



## From Galas to Governance: The Evolving Role of Boards in the Non-Profit World

February 11, 2016

The Chicago NACD's 2015-16 season continued with a dynamic panelist discussion moderated by Emily Nicklin, Partner of Kirkland & Ellis and Chair of the Board of Trustees of the University of Chicago Medical Center. Panelists Constance Keller, Chair of the Board of Trustees of the Field Museum; Gillian Darlow, Chief Executive Officer of Polk Bros Foundation; and Karen Teitelbaum, President and Chief Executive Officer of Sinai Health System discussed the evolving role of non-profit boards, the issues faced by non-profit boards today and key differences and similarities between corporate and non-profit boards.

Nicklin introduced herself and kicked off the discussion by highlighting the various challenges non-profits face even in today's environment of great wealth and potential. Nicklin then asked her panelists to provide an overview of the non-profits they were involved with, to provide the audience with an understanding of what non-profits have framed the panelists' judgment.

The panelists focused the bulk of their discussions around the following three topics:

1. Differences and similarities between corporate and non-profit boards;
2. How to recruit and continue to engage good board members; and
3. Specific responsibilities of non-profit board members.

Keller opened the dialogue amongst the panelists regarding similarities and differences between non-profit and corporate boards by highlighting the size of the Field Museum Board: its bylaws require a minimum of 85 trustees. Corporate boards tend to be much smaller in size. Darlow expanded on Keller's comments mentioning specifically that non-profit boards are more likely to be responsible for not only an overview of the strategy but also involved with the execution of the strategy. For example, Darlow mentioned that her board signs off on every single grant the Polk Bros. Foundation awards. The panelists also highlighted several commonalities between for-profit and non-profit boards. Darlow stated that at the broadest level, for-profit and non-profit boards tend to be very similar: both are charged with shepherding the strategy, identifying risks and risk reduction, and CEO oversight. Teitelbaum also touched on how the recruitment of board members and skills needed on their boards is similar to corporate boards: the non-profit boards recruit based on identifying a skill needed to guide the organization's strategy (healthcare, technology, investment management or financial expertise), very much the same as a for-profit board recruits.

Teitelbaum's comments led to the discussion of how to recruit and engage good board members. Nicklin shared identifying those who have a passion for the non-profit's mission, who have the appropriate and necessary skillset and who have the philanthropic capacity to reach out to his or her networks is key. For example, several of the trustees of the University of Chicago Medical Center were past patients who had experienced its services. These trustees had a passion and personal connection with its mission. Additionally, the panelists emphasized the importance of transparency during the recruitment process and beyond to ensure a healthy relationship between the board and the non-profit. Board members should understand the reason he or she has been asked to serve on the board and what skill he or she is contributing. Several panelists mentioned instituting term limits as a way to incorporate a healthy evaluation and conversation to ensure board members and the non-profit are both benefitting from the relationship.

The panelists then moved on to discuss responsibilities that are unique to non-profit boards, including the give-or-get requirement. The non-profits the panelists served on in general do not have a specific give-or-get requirement, but the boards do expect its members to contribute based on individual capacity. Nicklin also shared that she has found the best way to ask her fellow board members to give is by making a commitment herself.

To wrap-up the day's program, the panelists opened up its discussion to audience questions, which included questions regarding how to set short-term goals that adhered to the overall long-term mission of the non-profit and how to avoid mission creep. Responses to both of these questions highlighted the importance of setting a strong and focused mission and long-term strategy. Teitelbaum shared that all of her short-term goals were linked directly to the long-term strategy, with the short-term goals cascading down from the mission statement and long-term strategy.