

The CompassPoint Board Model for Governance and Support



There are two fundamental types of nonprofit board responsibility: governance and support, each of which has distinctive characteristics, shown in the chart on page 19. On one hand, the board, acting as the formal representative of the public, governs the organization's affairs. At the same time, board members help support the organization by volunteering, raising money, and advising.

Much of the confusion about board responsibilities is confusion between what the board should do as a group and what individual board members should do. For example, although the board as a whole is responsible for evaluating the executive director, the board president as an individual doesn't have the authority that a supervisor has with a subordinate. The board president is not a supervisor, but instead acts as a convenor and leader for the board, which as a group provides feedback and direction to the executive director.

As a result, board members frequently have to switch roles. The CompassPoint Board Model reflects the "role switching" that board members do. For example, an individual may meet with the organization's finance staff to lend expertise in

formats for cash-flow statements. In this role, the person can make suggestions, but the finance staff report to the executive director and can choose not to take that advice. Subsequently, the same person can go to the board meeting where the budget is being considered. In this setting, the individual is acting as a part of the board in its governance role. The board as a body does not report to the executive director and can, for example, direct staff to revise the budget in a certain way.

On the outside looking in— Or on the inside looking out?

When acting in its governing role, the board represents the interests of the community. It asks: is this organization using public and private resources to benefit the community and the public? In a sense, the board stands *in* the community, looking through the door into the organization. It represents the community and speaks to the organization in the community's voice.

But at the same time, the board also represents the organization's interests to the community. Board members individually act as ambassadors from the organization to the community. Board members

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The CompassPoint Board Model: Governance and Support

The board acts to **GOVERN** the organization

The board acts to **SUPPORT** the organization

Objectives

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| <ul style="list-style-type: none"> • To represent the <i>community's</i> interests within the <i>organization</i> | <ul style="list-style-type: none"> • To represent the <i>organization's</i> interests in the <i>community</i> |
|--|--|

Process for action

- | | |
|--|--|
| <ul style="list-style-type: none"> • The board acts as a body | <ul style="list-style-type: none"> • Board members act as individuals or through committees |
|--|--|

Responsibilities

- | | |
|---|--|
| <ul style="list-style-type: none"> • Direction: Determine mission and purpose • Legal: Ensure compliance with federal, state, and local regulations and fulfillment of contractual obligations • Financial: Safeguard assets from misuse, waste, and embezzlement • CEO: Select the chief executive officer (usually called the executive director); monitor and evaluate performance • Fundraising: Approve a fundraising strategy and monitor its effectiveness • Planning: Determine strategies and overall priorities • Programs: Determine the organization's program priorities, monitor implementation, and conduct program evaluations to measure impact • Efficiency and impact: Ensure a realistic budget that maximizes use of resources | <ul style="list-style-type: none"> • Fundraising: Contribute to the organization's fundraising success as appropriate to the individual (such as making a financial contribution, volunteering at a fundraising event, making business contacts for the organization, soliciting cash and noncash contributions); assist staff in raising funds • Public relations and community contacts: Act as ambassadors to the community on behalf of the organization and its clients • Volunteerism: Recruit volunteers • Advisory: Advise staff in areas of expertise; act as a sounding board for executive director and other executive staff • Reputation: Lend name and personal credibility to the organization to use in brochures, grant proposals, and other formats |
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promote the organization’s work in the community, build support for the organization’s initiatives, and represent the board at city council meetings.

Much of the confusion about board responsibilities is confusion between what the board should do as a group and what individual board members should do.

In this sense, the board stands in the organization facing *out* and speaks to the community in the organization’s voice.

This is the CompassPoint Board Model at work: as a group, the board represents the public in keeping the organization accountable; and as individuals, board members represent the organization to the public.

**Who’s in charge?
Who’s in charge now?**

In organizations with paid staff, there are times when the board acts in its governing role—“the boss and in charge”—and other times when individual board members act to support the staff. Boards and staff often get confused over these differences. For example, when it comes to fundraising, some people think that fundraising is an intrinsic board responsibility while others think fundraising is only a requirement for boards that have chosen to accept the responsibility. This conundrum—often the source of tension between staff and board—can be cleared up with the CompassPoint Board Model, first discussed here related to strategic planning, and then to fundraising.

When an organization undertakes a strategic planning process, it’s ultimately the board’s responsibility to adopt a plan. In this setting the staff prepare reports and proposals for the board to consider. The board is clearly functioning in its governance role—in charge of the organization’s direction and future. On the other hand, in the *implementation* of the plan—program delivery—board members frequently volunteer as individuals. Whether as museum docents or as workers at a neighborhood fair, they often volunteer under the direction of staff. They may be trained as grief counselors by a staffperson, or work on painting a house as directed by staff.

