



CharityChannel is the Professional Home of Tens of Thousands of Nonprofit-Sector Professionals
[Subscribe or Renew Here](#)

Barbara Krasne :: Logout
Need Help?
[Live Support is Available](#)

Home | Articles | Forums | CharityUniversity | CharityRadio | Consultants Registry | Career Search | News | Special | March 12, 2009

Barbara, you are **logged in!** You have full access to all membership sections.

» Articles » Article Categories » Nonprofit Boards and Governance Review » Article

Nonprofit Boards and Governance Review

[Submit My Article to NBGR](#) | [My Published Articles](#) | [My Unpublished Articles](#) | [Schedule - Calendar](#) | [Schedule - List View](#) | [Contributors](#)

Contributor's Bio

This contributor's bio is not currently available.

Nonprofit Boards and Governance Review - Article

The Special Role of Nonprofit Board Members (Part 2)

Thursday, October 6, 2005

by Barbara L. Krasne and Judy Plows

In our last article we described typical roles a board member may adopt when he or she joins a board: volunteer, advisor, special-interest representative, ambassador, even manager. All are useful, but none of them fulfills the fiduciary role that comes with serving on a nonprofit's board. Although the term "fiduciary" has become much more common over the last few years, many board members still don't understand what it means. They may not even realize they are bound legally to carry out certain obligations. This lack of understanding is what has gotten boards into trouble, even mentioned unfavorably in the press.

In this article we demystify this critical role and give you the context for why the fiduciary role is so important.

Unlike public corporations, a nonprofit does not have shareholders who, by their votes, can act as an external check on the actions of the board and CEO. The nonprofit board, itself, is charged with carrying out this oversight responsibility, to act as a **fiduciary**. A director's performance is judged by three key legal precepts:

Duty of Care: To exercise reasonable care when making a decision as a steward of the organization. A trustee must be well informed; know and understand the organization's mission, programs, and structure; and come prepared to meetings.

Duty of Loyalty: To act in the best interests of the organization and never use or be perceived to use information obtained as a member for personal gain.

Duty of Obedience: To uphold the organization's mission and actively work to ensure that the organization operates consistently within its mission and by-laws.

The "public" for a nonprofit includes the people the nonprofit serves directly, be they residents in a homeless shelter, teens in an after-

Home

- [Subscribe or Renew](#)
- [Advertise](#)
- [Live Support](#)
- [Contributors](#)
 - [Sign Up to be A CharityChannel Contributor](#)
- [About](#)
- [Contact Us](#)
- [Search](#)
- [My CharityChannel](#)
 - [My Membership Record](#)
 - [My Subscription](#)
 - [My Contributors Bio](#)

Articles

- [Article Categories](#)
 - [E-Philanthropy and Technology Review](#)
 - [Grants and Foundations Review](#)
 - [Major Gifts and Planned Giving Review](#)
 - [Nonprofit Boards and Governance Review](#)
 - [Submit My Article to NBGR](#)
 - [My Published Articles](#)
 - [My Unpublished Articles](#)
 - [Schedule - Calendar](#)
 - [Schedule - List View](#)
 - [Contributors](#)
 - [Nonprofit Consulting Review](#)
 - [Submit My Article to NCR](#)
 - [My Published Articles](#)
 - [My Unpublished Articles](#)
 - [Schedule - Calendar View](#)
 - [Schedule - List View](#)
 - [Volunteer Management Review](#)

- [We Review](#)
- [Latest Book Reviews](#)
- [Books Available for Review](#)
- [Books Assigned for Review](#)
- [Roster of Contributors](#)

Forums

CharityUniversity

- [All Available Classes](#)
- [Boards and Governance](#)
- [Communications](#)
- [ePhilanthropy and Technology](#)
- [Fund Development](#)
- [Law and Accounting](#)
- [Volunteer Resources Management](#)
- [Other](#)
- [Teleclasses Only](#)
- [My Cart](#)
- [My Classes](#)
- [Admin](#)
 - [Calendar - Upcoming Classes](#)
- [Apply to Conduct Teleclasses](#)

CharityRadio

- [1 - Don Griesmann](#)
- [2 - Bill Smith](#)
- [3 - Ted Hart](#)
- [5 - Linda Lysakowski](#)
- [6 - International Roundtable](#)

Consultants Registry

Career Search

News

- [CharityNews](#)
- [CharityWire](#)
 - [News Releases](#)
 - [Submit or Update My Release](#)

Special

- [Bloqs](#)
 - [American Association of Grant Professionals \(AAGP\)](#)
 - [Don Griesmann's Grant Opportunities](#)
 - [Blog](#)
 - [Last 7 Days](#)
 - [Last 30 Days](#)
 - [All Current Entries](#)
- [GrantsUSA Special](#)

school program, community theatre-goers, college students, or patients in a local hospital. It also comprises the foundations, individual donors, and government agencies that fund the organization. And it includes the community itself: a Brooklyn neighborhood, a St. Louis suburb, the New England region, the entire United States, or the world.

A board member is responsible for insuring the nonprofit serves the public well. That means making sure that the funds the nonprofit receives are used efficiently and effectively within the scope of its mission; ensuring that the nonprofit delivers the best programs it can to the people it serves; and protecting the reputation of the organization. In essence, the trustee's responsibility is to make sure that the nonprofit is both "doing good" and "doing it well" – programmatically, financially, and ethically.

In carrying out these fiduciary responsibilities, the board engenders the public's trust. Without that, the nonprofit loses its effectiveness, fails to attract adequate funding, may be ignored and could even be abandoned by the community it seeks to serve.

