

UNDERSTANDING AN ORGANIZATION'S BOARD OF DIRECTORS

GOAL: To present the correct functioning of the board of directors and advisory groups.

WORDS FOR APPLICATION:

Organization

Board of Directors

Advisory Groups

Organizational Standards

Fiduciary Role

Directives of the Board of Directors

President of the Board of Directors

Individual State Mandates for Boards of Directors

Robert's Rules of Order

DISCLAIMER: This article is NOT meant to replace existing and individualized state board of directors' mandates/codes. Compliance with a state's unique board of directors' mandates/codes is always basic, necessary, and considered the most important requirement of a board of directors' success. Each state has unique expectations for a board of directors, thus making such explicit information impossible for this article.

This article (for the most part) contains the author's recommended considerations and rationale for a board of directors' behaviors. The thoughts and information result from the author's professional experience working with boards of directors and witnessing their outcomes.

The author's contributions intend to enhance the board of directors and the board of directors' president's professionalism and understanding of the board of directors' processes. There is an encouragement of intellectual problem-solving through a board of directors' psychological astuteness, critical thinking, and commonsense intended to support the state expectations of a board of directors.

BASIC UNDERSTANDING OF ORGANIZATIONAL BOARD OF DIRECTOR PROCESSES VERSUS ADVISORY BOARDS/COUNCILS/COMMITTEES PROCESSES

An organization is an organized body of people with a specific purpose. It can involve a corporation, community, business, society, etc. Some of the most recognizable attributes of an organization's success or failure are its board of directors functioning (or not functioning) and its use of advisory groups to the board of directors.

There are two dimensions of organizational information used for the board of director's decision-making process:

- Sharing the board of directors' ideas between the board of directors that result in final decisions by the board of directors.
- Listening to ideas, suggestions, and opinions of advisory groups (usually known as "counsels" or "committees" as a part of their specific titles.)

The board of directors consists of an unevenly numbered group(s) of administrative/leaders determined usually by organizational constituents for the betterment of the organization. It requires the board of directors' members to think responsibly about the organizational standards (definition, philosophy, mission/purpose, long-term goal(s), and short-term objectives) and to make decisions by their majority vote. The findings require understanding organizational situations, lawful demands, and personal perception of how to solve problems.

The advisory groups (councils/committees) consist of an unevenly numbered group(s) of organizational participants determined by organizational members to provide ideas, suggestions, opinions, and expectations of the organization's members to the board of directors for the perceived betterment of the organization. These advisory groups **do not** make final organizational decisions but only act in an advisory capacity to the board of directors.

CLARIFICATION: Some authors proclaim a duo-concept of likeness and function by the organizational board of directors and advisory groups. The concept is only designed by the words "Inside" or "Outside" ---"Inside Board(s) of Directors" (organizational board of directors) and "Outside Board(s) of Directors" (advisory groups). To proclaim such directorship (by the title of "director") of both different types of organizational boards is to diminish the prestigious role of the organization's board of directors. To emphasize again: A board of directors is granted the power of final decision-making by the organization, while advisory groups only advise, suggest, and share opinions for the consideration of the final decisions made by the board of directors.

THE GOAL(S), PROCESS, AND SUCCESS OR FAILURE OF AN ORGANIZATIONAL BOARD OF DIRECTORS & SUPPORTIVE GROUPS

An organizational board of directors and associated groups aims to provide stability to organizational behaviors and encourage the organization's growth. An effective board process (of any kind) is a time-consuming and worthwhile process of discussions, sharing ideas, and an attempt to apply each board member's thoughts and ideals to a presented objective on behalf of the organization. The organizational constituency, by definition, is often known as shareholders, a money-making entity, or members of a community receiving the outcome as directed by a board of directors.

A competent organizational board of directors can represent a shareholder's interest to protect stockholder investments and receive an adequate return on assets or meet the identified needs of an entire or segment of the community. It determines the decisions responsible for proper business or community operations and acts in a Fiduciary role—meaning that the board of directors legally and ethically acts as the final decision entity responsibly on behalf of the shareholder's money and property. The purpose is to help ensure an adequate investment return—money, property, or situation.

The board of directors involves the process of democratic actions/behaviors that represent a united democratic front—even though the process of making final decisions may represent diverse opinions. The outcome results from sharing positive and negative ideas to eliminate irresponsible and unthoughtful decisions.

PROCESS OF ORGANIZATIONAL BOARD DIRECTIVES

The definition of an organizational board of directors' "directive" is a final decision issued by the board of directors that directs, guides, or proclaims an action or goal issued by a high-level or official body—such as a board of directors. The continual effort to review and revise all types of board of directors' directives and final decisions through the result of Entropy improves and updates current board decisions.

Understanding the physics principle of thermodynamics (Entropy) by a Board of Directors is necessary, as all things in the universe (even the final decisions of a board of directors) move toward constant randomness. Therefore, the board of directors' current directives lose their intended meaning and purpose over time. This constant uncontrollable movement toward randomness of everything in the universe (even board directives) is a constant reminder for a board of directors to be willing to reconsider at any point in time the appropriateness, accuracy, and need for updating of any/all board directives. The possible need for the Board of Director's review and updating of all directives (see list of directives below) is often recognized and reported by the organization's advisory groups (counsels/committees).

