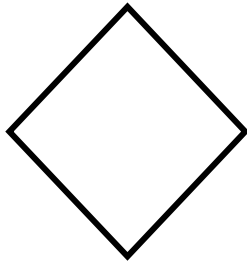


WATER OF LIFE



# **BOARD MEMBER MANUAL**



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# 1

## *The Four Basics of Board Service*

### *Objectives:*

- Understand what true commitment to the ministry involves
- Learn why teamwork is essential to an effective board/ministry
- Understand the importance of board members learning their job
- Learn why the board/ministry needs a code of ethics

**B**efore we get into the specifics of the board member job description at the end of this chapter, let us consider the basics of board service: commitment, teamwork, ethics and a willingness to learn.

### **1. Commitment**

Water of Life (WOL, or the ministry) is convinced that WOL board/ministry members believe in the ministry's mission and purpose. The mission and purpose is: "To demonstrate the love of God by providing desperately needed water and medical attention, along with the 'Water of Life' of Jesus Christ, which alone satisfies the deepest thirst."

Commitment to this ministry is much more than attending monthly board meetings or having one's name on the ministry's letterhead. It is about advancing the kingdom of Our Lord Jesus Christ above any other agenda, no matter how worthwhile that agenda may seem.

Each board member may have a personal reason for serving Water of Life. For example, someone they know benefits from one of its services. However, the rationale for serving on the WOL board needs to be much more inclusive. Members must be motivated by the desire to see the ministry grow, develop and bring glory to Jesus Christ.

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True board commitment means unselfishly giving one's time, experience, skills and money to advance the ministry's mission. It also means supporting the board/ministry team even when in the minority.

All board candidates consider the following questions and determine if they are willing to make the commitment to board service.

1. In what issues are you most interested?
2. How much time and energy can you contribute?
3. What do you want from board service?
4. What skills would you like to gain through board service?
5. What kinds of people do you like to work with?
6. What social aspect about board service appeals to you?
7. What skills can you bring to the board?
8. How can this ministry make best use of those skills?
9. Are you willing to support the ministry financially through personal giving and soliciting funds for the ministry?

## **2. Teamwork**

***A team player focuses on...***

- The mission of the ministry.
- What is best for all those the ministry serves, not just for special groups.
- The big picture, not pet issues.
- The issues and not other board members' personalities.
- Honoring Jesus Christ.

### ***1 COR. 12: 12-27 (N.I.V.)***

“The body is a unit, though it is made up of many parts; and though all its parts are many, they form one body. So it is with Christ. For we were all baptized by one Spirit into one body – whether Jews or Greek, slave or free – and we were all given the one Spirit to drink.”

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“Now the body is not made up of one part but of many. If the foot should say, “Because I am not a hand, I do not belong to the body,” it would not for that reason cease to be part of the body, And if the ear should say, “Because I am not an eye, I do not belong to the body,” it would not for that reason cease to be part of the body. If the whole body were an eye, where would the sense of hearing be? If the whole body were an ear, where would the sense of smell be? But in fact God has arranged the parts in the body, every one of them, just as he wanted them to be. If they were all one part, where would the body be? As it is, there are many parts, but one body.”

“The eye cannot say to the hand, “I don’t need you!” And the head cannot say to the feet, “I don’t need you!” On the contrary, those parts of the body that seem to be weaker are indispensable, and the parts that we think are less honorable we treat with special honor. And the parts that are unpresentable are treated with special modesty, while our presentable parts need no special treatment. But God has combined the members of the body and has given greater honor to the parts that lacked it, so that there should be no division in the body, but that its parts should have equal concern for each other. If one part suffers, every part suffers with it; if one part is honored, every part rejoices with it.”

“Now you are the body of Christ, and each one of you is a part of it.”

### ***1 COR. 13:1 -7 (N.I.V.)***

“And now I will show you the most excellent way.”

“If I speak in the tongues of men and of angels, but have not love, I am only a resounding gong or a clanging cymbal. If I have the gift of prophecy and can fathom all mysteries and all knowledge, and if I have a faith that can move mountains, but have not love, I am nothing. If I give all I possess to the poor and surrender my body to the flames, but have not love, I gain nothing.”

“Love is patient, love is kind. It does not envy, it does not boast, it is not proud. It is not rude, it is not self-seeking, it is not easily angered, it keeps no record of wrongs. Love does not delight in evil but rejoices with the truth. It always protects, always trusts, always hopes, always perseveres.”

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***The Executive Director is a key member of your board team***

Although the board hires the Executive Director, the relationship between the Board and the Executive Director is more than one of simply employee to employer. The Executive Director is one of the most important players on your Board team and this person should participate in all Board business.

The Executive Director is responsible for daily direction of every aspect of the ministry from finances to planning, evaluating, community relations and every important issue that comes before the Board. The Executive Director should be involved in every decision that the Board makes.

