

## Directors' role is key for trustworthy nonprofits



FILE PHOTO

Lavish partying of Wounded Warrior Project executives is an example of a nonprofit's board of directors failing to execute its role.

**By Laura Otten**

Stories like the one about a former employee who admitted to embezzling more than \$600,000 from a nonprofit that assists low-income children suffering from trauma and behavioral disorders are common. The natural reaction from the public is to shake their heads. My reaction is "Where was the board of directors?"

Such stories - from the American Red Cross' mishandling of relief efforts after 9-11 and Hurricane Katrina, to the sudden closings of venerable institutions like Chicago's Hull House and New York's Federation Employment and Guidance Service, to the lavish partying of Wounded Warrior Project executives - illustrate that all too often organizations' boards fail to understand and execute their roles.

While there is a legal standard of conduct for nonprofit board members, too few are truly knowledgeable about what this oxymoronic position - a volunteer job - entails. Most want to emphasize the volunteer element instead of the job aspect. And too many of these well-meaning people never learn what's expected of them. Armed with an orientation manual and a site visit, most are left to learn as they go. That means watching others do a job they, too, figured out on their own, thereby perpetuating wrong and bad habits.

Decades of working with trustees has shown me that educated members do their jobs better. And research confirms that those who take the time to evaluate their efforts lead stronger, more effective organizations.

Nonprofit boards have a serious list of responsibilities. They oversee money, mission, and the executive director. They establish the organization's strategic direction. They are ardent

ambassadors, bringing in needed funds. But one of the most important tasks, the culmination of a board doing its work with care and attention, is safeguarding the nonprofit's reputation. If a board establishes a comprehensive set of financial policies, hires and supervises a capable executive director, and reviews and discusses financials at every board meeting, the likelihood of being a media headline is vastly reduced.

While we all have learned the importance of unsullied reputations, nowhere is this more true than for nonprofits, whose very existence is predicated on the ability to trade off that reputation - and the promise of more good work - to raise money to continue those efforts.

While most people who serve on nonprofit boards are there for the right reasons - give back and make a difference - they fail to treat nonprofits with the seriousness and respect they need and deserve. This can lead to trouble.

Though we have a vibrant, healthy sector of more than 30,000 registered nonprofits in the region, some dating to the 1800s, the general public, and too many board members, don't take the organizations or their work seriously. They don't see the groups as needed, mission-driven "businesses" that provide important services to our communities.

When boards don't understand their role - as part of the team working alongside the executive leadership and staff - otherwise healthy, sustainable nonprofits start making the kind of mistakes that topple organizations and harm clients and communities. Checks and balances are eviscerated when boards don't understand or carry out their role.

If we want the continued richness that nonprofits offer the fabric of every community - services for the homeless, ill, newly settled, and unemployed; protection of the environment and education for all; the sharing of multicultural histories and arts - then we must have board members who know what they should be doing. Good intentions are not enough. There must be an understanding of the role and the ability and willingness to fulfill the duties. Those who don't recognize this fail their constituents.

There is an essential and positive symbiotic relationship between a nonprofit and its trustees. The organization depends on its board to provide ethical direction and oversight, and the board relies on the staff to offer timely, accurate, and truthful information. All must execute their responsibilities with the highest of professional standards. Without that, abuse of the public trust will continue, and the quality of life for all will diminish.

**Laura Otten is director of the Nonprofit Center and founding director of the master's in nonprofit leadership at La Salle University. [otten@lasalle.edu](mailto:otten@lasalle.edu)**