

Types of Nonprofit Boards^{1*}

Nonprofit Boards of Directors in the United States share certain legal and practical responsibilities. Regardless of the size or type of nonprofit, the Board is the legally required governing body, with responsibility for setting organizational directions and providing fiscal oversight. However, Boards differ greatly in their focus and priorities. Both national and community-based nonprofits often fit one of three major categories based on how they see themselves and how they spend most of their time as Board members: *programmatic*, *policy*, or *fundraising*. Sometimes – perhaps ideally – they are a combination of all three. Focus often changes with the organization’s stage of development.

Programmatic or Working Boards

A programmatic or working Board is deeply and actively involved in the work of the organization. Its members set direction and policy, but are also involved in program activities, such as program design and evaluation. Board members typically begin their involvement as volunteers. They usually remain active volunteers as well – although their volunteer work is not really a governance function. In addition, the staff asks for Board input on programmatic directions and decision making, well beyond approving new program areas. The chief executive (Executive Director or President/Chief Executive Officer) manages the organization, but actively seeks and expects Board members to serve on advisory committees, review program designs, and/or help maintain facilities.

Organizations that have programmatic Boards are often small, relatively new, advocacy-focused, membership-based, and/or heavily dependent on volunteer “staff.” Groups involved in community organizing and local advocacy often choose to have programmatic Boards because they help keep the organization connected and responsive to its constituency, For example:

- A local legal services and immigrant rights organization may have an active Advocacy Committee whose members testify before municipal and state legislative bodies, speak at press conferences, and meet with elected and appointed officials. It may also have a Board-driven *Pro Bono* Legal Services Committee.
- An adult education program or an after-school program with dozens of volunteer teachers, tutors, and mentors may have a Board that includes many current and former volunteers – and committees like Curriculum Development as well as Finance.
- A small HIV services organization serving children may depend on volunteers to help maintain its facility as well as provide toys or school supplies for the children – with its

* Prepared and updated by Emily Gantz McKay, most recently in November 2020 for EGM Consulting, LLC.

Board members serving as the leading volunteers and chairing committees responsible for Facilities and Toys and Supplies.

- A membership organization may have few or no staff, and its Board may serve as chairs of a wide range of committees that carry out and oversee all its work – from advocacy to scholarship funds to direct services.

Many Board specialists argue that these programmatic activities are not really governance – they are tasks carried out *in addition to governance*. However, they are a large part of the work of many Boards, and the members of such Boards are expected or required to volunteer significant time to support the work of the nonprofit. Board members involved with program are often very active and engaged, because they are involved in tasks that obviously make a difference to the organization, clients, and community.

One challenge for programmatic Boards is to ensure that they *also* meet the organization’s governance needs related to policy and direction setting, oversight, and fundraising. Another – for organizations with paid staff – is to avoid getting inappropriately involved in management and implementation, interfering with the authority of the chief executive and “micromanaging” the organization. Board members acting during an official meeting are decision makers, and the Board as a body supervises the chief executive. When those same Board members are serving as volunteers, they have no *individual* governance authority. They work under the supervision of the chief executive or other designated staff member.

Policy or Oversight Boards

Policy Boards focus on setting organizational direction and policies. They carry out roles typically identified as governance responsibilities, such as organizational and financial oversight and setting of organizational direction. They create the organization’s vision, set or revise the mission, agree on organizational goals and strategies, authorize programs to be operated, and establish policies to guide the organization. They also ensure that the organization periodically evaluates its programs and their results.

A policy Board most often gets involved in program discussions in order to monitor program quality and to consider whether existing programs should be continued or changed and/or new programs authorized. Its members are rarely accused of micromanaging. In advocacy organizations, the Board is actively involved in approving broad public policy positions. Board members usually are not expected to be program or advocacy volunteers – or if they do volunteer, that role is kept separate from their Board activities.

Often, a nonprofit Board gradually changes from a programmatic to a policy Board as the organization grows, hires professional staff, and has less need for Board members as volunteers and more need for their help in determining agency direction. Sometimes the change is accelerated because the Board or some individual members become inappropriately involved in day-to-day operations, causing tension with the chief executive. Members reach agreement on how to differentiate Board and staff roles to avoid future micromanagement or interference with staff functions. The Board becomes more separated from daily operations, and more able

to provide an informed but independent perspective on programs and priorities. Policy setting becomes the Board's legitimate, respected role.