Board members are not in the office every day handling issues like the Executive Director.

### ***3. Willingness to learn the job***

This manual helps define the skills needed and the basics of Board service. It is an aid to help clarify the role and the responsibilities of a director, and explains how the Board and Executive Director work in concert to accomplish the goals of this ministry.

Effective Board service does not come without effort, but learning how to perform your role in the best professional manner possible is well worth the effort!

### ***4. Ethics***

#### ***1 THESS. 5: 22***

“Avoid the very appearance of evil.”

No matter whom the Board ultimately answers to, it must be accountable to itself for its conduct, and Board ethics begin with each individual member.

Ministries live or die by the donations and support they receive from the communities they serve, and Board members have to work hard to maintain this public trust. In practical terms, this means that each member’s ethics must go beyond the simple letter of the law to its spirit.

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## ***The Volunteer Protection Act limits liability of board members***

Serving on a ministry board does bring the risk of being sued. But the Volunteer Protection Act, which took effect in September of 1997, extends some liability protection to ministry, association and government board members.

The act states that, "No volunteer of a ministry organization or governmental entity shall be liable for harm caused by an act or omission of the volunteer on behalf of the organization or entity if – the volunteer was acting within the scope of the volunteer's responsibilities in the nonprofit organization or governmental entity at the time of the act or omission."

The law, however, does not protect board members who cause harm "by willful or criminal misconduct, gross negligence, reckless misconduct, or a conscious, flagrant indifference to the rights or safety of the individual harmed by the volunteer."

This does not eliminate the need to purchase Directors & Officers (D&O) insurance. "The law is new and will be tested," says Todd Muller, assistant vice president consumer advocacy, Independent Insurance Agents of America Alexandria, VA). "We'll have to wait and see where the courts go with it."

There are at least three reasons to purchase Directors & Officers insurance:

- 1) It costs little to file a lawsuit.
- 2) The ministry itself, not just individual board members, can be named in the suit.
- 3) The cost of litigation can be high for the ministry.

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# Board Member Job Description

**TITLE:** Member, WOL Board of Directors

**REPORTS TO:** Board President/Chairperson

**PURPOSE:** To serve the Board as a voting member: to develop policies, procedures and regulations for the operation of WOL, to monitor the ministry's finances, programs and performance.

**TERM:** Three years

**EXPECTED MEETING ATTENDANCE:**

- \* Regularly attend meetings as scheduled.
- \* If serving on a standing committee, attend the meetings.
- \* Participate as an ad hoc committee member when asked to serve.
- \* Attend board retreats, in-service workshops and other board development activities.
- \* Attend and participate in special events, as needed.

**OBLIGATIONS OF THE BOARD:**

- \* Maintain a "ministry" focus.
- \* Establish policy.
- \* Hire, supervise and evaluate the executive director.
- \* Ensure adequate funds.
- \* Monitor finances.
- \* Maintain and update long-range plans.

**SPECIFIC DUTIES:**

- \* Honor Jesus Christ.
- \* Attend meetings and show commitment to board activities.
- \* Be well-informed on issues and agenda items in advance of meetings.
- \* Contribute skills, knowledge and experience when appropriate.
- \* Listen respectfully to other points of view.
- \* Participate in organizational decision-making.
- \* Financially support the organization.
- \* Assume leadership roles in all board activities, including fund raising.
- \* Represent the organization to the public and to private industry.
- \* Learn about the needs of the people served.
- \* Pray for this ministry.

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Board Member's Signature

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Date

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Executive Director's Signature

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Date

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# 2

## *The Board Member's Four Key Responsibilities*

### *Objectives:*

- Learn what the Board member's policy-making role is
- Learn why hiring the Executive Director is a Board responsibility
- Understand the importance of long-range planning
- Define the Board's role in monitoring the progress of the ministry
- Explain why Board members must be advocates for the ministry

**T**he role as a ministry board member is usually defined as "policymaker." While this is a nice textbook description, and it is certainly correct, it does not tell that much about what board members actually do. So just what does being a policy-maker involve?

Let us start by defining "policy." A policy is a direction or course of action that the board has determined it wants the ministry to take.

The Board's job is to set policies that outline how the ministry will operate so that it can meet its mission. WOL's Executive Director and other staff members work within the confines of this outline by carrying out policies the Board approves. The Board then monitors, interprets and evaluates how the ministry is progressing toward achieving the goals/policies the board has set

The Board, through prayer, searching the Word of God and seeking the leadership of the Holy Spirit, establishes the policies that become the standards for the ministry. WOL's Executive Director and staff manage the daily operation of the ministry in concert with the policies the board has established. The Board should:

- Follow a standardized format that includes a policy statement and guidelines for implementation.
- Rely on the Executive Director to develop the policy's implementation.
- Seek input from groups or individuals the policy would affect.
- Review the policy periodically to make sure it is relevant, current and supports the intended results.
- Revise the policy where necessary.

