

The role of a nonprofit's board of directors is to govern. Only the board can do that. Only the board can formally represent the organization's "moral owner," The board has legal authority over the mission. Its role is to see that its mission is translated into successful programs and operations. The board carries out a series of obligations that we have organized into eight specific roles.

However, boards usually fulfill certain obligations that extend beyond the role of governance, such as assisting with operational and supportive functions. This is especially true in smaller organizations. It also means that board members wear two hats: governance authority, expressed only as a group, and volunteer work, done in committees or as individuals. But ultimately, the role of the board as an authoritative body is that of governance.

PRACTICAL FUNCTIONS IN THE REAL LIFE OF BOARDS

1. Operational
 - The mantra is "We've got it covered."
 - Ongoing tasks are to make the organization function
 - When there is no paid executive director, the board must focus on basic operations
 - Decisions are mostly programmatic

2. Supportive
 - The mantra is "We're behind you."
 - Supportive activities provide help and encouragement to paid staff, such as assisting with programs, raising money, and offering advice on operational issues
 - With a founding board, or one with its first executive director, the board will focus on supporting the growth of the organization
 - Decisions are mostly operational

3. Governance
 - The mantra is "We're responsible."
 - Governance activities are legally required activities around the mission, leadership, and oversight of management and its programs
 - The board with an executive and multiple staff members will focus on governance in a developing and maturing organization
 - Decisions are mostly strategic

TWO HATS WORN BY BOARD MEMBERS

1. The Governance Hat
 - Some say that a board only exists between the raps of a gavel – while they are meeting, deliberating, and deciding. It is while they are in session that they govern, and in the end, speak as one voice
 - On some occasions an individual board member may be asked to act on behalf of the board, or to represent the board at some kind of public function or meeting

2. The Volunteer Hat

- Outside of the meeting, when board members are not “on official duty,” they often volunteer their time being an ambassador to their nonprofit, raising money, helping with a program, advising management, etc. This hat is usually worn as an individual, but is sometimes worn with a group of board members
- When board members wear their volunteer hat, they are essentially involved in operational and program activities, and are therefore, “working for management.”

ROLES OF THE BOARD

1. **Governs through mission-centered plans, policies, and decisions**
 - Boards primarily govern rather than manage. Management is left to the chief executive and staff
 - Boards approve plans that are more strategic in nature than operational, though in small organizations, boards may function to some degree in the management arena
 - Boards set policies; that is, they establish board governing regulations (while management creates additional policies and procedures for use by staff)
 - Boards make decisions that fall outside of policymaking like hiring the chief executive, setting the budget, deciding on major program shifts or geographic expansion, and making large purchases that are outside of the operating budget
2. **Selects and works through the chief executive officer**
 - The most important decision a board makes is the careful hiring of the organization’s chief executive officer. Done well, there is less likelihood the board will find itself in the awkward position of needing to fire that person
 - Boards work in partnership with the chief executive, who, in turn, works with the staff. Boards spend more time dealing with the end results, while staff deals more with the means to those ends. Boards govern. Staffs manage
 - Boards must insist that management have clear plans. Some boards suggest that the chief executive have an annual work plan or set of goals, perhaps just a page or two, in order for the board to provide proper oversight and encouragement to the chief executive
 - Boards conduct a formal annual review of the chief executive’s work and related organizational performance
 - Boards set the chief executive’s salary and insist on some kind of formalized approach for decisions about wages, salaries, and benefits that ultimately work their way into the annual budget
3. **Establishes and guards the mission and future**
 - Basically, boards set direction for the organization.
 - This begins with establishing and guarding the mission. Generally, boards establish the mission, or general purpose, at the organization’s founding. The greatest task is to guard the mission and prevent “mission drift,” making sure programs are not generally adopted that do not fulfill the organization’s fundamental purposes and philosophy. This means that when programs are recommended, boards must always ask, “How does this accomplish our mission?” Staying focused is important for any group, and boards play a crucial role in being mission centered.

- Boards think about the future, while honoring the past. This begins with strategic thinking, the establishment of a strategic plan, and the assurance that management has operational plans and goals.
4. **Monitors organizational performance**
 - A board cannot monitor performance if there are no goals, no measurable metrics, no expectations, and no standards.
 - Boards need a dashboard full of essential information surrounding the mission from which to gauge the performance of an organization. They also need to know what each metric means, as the driver of a car needs to know that when the needle on the tachometer goes above the red line, there is a risk that the car's engine will blow up.
 - Board members also need to get out of the boardroom and into the organization's programs, see the work of its staff first-hand, and talk with participants, members, and clients.
 5. **Takes legal responsibility for the organization.**

A board is the legal governing body of a nonprofit corporation. Just ask your state's Secretary of State, or the Internal Revenue Service.

 - Boards need to be sure that legal requirements are being met, including compliance to corporate law, licensing, regulations, tax laws, reporting, personnel law, and more.
 - Some type of legal counsel should be available to the board.
 - Boards must have a conflict of interest policy, adhered to by members.
 - Since boards usually look to management for compliance, it may be valuable for the board to conduct a periodic legal audit of the organization.
 6. **Carries financial management responsibilities.**
 - Boards establish basic financial policies that management must follow.
 - Boards approve an annual budget for both income and expenses.
 - Boards name an independent CPA for the 990 tax form and annual financials.
 - Boards read and understand financial statements, and authorize the signing of the annual 990 tax return.
 7. **Commits to organizational funding.**
 - Boards make sure the organization and its programs are sufficiently funded, either by garnering financial resources or limiting expenses.
 - Boards make sure the organization has a sensible funding model to build on.
 - Boards, that is, board members, help the organization raise funds as volunteers.
 8. **Maintains board vitality.**
 - Boards insist that they have a capable chair to lead their work.
 - Boards take responsibility for maintaining their own health as a governing body.
 - Boards see that new members are effectively recruited, elected, and oriented.
 - Boards insist on training for all of its members on issues related to effective board governance, fundraising instruction as it relates to board member responsibilities, major program overviews, and trends and issues that may impact the organization's work.
 - Boards provide for the building of relationships and camaraderie among members.