Vol. 21, No. 3, Winter 2012/2013

Nonprofit Risk Management Center
... find the answer here

Risk Management ESSENTIALS

Tips, Knowledge and Tools for Nonprofit Organizations

2013 Risk Webinars

The new series features thought-provoking risk topics delivered in 60-minute live or recorded formats.

- **March 6**: *Risk in the Cloud: Keep Your Assets Protected When Flying High*
- **April 3**: *Risk Oversight: Who, What and How*
- **May 1**: *HR Risk: Take the High Road without Getting Lost*
- **June 5**: *Donors, Not Danger: Managing Fundraising Risk*
- **July 10**: *BYOD: Managing the Risk of Personal Devices at Work*
- **August 7**: *Conflicts of Interest: Uncover, Understand and Act*
- **September 4:** *All That's Sacred: The Erosion of Employment at Will, the Regular Workday and Other HR Icons*
- **October 2:** *Tending the Garden of Complaints: Transforming How You Approach Stakeholder Discontent*
- **November 6:** *EPLI: What You Need to Know*
- **December 4:** *Employee, Independent Contractor or Volunteer: Status Matters*

Each program is packed with practical information. All Center webinars are recorded and archived so you can watch missed programs at your convenience.

Visit **www.nonprofitrisk.org** and choose the "Webinars" tab to learn more.

The Board Issue

"Let's Work Together" – The Sweet Sounds of a Board-CEO Partnership

by Melanie Lockwood Herman and Erin Gloeckner

On paper nonprofit boards and CEOs are required to work together. Typical CEO position descriptions include items such as:

- Keeping the board apprised of issues impacting the nonprofit's mission and necessary to govern,
- Reporting to the board at regular meetings and other times as necessary,
- Executing contracts per the authority granted by the Board,
- Developing and operating within the budgetary limitations and work plan approved by the board, and
- Consulting regularly with the officers and members of the board.

Customary board position descriptions generally include references to "supporting and supervising the CEO of the organization."

Yet instead of making sweet music set to the upbeat tempo of a nonprofit's mission, many nonprofit boards find

continued on page 2

A publication of the
Nonprofit Risk Management Center

15 N. King Street, Suite 203 • Leesburg, VA 20176 • Phone: (202) 785-3891 • Fax: (703) 443-1990 • www.nonprofitrisk.org

Risk Management ESSENTIALS
Vol. 21 • No. 3 • Winter 2012/2013
Published three times annually by the
Nonprofit Risk Management Center
15 N. King Street, Suite 203
Leesburg, VA 20176
Phone: (202) 785-3891
Fax: (703) 443-1990
Web site: www.nonprofitrisk.org.

Nonprofit Risk Management Center
…find the answer here

"Let's Work Together" – The Sweet Sounds of a Board-CEO Partnership
continued from page 1

themselves working at odds with the appointed chief executive of their beloved organizations. If your nonprofit board doesn't always sing in harmony with your CEO, continue reading to explore:

1. The downside risks of failed or failing board-CEO partnerships;
2. The causes of board-CEO power struggles and mistrust;
3. The key elements of a successful board-CEO relationship; and
4. Action steps to get the board and CEO "in tune" and pitch perfect.

Downside Risks of Disharmony

When members of a rock band experience "artistic differences" back stage, the audience may not be aware of the personality clashes taking place behind the velvet curtain. The same is true in a nonprofit. When boards and CEOs squabble, some leadership teams are skillful at keeping the disagreement far from the view of major donors, members, participants, and other important stakeholders. And when board-CEO relationships reach a breaking point, many stakeholders will be caught by surprise.

In other cases, the collateral damage from a feud between the board rock band and the CEO "front man" may be evident to stakeholders in the front rows. The group most likely to perceive or glimpse board-CEO disharmony is the staff at the nonprofit. And when the CEO airs her frustration with the board or runs down her band mates, the staff is certain to lose respect for the entire leadership team.