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## ***The first responsibility: Hiring the Executive Director***

The Board hires an Executive Director to manage the ministry's day-to-day operation. In designating the authority to one individual, the Board does not give up its governance role. Instead, it enhances this role by bringing a competent professional to the Board team.

It is impossible for a volunteer Board to manage the daily business of a ministry. The Board must only consider individuals who share the vision of the ministry to serve as a Director.

Annual evaluation of the Director is an important role of the Board, through the appropriate committee.

This process reinforces the sense of teamwork and builds the mutual trust between the Board and Executive(s) that is essential to an effective ministry.

## ***The second responsibility: Planning for the future***

Long-range planning is one of the most important areas of trust Board members are given. With the help of the executive director(s), the board must be diligent to plan for the ministry's future.

Because of the constantly changing demographic, political and economic picture, long-range planning is an exercise that helps ensure the continued success of the ministry. Planning allows the board and ministry staff to anticipate and be ready for whatever the future may hold. The board must take the lead in long-range planning.

Most strategic plans extend three to five years. However, it is also wise to plan the next 10, 15 or 20 years to prepare for extended services and programs.

Because the plan is the Board's vision for the future, which may change as the ministry's internal resources and external circumstances change, it is also wise to annually review and revise the plan.

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The strategic plan should include the Board's vision for the near-term, as well as the extended forecast. Supplementing the plan is the responsibility of the Executive Director and staff. Monitoring the progress toward accomplishing the plan is vested in the board.

The Board should look at only the big picture: the demand for increased services and staffing, the need for improved funding, new facilities or capital improvements, etc. This communicates the vision to ministry staff and allows them to operate the ministry with clear direction.

### ***Long-Range Planning Exercise***

Each member should begin the process by individually listing the top three problems each believes the ministry will encounter over the plan period (3-5 years). These ideas will be combined and used for discussion in the planning process. NOTE: Add any comments or additional areas that may need discussion in the section provided.

finance	funding cuts	office expansion
changing constituent needs	economic climate	demographics
facility maintenance/repair	staff salaries	programs offered
new buildings	government mandates	new technology
mergers	other: _____	other: _____

Priority #1:

Actions that may be appropriate:

Priority #2:

Actions that may be appropriate:

Priority #3:

Actions that may be appropriate:

The Board may conclude that a retreat is a most effective way to plan for the ministry's future. A consultant or facilitator may prove helpful in maintaining focus.

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While spotting short-term problems is fairly easy, it is not so easy to pinpoint issues and problems that could come up two or even five years from now.

Strategic planning helps to ensure continuation of the kind of ministry and services that support the ministry's mission. Much prayer and seeking God's guidance through His Word should accompany all planning.

**Strengths Weaknesses Opportunities Threats**

Below you will find a SWOT exercise that may be helpful in planning.

***SWOT exercise***

On a sheet of paper, under Internal, first list all the strengths of the ministry, then list its weaknesses. Under External, consider the opportunities for the ministry, and any threats that could affect its growth.

<i>Internal</i>		<i>External</i>	
<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>

**Factors that should be considered in each category:**

***Internal Strengths and Weaknesses***

- \* Staffing
- \* Facilities
- \* Programs/services
- \* Public image
- \* Financial resources

***External Opportunities and Threats***

- \* Demographic, social and cultural trends
- \* New laws or changes in community leadership or support
- \* Economic trends and funding patterns
- \* Developments in the field

***Coming up with a workable blueprint for the future***

After identifying the internal and external factors that can affect the ministry, the next stage in the planning process is to develop a plan.

***1. Write goals directly tied to the mission statement.*** “For WOL to be effective, make sure the goals reflect the ministry’s mission.

***2. Accomplish the ministry’s mission with specific strategies.*** Goals will not be magically met. This is why monitoring progress is important. Inspection brings perfection.

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3. *Support the ministry's staff as they work to implement the strategic plan.* This includes providing adequate resources and authority to allow them to be effective.

When the plan is complete, Directors must turn from planning to evaluation. The ministry staff provides details for implementing the plan, including dates and deadlines.

### ***The third responsibility: Monitoring***

Each Board member is a "trustee" of the WOL ministry. This means that others trust WOL's Board to make sure the ministry is operating the way it should. A big part of this trust involves keeping an eye on the ministry progress.

If the Board were to watch every detail and activity that takes place in the ministry, it would be interfering with the managing director's job. Each Board director's responsibility is to monitor bottom-line results. This naturally includes the all-important area of finances, because the ministry's financial health is so essential.

***The Board monitors and measures progress toward long-range goals.***

A long-range plan is the ministry's blueprint for the future. The Board must continually evaluate to make sure that progress is being made on goals and that the board's actions support the plan.

The Executive Director and staff implement the long-range plan, but the board monitors the progress toward meeting the ministry's goals. Progress should be monitored on a regular basis through reports by ministry staff at each board meeting.

