How to Properly Remove a Nonprofit Board Member

boardeffect.com/blog/properly-remove-nonprofit-board-member/

Nick Price December 11, 2017



Due to the nature of nonprofit board service, people who fill board seats of nonprofit organizations were never intended to be permanent fixtures. With every person who joins or leaves the board, board dynamics are sure to change — sometimes for the better, and sometimes for the worse. When a board director is causing more issues than helping move the nonprofit's mission forward, other members of the board may recognize that it's time for the problem board member to leave.

There are several effective approaches for removing a board member. Depending on the situation, some options may be more viable than others. It's important to follow the organization's <u>bylaws</u> before making any firm decisions, to avoid any legal difficulties. Removing a board director or asking them to step down leaves a mark on everyone. It's best to think the situation through carefully, and not rush it. Whenever possible, it's a good idea to help the director exit with grace by letting them <u>resign on their own accord</u>. This approach helps the director save face and may leave the door open for future involvement if the person's situation changes.

Problems With Allowing an Ineffective Director to Continue Serving

Timing is everything when it comes to making a decision about asking a board member to leave the board. The board has many things to consider, such as when term limits are up and whether it's best to ride it out or take action sooner. Problem board directors may be causing dissension among other board members. A <u>difficult board member</u> may also risk the reputation of the organization, which may have a trickle-down effect on donations and other organizational matters. In any case, the longer the board takes to make a decision about it one way or another, the more difficult it will be to take action if it becomes necessary.

Calling on an Attorney for Legal Advice

Wrongfully dismissing a board member can create legal problems for nonprofit organizations. Attorneys can be very helpful in reviewing the bylaws relative to the situation to help make an informed decision about whether it's better to take immediate action or wait until the board member's term expires. If there is no attorney on the board, there may be one on the advisory board or in the community who is willing to offer their expertise. Not having access to sage legal advice may prompt the nonprofit to add an attorney to the board or advisory board in the future.

Reasons for Removing a Board Director

Nonprofit organizations should have formal policies stated clearly in the bylaws for removing poorly performing board directors. When in doubt, the bylaws can clarify whether it's appropriate to remove a board director.

Best practices for governance suggest that boards should have a conflict of interest policy. Board members who have a continuing conflict of interest may not be able to vote regularly on important matters. When there's no way to resolve the issue, the board director is ineffective and should be asked to step down.

All board members have fiduciary responsibilities, including duty of care, duty of obedience and duty of loyalty. Another reason to remove a director is when they fail to meet their fiduciary duties.

Reputation is especially important for nonprofit organizations because they rely heavily on grants and donations for long-term sustainability. Ethical infractions like sexual harassment, fraud, or criminal behaviors can damage the nonprofit's reputation quickly. Boards are wise to address these types of infractions expediently.

Many board directors of nonprofit organizations don't fully understand the <u>commitment</u> they're making when they accept a position on the board. Board directors are expected to attend meetings unless there is an emergency. Boards also expect them to join in on discussions regularly and to challenge other directors on their ideas and opinions. It's generally expected that nonprofit directors will serve on at least one committee, help with fundraisers, attend fundraising events, use their networks to gain donors or members, and contribute their own funds to the organization. Board directors who aren't willing to fully participate can drag the rest of the board down.

Some board members are just disagreeable and contentious by nature. This is the board member who naysays everything, setting a negative tone for the meeting. Fellow board members dread this person's presence and hesitate to voice their own ideas in fear of someone starting a shouting match or drowning them out. A board director with this type of demeanor sets the stage for a dysfunctional board that can't get any work accomplished.

These and other reasons may prompt a decision to remove a director from the board. Once the board makes the decision, they need to discuss the best way to go about it.

Ways to Approach Removing a Director From the Board

One of the <u>best and easiest ways</u> to remove a director is to allow term limits to expire and not reappoint them. This is one of the reasons some boards limit the number of terms a person can serve. Term limits keep boards refreshed. Letting loose an unproductive board member is a natural way to improve the board.

Certain situations may require a board member to step down from the board. If the person still wants to contribute their time in another way, the board may decide to allow the person to resign while creating a temporary non-board position. Such an arrangement should have a time limit of a year or so, with the agreement that the director's service terminates at the end of that period.

Everyone has extenuating circumstances from time to time. Health concerns like illness, disease or injury may crop up. Personal matters like divorce or loss of a job can also impact board performance. Such issues may call for allowing a temporary or permanent leave of absence. Again, the bylaws will be the best authority on how to handle a leave of absence.

<u>Direct interventions</u> are another way to ask a board member to leave the board. Directly asking a board director to step down is often uncomfortable for everyone. If the board chair has been having regular discussions with the director about lackluster performance, it shouldn't come as a surprise. The director may be more ready to leave than others think and may be relieved that someone else brought it up first. This method of removal should

involve the board chair, executive director and possibly an attorney. Once both parties agree, it's best to put a clear time frame on when the director will resign or be relieved of their duties.

A board director stepping down may change the dynamics for a quorum. The bylaws should state what qualifies as a quorum if such a situation occurs.

Finally, as a last resort, boards can impeach a board director, usually by a two-thirds vote. Nonprofit bylaws typically include language for impeaching a director for egregious acts such as conflicts of interest and not fulfilling board duties.

The Wrap-up on Removing a Nonprofit Board Director

Removing a board director is almost always an unsettling event for boards. It's a good idea to debrief the remaining board members about the situation during a board meeting after a director removal. Board directors should consider how to prevent such a situation from escalating in the future. Removing a board director may result in amendments to the bylaws or policies regarding the quality of orientation, board development training, the nomination process, and the practice of the board chair providing regular feedback to board directors.

©BOARDEFFECT 2019 • ALL RIGHTS RESERVED • PRIVACY POLICY