Some of the downside risks of an ineffective board-CEO relationship include:

- Wear and tear on staff/volunteer morale;
- Hesitancy by both parties to surface critical issues or challenges that require discussion and collaborative action;
- Deliberate action by either the board or the CEO that excludes the participation or perspective of the other;
- Untimely departures by members of the board who prefer to volunteer in nonprofits where the leadership team can harmonize; and
- Premature departure of the CEO who prefers a less stressful work environment.

Causes of Poorly Tuned Board-CEO Teams

Three reasons surface again and again in the review of unhealthy board-CEO relationships: (1) lack of trust; (2) ineffective division of labor; and (3) poor communication.

- **Lack of Trust** – Lack of trust is a common precursor to serious trouble in any relationship. As discussed in her article "The Board Chair-Executive Director Relationship: Dynamics That Create Value for Nonprofit Organizations," (published in the *Journal for Nonprofit Management*), author Mary Hiland found that Chair-CEO relationships generally reflect one of three levels of trust. The lowest level of trust stems from specific rewards or punishments. This type of trust is situational; the board may trust the CEO in certain, but not all cases. Although this type of trust may be adequate for some workplace relationships, high-performing nonprofits need and deserve more.

continued on next page

"Let's Work Together" – The Sweet Sounds of a Board-CEO Partnership
continued from page 2

The second level of trust exists when board members and CEOs know each other well enough to be confident in each other's personalities and competencies. This level of trust promotes respect, effective communication, and a willingness to be vulnerable. These characteristics encourage leaders to take risks to meet or exceed performance expectations. Think of this level like the Sammy Hagar era of Van Halen. After David Lee Roth left the band, Hagar assumed the role of lead singer and needed a chance to prove his talent. Because he had earned the band's trust, the new line-up worked together and soon achieved their first No. 1 album on the *Billboard* charts.

Once the CEO and board members demonstrate mutual respect, communicate well, and are comfortable being vulnerable, they can ascend to the highest level of trust. At the third level of trust leaders truly *identify* with one another. How does this differ from the second level? At the second level, a CEO will be able to predict how the board will react to her proposal to scale-up a successful program. Once they have reached the third level, the CEO will be able to internalize board member preferences. The CEO and her board will work together as a seamless entity. And on a good day, the board-CEO connection will feel like a family with an unbreakable bond, like the relationship between Seattle rockers Ann and Nancy Wilson of Heart.

- **Ineffective Division of Labor** – In the Rob Reiner rock spoof film, *This is Spinal Tap*, two band members who began their careers as devoted partners drift apart, and wind up vying awkwardly for creative control of the band. An unclear division of labor is a common cause of turmoil between boards and nonprofit CEOs. Many CEOs complain that their boards are "too operational," and become testy when questioned by the board about operational issues. Boards complain that CEOs keep them in the dark until a challenging situation has spiraled out of control, necessitating board action.

  The underlying cause of *both* complaints is an ineffective or unclear division of labor. When the CEO and board repeatedly step on each other's toes, the awkward result is jarring to the senses of any stakeholder audience.

- **Poor Communications** – When boards and CEOs fail to communicate, or when communication is sporadic, stingy

continued on page 4

> "Once the CEO and board members demonstrate mutual respect, communicate well, and are comfortable being vulnerable, they can ascend to the highest level of trust."

"Let's Work Together" – The Sweet Sounds of a Board-CEO Partnership
continued from page 3

> "Many CEOs who complain bitterly about their "operational" boards are in fact responsible for that governing style. How? They repeatedly present detailed operational plans and are offended when the board chimes in."

or overly formal, it's impossible to produce award-winning results. Board members and CEOs that aspire to best-in-class governance and management must commit to communicate openly, even about issues that make either or both sides a bit uncomfortable. Ignoring unmet needs and expectations for information—by members of the board or the CEO—is a common lead-up to a break-up of the team.