### ***The fourth responsibility: Be an advocate for the ministry***

Insure that WOL is an organization in which people can believe. Both personally and organizationally, the ministry must be a transparent reflection of God's character. Make sure the community recognizes that the ministry holds to the highest standards of excellence. Appropriate standards of excellence are honesty, integrity, confidentiality and avoiding conflicts of interest.

# 3

## ***Meetings:***

### ***Meetings should:***

- Follow a clear agenda set well in advance.
- Have a concise master plan as a context for making decisions.
- Start on time.
- Encourage personal interaction.
- Consist of brief reports and thorough discussion and decisions.
  - \* This can be accomplished best if members review the board packet prior to the meeting.
  - \* Use the KISS method: Keep It Simple, Servant.
- Be conducted in a reasonable length of time.
- Avoid the following frustrations:
  - \* Digressing from the agenda into low-priority items.
  - \* Not doing the necessary homework.
  - \* Failing to adequately plan the agenda.
  - \* Interfering with staff operations.
  - \* Focusing most of the meeting on money.
  - \* Making decisions without seeing the big picture.
  - \* Not having a record of previous decisions.
- Always be conducted with the Executive Director present.
- Be supported by productive committees.

### ***Committees:***

Standing committees will consist of: 1.) Finance, 2.) Compensation, and 3.) Audit.  
Temporary committees may be created as necessary, such as: Long Range Planning.  
Committees should:

- Have a clear purpose for the committee and stay focused on it.
- Meet only when there is work to be done.
- Include committee reports in the board agenda packet.
- Committee performance should be evaluated at least annually.
- Dissolve when they are no longer needed.
- Not be undermined by revisiting how the committee arrived at its recommendation.

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## ***Committee Operations Analysis***

A committee system that does not work is worse than no committee system at all. One way to make sure it works is to annually evaluate each committee's operations.

To remain viable, committees should meet some basic criteria. A committee should be accountable to the board, results oriented and team oriented. The following analysis can help determine if a committee meets those criteria.

	<i>Yes</i>	<i>No</i>
<u>The committee has a written job description from the full Board.</u>		
<u>The committee reports regularly to the full Board.</u>		
<u>When the committee makes a recommendation to the Board, a committee member is ready with a motion to accept the committee's recommendation.</u>		
<u>Each committee meeting is organized around an agenda.</u>		
<u>Committee members have a copy of the committee meeting agenda several days before they meet.</u>		
<u>Work of this committee cannot be accomplished as efficiently by full board.</u>		
<u>The committee chairperson is a board member.</u>		
<u>The committee chairperson makes an effort to get all committee members involved.</u>		
<u>Committee reports are submitted in writing in time to be sent to board members with the Board meeting agenda packet.</u>		
<u>All Board members understand that the only authority the committee has is that which is granted by the full Board.</u>		
<u>Committees have adequate reason to meet.</u>		
<u>Meetings are conducted in the same orderly way as Board meetings.</u>		
<u>The Executive Director or staff member designated by the Executive Director is a member of the committee.</u>		
<u>Committee members are appointed by the Board chairperson.</u>		
<u>Committee members understand that all final decisions rest with the full Board.</u>		
<u>Committee members are appointed or re-appointed every year with attention to maintaining experience, as well as bringing in new people.</u>		
<u>The committee functions as a facilitator for the full Board, not in place of the full Board.</u>		
<u>The committee (except the executive committee) recruits, and uses the skills of, non-Board members.</u>		

If you checked "No" on any statement, list the actions the board or committee plans to take to correct the problem.

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# 4

## ***Board Policy***

### ***Subject: Conflict of Interest***

The purpose of this policy is to assist Water of Life in identifying, disclosing and resolving potential conflicts of interest.

The following statement of policy applies to:

- Each member of the Board
- All management and staff

### **FIDUCIARY RESPONSIBILITY**

Members of the Board and Staff serve Water of Life and have a clear obligation to conduct all affairs of the ministry in an upright and honest manner. Each person should make necessary decisions using good judgment and Christ-like ethical and moral considerations, recognizing that “it is required that those who have been given a trust must prove faithful” (1 Cor. 4:2, NIV).

All decisions of the Board and Staff of the ministry are to be made solely on the basis of a desire to promote the best interests of Jesus Christ through this organization and its ministry.

### **POLICY**

Members of the Board and Staff agree to place the welfare of the ministry above personal interests, interests of family members or others who may be personally involved in substantial affairs affecting the ministry’s basic functions. Members of the Board and Staff shall disclose fully the precise nature of their interest or involvement when participating in any transaction for the ministry in which another party to the transaction includes

- himself or herself;
- a member of the family (spouse, parents, siblings, children and any other immediate relatives, or
- an organization with which the member of the Board or the Staff, or his family, is affiliated.

