

# Why Your Board Exists: A First Step Towards Board Accountability

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## Picture this:

*You hire a new employee. You don't tell this employee what her department does, because no one really seems to know (although they get together regularly and question everything the rest of the organization is doing).*

*For the next - oh lets say year or so - this employee mills about, figuring out what her job is and how she can best contribute.*

*You wish it were different. But in talking to other companies, they all seem to have this same department. And no one seems to know what to do with them!*

## Does this describe your board?

For many NonProfits, the answer is yes.

## Is this a waste of manpower, energy, time, money?

You bet.

## There is a better way. Effective boards do exist. And yours can become one.

## How Did We Get Here?

**Then:** Lets go back to when your NonProfit was new, figuring out how to feed the poor, provide venues for dance performances, preserve riparian habitats. In those early days, the board provided support in whatever way was needed. Board members were sources of advice and potentially funds - perhaps even the volunteer labor force until the group could afford staff.

Over the years, the service side of the organization grew.

- ➔ What may have started as a group handing out food from someone's garage could now be a \$20 million organization, feeding the hungry all over the community.
- ➔ What may have begun as a lobbying effort to preserve one small creek could now be a multi-million dollar powerhouse, acquiring lands for preservation throughout the whole region.
- ➔ What may have started as a group of dancers looking for a stage could now be a dance collaborative, sharing resources to ensure all local dance companies have performance venues.

It's not a lot different from this:

A baker starts a bake shop because he loves to bake. Demand for his product increases, and so he rents more space, adds more staff, and tries to keep up with demand.

The baker never went to business school. So he still maintains the business side of his bakery the way he always did - keeping the books by hand, running the same ads, still with no plans for retirement or disability. And because he meets the customers' needs, his business is a success, regardless of his lack of business skills.

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NonProfits have grown in much the same way. Organizations grew where their missions took them. The staff became more professional about doing its work, but the board was removed from direct service delivery and didn't evolve along with the staff. If this sounds familiar, it is likely your board functions have not changed dramatically over the years, even though your organization has.

**Now:**Fast forward to today. The board still gives advice and tries to help with the workload. But as the organization has grown and the staff become more professional, it feels like the board does little more than listen to reports and rubber stamp staff recommendations. In many cases, board members feel there is more they DON'T know than they DO know about what it takes to run the organization. They sense they should be doing more, or doing differently, but they have no idea what to do or where to start.

Knowing they are accountable, yet feeling uncertain about how to address their concerns, board members do the only thing they know how to do - provide more and more operational "input" regarding the day-to-day work of the organization. They may question small ticket items in the financials and seemingly minor staff issues, because those things are quickly understandable - not like all that other stuff - restricted grants and lists of funding sources and narrowly defined government-sponsored programs.

Board members provide this input with the best of intentions. They take their accountability seriously, and their business experience tells them how to do things "right." Being a "do-er" makes it difficult to sit back and watch someone else run an organization for which they are ultimately responsible. And so, because they care, they feel the need to get in there and show how it should be done.

Staff rebels against what they perceive as an intrusion into their jobs and distrust of their own professionalism, distrusting the board in return. The staff starts telling the board what they think the board wants to hear. And the CEO whispers about quitting if things don't improve, noting that the only thing keeping her there is the patrons, the animals, the clients, the dancers - the mission.

The board senses all this, and therefore feels they must take more control.

And this cycle continues until crisis is imminent.

## Stepping Back to See the Whole Picture

By now, you may feel relieved to understand how this situation came to be and to know that you are not alone.

It is important to see, however, that the cycle is not just socially uncomfortable, and it's not just harming morale. It is negatively impacting the very things the board is trying to accomplish - accountability, levels of service, the future of the organization.

- The board spends considerable time questioning staff's daily operational decisions, even though the mission continues to be served and the budget continues to be met. **Result:** Staff becomes gun shy, eventually making few decisions without first asking the board. Board meetings focus primarily on day-to-day management issues. Ironically, the board begins to tire of the minutiae, asking "Why are you coming to us with all this little stuff?"

- The board spends 10 minutes discussing a \$500 item while a \$1.5 million state-sanctioned program passes without comment. **Result:** Staff knows the board will attentively discuss decisions regarding where to take a vehicle for repair, but will rubber stamp their \$1.5 million budget, leaving the staff completely in charge of translating the mission into service to the community. Both fiscal and mission accountability plummet.

- The board spends the bulk of each meeting reviewing minutes, staff reports, program reports, financial reports, etc. **Result:** Given the board's limited time together, it spends all that time discussing issues over which it can have no influence - things that have already happened. Staff is entirely in charge of determining the future of the organization, as well as determining what degree of impact the organization will have on the community.

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- Discussion of proactive opportunities to make serious positive change in the community are often met with “Where do they think the money is going to come from?” **Result:** Having been treated like “children who will push the limits unless the board puts its foot down,” rather than professionals who understand what it really takes to do a job the board will readily admit it does not understand how to do, the staff starts “sneaking” expenses that will help the clients. In the end, deterioration of the relationship between the staff and board is just one symptom of a reactive organization that only grows when outside forces either make such changes possible (new funding) or necessary (regulatory or client demands, etc.).

If the board spends its time focused on daily operations and reviewing the past, THEN WHO IS ENSURING THE COMMUNITY RECEIVES THE BENEFIT YOUR ORGANIZATION HAS PROMISED TO PROVIDE?

