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UNDERSTANDING ROLES IN NONPROFIT GOVERNANCE
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- membership and board support programs
- customized diagnostics and performance assessment tools
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INTRODUCTION

The almost 1.8 million tax-exempt nonprofit organizations in the United States span a wide spectrum of mission areas, resources, values, history, and stakeholders. They don’t necessarily look much like each other. A 200-year-old university with a budget in the hundreds of millions of dollars is a very different creature from a newly established local alternative school. A national environmental advocacy organization does not look much like a local community health center. A chamber of commerce plays a different role in the community than does an animal shelter. However, despite their differences, as nonprofit organizations they share similar demands and challenges related to their governance whether their governing boards are called boards of directors or boards of trustees.

Serving on the board of a nonprofit organization involves serious obligations but also potentially significant personal satisfactions. On the one hand, it demands time, attention, and teamwork; on the other hand, it provides opportunities to contribute time and talent to a meaningful cause. To be effective and make a difference, board service requires knowledge and commitment. More than ever, it also requires accountability.

Highly publicized scandals affecting nonprofit organizations as well as for-profit corporations have raised questions about organizational governance. The public and the media want to know who was responsible. Was it the chief executive who fell down on the job? Was the board not paying attention, or did the board not understand its responsibilities for safeguarding the organization’s future? Chief executives often feel as though they are the only ones held accountable for what does or does not happen when, in fact, ultimate accountability rests with the board. Board members worry and want clarification of their responsibilities. Most want the time they spend on board service to make a difference in accomplishing the organization’s mission, but often they wonder whether it matters. Does the board serve as a strategic asset or is it time-consuming window-dressing? Does it meet primarily to fulfill a legal requirement?

This book, which builds on the previous edition, titled Nonprofit Governance: Steering Your Organization with Authority and Accountability, is designed to serve as an overview of effective nonprofit governance practices and seeks to answer four basic questions: What is governance? What is the role of the board? What is expected of board members? How does an effective board operate? The book is designed to introduce new board members to principles of nonprofit governance as well as to provide a refresher and new ideas for those with more experience. Hopefully it will

also open a conversation between the board and the chief executive about their respective roles in organizational governance. Ultimately, the purpose of the book is to support boards throughout the nonprofit sector in strengthening their performance in advancing their mission.

Because all board members of a nonprofit organization must understand the meaning of their own organization’s nonprofit designation, the first chapter of the book provides a short description of the nonprofit sector. This is followed by a chapter discussing the concept of governance (a concept that seems murky to many people) and by three chapters describing key governance roles and responsibilities of the board as a whole. Chapter 6 deals with the individual roles and responsibilities of members of the board, and Chapter 7 discusses the role of the chief executive, as seen as a partner with the board in organizational governance and leadership. The issue of how a board can most effectively carry out its responsibilities is the topic of Chapter 8. It covers issues such as board structures and meetings, committees, and board development — all areas where there has been much learning over the past quarter century.

At the end of each chapter there is a set of questions designed to engage boards in an exploration of their own practices. Boards that raise these questions in their board meetings are sometimes surprised by the answers and should use the opportunity to talk about ways to improve their governance.

While it deals with “how-to” issues, this is not a detailed “how-to” book. In some ways it will rather serve as a framework for and an overview of much of the material that is covered in more detail in other BoardSource publications and many other places. It does so by examining the work of the board through the wide lens of governance rather than through a more detailed discussion of discrete board responsibilities and ways of operating. Hopefully, it will help its readers recognize that governance is a system of interconnected roles and responsibilities, policies and practices. To serve its organization well a board needs both to understand its roles and responsibilities and how most effectively and efficiently to do its work — including how to make use of what each board member brings to the table.

Organizations described in the book generally represent composites from work with numerous clients over the years. At times, examples will be drawn from actual, but not always identified, organizations.