

SERVING ON A NONPROFIT BOARD OF DIRECTORS

Nonprofit organizations deliver many key social services, and seek to identify and solve social problems. In fields such as health, education, economic development, and social welfare, the nonprofit sector does much to make this world a better place.

Serving as a member of a Board of Directors of a nonprofit organization can be one of the most important, influential, and satisfying experiences of your life. Unfortunately, many people have unpleasant stories to tell about their experiences as board members, due to misconceptions about the role and functions of the Board of Directors.

In this handout, we will identify some of these misconceptions and tell you how you and your nonprofit organization can avoid the difficulties they create.

What is the Role of the Board?

Though the board's role is often described as managing the affairs of the organization, there is a fundamental problem with this description.

Even if board members *wanted* to handle the endless, ongoing tasks of running the organization, how could a group of part-time volunteers squeeze these duties into their schedules? **Managing a nonprofit organization is a full-time job** -not a chore that can be accomplished in the spare time of volunteer board members. Thus, instead of doing the managing itself, the board is responsible for ensuring excellent, or at least adequate, management of the organization. Therefore, the most important decision a board makes is the selection of the organization's top executive (might be called the Executive Director, President or Chairperson).

What is the Function of the Board?

You may have heard it said that, The board sets policy and the staff carries it out. This suggests two separate and clearly defined groups: a policy-making group (the board), and an implementation group (the staff).

The experiences of successful nonprofit boards challenge this perspective. In healthy organizations, major decisions are discussed, debated, and finally decided with the input and recommendations of the top executive, who has been hired to manage the nonprofit organization. Neither the top executive nor the staff (who often have the best and the most information) should be excluded from policy-making efforts.

And while we're on the subject, just what is policy?' In practice, most organizations have a circular, unclear definition. What does the board do? Set policy. What is policy? Anything set by the board. No wonder there is conflict and confusion about what boards should do! As long as these misconceptions persist, board membership will continue to pose difficulties for even the most well-intentioned volunteer. Let's look at more effective ways to think about the role and function of boards.

The Role and Functions of the Board

While the role of the top executive is to manage the organization, the role of the board is to govern it. Inherent in the board's governance role are two functions:

1. Protect the Public's Interest

The first function of the board is to protect the public's interest. Nonprofits receive preferential tax treatment because they provide a public service that would not otherwise be available without subsidy. The board's job is to represent the public's interest in assuring that the agency serves effectively.

The board accomplishes this oversight and evaluation function by keeping well informed about the activities of the organization and communicating appropriate information to the public. The board must make decisions that will guide the organization beyond concern for mere survival of the organization, the reputation of board members, or the jobs of employees.

2. Enable the Organization to Achieve Its Purpose

The second function of the board is to enable the organization to effectively and successfully achieve its purpose. To do this, the board has both *formal* (governance) and *informal* (helping) responsibilities.

A. Formal Responsibilities

- hiring, and (if necessary) firing the top executive;
- delegating the organization's management functions, including planning, organizing, staffing, directing, and controlling to the top executive;
- developing and approving strategic plans, including major commitments;
- assuring the continuity of the organization, making emergency decisions when management cannot perform, and stepping in when crisis endangers the programs or existence of the agency; and
- maintaining the board as a healthy, well-organized governing body capable of helping the organization achieve success (i.e., progress toward fulfilling its purpose).

Board members *must* wear the formal, governance hat. It is both a legal obligation and a moral responsibility. The reality of most nonprofits is that board members *also* have to provide additional volunteer help if the organization is to succeed.

B. Informal (Helping) Responsibilities

Every nonprofit organization needs the help of its board in areas such as planning, fund-raising, and community relations. Although these activities must be managed, the top executive and the organization will be less effective without the active involvement of the board in these areas.

Unlike the formal responsibilities, which are basically similar in all organizations, the helping responsibilities will vary depending on the needs of the organization. In general, these responsibilities consist of tasks board members can help the staff with in order to strengthen the organization. For example, the board can help the top executive develop a business plan and a fund-raising plan. The key concept here is a partnership in areas managed by the top executive. The board's aim should be to help the staff--not replace command, undermine, or represent it.

The distinction between formal and helping responsibilities is important. The formal ones, such as hiring the top executive or reviewing and approving corporate plans, are responsibilities the board cannot effectively delegate to staff without jeopardizing the long-term interests of the organization.

Helping responsibilities, on the other hand, are those the board must typically delegate to the staff if they want them to be performed effectively. These activities need to be managed by the top executive, but the organization will implement these areas more effectively if it receives help from board members. Clearly, board and staff are partners in much of their work, and will serve the organization best if a team attitude can be cultivated from the start.

Committees: Getting Boards to Function Well

In addition to the responsibilities already discussed, one thing board members do is attend meetings; somewhere between 2 and 12 full board meetings each year. (Quarterly or bimonthly meetings often work best for local organizations; three or four meetings a year works better for most national organizations.) At these meetings, they share information and make decisions.

Because large group meetings are not the best place to conduct in-depth problem solving and planning, the healthy nonprofit board develops a committee structure to handle much of its work. Based on what the board deems most important, it determines the number and kinds of committees it needs. Most prospective board members should plan to serve on at least one committee.

Committees are the workhorses of the board. In committees, members can focus their attention and energy on one or two organizational concerns, rather than on every problem and opportunity that comes along. With a good committee structure in place, the board can distribute its governing functions and responsibilities equitably among its members, and thus position itself to maximize its effectiveness. A healthy board delegates consideration of major concerns and issues to the appropriate committees, seeking guidance and direction from them.