

Governance or Management?

The distinction between the governance and oversight responsibilities of the board and the management responsibilities of the Executive Director is clear in theory but very unclear in practice.

For every functional area there are both board oversight and management implementation responsibilities. These are, however, overlapping circles. There are areas in which authority and responsibility are clear but areas of overlap which require creative negotiation. To the extent that one side does not occupy their part of the circle, the other may expand their authority to fill the vacuum. This is the best case scenario. The worst is where responsibility falls between the cracks.

“When boards micro-manage it is almost always because they have not been given the chance to macro-govern.”

Richard Chait, Fisher Howe. The Nonprofit Leadership Team. Jossey-Bass, 2004, p.47

How can we define the different areas of responsibility so that the Board’s oversight role adds value to the pursuit of the mission, in addition to meeting the legally required fiduciary duties?

Conceptual framework

A useful starting point for defining the board responsibility to “set policy” and “provide oversight,” is provided by John Carver’s **Policy Governance** paradigm. Boards That Make a Difference.

Ends Policies

1. The board will direct the Executive Director to achieve certain results, for certain recipients, at a certain cost, through the establishment of Ends policies.
2. Only decisions of the board acting as a body are binding upon the Executive Director. Decisions of individual board members, officers, or committees are not binding, except in rare instances where the board gives specific authorization.
3. As long as the Executive Director uses *any reasonable interpretation* of the Ends policies, the Executive Director is authorized to make all further decisions, take all actions, establish all practices, and develop all activities.
4. The Executive Director shall provide regular reports on progress towards the Ends policies. .

Total Activity Analysis

The devil, of course, is in the details. For any given decision or activity, how do we determine whether it is a matter of "policy" or of "implementation?"

Total Activity Analysis is a way to reach operational agreements between board and staff about their respective roles.

Board and staff are asked to complete the following chart, assigning percentages of board and staff responsibility for each functional area and, most importantly, to describe the specific board activity that this percentage would represent.

Activity	% Staff	% Board	What is the board role?
Providing services			
Designing, planning and monitoring services			
Developing and maintaining an understanding of need			
Maintaining good public relations			
Fundraising			
Financial management			
Staffing and training			
Management, coordination and supervision of work			
Facilities and logistics			
Clerical and secretarial work and communications			

Adapted from, Harris, Margaret Exploring the Role of Boards Using Total Activity Analysis. Nonprofit Management and Leadership, Vol. 3, No. 3, Spring 1993