In fundraising, the board—in its governing role—is responsible for seeing that there is a realistic plan for bringing in the funds the organization will need, and for monitoring progress on the plan. This funding plan might include fund-raised (contributed) dollars, but it could also include fees, interest income from investments, foundation grants, money from the sale of books, and so forth. What’s important is that ensuring the existence of the plan is a governance responsibility—one in which the board acts as the “boss” and provides oversight to the staff-developed plan.

But in the support role, board members as individuals also help carry out that plan.

In this role, they often act with direction from staff. For example, staff might generate a list of people who need to be called for an upcoming event, and distribute those names among board members. In this situation, the staff organize the work and delegate tasks to board members acting as individual volunteers.

In short, there's an up-and-down switch as well as an inside-out switch. The board as a group oversees the staff's development of a fundraising plan but the staff frequently oversee the implementation of fundraising activities by board members.

Who's responsible for the board doing its job?

A frequent source of frustration for executive directors is a board that is inactive and passive. These executive directors cry out, "My board doesn't do anything!" But the frustration comes from more than the lack of board activity. It also comes from a sense of helplessness, a sense that there is nothing the executive can—or *should*—do to get the board going. In many instances, both board members and executives believe that it would be inappropriate for the executive to play a leadership role with the board. Many strong executives draw back from appearing to provide too much direction to their "bosses."

This approach comes from the conventional wisdom that "the board sets policy,

and the staff implement it." This statement fails to distinguish between the governing and supporting roles of the board and, in practice, often devolves into arguments over what is policy and what is not.

In fact, telling an inactive board—or even an inactive board telling itself—that it *should* be active is seldom an effective strategy. Even if one or two active board members insist that all board members *must* be active, little is likely to change. In short, an approach that makes the board solely responsible for its own functioning is an approach that succeeds with strong boards, but simply doesn't work with weak boards.

The approach advocated by the CompassPoint Board Model may at first seem surprising, but in fact is common practice by many seasoned executive directors: *the executive director must be largely responsible for the board fulfilling its governance role.* The truth is that the executive director is in the best position to ensure the effective functioning of the board. He or she is the primary staff support to the board, attends meetings, and is usually more in touch with board members than anyone else. Moreover, the executive director is responsible for the organization's performance and, since board governance and support are both needed for high performance, must develop an active board for the sake of organizational performance.

Perhaps more importantly, this approach *works*.

The executive director cannot ensure the board's effectiveness by ordering board members to perform various tasks or to adopt certain attitudes. The executive can work more closely with individual board members, take an active role in the recruitment and orientation of board members, and develop processes that the executive and the board can use to work together for better governance.

Just about any approach works when there is both a strong executive and a strong board. But the CompassPoint Board Model also works when (a) there is a weak executive and a strong board; or (b) there is a strong executive and a weak board. The model provides a basis for strong boards to deal with weak executives, as well as a basis for strong executives to help change weak boards.

Management expert Peter Drucker has long said that the effective functioning of the corporate board is the responsibility of the chief staff person. This responsibility can be written into the executive director's job description, and it should be one of the responsibilities for which the board holds the executive director accountable.

As paradoxical as it may seem at first, it makes complete sense for the board to evaluate how well the executive director has elicited board effectiveness. And the wise executive director willingly accepts

the responsibility, knowing that with a strong board there will be a working partnership, and knowing that in the absence of a strong board, he or she must develop one.

The CompassPoint Board Model is not a deeply scientific theory like the theory of atomic energy. It is, however, a framework that helps clarify discussions on boards and about boards. It rests on research and theoretical work on the economic and social roles for nonprofits, on research and thinking about governance in the for-profit corporate sector, and on the extensive research, literature, discussion, and experiential knowledge about the nonprofit board.

This model is not directly referenced in most of these articles although it lies beneath them—like the continuous root of the bamboo which is not visible above ground, but sends up many shoots in many locations that appear at first to be unconnected.

Many veteran board members and executive directors will find that the CompassPoint Board Model articulates principles that they have practiced for years. Less experienced board members and executive directors will find that it can act as a decoder—decoding the puzzling ways that boards act at times. For the *Board Café*, it serves as the cooking principles upon which many different kinds of dishes are based.

Also Try

Why Do Nonprofits Have Boards?..... p. 16
 A Board Member Contract..... p. 24
 Chapter 3: The Board-Executive Director Relationship..... p. 47