Disclosure shall be made at the first knowledge of the transaction.

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### *General Disclosure*

Members of the Board and Staff shall disclose all relationships and business affiliations which may now, or in the future, potentially conflict with the interests of the ministry or bring personal gain to them, their families, or their businesses. Disclosure must be made if any member of the Board or Staff or a member of his or her family

- is an officer, director, trustee, partner, employee or agent of an organization with which Water of Life has business dealings;
- is either the actual or beneficial owner of more than one percent of the voting stock or controlling interest of an organization with which Water of Life has business dealings;
- is a consultant for such an organization, or
- has any other direct or indirect dealings with an individual or organization from which he or she is materially benefited (e.g.: through the receipt directly or indirectly of cash, gift or other property).

### REPORTING OF DISCLOSURES

All disclosures required by Staff will be handled by the Executive Director, and all disclosures as they apply to members of the Board shall be referred to the Corporate Secretary. Information disclosed to the Corporate Secretary or the Executive Director will be held in confidence, except when the ministry's best interests would be served by bringing the information to the attention of the Board's Executive Committee and the officers of the ministry.

### RESTRAINT ON PARTICIPATION

Members of the Board and Staff who have a conflict of interest in any matter shall refrain from participating in the consideration of the proposed transaction.

The person or persons involved will not vote on such matters. However, for special reasons, the Board may request information or interpretations from the person or persons involved.

### DETERMINATION OF POSSIBLE CONFLICT OF INTEREST

Any individual who is uncertain about a conflict of interest in any matter shall disclose such possible conflict to the appropriate individual as noted above.

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Each member of the Board and Senior Management Staff will complete and annually update (during the first quarter of the business year) a copy of the ministry's Disclosure Letter. The letter will be reviewed by the Board's Audit Committee.

If a potential conflict of interest arises subsequent to the submission of the annual Disclosure Letter, the Board Member or Senior Management Staff is responsible for advising of such occurrence as soon as possible, but not later than thirty (30) days after the occurrence. After receiving acknowledgement that the Disclosure Letter has been received, the member of the Board or Staff shall be entitled to act as though no conflict of interest exists unless he or she is notified otherwise by the Chairperson of the Audit Committee within one hundred and twenty (120) days of filing the letter.

#### FAILURE TO DISCLOSE

Each member of the Board and the Senior Management Staff who is requested to file this Conflict of Interest Statement should recognize that such filing is a requirement for continued affiliation or employment with Water of Life and, further, that failure to knowingly disclose a potential conflict of interest could result in disaffiliation or termination of employment.

#### SAMPLE DISCLOSURE LETTER

Attention: [Chairperson, Audit Committee; Executive Director; or Corporate Secretary]

I have received and read the Conflict of Interest policy statement approved by the Board, and to the best of my knowledge and information, I am in compliance with the policy except as specifically set forth below:

[Check the applicable circumstance:]

\_\_\_\_\_ I have no involvements, associations, financial interests, gifts or loans to disclose.

\_\_\_\_\_ I am involved with an organization, corporation, company or other entity with which Water of Life has business dealings.

This category includes such things as (but is not limited to): serving as an officer or director of a company that contracts to provide goods or services to Water of Life, acting as a consultant to an organization that either received funds from or contributes money to Water of Life, or serving in any capacity in another entity with which Water of Life transacts business.

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## ***Board Member Roles and Responsibilities:***

- Appreciating, recognizing and encouraging everyone who makes a contribution to the group.
- Decision making:
  1. Direction – the purpose, goals and bylaws of the ministry
  2. Organization
  3. Finances
- Reviewing, refining, approving and tracking the master plan
- Networking: bringing appropriate resources to bear on the need at hand. (Right people bring right solutions.)
- Keeping an overview of the entire organization.
- Problem solving (macro not micro management)
- Record keeping
- Hiring, evaluating, releasing the Executive Director
- Providing spiritual leadership
- Maintaining a standard of excellence

## Who Is Responsible?

Members may find the following chart helpful in maintaining perspective:

<b>Area</b>	<b>Board</b>	<b>Executive Director</b>
Long-term goals (more than 1 yr.)	Approves	Recommends and provides input
Short-term goals (less than 1 yr.)	Monitors	Establishes and carries out
Day-to-day operations	No role	Makes all management decisions
Budget	Approves	Develops and recommends
Capital purchases	Approves	Prepares requests
Decisions on building, renovation, leasing, expansion	Makes decisions, assumes responsibility	Recommends (could also sign contracts if given authority)
Supply purchases	Establishes policy	Spends according to policy and maintains audit trail
Major repairs	Approves	Obtains estimates and prepares recommendation
Minor repairs	Policy should include amount that can be spent without board approval	Authorizes repairs up to prearranged amount
Emergency repairs	Works with administrator	Notifies chairperson and acts with concurrence from chair
Cleaning and maintenance	No role (oversight only)	Sets up schedule
Fees	Adopts policy	Develops fee schedules
Billing, credit and collections	Adopts policy	Proposes policy and implements
Hiring of staff	No role	Approves all hiring
Staff deployment and assignment	No role	Establishes schedules
Firing of staff	No role	Makes all decisions
Staff grievances	No role	Grievances stop at the administrator
Personnel policies	Adopts	Recommends, administers staff
Salaries	Allocates line item for salaries in budget	Approves salaries with recommendation from staff
Staff evaluation	Evaluates only administrator	Evaluates other staff
Signing checks	No role, unless required by law	Authorized to spend money