Must-Have Qualities of a Successful Board-CEO Pairing

- **Constructive Partnership** – Association consultant Jeff De Cagna says that a "constructive partnership" is the foundation for a healthy relationship between the board and CEO. He explains that such a partnership exists when there is a "mindset of interdependence… and a culture of shared responsibility." Jeff's words of wisdom remind us that boards and CEOs should feel that "we need one another" and "we're in this together."
- **Clear Expectations** – Establishing clear roles and expectations is essential to building and sustaining harmony between the board and CEO. Striving for clarity does not mean ensuring no overlap: as band mates on the leadership team there may be overlapping as well as complementary roles. Although Ringo Starr didn't write the tune "Yellow Submarine," his vocal style was a perfect fit for the children's song penned by Beatles band mate Paul McCartney. The key to clear expectations is to discuss and agree on roles and responsibilities, and to get comfortable with changing the line-up to meet needs and circumstances.
- **Strategic Thinking** – Both the board and the CEO must engage in strategic thinking to lead a nonprofit to success. Great CEOs help their boards focus on strategic issues by *bringing* strategy-related questions to the board table, and by *resisting* the all-too-common act of putting operational matters on the board's set list. Many CEOs who complain bitterly about their "operational" boards are in fact responsible for that governing style. How? They repeatedly present detailed operational plans and are offended when the board chimes in.
- **Culture of Candor** – A fourth essential note in any composition about great board-CEO relationships is a culture where polite candor is alive and well. The business of governing and leading a nonprofit is too complex and important to sweep difficult issues under the rug. Boards and CEOs that can't be honest with each other have no hope of making beautiful music together.

Action Steps to a Pitch Perfect Leadership Team

STEP 1. Make 'We're in This Together' Your Theme Song – To achieve the "constructive partnership" touted by Jeff De Cagna, the board should acknowledge its dependency on the CEO, and the CEO should acknowledge her dependency on the board. The board chair should not permit another member to speak derisively about the CEO but instead insist that performance concerns be addressed openly and professionally.

continued on next page

"Let's Work Together" – The Sweet Sounds of a Board-CEO Partnership
continued from page 4

The board chair should encourage the CEO to bring any concerns about the performance of individual board members or the body as a whole—back to the board. In some nonprofits, a Governance Committee or Executive Committee plays the "heavy" in enforcing board member responsibilities. Or in the case of a poor performing CEO, direct feedback may be delivered on the board's behalf by the Personnel Committee.

STEP 2. Replay and Remix the Board and CEO Position Descriptions – Revisiting position descriptions at least annually is a great step to strengthen the relationship between the board and CEO. As the nonprofit evolves the roles and responsibilities of the CEO are likely to change. When the expectations of the CEO change, the role of the board changes as well. Don't treat these documents like treasured historical artifacts: update them as needed to keep expectations relevant and clear.

STEP 3. Flip Your Board Agenda – Instead of beginning every meeting with the customary list of routine committee reports, start your board meetings with a lively discussion of focus, direction and strategy. Tap into the energy members bring at the beginning of a board meeting, and leave the routine pieces to the end of the meeting. One benefit of this structure is that any members who have to leave early won't miss an opportunity to weigh in on the big picture questions. Another benefit is that by putting the challenging, truly interesting material at the front end, habitual late-comers will be incented to arrive on time. Finally, by scheduling discussion and action on strategy at the beginning of the meeting, you will send a message that strategy setting is what governance is all about in your nonprofit.

STEP 4. Actively Seek Ways to Build Trust and Fellowship – Encourage members of the board and the CEO to speak openly and honestly. Allow time for the board and CEO to get to know and appreciate each other's personal qualities and work ethics. Social time involving the board and CEO isn't a missed opportunity to work—it provides a solid foundation on which great decisions will be made in the future.

Many nonprofit leadership teams go on stage night after night with the smooth harmonies of groups like the Everly Brothers, Electric Light Orchestra, or the Mamas & The Papas. Other teams experience the kind of in-fighting and turmoil that necessitated line-up changes for groups like Journey and Van Halen. Whether your adoring public clearly sees or is blissfully unaware of the relationship between key leaders, your mission deserves a commitment to make that relationship the best it can be. A great relationship between the board and CEO offers a foundation on which to build and grow. You'll not only find it easier to recruit talented board members as new volunteers, you'll also find it far easier to hang on to the great performers already on the board.

