When I became the acting president of Hamilton College in 1999, I already knew a lot about the college. I am a 1996 Hamilton graduate, the parent of a former student, and I have served for 12 years on the college’s governing board. Still, when Hamilton President Eugene Tobin took a much-deserved sabbatical, I learned more about Hamilton during my six months in the presidency than in all my previous time associated with the college. Much of what I learned will make me — and, I expect, my fellow board members — better in the future.

An unusual level of alumni involvement distinguishes Hamilton. Typically, more than 55 percent of alumni contribute every year to the annual fund, and more than a third volunteer to recruit students, raise funds, counsel undergraduates about careers, provide internships, conduct alumni events, and participate in other activities. As is the case at other colleges, Hamilton’s board sets the tone for financial and volunteer support.

Yet despite this high level of alumni involvement and my own active participation with my alma mater, I had a superficial understanding about many important facets of the college and wondered whether my fellow board members did as well. Naturally, I recognize it is unrealistic to expect that board members who typically visit the campus just three or four times a year will ever have the same breadth and depth of knowledge as the president and senior administrators who are charged with the daily operations of the institution.

A New Understanding of the College

Soon after I became president, the impact of policy decisions became clear to me — much more so than when I was a board member. For example, deciding to admit an additional 20 to 30 students from the waiting list or planning for a larger class, though attractive from a financial point of view, had significant ramifications in the day-to-day life of the campus. Admitting more students means hiring more staff members. Where would we find additional housing? And if the new hires were adjuncts, how could we be certain they would be as qualified and as committed to the institution as full-time faculty members?

This level of detail rarely makes it to the boardroom, but as president, I could see how a tempting financial solution might create an irritant in campus life.

My experience as a college president has made me much more aware of the nuances of board decision making. Many issues that boards are asked to consider require much broader scrutiny. Switching roles for six months taught me five fundamental lessons that may help boards and board members become more effective.

1. Balance the membership of board member committees.

Hamilton’s board of directors, like many governing boards, consists disproportionately of business executives, investors, and successful entrepreneurs. Their acumen is in finance and in running a business, so they tend to be most interested in the issues — fund-raising, endowment performance, and investments — with which they are most familiar and where results are tangible. They tend not to be so comfortable with the other components that make a college successful such as its staff, programs, and facilities.

The tendency among board members to gravitate toward finance is understandable. After all, board members have a fiduciary responsibility to the college, and given today’s fiscal pressures, no board can be blamed for being preoccupied with an organization’s assets. But a balanced budget and a growing endowment are only two measures of an organization’s health.

It is equally important that all board committees have the appropriate firepower if the mission of the institution is to be fulfilled. The committee on board members should look carefully at the distribution of talent and influence among the various standing committees to ensure that every function has an important voice at the boardroom table.

2. Seek, within limits, close encounters with leaders of the organization.

In my six months as president, I met and spent time with most of the faculty, the swimming coach, the chair of the chemistry department, the director of the career center — people board members typically would not encounter. Yet the insights and opinions of such individuals can give board members a much broader understanding of an institution.

Recognizing this untapped resource, we restructured board weekends at Hamilton to facilitate even greater informal interaction between the board and various college
The nonprofit sector is such an essential part of America's social and economic framework that we do not always realize how diverse and all-encompassing its influence actually is. Americans are known for their pioneer temperament, community spirit, and help-thy-neighbor attitude, so it is no wonder to see nonprofit organizations spring up in every facet of the society. Americans show social consciousness, concern for the environment, commitment to saving historical sights, duty to advocate individual rights, and an urgency do this all as a personal vocation for a cause. This commitment can lead to a desire to start a new nonprofit organization.

Forming a nonprofit requires more than passion or devotion. One needs understanding of financial management, knowledge of legal requirements, managerial skills, community relations, familiarity with issues in the field, friends and supporters, and more than anything, time, energy and endless patience. One needs to be extremely determined before launching an enterprise of any scope.

Here are some questions to ask before taking the final step of starting a new nonprofit.

Is somebody already doing what I would like to do?
There is no sense in duplicating an effort that already exists. Maybe there is a possibility of working with an existing organization as a consultant, fundraiser, employee, direct-service volunteer or board member. A similar organization may exist at the national level and you could organize a new local chapter.

Is this the right time and place for starting a new organization?
How will the idea be received by the community? Is there a true need for my services? Have I tested the idea or am I the only one who thinks it is essential? Who are the constituents?

Do I have the necessary friends and supporters who would be willing to work with me?
It is impossible to start and manage an organization alone. Above all, a board must be recruited and paid or volunteer staff may be necessary from the beginning on.

How would I finance my organization?
Do I have the necessary seed money or where can I get the initial funding? Have I already developed relations with the leaders in the community? How much fundraising will I have to do? Should the services of my organization be free or is this how I will produce earned income? Should I form a membership organization and charge a fee?

Could I associate my group with an already established organization?
If I am not yet determined to start a permanent enterprise, maybe another organization could provide office space and administrative help for my cause. Maybe this other organization could act as my group’s ‘fiscal sponsor’. Perhaps my group could be a new focus for another organization and provide the necessary expertise to create an additional program.

Do I understand the steps of forming a nonprofit organization?
There are a multitude of procedures to take care of before a nonprofit organization is ready to function: forming a board, drafting bylaws, developing a strategic plan, incorporation, applying for a tax-exempt status, securing funding, setting up an accounting system, locating an office, applying for licenses, recruiting staff and so on.

Are my financial ambitions appropriate for the cause?
Running a nonprofit or serving as a board member to one is not going to fill my pockets with cash. Staff members can be compensated justly; board members serve as volunteers and private inurement is not acceptable: personal benefit is not allowed. Will I be content to serve and work for my cause, get satisfaction from the results of my labor, and always put my organization first before thinking of my personal gain?

If you feel comfortable with your answers to the above questions, you still feel confident about having created a concept whose time has come, and you have prepared yourself for the demands ahead, you may very well be ready to take the next step.

References
How to Form a Nonprofit Corporation. Available at www.nolo.com.
Contact the National Council of Nonprofits to provide name and address of local state associations for nonprofits at www.councilofnonprofits.com or 202-833-5740.