

# Nonprofit Board Policies Manual

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## Definition

A Board Policies Manual (BPM) is an organized “living” document that contains *all* the current policies a nonprofit board has adopted to govern wisely. Included in a BPM are best practices that articulate vision/mission/values, set out board-level goals, define how the board functions, the board’s relationship with its CEO and staff, definition of committee functions, and board parameters around executive actions. Usually less than 20 pages plus a few exhibits the BPM is reviewed at most board meetings and amended as necessary to reflect the latest the board’s latest wisdom.

## The Value of a BPM

A BPM serves several important purposes for board members, the executive staff, and even some outside stakeholders. Here are some of the many benefits.

- Defines more specifically the board policies beyond what the bylaws set.
- Gives board members and key staff one place to look for board-level policies that are distinguished from management policies.
- Reduces the confusion about overlapping, redundant, or often conflicting policies, which are often found in years of board minutes.
- Allows new board members and key staff quickly to be oriented to the role of the board vis a vis staff.
- Frees up the CEO by knowing the parameters within which she/he can make decisions.
- Proves valuable, quite often, in winning grants and contracts.
- Testifies to donors and the public of the organization’s good governance

## Proven steps to initiate and continually improve a nonprofit’s BPM:

- Ask the CEO or an experienced board member to do the first draft, often starting with a widely used template (see *Further Reading* at the end of this essay).
- Invite the Executive Committee or a Board Development Committee to review and edit a final draft for full board review and either approve or table each numbered section.
- Expect the CEO, once the BPM is initially approved, to provide in advance of every board meeting any provisions the executive team recommends changing.
- Assign each section of the BPM to the appropriate standing committee (e.g., the section on finance would be assigned to a finance committee) for periodic review to determine if they want to recommend revisions to the full board.
- Amend the BPM to reflect the latest policies after they have been reviewed and recommended by the appropriate committee.

## Why All Boards Don’t Have a BPM to Guide the Board and Staff

While a BPM is almost universally considered a best practice in nonprofit governance, some nonprofit organizations have not adopted this tool for high performing boards. Why not?

- Tradition and the normal resistance to change.
- Desire of some Board or staff leaders to “call the shots” without written policies.

- Perceived difficulty in writing a good, if not perfect, BPM.
- Over-reliance on Board minutes to document Board decisions and policies.
- Bad experiences with past efforts to document policies only to have them sit on the shelf and not used to manage the governance process.
- Not familiar with the concept and value to good governance.

### How a BPM Relates to Other Key Policy-Related Documents

As the following exhibit illustrates, there are levels of policies, all of which are important and relate in some way to each other. Note that *authority* flows down – no level of policy below it can violate the policies above it. Likewise, *accountability* flows up – nothing in one of the numbered boxes can be inconsistent with the boxes above it.

#### Exhibit 1 The Hierarchy of Policies

<b>1. FEDERAL AND STATE LAWS</b> A board expects staff to monitor on its behalf and comply			
<b>2. Influencers May Impact Written Policies</b> Affiliated Nonprofit Organizations, Accrediting Agencies, Credit Rating Bureaus, Partnerships, Major Grant Provisions, etc.			
<b>3. Articles of Incorporation</b> Seldom needs amending unless name or purpose change.			
<b>4. Bylaws</b> Keep “lean” and revise as necessary to reflect actual practice. Leave the details to the BPM, which can be more easily revised.			
<b>5. BOARD POLICIES MANUAL (BPM)</b> The ‘one-voice’ of the board in an evolving, comprehensive document of 15-20 pages plus a few attachments <ul style="list-style-type: none"> <li>▪ Mission, values, strategies, goals</li> <li>▪ Board structure and processes</li> <li>▪ Board – staff relations</li> <li>▪ Parameters around executive authority in all major functions</li> </ul>			
<b>6. CEO-LEVEL POLICIES</b> Planning documents, personnel manual, etc. approved by CEO and often given to the board for information, but not approval, as that would make it a board-level policy requiring the board to make changes			
<b>7. OTHER ORGANIZATIONAL POLICIES</b> Often determined in and by various staff units, e.g. ↓			
<b>Finance</b>	<b>Fundraising</b>	<b>HR</b>	<b>Programs</b>

Many small nonprofit organizations do not have to consider Box 2 when drafting their other policies. Too many boards neglect to review Boxes 3 and 4 regularly. This can result in lawsuits by disgruntled employees, vendors, et al. It's prudent to have an experienced attorney review these documents every few years to ensure compliance with the latest government laws and regulations. Someone also must be very familiar with policies in these boxes when changes to the BPM are proposed.

### **Suggestions on Keeping a Policy-Led Organization Effective and Efficient with a BPM**

Thousands of nonprofits have used some version of this approach to make them better performing boards. The concept known as the Policy Governance Model was first described by Dr. John Carver in his 1990 book, *Boards That Make a Difference* (see *Further Reading* below). It was envisioned to apply to a wide range of entities – schools, city councils, hospitals, churches, and many other types of organizations that have a governing board. The centerpiece of the model is the BPM discussed here and explored in greater detail in our book, *Good Governance for Non-Profits* (Laughlin and Andringa, 2007).

We believe every nonprofit could take giant steps toward a high-performing board with its own BPM. Once a working version is adopted, albeit not perfect, it will save hours of board time and reduce staff uncertainty by getting everyone on the same page. Once a working draft is available, we advise boards to adopt only those sections on which a majority could initially approve. The remaining sections could be further researched and discussed, maybe in a committee, and brought back to the next board meeting for reconsideration/adoption. It's a "living" document containing *all the on-going policies* a board needs to document that is continually modified to respond to external and internal changes and evolving trends affecting the organization. The BPM itself should sunset (terminate) any previous policy in minutes that is inconsistent with the BPM.

**Note:** This article, with very few small edits, is included in the *Elgar Encyclopedia of Nonprofit Management, Leadership, and Governance*, 2023, available for sale at <https://www.elgaronline.com/display/book/9781800880092/9781800880092.xml>

### **Further Reading**

Carver, J (2006) *Boards That Make a Difference*, 3<sup>rd</sup> edition. Jossey-Bass. (Plus, hundreds of other articles, books, essays that may refer to a policies manual).

Laughlin, F and Andringa, R (2007) *Good Governance for Nonprofits*. American Management Association (AMACOM), now distributed by HarperCollins Leadership.

Andringa, R (2022) an Introduction to a BPM and a template that easily jump starts the process can be found at <https://theandringagroup.com/resources/>