If you want to transform your dysfunctional garage band into a legendary board-CEO team headed for the Rock and Roll Hall of Fame, make a commitment to "come together right now" to create the close-knit, trusting band your nonprofit's mission needs and deserves.

Melanie Herman and Erin Gloeckner are staff members at the Nonprofit Risk Management Center. They can be reached via email at: Melanie@nonprofitrisk.org and Erin@nonprofitrisk.org. Both staff members can be reached by phone at (202) 785-3891.

"Instead of beginning every meeting with the customary list of routine committee reports, start your board meetings with a lively discussion of focus, direction and strategy."

Avoid Transition Trauma with a Succession Plan

By Melanie Lockwood Herman and Erin Gloeckner

Succession planning can be a touchy subject. Members of a nonprofit board may fear the risk of insulting a CEO by suggesting the topic as an agenda item. Some CEOs may feel disinclined to raise the subject because it could send mixed signals about their intent to remain with the nonprofit. Yet succession planning is a critical risk management issue for every nonprofit board. Getting over the taboo associated with succession planning is the first step to managing the myriad risks associated with poorly planned executive leadership transitions.

If conversations from recent **Risk Assessments** are any indication, the lack of a succession plan opens the door to confusion and turmoil in the board room, infighting on the senior management team, concern on the part of key institutional donors, uncertainty and fear among rank and file staff, reduced productivity, and more. Based on our engagements with dozens of nonprofits and nonprofit boards, the absence of a plan outlining critical steps in the wake of a CEO departure is the #1 risk issue keeping members of nonprofit boards awake at night.

If many downside risks can materialize during poorly planned or unexpected CEO transitions, then why do so few nonprofits have formal succession plans? Tom Adams of Center AFFILIATE Member

continued on next page

Avoid Transition Trauma with a Succession Plan
continued from page 6

Transition Guides helps readers see succession planning in the proper light and dispels some of the myths about the process in his terrific book, ***The Nonprofit Leadership Transition and Development Guide***. First, Tom reminds us that the purpose of a succession plan is not to select an understudy for your CEO. The purpose is to undertake a planning process that will ensure the health of your nonprofit during and after a leadership change. Second, Tom notes that since the only thing we can count on is change, leadership transitions should be anticipated and viewed as wonderful opportunities to grow and transform.

Set the Stage

In the list below we offer three "to do" items to set the stage for succession planning. With these important items in place you will be poised to develop a custom-fit, made-to-suit, succession plan for your nonprofit.

- **Adopt a CEO performance assessment process.** Every nonprofit board should adopt a timeline and process for undertaking an annual review of the CEO. Some of the tasks associated with the process include: determining which board committee will coordinate the process (options include, but aren't limited to, the Personnel Committee, Executive Committee, or Board Development/ Governance Committee); selecting/drafting the evaluation instrument or format; determining how input from the full board will be obtained; reviewing the CEO's position description and suggesting changes; reviewing performance goals; and deciding how the results of the assessment will be communicated to the full board and CEO. (Note: see the sidebar on page 8 for key questions that the Board and CEO should consider during an evaluation process.)
- **Clarify back-up personnel for key responsibilities.** The sudden or planned absence or departure of a CEO should not cause your nonprofit's mission to stumble. The best way to avoid the downside risk of a leadership vacuum is to make certain that back-up personnel are available for key CEO responsibilities. For example, if the CEO is the primary point of contact for major donors, make certain that another senior staff member or board member is known to these key funders as a back-up contact. Ensure that the back-up leader has opportunities for email as well as in-person or telephone contact with donors. Another area where back-up is likely needed is responsibility for convening the management team. Identify which member of the senior management team will coordinate team meetings in the CEO's absence.
- **Keep the CEO's Position Description up-to-date.** During a succession planning exercise, many boards discover that the position description for the CEO is woefully out of date. The description of duties and responsibilities is often filed in the new hire's personnel file and long forgotten. The Position Description should be a current document that is helpful to the Board and the CEO. It should offer a straightforward reminder