PRESIDENT OF THE BOARD OF DIRECTORS

An uneven number of individuals are responsible for all the board of directors' decisions. However, there is to be only ONE person who is the president of the board of directors. The president does not vote or participate in collaborative communication related to problem-solving and final decision-making by the board of directors. Ideally, the president's role consists of the overall board of director management and adherence to the state board of director's requirements and the organization's approved standards that were read, reviewed, approved, and for which each board of directors has signed to uphold to continue to be a member of the board of directors. As a part of the president's job description, the president is responsible for the reasonable written expectations to be a board member, discourages nepotism, prepares each board meeting agenda, writes or approves the minutes of each board meeting, and requires the board a decision of when and how the minutes of each board meeting will be available for sharing with all constituents.

An audio recording of all conversations during a board of directors meeting has been pre-approved by all board members to help all board members remain in control of appropriate responses and stay on track regarding the purpose of the meeting. The president determines the appropriateness of the board of directors' behavior and responds and commends or chastises as appropriate.

A board president who accepts the leadership role of the board of directors requires personal strength to uphold the performance/role expectations of each member consistently. This separate role of the president (different from the decision-making role of the board of directors) is a recognition of the seriousness and necessary function of someone who holds the adherence to state standards and organizational expectations firmly in place. The reason for such keen observation by a board president is the natural movement toward randomness of human behaviors and the need for reconsidering/updating organizational rules and expectations—an outcome of Entropy.

The president's role requires a person that the entire organization respects. The board of directors needs the president to be appropriately thoughtful, kind, unable to be overtly manipulated, firm in supporting organizational standards and a fearless communicator of a democratic process. The role requires a strong personality that is not afraid to hold each member of the board of directors individually accountable for intellectual thought, team collaboration, and decision-making. It is a respected position independent of being liked and dependent on respect.

Any incompetency in knowing how to manage an organization's board of directors or advisory group(s) by a board's president results in organizational demise—that is, the non-functioning and corruption of the entire organization. Therefore, management of the board of directors' meeting behavior requires recording. All decisions **must** be well-planned and consistent in maintaining the "rules of the road." The selection of the right person for the isolated function of a board of directors' president is crucial to a board of directors' mission.

In some board situations, and mostly due to the nature of commanding personalities and sometimes the leadership history of an unsuccessful board of directors, someone other than the assigned president tends to want to lead and control the board of directors' decisions and outcomes. An effort to usurp an appropriate president's management role or decision(s) related to the presidential board position without good cause requires reprimand.

The Roberts Rules of Order are known as "Parliamentary Procedures." They were adopted in 1876 and adapted by the U.S. Congress to meet the needs/work of non-legislative societies—like organizational boards of directors. It is a guide for conducting meetings and making group decisions. As president of a board of directors, it is the responsibility of the president to know, use, and require compliance with the Roberts Rules of Order. (See the reference for use and application.)

BOARD OF DIRECTOR'S DIRECTIVES BY CATEGORY, TITLE, AND FUNCTION

The title of the decision categories of the board of directors acquires different names and definitions according to the explicit meaning of the directive issued by a board of directors. The organizational board of directors selects a specific category title due to the intended purpose and function of that category. Each final decision of the board of directors is identified/written according to a selected specific directive category and according to the role and behavior designated by the category.

The role and behavior of the specific category follow the most well-known directive categories.

Policy: A proposed course or principle of action

Rule: An explicit or understood regulation or principle governing the conduct of a particular activity or sphere.

Regulation: A rule or directive maintained by authority

Law: A system of rules recognized as regulating the actions of members that penalties may enforce.

Bylaw: A rule made by a board to control the members' activities.

Guides: To direct or influence the course of action of someone or something.

Procedure: An established or official way of doing something.

Mandate: An official order or commission to do something.

Code: A system of words, letters, figures, or other symbols substituted for other words, letters, etc. —especially (if required and under certain circumstances) for secrecy.

Management: A process of dealing with or controlling things or people through planning and organizing the resources and activities to achieve specific organizational goals effectively and efficiently.

Management includes establishing shared organizational standards (Definition, Philosophy, Mission/Purpose, Long Term Goals, Short Term Objectives) and job descriptions/Standards of Board of Director behaviors. It is establishing and controlling a work environment that encourages employees to work efficiently, productively, and in a manner that represents a professional democratic demeanor and respect for the entire constituents of an organization.

CLOSURE

A board of directors' position is a serious and extremely responsible position. That position is under the strict control of a state and organizational democratic process as directed by the board of directors' president. The organizational standards must be known and restated frequently in some manner, and the sessions must be professionally consistent, represent respect for the democratic process, and comply with the Roberts Rules of Order.

The board of directors' president most often requires all meetings to commence with the "Pledge of Allegiance" to the flag of the United States. The pledge is respectful of the state mandates/codes and all participants of the board of directors as they promote a unified democratic effort to maintain and promote the appropriateness of all boards of directors' decisions.

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Reference: Roberts Rules of Order—https://en.wikipedia.org/wiki/Roberts_Rules_of_Order