Balancing Mission and Accountability

As an organization grows, so does its culture of accountability. But, sometimes it seems that the focus is on the bureaucracy (how to do things) rather than on the mission (why, and how effectively). How can your organization strike a healthy balance?

Many nonprofit organizations get started when a small group rallies around a common cause or a charismatic, visionary leader who can articulate what needs to be done and why. Read the histories of most nonprofits and you'll find stories of conversations around kitchen tables, chance encounters, and phone calls across town or across the country, all of which galvanized a group into action. A sense of haphazardness, even controlled chaos, may characterize some groups in their early days, as people roll up their sleeves and do "whatever needs to be done" to fulfill and advance the mission.

In time, however, processes and procedures develop to ensure consistency as the ranks of volunteers expand. The organization becomes a legal entity, a board of directors is chosen, and programs and projects are formalized in a budget. Recognizing they can't do it all, board members hire one staff member who, in turn, hires others. Revenues start to grow, and activities expand accordingly.

As this development cycle continues and the organization grows in size and stature, the board naturally takes on more oversight responsibilities. It must also grapple with the tensions inherent in all nonprofit organizations: the pull of the mission (why we exist) versus the pull of structure (what we must have to succeed) versus the pull of financial support (what makes us attractive to funders). Go too far in any one direction, and you may pull the organization completely apart.

Define Duties

Without a doubt, the board is accountable for what the organization does. Board members must answer to the stakeholders the nonprofit serves, to funders, and to the public. To carry out their roles to the fullest extent, board members should address the issues described below.

Understand Board and Staff Roles

Distinguishing what is strategic (the board's role) and what is administrative (the staff's role) helps keep each party focused on its responsibilities. Board members who become involved in operations tend to lose objectivity about personnel, programs, and organizational performance. And chief executives who attempt to control policy development through withholding of critical information or sheer force of personality get in the way of board decision making. Defining board (governance)/staff (management) boundaries sounds easier than it is. The responsibility for fund development, for example, may rest with a staff member, but board members are expected to play a significant role in that area. If an organization is experiencing internal turmoil or transition, the board may exert its leadership by implementing policy as well as developing it, but the board should accept such a hands-on role only as an interim measure. Board oversight should not be confused with board interference. While boards are accountable for an organization's decisions, they are not responsible for managing the programs or the people who carry out those decisions. To clarify the distinction, the board and chief executive should openly discuss their roles and agree upon where to draw the line in each case. The discussion should be ongoing. Roles are sure to change as the organization evolves, grows, ages, and reinvents itself.

Use Resources Wisely

The board has a responsibility to all stakeholders to ensure the organization operates efficiently by employing personnel and financial resources for maximum benefit.

Manage the Risks

Board members may be held liable for actions they took — or should have made sure others took — on behalf of the organization. Risk management includes purchasing directors and officers insurance, overseeing the establishment of adequate internal controls, and understanding the legal and fiscal responsibilities of board service.

Adopt a Conflict-of-Interest Policy

Board members who stand to benefit in some way from a policy or decision need to disclose that possibility. Even the hint of personal gain by leaders or their families can raise stakeholders' doubts about leaders' judgment and prompt public censure of your organization.

Develop a Code of Ethics

Both board and staff members should adhere to standards of conduct that reflect personal and organizational integrity. A code of ethics, for example, may encompass conflict-of-interest issues (disclosure of family and personal relationships), financial issues (compensation or reimbursement of board members), and fundraising practices, as well as spell out the consequences of violating the standards. Like all board policies, the code of ethics should be revisited periodically and updated to reflect changes in the internal and external environments.

Monitor Executive Compensation

Make sure your organization has a process in place to evaluate the chief executive and determine his or her salary and benefits. All board members must be aware of the chief executive's compensation package or risk being blindsided if allegations of outrageous benefits or inappropriate perquisites arise among stakeholders or the media.

Nurture New Leaders

Boards that become too insular, either by electing the same people to leadership positions or by selecting new members in their same mold, can easily miss opportunities to strengthen the organization by introducing fresh perspectives and diverse voices. Consider instituting term limits, especially for top leadership positions. That ensures you keep injecting new enthusiasm and ideas into the board and don't burn out devoted stakeholders. Assist the nominating committee by providing names of people you believe would bring needed expertise or diversity (gender, age, ethnic, or geographic) to the board. Funders and the community at large will look at your board as a reflection of the entire organization. If they perceive you are stuck in a rut or out of touch with what's happening in the wider world, they are more likely to lend their support elsewhere.

All Things Considered

With all these responsibilities on their minds, board members may lose sight of why they are there in the first place: to fulfill the organization's mission. As a gentle reminder, one nonprofit prints its mission statement on the back of board members' tablecards so they have no choice but to look at it during meetings. Another group prints its mission at the top of every agenda and posts it on a wall plaque in the boardroom, again to keep it top-of-mind. Yet even a well-communicated mission, detailed financial reports, and an in-depth understanding of their roles are not enough to fulfill board members' accountability requirements. They also have to be willing to evaluate the organization's and their own performance. Ways to do this include:

- Developing a board calendar that includes the chief executive's evaluation; a board self-assessment; and a review of mission, vision, and objectives
- Scheduling a board retreat every year or two to reflect on the mission and overall board functioning and to engage in the strategic planning process
- Approving performance objectives tied to each part of the strategic plan, including targeted results and timetable for achieving them.