

## EXERCISE THREE: RECIPROCAL AGREEMENTS

### GAINING CLARITY: LOOKING AT SPECIFICS

#### *Defining Roles to Minimize Conflict and Achieve Success*

The Board and staff have different but complimentary functions. An open, trusting cooperative relationship can be most easily maintained when Board members and staff operate within the scope of their own responsibilities—the staff in the day-to-day management and the Board in its governance, policy and planning role. It is this overlap that provides continuity, consistency and quite often conflict.

BOARD	EXECUTIVE DIRECTOR
<ol style="list-style-type: none"><li>1. <b>Accountability</b><ol style="list-style-type: none"><li>a. To the public</li><li>b. To funding sources</li></ol></li><li>2. <b>Delegation</b><ol style="list-style-type: none"><li>a. Grants authority and responsibility to officers or Executive Director in accordance with the organization's by-laws</li></ol></li><li>3. <b>Organizational Structure</b><ol style="list-style-type: none"><li>a. Establishes structure with co-operation of the professional staff with definite lines of authorities and responsibility</li><li>b. Establishes wage classifications for each class of employee</li></ol></li><li>4. <b>Organizational Decisions</b><ol style="list-style-type: none"><li>a. Concerned with organizational identity decisions (philosophy, goals, policy) i.e.: develops a policy that the organization's priority is to serve only youth between the ages of 10 and 20</li></ol></li><li>5. <b>Policy Development</b><ol style="list-style-type: none"><li>a. Establishes policies for board operations, fiscal management, programs and personnel</li></ol></li><li>6. <b>Planning</b><ol style="list-style-type: none"><li>a. Responsible for development of long-range plans for commitment of resources</li></ol></li></ol>	<ol style="list-style-type: none"><li>1. <b>Accountability</b><ol style="list-style-type: none"><li>a. To the board</li><li>b. To the public</li><li>c. To the profession</li></ol></li><li>2. <b>Delegation</b><ol style="list-style-type: none"><li>a. Delegates authority and responsibility to staff with guidelines established by the Board</li></ol></li><li>3. <b>Organizational Structure</b><ol style="list-style-type: none"><li>a. Identifies tasks and work load elements and establishes work flow pattern</li><li>b. Makes recommendations on structure to the Board</li></ol></li><li>4. <b>Organizational Decisions</b><ol style="list-style-type: none"><li>a. Concerned with organizational "behavior" decisions (to implement stated philosophy, goals, policies of Board) i.e.: implements a music program for youth at risk between the ages of 10 and 20</li></ol></li><li>5. <b>Policy Development</b><ol style="list-style-type: none"><li>a. Develops policy analysis papers to support board activities in policy development</li><li>b. Develops procedures for implementation of policies</li><li>c. Carries out procedures</li></ol></li><li>6. <b>Planning</b><ol style="list-style-type: none"><li>a. Staff supports Board's long range planning by projecting needs and trends</li></ol></li></ol>

## BOARD

- (facilities, property, personnel, finances, etc.) to meet the changing needs and values of the community
- b. Promotes development and improvement of services. Expresses these in a statement of mission or purpose, goals and objectives.

### 7. Perpetuate the Effectiveness of the Organization by:

- a. Hiring a competent executive/artistic/managing director and providing appropriate supervision (which is NOT micromanagement)
- b. Orienting and training board members
- c. Providing good salary scale and fringe benefit program
- d. Encouraging professional staff development
- e. Attending and belonging to state and national associations

### 8. Financial Management

- a. Reviews the annual budget to determine adequacy in meeting goals and objectives
- b. Reviews monthly financial statements in context of the annual budget
- c. Actively works for public and official support of the budget
- d. Develops and approves capital improvement plans
- e. Contracts for a regular fiscal audit with a management letter
- f. Reviews and discusses the annual audit and addresses concerns, if any, in the management letter
- g. Reviews the Form 990 before the organization sends it to the IRS
- h. Contacts for all services

## EXECUTIVE DIRECTOR

- b. Responsible for development of intermediate and short-range commitment of resources. Expresses these in contingency and operational plans, annual budgets, etc.

### 7. Perpetuate the Effectiveness of the Organization by:

- a. Careful selection of administrative and professional staff
- b. Orienting staff
- c. Providing staff in services
- d. Supervising and coaching
- e. Recommending improvements in working conditions, salaries, fringes, etc. to Board
- f. Membership in professional associations

### 8. Financial Management

- a. Develops annual budget to achieve objectives identified by the Board
- b. Prepares and presents periodic (i.e. monthly) financial statements to the board in a format that is easily analyzed
- c. Negotiates and researches contracts
- d. Maintains all fiscal records
- e. Provides advice to the Board regarding analyzing and planning for capital improvements
- f. Supports, as needed, the auditor conducting the annual audit
- g. Reviews the annual audit and implements any changes the Board requests as a result of comments, if any, in the management letter
- h. Evaluates fiscal procedures from time to time between audits
- i. Develops a comprehensive risk management policy
- j. Reviews the Form 990 before signing it and sending it to the IRS

## BOARD

### 9. Fundraising

- a. Determines funding priorities and a diversified fundraising strategy for meeting those priorities
- b. Confirms fundraising case statement
- c. Targets potential groups of donors, and approaches some
- d. Actively engages in fundraising activities by attending and asking
- e. Contributes not only time but cash to organization

### 10. Public Relations

- a. Assures linkages with other organizations
- b. Represents board on other community boards and committees
- c. Interprets plans, policies and programs to the community and to public officials
- d. Ensures that there is a strong marketing strategy for the organization

### 11. Advocacy

- a. Determines appropriate levels of advocacy with legislative bodies and implements some activities
- b. Promotes and supports legislation to improve services, programs and funding
- c. Implements capital improvement plans
- d. Negotiates and purchases insurance with risk policy

## EXECUTIVE DIRECTOR

### 9. Fundraising

- a. Provides recommendations to assist the Board in determining needs
- b. Generates information to assist the Board in clarifying case for funding
- c. Assists in the development and implements the diversified development strategy
- d. Identifies individuals in potential donor groups: approaches some and enables Board to approach some
- e. Supports the Board in fulfilling its fundraising responsibilities, if needed
- f.

### 10. Public Relations

- a. Implements linkages with other organizations
- b. Represents organization on other boards and committees
- c. Develops and implements plans for public information and education concerning the org and its services
- d. Implements the marketing strategy approved by the Board

### 11. Advocacy

- a. Implements advocacy strategies
- b. Provides information to Board on upcoming legislation affecting organization

*Adapted by Halsey North and The Nonprofit Center from material developed by June Spencer, Madison, WI*

### **EXERCISE THREE: RECIPROCAL AGREEMENT**

One way to increase the chances of having a strong and “correct” relationship between the executive director and the board is to spell out the expectations of what each will do and what the other must do in return to support success.

<b>The Executive Director will:</b>	<b>Board members will:</b>
Keep board members informed about what is happening between board meetings	Read/listen to all communication from the ED and respond when asked
Ensure that board members have materials in advance of board meetings	Read materials in advance of board meetings
<b>The Executive Director will:</b>	<b>The Board President will:</b>
Meet with the Board President bimonthly	Meet with the Executive Director bimonthly
Preserve a bimonthly meeting time	Preserve a bimonthly meeting time
Create an agenda for the bimonthly meeting and come to the meeting prepared	Come to the bimonthly prepared, adding to the agenda as needed