# 5

## *Evaluating the Executive Director*

### ***Why Evaluate?***

ESSENCE: Evaluation precedes growth and improvement.

Water of Life owes its Executive Director a realistic, honest evaluation once a year. This annual evaluation process gives the ministry an appropriate, honorable way to express praise and frustration. Without such a process, gossip and negative comments become a major temptation.

In addition, remember that rather than resisting an annual evaluation, the executive director often looks forward to it; especially if the board is also being evaluated, and if he knows his own evaluation will be done in a loving, caring way.

Peter Drucker, the father of modern management, insists that, “All one can measure is performance; and all one should measure is performance. One can measure the performance of a man only against specific performance expectations.” A man’s achievements cannot be judged using his dreams as a basis. If the ministry’s board is to evaluate the Executive Director, then clear goals for him are essential, as well as a clear position focus sheet.

Drucker made another observation often overlooked in an organization: “Subordinates, especially bright, young and ambitious ones, tend to mold themselves after a forceful boss. There is, therefore, nothing more corrupting and more destructive in an organization than a forceful but basically corrupt executive. Such a man might well operate effectively on his own; even within an organization he might be tolerable if denied all power over others. But in a position of power within an organization, he destroys.” The board needs to be mindful of the future of the ministry during an evaluation of the Executive Director, as well as the quality of his influence on those working under him.

The ministry also needs to be mindful that the Executive Director’s performance covers a broad spectrum. While reports and records reflect his effectiveness, they give only a partial view of the situation. Conversations and extensive personal observation help to give a more complete perspective on the Executive Director’s effectiveness.

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When the evaluation confirms the board's strong sense of confidence in the Executive Director, then the board should publicly give him their vote of confidence on an annual basis, as well as an annual pay increase. Additionally, after an appropriate number of years in service, the board should consider granting the Executive Director a sabbatical for study or for taking advantage of special growth opportunities. It can last from three to twelve months, with full compensation continuing during that time.

## ***Compensation Considerations:***

**ESSENCE:** If the Executive Director is struggling to “get by” in his personal and family finances, he will rarely be able to help the board keep its focus on succeeding in a major way.

Often the difference between “winning” and “getting by” is a cost of less than one percent of the ministry's income. Not taking care of the Executive Director adequately affects 99 percent of the ministry's identity and effectiveness. Once the Executive Director is “winning” in personal finances, all his energy and potential can be focused on helping the ministry to succeed. Financial compensation for the Executive Director is critical to his effectiveness as directional leader. Sometimes it will be necessary to appoint a committee to evaluate the executive compensation package. There are at least eight levels of consideration for determining executive compensation:

1. record of performance
2. value and level of the position
3. cost of living
4. pension
5. housing allowance
6. honorariums
7. expense account, especially for personal growth

**Note:** Verbally expressing appreciation is critical to the Executive Director's motivation, but it cannot take the place of compensation.

## ***Evaluation***

The annual evaluation of the Executive Director will be conducted by the Chairman of the Board on behalf of and with input from the Board.

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## ***When the Job is Not Getting Done***

ESSENCE: When the Executive Director is not doing what is wanted, there are more options than just (1) “gritting your teeth” or (2) firing him.

When the Executive Director is not meeting the board’s written expectations, ask the following questions:

- \* Why is the job not being done right?
- \* Is it lack of training?
- \* Is it lack of experience?
- \* Is it lack of motivation?
- \* Is it lack of ability?
- \* Is it lack of clear assignment?

Answers to these questions can give guidance for the Executive Director to become a more productive leader. However, the worst response would be to “let it slide” when the Executive Director is obviously struggling. Once problems are addressed, everyone can focus on future goals, rather than on the weaknesses of the Executive Director.

If subsequent evaluations indicate that the Executive Director continues to struggle in his position, the following three options should be considered. If weighed carefully and thoroughly, the right decision should become obvious.

