



GOVERNANCE VS. MANAGEMENT

The job of the board of directors for a nonprofit organization is simple: **it is responsible for everything.** This includes both governance and management of the organization. Even if it delegates certain responsibilities to the staff or other professionals, it is responsible for ensuring that the resources of the organization are being effectively applied to meet its mission.

Many nonprofits have the luxury to hire staff to help fulfill parts of these responsibilities. Depending on the size of the staff, the board will delegate key functions that are best suited to the full-time attention provided by professionals. It will retain the functions that are reserved for its fundamental fiduciary responsibility, and for which it is best suited. These functions can be divided between the **governing functions** reserved for the board, and the **management functions** often delegated to staff.

The **governing functions** are those that provide the essential direction, resources and structure needed to meet specific needs in the community. These include:

- ✦ **Strategic Direction** – setting a direction for the organization that reflects community needs.
- ✦ **Resource Development** – developing financial resources that support program activities.
- ✦ **Financial Accountability** – managing financial resources that ensure honesty and cost-effectiveness.
- ✦ **Leadership Development** – developing the human resources that lead the organization today and in the future.

The **management functions** are those that provide the program activities and support to accomplish the goals of the organization. These usually include:

- ✦ **Program Planning and Implementation** – taking the strategic direction to the next level of detail and putting it into action.
- ✦ **Administration** – ensuring the effective management of the details behind programs.

For smaller organizations (with less than four paid staff), the board usually delegates only some of the management functions to staff. For larger organizations (with more than four staff members), the board usually delegates nearly all of the management functions. The board should never delegate the governing functions to staff as these represent its core responsibilities to its constituencies and to the general public.