*(And if you answer, “the CEO,” then who guides the CEO? And what will you do if the CEO leaves?)*

## So What IS the Board Supposed to Be Doing?

First, throw out all those articles on the “Ten Things Boards Must Do.” If you’re not doing those 10 things, and you’ve read the article 100 times, reading it again won’t make your board do them.

The first step in understanding “What the board should DO” is to understand “What the board IS,” because “What the board does” flows from “What the board is.”

The answer to “What is the Board?” goes back to the organizational chart - the picture of your organization that stems from your bylaws and articles of incorporation. Look at that chart. First there is the board. Then, if need be, there is an Executive Director or CEO. And then there is everyone else - managers, line staff, volunteers.

Being at that spot at the top means the buck stops with the board - it has nowhere else to go!

And that means that “What the board is” is **accountable**.

That position of accountability leads to 2 more questions:

**Who is the board accountable to?**

**And what is the board accountable for?**

## Who is the Board Accountable To?

If your organization were a for-profit corporation, the board would be accountable to the shareholders - the people who would receive the benefit if the company did well, and would be disappointed if the company did poorly. The same is true for a nonprofit organization. But in a nonprofit, the beneficiaries of the organization’s results are not shareholders - they are the whole community.

If the housing coalition does well, the whole community is better off. If the art museum does well, the whole community benefits. If the education enrichment fund does well, the whole community benefits. The AIDS group. The symphony. The environmental group.

And conversely, if those groups do poorly, it is the community that suffers.

Community benefit is at the heart of why your donors and volunteers provide their support. It is at the heart of why your employees work at your organization and not at IBM. It’s why board members give up their limited time to work tirelessly for the organization’s success. And it’s obviously what your clients, participants or attendees expect from you.

Act with accountability to the community, and you will be accountable to all those other stakeholders as well.

## If We Are Accountable TO the Community, What Are We Accountable For?

All the things a nonprofit board is accountable for can be combined into 3 major areas of accountability. Yes, just 3.

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**1) The board is accountable for ensuring the organization is creating community benefit, improving the quality of life for those who would be affected by your mission.** This is at the core of why your organization exists, and at the core of the pact you have with the community that receives the benefit of your work.

*Is your community receiving the very most benefit your organization could be providing? If not, the board is accountable.*

**2) The board is accountable for ensuring the organization is doing its work in a way that coincides with the values of the community.** It is the board's job to ensure that both the organization as a whole, as well as each of the individual people who make up the organization, are conscious of the organization's core values and philosophies, and that, at minimum, they are not doing anything illegal or unethical.

*Does your organization operate from a consistent code of values that guides every decision made? If not, the board is accountable.*

**3) The board is accountable for ensuring the organization has the capacity to do its work** - not just financial capacity, but adequate personnel and adequate facilities and all the other functional necessities for getting the job done.

*Does your organization make its decisions in accordance with a commonly defined and commonly understood code of values? If not, the board is accountable.*

### How Does Your Board Measure Up?

As you look at the work your board is currently doing, what percentage of your time is spent discussing issues related to having adequate capacity to do the work? What percentage of your time is spent discussing the reason the organization exists - providing benefit to the community? And what percentage of your time is spent discussing the core philosophies that will guide that work? *If your board's time is focused primarily on the organization's capacity to do its current work, then the board is failing to focus attention on 2 of the 3 areas for which the board is accountable.*

When your board discusses "capacity to provide the mission," are you focusing on money, or are you considering what it would mean to have adequate capacity in all areas - adequate personnel to do the job, adequate facilities to provide service, adequate equipment to be effective, etc.? Are you focused on why you can't take action, or are you trying to determine how you can take action?

Remember: Accountability isn't something about which you have a choice. If the board is at the top of that org chart, you are accountable for all three aspects of the organization, *whether you are acting accountably or not.*

### So How Do We DO Accountability?

The easiest way for boards to act accountably is to create proactive plans and policies, and to monitor that those plans are being acted upon, and those policies being adhered to.

- ◆ Boards act with accountability when they make plans to determine what the organization should accomplish for the community, and then monitor to ensure those plans are being implemented.
- ◆ Boards act with accountability when they discuss and delve into the guiding principles by which their goals for the community should be achieved, and monitor to ensure those values are being adhered to.
- ◆ And boards act with accountability when they make proactive plans and policies to ensure there is capacity to provide the mission, and monitor to ensure those plans and policies are being implemented and adhered to.

The board should be working in conjunction with the CEO and key staff to create these plans and policies. After all, it takes a functional team to run an organization well - an ongoing partnership between staff and board.

However, that doesn't negate the board's top level of accountability. When push comes to shove, the buck will stop with the board.

### Doing vs. Ensuring

Once the plans and policies are in place, the board can choose to perform the implementation work for any part of those plans it wishes. Or it can choose to delegate every bit of implementation to the CEO and the staff or volunteers. The degree to which the board will DO the work is up to each individual board.

But what's not up to the board is the very key to accountability - ensuring the plans are created, and monitoring to ensure the work is being done. Ensuring is what accountability is all about. Ensuring is the job of the board.

### Conclusion

When boards have a better understanding of what the board is and why it exists, it is far easier to understand what the board should be doing. When "what you do" stems from your accountability to ensure the organization is not only getting the job done for the community, but doing so in a way the community can point to with pride (its values), it will open up a whole new world of possibilities for your board, for your organization, and for your community.

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