1. *Granting a leave of absence.* Do not release a person from the Executive Director’s position, or accept his/her resignation, when he/she is just feeling tired and worn out. Instead suggest a leave of absence to restore energy levels and preserve the leadership promise.
2. *Setting a conditional continuation in the position.* If there are certain corrections the Executive Director needs to make, allow him/her to stay in his/her position pending the corrections. This should be understood as a temporary situation for a stated number of months, during which performance will be carefully watched and evaluated. When the necessary changes have taken place, give the Executive Director a green light for the future. If no improvement occurs, then ask for a resignation.
3. *Accepting his/her resignation, or releasing him/her.* Probably the hardest assignment for a board director is to release the Executive Director, especially in a Christian way. One crucial guideline is to mentally separate the person from the position. Remain committed to and supportive of the person while, at the same time, pointing out that he/she did not meet a standard of excellence or a specific, measurable criterion within the ministry. Inform him/her that based on this failure to meet expectations, the board believes it is time for him/her to leave and move on to something that fits him/her more comfortably. Make it clear that he/she is loved and respected, and that the ministry is deeply committed to his/her well-being. When a person is appropriately “fired” from a task at which he/she is failing, that person can actually feel released from being a failure and greatly infused with the excitement of a new future.

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## ***When the Executive Director Leaves***

ESSENCE: The manner in which Water of Life treats the departing Executive Director shows the general public what the board and the ministry is really made of...So use the occasion to show them!

When the Executive Director leaves, the board should return in the same measure the generosity the Executive Director has shown the ministry. Water of Life can “shine big” by insisting on proper honor for the retiring Executive Director. Team morale within the ministry will either slump or skyrocket, depending on how this departure is treated. When the Executive Director leaves with the appropriate honor, everyone feels good, and the unspoken message to the Staff is: “This is the class with which you will be treated someday.” The board should take the following actions whenever the Executive Director leaves the ministry:

- Appoint a trusted person as interim leader.
- Mark the calendar to communicate regularly with the search committee’s progress.
- Reassure the Staff that they still have a clear Master Plan.
- Make the Board more visible with reassurance and reports to the ministry as a whole.

The ministry should also put together a “check out” checklist. When anyone resigns, that person is given a checklist similar to the orientation checklist that was received at hire date (when the person “checked in”). This list should include questions about locations of materials, records, names of key contacts, what materials need to be returned (I.E.: books, tapes, keys, credit cards, etc.) anything the person leaving knows the ministry may want to know.

# 6

## ***Standards for Stewardship and Fundraising***

Water of Life (WOL) intends to become a member of the Evangelical Council for Financial Accountability (ECFA). ECFA was founded in 1979 to assist its member organizations in making appropriate public disclosure of their financial practices and accomplishments, thus materially enhancing their credibility and support potential among present and prospective donors. The organization's purpose is to help members, such as WOL, earn the public's trust through their ethical practices and financial accountability. WOL, as a member of ECFA, subscribes and adheres to the ECFA's "Seven Standards of Responsible Stewardship". As they may revise from time-to-time, a current copy is attached in Exhibit A.

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## ***INDIVIDUAL BOARD DIRECTOR'S STATEMENT OF FAITH***

1. I believe the Bible to be the inspired, the only infallible, authoritative Word of God (II Timothy 3:15-17).
2. I believe that there is one God, eternally existent in three persons: Father, Son and Holy Spirit (Matthew 28:19; Ephesians 4:4-6).
3. I believe in the deity of Christ, in His virgin birth, in His sinless life, in His miracles, in His vicarious and atoning death through His shed blood, in His bodily resurrection, in His ascension to the right hand of the Father, in His present rule as Head of the Church and in His personal return in power and glory (John 1:1-4; Matthew 1:12; Philippians 2:5-11; Hebrews 1:1-4 and 4:15; Acts 1:11 and 2:22-24; I Corinthians 15:3-4).
4. I believe that, for the salvation of lost and sinful men, repentance of sin and faith in Jesus Christ results in regeneration by the Holy Spirit and that Jesus Christ is the only way of salvation (Titus 3:4-7; Luke 24:46-47; Ephesians 2:8-9; John 14:6; Acts 4:12).
5. I believe in the present ministry of the Holy Spirit whose indwelling enables the Christian to live a godly life (Galatians 5:16-18; Romans 8:9).
6. I believe in the resurrection of both the saved and the lost; the saved unto the resurrection of eternal life and the lost unto the resurrection of damnation and eternal punishment (Revelation 20:11-15; I Corinthians 15:51-57).
7. I believe in the spiritual unity of believers in our Lord Jesus Christ and that all true believers are members of His body, the Church, with equality across racial, gender and class differences (Ephesians 1:22-23; I Corinthians 12:12, 27).
8. I believe that the ministry of evangelism is a responsibility of both the church and each Christian (Romans 10:9-15; Acts 1:8; Matthew 28:18-20; I Peter 3:15).

\_\_\_\_\_  
Signature of Board Director

Date: \_\_\_\_\_

\_\_\_\_\_  
PRINTED NAME OF BOARD DIRECTOR

# Exhibit A

## ECFA Seven Standards of Responsible Stewardship

*May 2009*

### **Standard 1 - Doctrinal Statement**

Every member shall subscribe to a written statement of faith clearly affirming its commitment to the evangelical Christian faith and shall conduct its financial and other operations in a manner which reflects those generally accepted biblical truths and practices.

