already done.

The In-Crowd: Executive committees have great potential to become a close and closed group and can appear cliquy to the rest of the board. This can create a divisive feeling among trustees, a significant lack of trust, and separate coalitions within the board.

The Only Crowd: If the executive director is new or turns to the executive committee frequently, this can lead to the executive committee feeling burdened and overwhelmed. It also means the executive director isn't getting to know and leverage the work, wisdom and webs of the other board members to the fullest extent.

Executive Committee Best Practice

Assess the Need: Assess the size of your board and ask yourself "Could our board do all of the work it needs to get done, whether a crisis emerges or not, with both the number of trustees we have and the number of board and committee meetings we have each year?" If the answer is yes, your board is small enough such that the board and executive committee can be one and the same; after all, there is an enormous difference between a seven person board and a twenty-five person board. If the answer is no, all signs point either toward a complete structural overhaul or the need for an executive committee.

Acknowledge the Committee: Who does your executive director turn to regularly for advice and feedback. Is it just the board chair? A small group of people? If your executive director is consistently turning to a small group, you have an executive committee whether you call it one or not. Your organization can address this in two constructive ways: either name a designated executive committee or ensure that the executive director includes all trustees regularly for advice and feedback.

Right Size: Executive committees need to have the right number of members in proportion to the entire board. If a board has 11 or fewer people, truly, there is no need for an official executive committee. If a board has 23 people, it doesn't

work if 12 of them serve on the executive committee. Consider who is essential to vetting significant issues before board meetings and who has potential to become future board leaders, then build an executive committee from there.

Define the Scope: It is essential to define the scope of the executive committee and the work it will do. Do this in partnership with the entire board so that trustees can weigh in on what work feels vitally important to all trustees, and what work should be allocated to the executive committee.

Having a small executive committee with a well-defined and limited role can support the board chair, the executive director and be an important backstop. A disproportionately powerful executive committee operating as a board within a board prevents empowering each board member to lead and contribute. Such an executive committee can negatively impact overall board culture and impede the engagement, development and commitment of other board members. These outcomes can be detrimental to the organization. The key is to strike the right balance for the executive committee so that each board member can grow and be cultivated, while new ideas and new leadership are developed.

Kathy Cohen, PhD, is a Clinical Psychologist and experienced nonprofit board president who provides governance and, development consulting as well as coaching for nonprofit organizations. Her practice is focused on helping nonprofit executives and boards become more focused, efficient, collaborative and impactful. She can be reached at kathy@kathycohen.com.

Nanette Fridman, MPP, JD, is founder and principal of Fridman Strategies, a consulting firm specializing in strategic planning, financial resource development, governance and leadership coaching. She is a frequent speaker, trainer, workshop presenter and facilitator. Nanette is the author of "On Board: What Current and Aspiring Board Members Must Know About Nonprofits & Board Service." She can be reached at fridmanstrategies@gmail.com.

Executive Committees: To Be or Not to Be?

By Robin Hindsman Stacia, BoardSource senior governance consultant; principal, Sage Consulting Network, Inc.

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Not to be? Many of you may think that questioning the relevancy of the executive committee (EC) crosses a sacred line. If you do, it's because somewhere along the way, we've allowed our executive committees to become sacred groups with the ability to make limitless decisions and act in lieu of the board's full participation. And when I say "we," I mean board members. Our executive committees didn't take this level of power by force or coercion; rather, we have been giving away this power so we can do less! There, I've said it: Board members allow the executive committee to cover for their lack of engagement.

Just hold your horses, you say: Executive committees have the authority to act on behalf of the board, and they are a common standing committee. According to *Leading with Intent: A National Index of Nonprofit Board Practices*, 78 percent of boards have executive committees, making them the most prevalent of all committees reported. Surely, 78% of nonprofit boards can't be in the wrong!

Okay, maybe there are a few effective executive committees out there, but, in many more cases than we hate to admit, our executive committees are what were intended to be a good practice gone wrong. And I'm not alone in my desire to see them 'not be.' In the May 26, 2011 issue of *The Nonprofit Quarterly*, Simone P. Jayaux defiantly declared, "I'm on a worldwide mission to destroy all executive committees." Why? Because board disengagement — something many, many boards struggle with — can be worsened by the presence of even a halfway functional executive committee. And, as the board's engagement deteriorates, the executive committee grows in strength, becoming the de facto board and undermining the legal and statutory responsibilities of the full board.