continued on page 8

Transition Challenges

According to Tom Adams, transition planning guru and author of ***The Nonprofit Leadership Transition and Development Guide***, organizational culture and the circumstances surrounding a CEO's departure can create unique transition issues. One common challenge is the decision to have the same group (e.g., the Board or a Board Committee) focus on the CEO candidate search and the transition phase at the same time. Adams recommends that multiple teams be formed to spearhead three key transition tasks:

1. Recruiting and selecting a new CEO;
2. Facilitating the new CEO's arrival/ transition; and
3. Managing the prior CEO's exit.

Avoid Transition Trauma with a Succession Plan
continued from page 7

about the essential duties and responsibilities of the position, as well as the board's expectations.

Succession Planning in Five Steps

STEP 1. *Assign responsibility for developing a plan to an existing or new Board Committee*, (e.g., the Executive Committee, Personnel Committee or a Succession Planning Committee). Do NOT assign responsibility to the CEO! Although you're likely to need and want the CEO's input in developing the plan, responsibility for succession planning rests with the board.

STEP 2. *Focus on "how" and "what," not "who."* Many nonprofit boards shy away from succession planning because they believe that a "succession plan" requires naming a successor. The fact is that many nonprofits are not large enough to have a full-time, #2 person on staff who has the talents, capabilities or desire to serve as "the next CEO or as an Acting CEO" during a transition period. Nonprofits that are large enough to have a #2 may not want to include interim CEO responsibility as part of the #2's role. Why not? The board may decide that having an outsider who isn't likely to vie for the position is preferred, or that it would be unreasonable to expect a CEO-in-waiting to hang around for an indefinite period. Remember that the fundamental purpose of a succession plan is to ensure that a plan—a process that will be followed—exists.

STEP 3. *Adopt a timeline for the project.* A succession planning project

continued on next page

Key Questions: Evaluating CEO Performance

Attorney Eileen Morgan Johnson (EMJohnson@wtplaw.com) has developed a list of key questions for the Board and the CEO that can be helpful in a CEO performance review process.

Questions for the Board

- Did the CEO meet the goals that were agreed on between the board and the CEO at the beginning of the year?
- In what ways did the CEO excel this past year?
- In what areas can the CEO improve next year?
- Did the CEO move the organization forward in terms of mission, resources, public attention, and other identified objectives?
- Has the organization made progress overall compared to the prior year?
- If the organization has not progressed as expected, were any factors involved that were beyond the CEO's control?
- How are the relationships between the full board and the CEO and between the executive committee and the CEO?
- Do the board and the CEO balance their responsibilities with the board providing leadership and the CEO providing management?
- Does the board support the CEO?
- Is the CEO's compensation reasonable when compared to that of other executives in the geographic area with similar duties, staff sizes, budgets, years of experience, education, etc.?

Questions for the Nonprofit CEO

- Did you meet your stated goals for the year? If not, why not?
- What were your achievements this year?
- What things did you struggle with this year?
- What lessons did you learn this year?
- How has the organization moved forward this past year?
- How are your relationships with the full board and the executive committee?
- Do you and the board balance your responsibilities with the board providing leadership and you providing the management of the organization?
- Does the board support you?
- How can the board do better in supporting you in the year ahead?
- Is your compensation fair and reasonable?

Avoid Transition Trauma with a Succession Plan
continued from page 8

might require two, three or four months, depending on the frequency of board meetings and the experience of the board with similar projects.

STEP 4. *Keep the board apprised and involved.* The succession plan drafted by the assigned committee should be presented in draft form to the full board with time set aside for discussion. Questions to pose to the board might include:

- Is the plan clear about the steps we will take if our CEO departs the organization for any reason?
- Is the plan sufficiently flexible and not dependent on the events surrounding the departure?
- Does the plan identify the preferred option for interim leadership (e.g., appointing another member of the management team as "Acting CEO," retaining the services of a firm that provides interim CEO services or another option)?