Policy Boards are the norm for national nonprofits, and for local nonprofits that have been in existence for 5-10 years or more and have professional staff and budgets of several million dollars or more. *The larger the organization's budget and staff, the more likely it is to have a policy-focused Board.* Sometimes the Board is also a fundraising Board, as described below.

While not as "hands on" as program volunteer work, policy making allows Board members to be substantively involved in shaping the work of the organization. To play this role successfully, Boards need members with a range of knowledge, skills, contacts, and relationships. Individuals who bring needed expertise feel – and are – useful and valued. Members should be well informed about the organization. Ideally, they do much of their work through committees, which facilitate development of an in-depth understanding of a particular aspect of the nonprofit's work – and use of the specific skills and experience of individual Board members. Some policy Boards require a substantial number of their members to be clients or local activists, to help maintain close ties to the community. A policy Board needs to maintain active committees and/or find other ways of engaging individual members in activities that benefit the organization or community – or Board member involvement and commitment may suffer.

Fundraising Boards

A fundraising Board recognizes that helping the organization obtain needed resources is one of its principal functions, and works hard to carry out that role. The Board as a *whole* and Board members *individually* play an active role in fundraising.

A fundraising Board often operates as described below:

- Helping to raise money for the organization is viewed as a responsibility of the Board as a whole, not merely a few individual members. This means both giving and getting – helping with fundraising.
- *All* Board members make a personal contribution to the organization each year – sometimes an amount is specified, but often the expectation is a personally significant contribution that recognizes differing financial capacity.
- A Board committee (usually called the Development, Resource Development, or Fundraising Committee) takes a lead role in planning and coordinating the Board's involvement in resource development.
- The Board views fundraising and financial oversight as related but separate functions. Fundraising is led by the Development Committee, not made part of the responsibility of the Finance Committee.
- Board members receive regular training in various aspects of resource development.
- The Board has specific annual fundraising objectives and responsibilities. For example, it may take primary responsibility for one or more special events, take the lead in an annual campaign to obtain individual contributions, assist with an endowment or capital campaign, and/or help to identify and establish contacts with new institutional donors. Often an

annual resource development plan is prepared with Board involvement, approved by the Board, and used to guide overall resource development, including Board roles and responsibilities.

- Board members play many different resource development roles consistent with their capacities, contacts, and interests. For example, grassroots members who can attest to the value of the organization are active participants in meetings with donors, while members with appropriate contacts arrange entrée to such donors, both individual and institutional.
- Board members are able to state the organization's mission and priorities and describe its activities and importance accurately and succinctly to a potential donor. This often includes having a brief and effective prepared "elevator speech."²
- Prospective Board members are made aware of member fundraising responsibilities *before* they are elected, and are asked when they join to sign a Board agreement that clearly states their resource development responsibilities. Often Board members fill out a form each year that details their commitments related to resource development – and the Development Committee reminds members of their commitments.

Given the fundraising challenges facing nonprofits, from smaller community-based organizations to national entities – especially during current difficult economic times – most organizations need fundraising Boards. This does *not* mean that the Board does fundraising to the exclusion of other roles such as setting organizational policy and direction or providing fiscal oversight – or playing volunteer roles. Many policy Boards and some programmatic Boards are also fundraising Boards. Being a fundraising Board does mean that Board members not only oversee and review resource development, but also *do* some fundraising. Because fundraising is also a staff function, they typically do it under the supervision of the Development Director or chief executive.

A key challenge with fundraising Boards is ensuring that members also spend time learning about and setting direction for the organization's programmatic activities. It can be very difficult to keep a Board actively engaged if its focus is almost exclusively on resource development. Fundraising boards often include on their agenda time to learn about one program or initiative at each meeting. Being knowledgeable about programs and being able to describe the organization's services, reach, and impact are very important in successful fundraising.

The need for active Board involvement in resource development demonstrates that it is an oversimplification to say that "Boards set policy; staff implement." Sometimes Board members also implement – serving as active volunteers for the organization but in non-program-specific ways such as raising needed funds or in-kind resources.

² The name comes from the expectation that the presentation is brief enough to be completed in the time it takes to take an elevator to the desired floor of an office building – 20-30 seconds.