



Governance in a Time of Crisis

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CRISIS TAKES MANY FORMS

- 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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GOVERNANCE IN A TIME OF CRISIS | JANUARY 13, 2022

CRISIS RESPONSE: MISSION, OPERATIONS, GOVERNANCE

- 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

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

TOOLS FOR MANAGING CRISIS

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

FIDUCIARY DUTIES

- 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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