### **Standard 2 - Board of Directors and Financial Oversight**

Every member shall be governed by a responsible board of not less than five individuals, a majority of whom shall be independent, which shall meet at least semiannually to establish policy and review its accomplishments. The board or a committee consisting of a majority of independent members shall review the annual financial statements and maintain direct communication between the board and the independent certified public accountants.

### **Standard 3 - Financial Statements**

Each member is required to submit complete and accurate financial statements. Accredited members must submit an annual audit performed by an independent certified public accounting firm in accordance with U.S. generally accepted auditing standards (GAAS) with its financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). ECFA policies allow for an alternate category of membership that does not require audited financial statements, in which case the member must submit financial statements (with disclosures) prepared in conformity with either U.S. GAAP or the modified cash basis of accounting in which financial statements are either compiled or reviewed by an independent certified public accounting firm.

### **Standard 4 - Use of Resources**

Every member shall exercise the management and financial controls necessary to provide reasonable assurance that all resources are used (nationally and

internationally) in conformity with applicable federal and state laws and regulations to accomplish the exempt purposes for which they are intended.

### **Standard 5 - Financial Disclosure**

Every member shall provide a copy of its current financial statements upon written request and provide other disclosures as the law may require. If audited financial statements are required to comply with Standard 3, they must be disclosed under this Standard. A member must provide a report, on request, including financial information, on any specific project for which it is soliciting gifts.

### **Standard 6 - Conflicts of Interest**

Every member shall avoid conflicts of interest. Transactions with related parties may be undertaken only if all of the following are observed: 1) a material transaction is fully disclosed in the audited financial statements of the member; 2) the related party is excluded from the discussion and approval of such transaction; 3) a competitive bid or comparable valuation exists; and 4) the member's board has acted upon and demonstrated that the transaction is in the best interest of the member.

### **Standard 7 - Fund-Raising**

Every member shall comply with each of the ECFA Standards for fund-raising:

#### **7.1 Truthfulness in Communication**

All representations of fact, description of financial condition of the member, or narrative about events must be current, complete, and accurate. References to past activities or events must be appropriately dated. There must be no material omissions or exaggerations of fact or use of misleading photographs or any other communication which would tend to create a false impression or misunderstanding.

#### **7.2 Communication and Donor Expectations**

Fund-raising appeals must not create unrealistic donor expectations of what a donor's gift will actually accomplish within the limits of the member's ministry.

### **7.3 Communication and Donor Intent**

All statements made by the member in its fund-raising appeals about the use of the gift must be honored by the member. The donor's intent is related both to what was communicated in the appeal and to any donor instructions accompanying the gift. The member should be aware that communications made in fund-raising appeals may create a legally binding restriction.

### **7.4 Projects Unrelated to a Ministry's Primary Purpose**

A member raising or receiving funds for programs that are not part of its present or prospective ministry, but are proper in accordance with its exempt purpose, must either treat them as restricted funds and channel them through an organization that can carry out the donor's intent or return the funds to the donor.

### **7.5 Incentives and Premiums**

Members making fund-raising appeals which, in exchange for a contribution, offer premiums or incentives (the value of which is not insubstantial, but is significant in relation to the amount of the donation) must advise the donor of the fair market value of the premium or incentive and that the value is not deductible for tax purposes.

### **7.6 Financial Advice**

The representative of the member, when dealing with persons regarding commitments on major estate assets, must seek to guide and advise donors so they have adequately considered the broad interests of the family and the various ministries they are currently supporting before they make final decisions. Donors should be encouraged to use the services of their attorneys, accountants, or other professional advisors.

### **7.7 Percentage Compensation for Fund-raisers**

Compensation of outside fund-raising consultants or a member's own employees based directly or indirectly on a percentage of charitable contributions raised is not allowed.

### **7.8 Tax-deductible Gifts for a Named Recipient's Personal Benefit**

Tax-deductible gifts may not be used to pass money or benefits to any named individual for personal use.

### **7.9 Conflict of Interest on Royalties**

An officer, director, or other principal of the member must not receive royalties for any product that the member uses for fund-raising or promotional purposes.

### **7.10 Acknowledgement of Gifts-in-Kind**

Property or gifts-in-kind received by a member should be acknowledged describing the property or gift accurately *without* a statement of the gift's market value. It is the responsibility of the donor to determine the fair market value of the property for tax purposes. The member may be required to provide additional information for gifts of motor vehicles, boats, and airplanes.

### **7.11 Acting in the Interest of the Donor**

A member must make every effort to avoid accepting a gift from or entering into a contract with a prospective donor which would knowingly place a hardship on the donor, or place the donor's future well-being in jeopardy.