If you're among the 78 percent of boards that have an executive committee, the full board must retain its position as the primary authority for the organization and take steps to ensure that your EC doesn't exceed its boundaries. There must be full transparency between the deliberations and decisions made by the EC

and the full board. The take-away here is that board members can't delegate their responsibilities, fall asleep on the job, and fail to maintain full engagement and accountability.

The following are some practical actions that will help your board improve its executive committee processes:

- Consider if your executive committee is necessary for your board. Not all boards require an executive committee, and each needs to consider the added value and if the EC's responsibilities could be handled by other committees or perhaps the board's officers.
- Make sure the bylaws detail the specific scope of responsibilities for your EC, clearly state the membership, and indicate when the EC's decisions must be confirmed by the full board. The more structure the better — limit flexibility. Clearly identify what the EC should not do.
- Use the EC to vet ideas and options for full board discussion, not decision making.
- Ensure that there is a process in place for full board review of EC minutes and actions.
- Consider the appropriate meeting frequency for the EC. Consider having this committee meet only when necessary and not routinely, which will minimize the possibility of diluting board responsibilities. Executive committees that meet more frequently are prone to doing more work — work that might be better delegated to other committees, your board officers, or even management.

Executive committees: To be or not to be? Emerging governance trends suggest that we change or eliminate our executive committees. That means we need to rethink business as usual and engage in an honest evaluation of the impact of our executive committees on our boards. Are we, as board members, enabling board disengagement by allowing our executive committees to make decisions for us? If so, it's time to reengage and take back our power.

EXECUTIVE COMMITTEE VS. BOARD OF DIRECTORS FOR A NONPROFIT

By Gail Sessoms

<https://careertrend.com/executive-committee-vs-board-directors-nonprofit-33563.html>

The board of directors is the governing body of the nonprofit, as required by state and federal laws. The nonprofit board ensures that the organization carries out its charitable mission and complies with the requirements of its tax-exempt status. The executive committee, one of many committees the board may establish, includes the board's officers – president, vice president, treasurer and secretary. Although the members of the executive committee hold the board's leadership positions, the committee differs from the board in the scope of its authority and its ability to act independently.

Boards and Committees

The nonprofit's organizing documents, which are its articles of incorporation and bylaws, detail the authority and powers of the board and its committees. The documents dictate the required number of board members and provide for the creation of committees and appointment of committee chairs. Boards may have standing committees, such as the finance or executive committee, and might establish ad hoc committees to address specific issues. Committees do the work of the board by focusing on specific issues, which allows for closer attention to important tasks. Committees, generally, answer to the full board and may be supervised by one or more of the board leaders.

Board of Directors

The independent, volunteer board of directors oversees the nonprofit's operations, manages its finances and hires the chief executive officer. The nonprofit board sets policy and makes major decisions for the nonprofit. The entire board of directors, as the governing body, is legally responsible for the nonprofit organization and its activities. Boards for large organizations often provide liability insurance for directors and officers. Directors serving on nonprofit boards attend meetings and cast votes to make important decisions and to carry out the board's duties.

Executive Committee

In addition to the board's officers, the executive committee includes committee chairs and the organization's chief executive officer. The executive committee,

even considering its membership, still answers to the entire governing body and is bound by the board's voting power and the provisions of its organizing documents. Some nonprofit boards give executive committees broad powers to act on behalf of the board between meetings and when addressing urgent situations. Some executive committees directly supervise the organization's CEO, including compensation decisions and performance evaluation.

Balance of Power

Board size and the complexity of the nonprofit's assets and operations might determine how much authority or power to act independently an organization grants to its executive committee. Some nonprofits afford executive committees no authority to act without the approval of the full board. Executive committees can function like other committees in meeting independently to hammer out solutions or gather information, followed by reports to the full board for voting and decision-making. In the end, the role of the executive committee is balanced against the power of the full board to ensure proper governance.