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The key functions of your nonprofit board



Nonprofit board service can be as exhausting as it is rewarding. Members often find themselves guiding aspirational organizations and hard-working staff in an ecosystem with limited funding and resources.

In a nonprofit world that can be at times chaotic, high-functioning boards bring a steady hand that offers strategic guidance, counsel, and help where needed. They can help accelerate progress and enable the organization to fulfill its purpose.

Whether you are on a board yourself, thinking about joining a board, or seeking to improve the one you sit on, here are three things that high-functioning nonprofit boards get right.

The board guides the organization.

In any organization, leadership must paint the target for employees and volunteers. By crystalizing what the organization wants to achieve, managers, staff, and volunteers can work in concert toward achieving its goals. As such, a nonprofit board serves the essential role of setting and recasting the vision and mission of the organization.

The vision communicates where the organization wants to go, whereas the mission communicates what it does and how it does it. Both the vision and mission work together to guide the entire organization and help to ensure that individual initiatives stay on target.

With the vision and mission, the board is able to conduct strategic planning and help move the organization forward. While there is no limit to what this work entails, several overarching concepts apply to every board.



Knowing the organization

Best practice dictates that being some form of a stakeholder in an organization should be a prerequisite to joining the board. However, this is not always the case. The better a board member understands exactly what the nonprofit does and how it achieves it, the better guidance the member can offer. Board members should continuously learn from the moment of their orientation and throughout their tenure to better understand how their leadership translates on the ground.

Being strategic, not operational

Board members and managers are separate for a reason. Boards function at their highest levels when they are not bogged down in day-to-day operations. Instead, they maintain high-level goals, standards, and benchmarks entrusted to the executive director and their leadership team. This is not to say that the responsibilities of board members and operational stakeholders are mutually exclusive – they do occasionally overlap – but the board’s “big picture” focus must be clear.

Monitoring and assessing

Strategic planning is pointless without proper execution. As the organization executes on the plan, the board must consistently compare ongoing performance against the path set forth by a strategic plan. It can then help to assess progress and suggest modifications if necessary.

The board oversees the leadership team and acts as a fiduciary.

When thinking about the functions of a board, oversight is perhaps one of the first things that come to mind, and that’s by design. While many board functions may be vague, difficult to measure, and hard to hold to account, oversight is very real. It is written into governing documents, accepted by board members upon starting their tenure, and measurable financially and legally, particularly when a failure occurs.



Much of the oversight responsibility is derived from each member's legal fiduciary obligation to always act in the interest of the organization rather than in their own self-interest. Each board member must be objective and make reasonable decisions without placing the organization at undue risk.

Important to note is that fiduciary oversight extends well beyond finances. It includes legal, ethical, and management oversight. A board functions at its best when members are informed and engaged enough to know when the guardrails are being followed and when they are not. The board can offer slight course corrections along the way to avert long-term failures or mishaps in any part of their oversight duties.

The board helps to procure important resources.

Fundamental to a board's responsibility is perpetually ensuring that an organization has the resources to function and excel in pursuing its mission. While the first thing that comes to mind with well-resourced nonprofits is money and financial resources, high-functioning boards also focus on people and relationships.

Finances

Boards can focus on finances by providing budgetary oversight, but one of the most significant opportunities for growth on many boards is by engaging with an organization's fundraising operation. Support can take many forms, but an overall increase in engagement has shown time and again to be an essential function of boards and their members.

One approach that has shown to be successful is a fully contributing board, in which each member is expected to contribute a certain amount. While this supports the bottom line, it truly pays dividends in showing that members are fully committed to the nonprofit.



Boards are also ripe for donor cultivation. Members often network in circles that fundraising staff cannot reach. By creating a positive dialogue around the nonprofit and showing their networks that they have enough confidence to put time, energy, and money into the mission, board members can solicit new donors or cultivate them for the future.

Relationships

Beyond finances, a board's relationships within their communities and the nonprofit world as a whole are assets to their organizations. From an outsider's perspective, positive interactions with board members go a long way in building trust and confidence in the organization and its leadership, even without interacting professionally at all. Furthermore, the reputation it builds snowballs and becomes all-encompassing, making a positive difference internally when recruiting staff and donors and while doing business.

Recruiting

Board members themselves are resources, but one of the critical pieces of ensuring resources for the future is being purposeful in the recruitment process – from the executive director and managers to other board members. By choosing new board members with intention, the current board can trust that future boards will maintain and improve upon the functions that create and maintain a successful nonprofit organization.

If you have any questions or would like to discuss how to enhance the performance of your nonprofit board, please let us know. We'd be happy to discuss your unique situation and where we can be of service.



Final Thoughts

This document is intended to provide a general overview of the key functions of a nonprofit board. It is not legal advice.

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About Harding, Shymanski & Co.

Harding, Shymanski & Company, P.S.C. is a public accounting firm with offices in Evansville, Indiana, and Louisville, Kentucky. We are one of the largest accounting firms in Southern Indiana and Kentucky, providing experienced professionals who look beyond the numbers to the heart of complex issues.

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