STEP 5. *Adopt and disseminate the succession plan.* Once the board has had ample time for discussion and is comfortable with the format and details of the plan, the succession plan should be formally approved. Copies of the plan should be placed in accessible locations, such as on the board's password protected Web portal. Reference to the plan should be included in future board orientation sessions, so that incoming board members are clear about the plan that is in place.

Melanie Herman and Erin Gloeckner are staff members at the Nonprofit Risk Management Center. They can be reached via email at: Melanie@nonprofitrisk.org and Erin@nonprofitrisk.org. Both staff members can be reached by phone at (202) 785-3891.

When the Departing CEO "Takes Charge"

Consider the climate at your nonprofit; are succession plans in place to sustain the CEO role and other essential leadership roles? Is there anyone at your nonprofit who is uncomfortable talking about succession planning? If this article swayed you to embrace succession planning, then share it with your nonprofit's CEO and board. All it takes is one person with the guts to break the taboo. Remind your colleagues that leadership turnover is natural; change drives us to adapt to fluctuating internal and environmental pressures. Planning ahead will simply increase the odds that your nonprofit is able to make the most of a change that is certain to occur.

An outgoing CEO may not always approach the transition process in a way that benefits the nonprofit. If your CEO is tempted to rush the process or ration the information given to the successor, then the scene will be set for a crisis at your nonprofit. With rare exceptions, a CEO who has announced her departure is a key player in assuring a pleasant transition for her successor CEO. To manage the risk that your departing leader will rush or be less than generous, ask the outgoing CEO to reflect on the knowledge, processes, and cultural traits that will be beneficial to the successor. For example, does your CEO remember yearning for specific training or resources that were unavailable at the start of her tenure? Encourage her to make those assets available to the newcomer. Lastly, remind your departing CEO that she will be remembered for this final phase of service to your nonprofit.

Big Bucks or Big "To Do" About Nothing: CEO Compensation in the Spotlight

By Melanie Lockwood Herman

Published stories about salaries paid to nonprofit CEOs often include scathing comments from individuals who take offense at what they regard as too-rich pay for charity leaders. And it's not only donors, journalists and casual onlookers who take offense to what they perceive to be exorbitant pay. Recently several state governments have issued regulations that put a ceiling on the amount of government contract funds that may be used to pay executive compensation. Whether you're on the sidelines with "no opinion" or in the thick of things as a highly-compensated employee at a nonprofit, the cauldron of controversy about highly paid sector leaders shows no sign of cooling down.

Boards asked to defend their decisions about CEO pay often respond that the talent and skills required to run a successful nonprofit enterprise is no less than the talent and skills required to run a successful for-profit. And unlike their nonprofit counterparts, for-profit CEOs are often eligible for stock options and perks. Many nonprofit boards have concluded that competitive pay is necessary to entice high-performing candidates to accept and remain in high pressure jobs. While it is true that some great nonprofit CEOs work for pennies, the desire to offer competitive compensation is a worthy aspiration on the part of a board.

In the end, CEO compensation is a gray area. Only the board can decide: how much is appropriate? The bottom line lesson for boards today is that both the outcome and the process are important when it comes to determining the pay rate for a nonprofit

continued on next page

Big Bucks or Big "To Do" About Nothing: CEO Compensation in the Spotlight
continued from page 10

CEO. To ensure that your nonprofit is in the strongest possible position to both minimize the risk of negative scrutiny and respond if your actions draw the spotlight, remember to:

- Follow IRS guidelines
- Do your research
- Don't get ahead of yourself
- Take note
- Prepare to answer questions

Follow IRS Guidelines – The IRS permits nonprofit boards to pay their CEOs a "market rate," generally determined by researching what executives in similar positions would earn at organizations of similar size, location and/or mission. A board may consider pay rates in the for-profit world when determining market rate, as long as the position requirements and organizational factors are comparable. Keep in mind that although the IRS warns that compensation and benefits must be 'fair and reasonable,' it does not provide a formula or resources to determine fairness.