What it Means to be a Fiduciary as a Board Member

All board members are by definition fiduciaries, a duty that takes precedence over the narrower roles they may also play. As fiduciaries, they are responsible for setting the strategic direction and policies for the nonprofit to achieve its mission. They represent the organization to the public and are answerable to it. Unlike any volunteer, advisor or special-interest member, they are legally accountable for the effective and appropriate use of the nonprofit's monetary and human resources and for the health, sustainability, and vitality of the organization.

Because of their special responsibilities, fiduciaries are called upon to ask the difficult questions and to make hard, even unpopular decisions. It is the board that may have to prompt the executive director to consider budgetary cuts, to shift direction to meet changing community needs, or to think more strategically about potential growth opportunities. It is the board that must decide to ask an executive director to step aside.

Fiduciaries are also responsible for the board's own health, effectiveness, and sustainability. A well-organized, engaged board can carry out its oversight duties effectively, while a dysfunctional or passive board cannot. Part of the board's role then, is to structure itself appropriately, recruit and replenish its membership, orient new members to their critical role as fiduciaries, train and develop its leaders, and provide for succession planning. The board, too, may need to decide to ask its board chair to step down, an under-performing board member to resign, or to revamp its board's governance or committee structure to meet changing needs.

Ultimately, a director is more than just a volunteer, or advisor, an ambassador or advocate. Although these roles are all important, they are only pieces of the overall charge – as a fiduciary on behalf of the public.

And From the Executive Director's Perspective....

For an executive director, a board that really understands its fiduciary role is a better partner. The trustees recognize they need to stay well informed about the organization and that means they must become engaged in its work. Yet they understand that engagement does not mean micro-managing the executive director or interfering in the day-to-day running of the operation.

Discussions about board members' fiduciary responsibilities and

- [Section](#)
- [Renata Rafferty Special Section](#)
- [P2P Special Section](#)
- [Runquist and Associates Special Section](#)

their implications for governance, behavior and culture can help establish a stronger partnership between the board and executive director. A strong board focused on its fiduciary responsibilities will make sure that the longer view is considered. The board can help the executive director see the bigger picture, which is frequently difficult when consumed with a nonprofit's daily demands. The board can encourage the executive director to address issues early, with more options than it might otherwise have, by raising difficult questions about the nonprofit's finances or programs. An executive director can use the board to help the nonprofit assess the impact of changing conditions and strategize to take advantage of opportunities.

Some executive directors may find a fiduciary board challenging. Board members who are fiduciaries are no longer willing to sit passively, accepting the status quo, limiting their activity to a few orchestrated board meetings. They may question and probe more, potentially putting the executive director on the defensive. Executive directors may need to make some adjustments in their own assumptions about their and their board's roles and responsibilities. These changes, for both board and executive director, are not always easy or smooth.

Frankly, it takes more work keeping an engaged board informed, but the payoff is worth it. Board members who understand their role are invaluable resources for the executive director and the nonprofit organization as a whole.

In Conclusion

Being a member of a nonprofit board is a challenging and substantial responsibility. It requires a high degree of commitment, engagement and a willingness to contribute not just money but thoughtfulness and intelligence. Being a board member for an organization whose mission one cares about intensely can also be stimulating, exciting and fun. It is enormously gratifying to help an organization do well at "doing good" and with the high degree of ethics and integrity that the public expects. And, we would submit, it is more rewarding than being a volunteer, an advisor, or a representative of a special interest.

Publisher:

CharityChannel LLC

Editor:

Jane Garthson

Ms. Garthson is joined by a body of contributors who are well-respected leaders, observers, and pundits in the field.

Legal

Nonprofit Boards and Governance Review[™] is a domestic and international trademark of CharityChannel LLC. Copyright (c) and Trademark (tm) CharityChannel LLC. All rights reserved. The article in this issue, "The Special Role of Nonprofit Board Members (Part 2)," Copyright © 2005 by Barbara L. Krasne and Judy Plows .

Nonprofit Boards and Governance Review is published by CharityChannel LLC, 30021 Tomas St., Suite 300, Rancho Santa Margarita, CA 92688-2128 USA. Telephone: +1 949 589-5938.

How to Advertise

If you have a product or service that would be of benefit to the thousands of nonprofit-sector subscribers, and would like to learn more, contact us on our contact form, or telephone CharityChannel's business office at 1+ 949 589-5938.

Reprints

You may:

- Send an electronic copy of this enewsletter to a friend or colleague.
- Link to this article from another web site.
- Print a hard copy of this issue for your direct personal use.

Except as stated above, you may not reproduce this article, whether in print or electronic form, without the express consent of both CharityChannel, as publisher, and Barbara L. Krasne and Judy Plows, as author.



Sponsors

**Our clients average
increases
of 21.5%
in their first year!**

**Get the strategies
you need to succeed**
from a seasoned professional with
over 30 years experience who has
secured millions of dollars in grants
for his clients.

 **Portland State
UNIVERSITY**
CONTINUING EDUCATION PRESS
www.cep.pdx.edu/ccrgwr.shtml

 **eTapestry**

Move
your
fundraising
software
forward.



A new standard for
the Grants Profession.
**225 GPCs
and counting.**

I'm Logged in As...

 **Current User :** Barbara Krasne - Barbara Krasne

[Home](#) :: [Articles](#) :: [Forums](#) :: [CharityUniversity](#) :: [CharityRadio](#) :: [Consultants Registry](#) :: [Career Search](#)

Copyright (c) 1992-2009 CharityChannel LLC [Terms Of Use](#) [Privacy Statement](#) [Help](#)