Governance Executive Summary

Ten Basic Responsibilities

1. Determine and advance Vision and Mission.
2. Select and support the chief executive.
3. Assess performance – against mutually established goals and the strategic plan.
4. Ensure effective organizational planning.
5. Ensure adequate resources (funds, time, volunteers, staff, technology, etc.)
6. Ensure effective management of all resources.
7. Determine, monitor and enhance programs and services.
8. Promote the organization's image.
9. Ensure legal and ethical integrity and maintain accountability.
10. Recruit and orient new board members, and assess board performance.

"Governance is not management"

Governance: Volunteer leaders are responsible for the strategic direction of the organization. The board acts and thinks strategically, setting goals for the future. Leaders should avoid micromanagement of the organization, maintaining *focus* on vision and mission… the ***WHAT.***

Management: Paid staff and contractors are responsible for the administration of the organization. Staff partners with the board, advancing the goals and strategies, while taking care of the daily administrative needs unique to nonprofit organizations… the ***HOW***.

Unique Terminology

Not-for-Profit A 501(c) is a tax exempt, nonprofit corporation. **Section 501(c)** of the United States IRS Code, provides that 26 types of nonprofit organizations are exempt from some federal income taxes. with exception of Unrelated Business Income Tax "UBIT.")

IRS 501(c)(6) tax-exempt designation refers to trade associations, business leagues and professional Societies. Dollars paid to a 501 (c)(6) may be deducted as dues. Such organizations have expansive lobbing abilities and may have a PAC.

Sarbanes-Oxley: SOX [2002] while aimed at publicly traded corps, SOX does impact nonprofits by raising the bar, suggesting such polices as:

- Whistleblower Policy
- Conflict of Interest Policy
- Document Retention Policy

Strategic Planning and Strategic Thinking = *Strategic Governance*

Strategic Planning: The organization's strategic position in the market place and direction are *prime responsibility of the Board*. A strategic plan should be a few pages and contain the following:

Values and Beliefs: The overriding values and beliefs of the organization that are the guideposts for all activities and decisions.

Vision: A positive statement of a desired outcome because the organization is in business; what good for whom.

Mission: A statement that defines the overriding ***HOW*** of the vision. Defines the *fundamental purpose* of an organization, succinctly describing why it exists.

Goals: Statements of desired *outcomes* in support of the vision and mission. A goal is a broad but focused statement of what the organization hopes to achieve. Fewer the better… less than six are suggested.

Plan Review: Plan relevance and priorities should be reviewed yearly. Board agendas and budgets should have the strategic plan as their guide.

Operations Plan: The working document that contains the strategies, programs and products, activities, timelines, budgets, measurements, responsibilities, etc.

Twelve Principles That Power Exceptional Boards

1. **Constructive Partnership**: With the Chief staff executive.
2. **Mission Driven:** Not staff or volunteer.
3. **Strategic Thinking:** Not just strategic planning.
4. **Culture of Inquiry:** Mutual respect and constructive dialogue.
5. **Independent-Mindedness:** Apply rigorous conflict-of-interest procedures.
6. **Ethos of Transparency:** Ensure access to appropriate and accurate information regarding finances, operations, and results.
7. **Compliance with Integrity:** Promote and ensure strong ethical values.
8. **Sustaining Resources:** Link bold visions and ambitious plans to financial support, expertise, and networks of influence.
9. **Results Oriented:** Focused on outcomes.
10. **Intentional Board Practice:** Govern by plan not by accident.
11. **Continuous Learning**: Embed learning opportunities into routine governance work.
12. **Revitalization:** Through planned turnover.

Legal Duties of Officers & Directors

Duty of Care: Requires officers and directors to exercise ordinary and reasonable care in the performance of their duties, exhibiting honesty and good faith.

Duty of Loyalty: Officers & directors must give undivided allegiance to the organization when making decisions affecting the organization. Officers and directors cannot put personal interests above the interests of the organization.

Duty of Obedience: Requires officers and directors to act in accordance with the organization's articles of incorporation, Bylaws and other governing documents, as well as all applicable laws and regulations.