Do Your Research – Conduct research to find out what CEOs are being paid at similar or comparable organizations. A published salary survey might be a good starting point, but make sure you understand the scope of the survey before relying on its data. For example, a survey of CEO compensation among social services agencies is likely to reveal lower average pay than a survey of CEO's of trade associations or hospitals. If you can't find a published survey whose participants are truly similar organizations, make a list of comparable nonprofits and either research their CEO's compensation on published Form 990s at www.guidestar.org, or contact them directly to ask about the possibility of exchanging CEO compensation data. Keep in mind that Form 990 salary data won't reveal what the CEO is being paid for the current year.

Don't Get Ahead of Yourself – Always approve executive compensation in advance of disbursement, and make certain you have surfaced and addressed any conflicts of interest for anyone participating in compensation assessment or disbursement.

Take Note – Always take time to document the steps taken to determine and approve CEO compensation. And remember that to earn the "rebuttable presumption of reasonableness" from the IRS your documentation should include:

- the terms of the transaction and the date of its approval,
- the members of the authorized body present during the debate and vote on the transaction,
- the comparability data obtained and relied upon, and
- the whether members of the authorized body had a conflict of interest and how that was handled.

Prepare to Answer Questions – Any nonprofit that pays its CEO a handsome salary faces the risk of donor or stakeholder wrath. The fact that someone may disapprove of your compensation decision shouldn't dissuade the board from paying what it believes is a fair and appropriate salary. But acknowledging this risk is essential. Before you receive an angry phone call, email or tweet, ask:

- Is the process we used in setting CEO compensation described accurately on our Form 990?
- Does every member of the Board know about the process as well as the result?
- If there were special considerations in setting salary (e.g., the nonprofit's requirement that the CEO also be a licensed attorney or doctor), have those considerations been documented?
- Do we have a statement ready to share that describes our process in greater detail?
- Are there any aspects of the current CEO's compensation that make us uncomfortable? If yes, what can we do to get comfortable before inquiring minds "want to know"?

The mission of your nonprofit is too important for a whimsical approach to setting executive pay. When too little attention is paid to the process for determining what constitutes fair compensation, the board saves time in the short term at the expense of a potentially ugly, time-consuming and costly query down the road. The bottom line is that every board should acknowledge its responsibility for executive compensation as key to attracting and retaining qualified leaders. By exercising discipline in determining executive pay and following the tips outlined in this article, you're not only reducing the risk of negative scrutiny, you are modeling a commitment to risk awareness and thoughtful decision-making for the entire organization.

Melanie Herman is Executive Director of the Nonprofit Risk Management Center. She can be reached via email at: Melanie@nonprofitrisk.org or by telephone at (202) 785-3891.

RISK MANAGEMENT MARKETPLACE

RISK MANAGEMENT MARKETPLACE

Inclusion in the Marketplace does not constitute an endorsement by the Nonprofit Risk Management Center. To inquire about space availability, contact Jennifer@nonprofitrisk.org.

