



# Governance in a Time of Crisis

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## CRISIS TAKES MANY FORMS

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- Pandemic
- Terrorist attack
- Data hack
- Embezzlement
- Internal Staff Concerns/Claims
- Financial Collapse
- Supply Chain
- Unexpected Death or Resignation of CEO
- Active Shooter
- Reputational harm relating to a donor

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## CRISIS RESPONSE: MISSION, OPERATIONS, GOVERNANCE

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- A crisis can have a variety of effects:
  - Long-term vs. short-term operational impact
  - Governance impact, including changes of leadership
  - Impact on the ability of an organization to engage in its mission entirely

## CRISIS MANAGEMENT AS STAKEHOLDER MANAGEMENT

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- Who are an organization's stakeholders?
  - Directors
  - Staff
  - Charitable class served
  - Community
  - Donors
  - Volunteers
  - Alumni
  - Political leaders
  - Broader public

## TOOLS FOR MANAGING CRISIS

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- Crisis management requires the ability to balance strategic decision-making with responsiveness across a variety of spaces:
  - Legal
  - Operational
  - Financial
  - Public Relations

## FIDUCIARY DUTIES

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- Directors and officers owe fiduciary duties to the nonprofit organization: the duties of care, obedience, and loyalty.
- Directors and officers must act in good faith and in the best interests of the organization (e.g., work to fulfill the organization's tax-exempt purposes and maintain its tax-exempt status).
  - The Board is ultimately in charge and is responsible for the overall financial health and mission of the organization, but should avoid micro-managing staff.
  - Management is responsible for directing day-to-day operations under a Board-approved budget, making the Board aware of significant risks (financial, programmatic, operational, reputational), and working with the Board to address such risks.

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