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Directors Wear Many Hats

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The director walked into the board meeting with an agenda of her own. She said, “My chapter expects the state board to resolve our situation.”

What hat was she wearing; a chapter director, a board member? She got on the board because the bylaws allow for representation from each chapter.

This director had a bad assumption about governance. She was obsessed with the problems of her chapter rather than a shared focus on advancing the mission and goals of the state association.

Role Confusion and Apparent Authority

It is understandable that volunteers experience role confusion. They are new to governance processes and bylaws can be difficult to understand.

Another example involves speaking for the association. A director might think that as a member of the board they can speak on its behalf.

They may be asked a question by a newspaper reporter or government official about an association advocacy position. They can decline to answer and redirect the question to the association designated spokesperson. Or, they can make a mistake by answering, “Here’s how my association feels about it.”

Social media platforms can be another problem. Someone might ask about the reputation of a supplier. The board member responds on Facebook, “I’ve used the supplier and found him to be costly and difficult to work with.”



Which hat was the director wearing? It appears he was a board member negatively characterizing a supplier. He might have been expressing a personal viewpoint but it sounded like he was wearing his board hat. Liability may arise because of volunteer leaders speaking without authority.

The legal concept of apparent authority refers to a person who “appears” to be representing an organization whether or not he or she has authority to speak for it. In the example of a director criticizing a supplier on social media, it is possible readers believed the board member making the comments was speaking for the association.

Apparent authority is a legal concept that refers to the situation that arises when a person, such as a board member, indicates to another party that an officer or agent is authorized to act on its behalf, and the third party relies in good faith upon such authority.

Most nonprofit organizations have policies about directors posting on social media, restrictions on access to letterhead and business cards, and lines of authority as to who can speak for the association.

Changing Hats

To help directors understand which hat they are wearing, the Coastal Carolinas Association of REALTORS® distributed ball caps to each of the 2019 board members.

The association CEO Laura Crowther said, “Wear your governing hat when you are at board meetings, take it off when you perform other functions as a volunteer.” Accompanying the ball caps was the book written by Greg Zadel, *Your Director Hat: A Guide to Serving as a Director on a Board*.

In the book Zadel reminds directors that they are there to serve the members and advance the mission. They are fiduciaries, representing the interests of the membership.



Director Roles

There are a number of situations that require different roles.

Governance - The board of directors are charged with governance. They get their corporate authority from state law. Wearing a director’s hat one would NOT expect board members to delve into staffing decisions, management or committee work.

Representation – There are lines of authority and communication that should be respected. Directors should not use the board position to indicate they represent the association. This is especially important to be clear when responding to media and

governmental inquiries, or using one's title on stationery or outgoing e-mail signatures in hopes of gaining an advantage.

Committees – Often a director will attend an association committee meeting as a board liaison or member of the committee. Just because a person serves on the board, they should not usurp the authority of the appointed committee chair or push through their own agenda.

Personal Gain – Established by law in 1896, it was determined that any director receiving financial benefit from a nonprofit might endanger its tax designation. Thus directors should not wear their board hat to seek personal gain. Directors should disclose conflicts of interest and not promote personal agendas.

Financial Hat – A critical role of a director is oversight of the finances, including understanding budget and assets. Stewardship of finances would be difficult if a director did not take financial oversight seriously.

Staff Relationships – Directors have the responsibility of governance; that does NOT include hiring and firing, evaluating, or directing staff working under the chief paid person (executive director.) Directors maintain a collegial, professional relationship to staff but they don't call them for favors, make assignments or comment on their work. Remember the adage, "board governs – staff manage."

Improve Understanding

The best way to communicate the multiple hats directors wear is through board orientation. Supporting books for improving governance include *Your Director Hat: A Guide to Serving as a Director on a Board* by Greg Zadel and *The Perfect Board* by Cal Clemons, CAE.

I credit CCAR's CEO for demonstrating the nature of the multiple hats by giving each director a custom ball cap. Her best advice was, "Before taking any action consider whether or not this will benefit the members."

Zadel offers this final advice to directors, "Have a good time. Don't be afraid to have a silly feather or a smiley button on your director hat."

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Note: Bob Harris, CAE, provides free governance tips and templates at www.nonprofitcenter.com.