



The CompassPoint Board Model for Governance and Support

By Jan Masaoka

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There are two fundamental types of nonprofit board responsibility: governance and support, each of which has distinctive characteristics, shown in the chart below. 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.

The CompassPoint Board Model: Governance and Support	
The board acts to govern the organization	The board acts to support the organization
Objectives	
<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, 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 	<ul style="list-style-type: none"> • Fundraising: Contribute to the organization's fundraising success as appropriate to the individual (such as making financial contribution, volunteering at fundraising event, making business contacts for the organization, soliciting cash and non-cash contributions, etc. • Fundraising: 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: Volunteer recruitment and volunteering
<ul style="list-style-type: none"> • Planning: Determine strategies and overall priorities • Programs: Determine the organization's program priorities, monitor implementation and 	<ul style="list-style-type: none"> • Advisory: advise staff in areas of expertise, act as a sounding board for executive director and other executive staff

conduct program evaluations to measure impact

- Efficiency and impact: Ensure a realistic budget that maximizes use of resources

- Reputation: Lend names and personal credibility to the organization to use in brochures, grant proposals, and other formats

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 boards 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.

The CompassPoint Board Model shows that two kinds of switching take place:

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 promote the organization's work in the community, build support for the organization's initiatives, and represent the board at city council meetings. In this sense, the board stands in the organization facing *out*, and speaks to the community in the organization's voice.

No wonder this can be confusing! This is the CompassPoint Board Model board 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 think that fundraising is an intrinsic board responsibility while others think fundraising is only a requirements

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 prepares 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 a museum docent or at a booth in a neighborhood fair, they often volunteer under the direction of staff. They may have been trained as grief counselors by a staffperson, or work on painting a house as directed by staff.

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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 plan might include fundraised (contributed) dollars, but could also include fees, interest income from investments, foundation grants, 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 oversight to the staff-developed plan.

But in the support role, board members as individuals also help carry out that plan. But in these 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 kind of work, the staff organizes the work, and delegates it 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 development of a fundraising plan, by staff, but the staff frequently oversees 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 frustration with 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 instance, both board members and executives believe that the 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 implements 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 we advocate in 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.*

In some ways, this framework presents a paradox similar to the role-switching between board and the executive. The truth is that the executive director is in the best position for ensuring the effective functioning of the board. He is the primary staff support to the board, attends meetings, and is usually more in touch with board members than anyone else. Moreover, she is responsible for the organization's performance, and, since effective board governance and support are both needed for high performance, she must develop an effective board for sake of organizational performance.

Two great quotes about nonprofit boards

“Board members are part-time amateurs overseeing the work of full-time professionals, which, by definition, takes a certain amount of hubris.” --Richard Chait

Nobody outside a board can ever fully understand its complexities and its involvements with its executive and staff. Inherent in its very nature are several seeming contradictions; delicate balances must constantly be achieved if it is to succeed. *Boards might seem unworkable, if it were not for the fact that they are at work everywhere.*

—Cyril Houle in *Governing Boards: Their Nature and Nurture*

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 effective board members, and develop processes that she and the board can use to work together for better governance.

The very great advantage to this approach is that it works. It works when there is a strong executive and a strong board, when there is a weak executive and a strong board, and when there is a strong executive and a weak board.

The management expert Peter Drucker has long said that the effective functioning of the corporate board is the responsibility of the chief staffperson. This responsibility can be written into the executive director's job description, and 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 the executive director's performance on how well he or she 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 be a prime mover in developing 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, as the continuous root of the bamboo 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 provides them with an articulation of 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.

CompassPoint Nonprofit Services	
<i>San Francisco</i> 706 Mission Street, 5 th Floor San Francisco, CA 94103 415.541.9000	<i>Silicon Valley</i> 1922 The Alameda, Suite 212 San José, CA 95126 408.248.9505
info@compasspoint.org www.compasspoint.org	