Products/Publications/eBooks Order Form

	Price	No.	Total
PRODUCTS—ORDER ONLINE			
My Risk Management Policies at www.MyRiskManagementPolicies.org	$179.00		
My Risk Management Plan at www.MyRiskManagementPlan.org	$139.00		
BOOKS			
No Surprises: Harmonizing Risk and Reward in Volunteer Management—*5th Edition*	$25.00		
A Golden Opportunity: Managing the Risks of Service to Seniors	$ 8.00		
Coverage, Claims & Consequences: An Insurance Handbook for Nonprofits—*2nd Edition*	$30.00		
Managing Facility Risk: 10 Steps to Safety	$15.00		
More Than a Matter of Trust: Managing the Risks of Mentoring	$15.00		
The Season of Hope: A Risk Management Guide for Youth-Serving Nonprofits	$20.00		
Vital Signs: Anticipating, Preventing and Surviving a Crisis in a Nonprofit	$10.00		
eBOOKS			
Managing Special Event Risks: 10 Steps to Safety—*2nd Edition* (eBook only)	$20.00		
EXPOSED: A Legal Field Guide for Nonprofit Executives (eBook only)	$25.00		
Financial Risk Management: A Guide for Nonprofit Executives (eBook only)	$25.00		
Pillars of Accountability: A Risk Management Guide for Nonprofit Boards—*2nd Edition* (eBook only)	$12.00		
Ready...or Not: A Risk Management Guide for Nonprofit Executives—*2nd Edition* (eBook only)	$25.00		
Staff Screening Tool Kit—*3rd Edition* (eBook only)	$30.00		
Taking the High Road: A Guide to Effective & Legal Employment Practices for Nonprofits—*2nd Edition* (eBook only)	$45.00		
Playing to Win: A Risk Management Guide for Nonprofit Sports & Recreation Programs (eBook only)	$20.00		
		SUBTOTAL	
		Shipping & Handling	
		TOTAL	

Visit **www.nonprofitrisk.org/store/catalog.asp** for a complete description of all current titles, including tables of contents. All titles are available as eBooks—download our current titles and save shipping and handling costs.

Customer Information

NAME TITLE

ORGANIZATION

ADDRESS

CITY STATE ZIP

TEL FAX

E-MAIL

Method of Payment

❏ Check enclosed ❏ P.O. # ____________________ Charge my: ❏ Visa ❏ MasterCard ❏ AmEx

CARD NO EXP. DATE VERIFICATION CODE (FOR MC/VISA 3 DIGIT ON THE BACK, AMEX 4 DIGIT ON THE FRONT)

SIGNATURE

Order online at www.nonprofitrisk.org
Call (202) 785-3891 to inquire about quantity discounts.

Shipping & Handling

Please add $4.00 for each book ordered. For example, if you order two books the shipping & handling cost is $8.00.

Mail or fax this form with payment to:

Nonprofit Risk Management Center
15 N. King St., Suite 203, Leesburg, VA 20176
Telephone: (202) 785-3891 • Fax: (703) 443-1990

Nonprofit Risk Management Center
... find the answer here

15 N. King St., Suite 203
Leesburg, VA 20176

Risk Management ESSENTIALS

Tips, Knowledge and Tools for Nonprofit Organizations

Affiliate Members:

- Access National Bank
- Adventist Risk Management, Inc.
- ANCOR (American Network of Community Options and Resources)
- Andrew Musilli Insurance Agency, LLC
- California Association of Nonprofits
- Career Opportunities Development, Inc.
- CGSHB
- Communities In Schools
- Community Action Partnership
- Council Services Plus, Inc.
- EarthCorps
- Frisco Family Services
- Girl Scouts of Greater Atlanta, Inc.
- Gulf Coast Community Foundation
- Gulf Coast Social Services
- Harleysville Insurance
- Hays Affinity
- Hillel: The Foundation for Jewish Campus Life
- HMS School for Children with Cerebral Palsy
- Housing Authority Insurance Group, Inc.
- Kentucky Nonprofit Network
- Kingsley House, Inc.
- Maine Association of Nonprofits
- Metropolitan Arts Partnership
- Michigan Nonprofit Association
- Minnesota Council of Nonprofits
- N.C. Center *for* Nonprofits
- National MS Society
- NeighborWorks America
- ONE - The Organization for Nonprofit Executives
- PSA Insurance & Financial Services
- Speech and Language Development Center
- State Bank Financial
- Sunshine
- Texas Association of Nonprofit Organizations
- The Miller Group
- TransitionGuides, Inc.
- United Way Worldwide
- US Olympic Committee
- Volunteer Loudoun
- YMCA of the USA

Inside This Issue

Please route to:

- ☐ Executive Director
- ☐ Director of Volunteers
- ☐ Risk Manager
- ☐ Legal Counsel
- ☐ Human Resources
- ☐ Finance/Administration