

Board and Management relationship





Responsibilities of Boards

- Choosing the CEO
 - Approving major policies
 - Making major decisions
 - Overseeing performance
 - Serving as external advocate
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Responsibilities of Management

- Making operational decisions
- Making operational policies
- Keeping the board educated and informed
- Bringing well-documented recommendations and information to the board

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- *A board is an organized group of people with the collective authority to control and foster an institution that is usually administered by a qualified executive and staff.*
 - *Governance is the act, process or power of governing.*
 - Even when you consider the basic principle that boards make decisions while management implements the plans, the complexity of today's business world often muddies the waters. Boards function best when they focus on higher-level, future-oriented issues; but there are times that they need to get more intrinsically involved. When the board sees negative results,

BIG DECISIONS



- Boards should take a stronger role on big matters.
- This means matters that may have a negative impact on the organization or with regard to matters that have strong financial stakes.

FUTURE IMPACT

- ▶ Boards should focus on the long-term vision. They do this by forecasting how the organization will look up to five years in the future. Boards should limit their involvement to quality, growth, finances, and people.

SUPPORTING THE CEO

- When boards and management having a strong and open working relationship with each other, the organization benefits in notable ways.
- Boards should support the CEO in implementing board decisions, such as awarding or ending contracts.
- At times, the CEO may need to ask the board for intervention or support. CEO's may need the board to intervene with management in ways that help him raise performance.
- Boards may also support CEO's by using their networks within the community to support the work of the organization.

LEGAL AND MEDIA MATTERS

- Management has a responsibility to inform boards about major issues, particularly if they have been contacted by Congress, the IRS, the state attorney general or the media.
- Boards should make sure that the organization has a public communications strategy. The board should oversee appropriate administration of public and media communications, especially when major or public issues arise.

HIGH-LEVEL POLICY DECISIONS

- ▶ Boards should make the high-level policy decisions and leave the low-level managing policy decisions to the management.
- ▶ This means boards make big decisions like whether to close or open facilities, or make major purchases in keeping with the organization's long-term strategic plans.
- ▶ It also means addressing legal matters and board conduct, as well as addressing conflicts of interest, community benefit, executive compensation, and CEO evaluation.
- ▶ Management should bring all relevant information to the board so they can make informed decisions about major issues.
- ▶ Management should include well-documented analyses and recommendations.

Common Problems-group discussion

- Organisation's management structure may not be most effective for implementation and feedback.
- Policy and planning may be inadequate for monitoring and feedback purposes.
- 'Gatekeeper' position of Executive Director or Senior Managers – the distinctive 'hourglass' configuration whereby there is a bottle-neck between the Executive Director\Senior Manager(s) and the committee, leading to filtered and one-sided information.
- Board may try to act as a top layer of management – steering the ship rather than agreeing the charted course and keeping a light hand on the rudder.
- Board taking a reactive approach, rather than proactively charting the organisation's course - leading to lengthy meetings and ad hoc decision-making.
- Ethic of 'volunteerism' in Boards may make Board members wary of monitoring or controlling professional staff – and professional staff resentful of attempted control by perceived 'amateurs'.
- Overload for Board members, detracting from effective decision-making.
- Desire to maintain smooth personal relationships, as part of satisfaction with voluntary role. Avoidance of conflict/'feel-good' factor. Strong potential for lobbying/alliances.
- Some Board members feel that their role or special area of expertise gives them a right to tell staff what to do on a day-to-day basis, causing potential conflict.
- Board members have conflicts of interest.



Governance

- refers to oversight and decision-making related to strategic direction, financial planning, and bylaws- the set of core policies that outline the organization's purpose, values, and structure.
- Governance decisions should provide guidelines for management.
- In most cooperatives, all members are empowered to run for and elect the governing body (often called the Board of Directors) and / or vote on certain governance decisions, such as changes to the bylaws.

Management

- refers to the routine decisions and administrative work related to the daily operations of the organization.
- Management decisions should support or implement goals and values defined by governing bodies (such as the Board of Directors) and documents (such as the bylaws).
- In some cooperatives, all members participate in the management.
- Organizations in which all members can become equal co-managers are called collecitves.
- In other cooperatives, one or more specialized managers make operational decisions.
- These managers are often elected by members or hired and supervised by the governing body (which is elected of and by the members).

