

Role of the Board of Directors

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The Board of Directors is legally and morally accountable for the health and effectiveness of the organization. The Board ensures that the organization achieves its mission in an ethical, transparent, accountable, and prudent manner.

The Board's job is governance, the ongoing process of due diligence whereby the Board operates as a collective to assure corporate health and effectiveness. Specifically, the Board is accountable for the functions described in this policy.

The Board works in partnership with its CEO. The Board recognizes that the CEO provides leadership and support to the Board, enabling the Board to carry out its governance responsibility.

Board Functions | Scope of Authority

All of this is accomplished as a group – at board meetings – through review of information, strategic questioning, dialogue, and decision-making.

1. Values and mission. Community relevance and connectedness
 - a. Articulate, monitor, and, as necessary, update the organization's **values and mission**. Ensure that all the organization's programs, activities, and operations adhere to these policies.
 - b. Ensure that the organization is **relevant to the community and produces sufficient impact** through processes that **define vision, direction, and strategy**.
 - c. Ensure that the organization is **connected to its stakeholders and the community**, regularly receiving input and feedback.
2. Standards and controls. Legal and regulatory.
 - a. Set high level **standards, controls, and policies**.
 - b. Ensure that adequate **risk management** is in place for all areas of operations, e.g., safety and security, insurance, data back-up, CEO succession, board officer and board member succession, etc.
 - c. Define and monitor key **areas of performance** compared to short- and long-range strategy / plans, assess **results**, and assure that steps are taken for continuous quality improvement in all areas.
 - d. Ensure **compliance with relevant laws and regulations** affecting the organization.
3. Board operations
 - a. Determine eligibility for **Board membership**, assure proper recruitment of candidates, elect members and officers, and assure proper orientation and development of Board members.
 - b. Define and enforce **parameters of the Board's work** including its committees / task forces and the role and performance of the **individual Board member**.
 - c. Use conversation as a core business practice and operate with a culture of candor.
4. Institutional operations
 - a. Ensure that the **financial structure** is adequate for current priorities, long-range strategy, sustainability, and intergenerational equity.

¹ Inspired by Ken Dayton *Governance is Governance*, an Independent Sector monograph, www.independentsector.org

- b. Ensure the organization **models best practice, uses the body of knowledge, operates as a learning organization,² and is sufficiently adaptive** (external focus, network connectedness, inquisitiveness, and innovative)³ to survive and thrive.
 - c. Embrace **transparency** within proper limits.
5. Relationship with the CEO
- a. Hire the organization's **chief executive officer**. Appraise his/her performance and set compensation; reward competence, and, if necessary, replace the individual.
 - b. Ensure **effectiveness of management**, without intruding in management's role and authority.
 - c. Provide candid **advice and perspective** regarding the organization's health and effectiveness and the marketplace environment, without compromising management's authority⁴.

² Learning organization and system thinking business theories are proven to help build strong businesses.

³ Adaptive capacity describes the organization's ability to respond and make change, and generate new ideas and make change. See Carl Sussman's article in the *Nonprofit Quarterly*.

⁴ As a group, the best boards can serve as a "think tank" and "sounding board" for the organization and its CEO. The challenge is to ensure that the board – and its individual members – recognize this is neither a directive nor authoritative function.