Governance is the review and decision-making process engaged in by the individuals and boards charged with oversight and management of organizations. It involves the interaction and application of a variety of concepts, practices, procedures, expectations, legal requirements, and traditions related to the governance process.

Governance is a fundamental responsibility of an organization’s board of directors and management. However, as a practical matter, the Board Chair and Executive Officer are often catalysts in shaping and improving an organization's governance practices and honing the effectiveness of board governance. Frequently, other board and management leaders, such as committee chairs and senior staff, play a critical role in improving governance as well. For this reason, this publication is designed specifically to assist such leaders, particularly Board Chairs and Executive Officers, in fulfilling their governance roles and in understanding how they may work together in shaping and improving the governance practices of the organization they serve. This publication may also be a useful reference for others involved in nonprofit governance and management issues, such as those who advise nonprofit organizations as attorneys, accountants, and consultants.

Governance and management are separate but highly interrelated functions because effective governance helps ensure effective management of an organization. However, not all governance is effective or results in effective management. There is still no hard evidence that any specific governance practices or approaches yield success. Despite the fact that there is no universally accepted set of “good governance practices,” current expectations for nonprofit governance are higher than in the past, reflecting similar expectations in the business world.

A major challenge to any discussion of nonprofit governance and management is the sheer variety of types and sizes of entities within the nonprofit sector. Although this publication focuses principally on nonprofit organizations that are structured as corporations, even among organizations with a corporate structure, application of governance principles will necessarily vary depending on a variety of factors. Nonetheless, there are many common
principles and practices that are relevant and applicable to many types and sizes of nonprofit organizations. Periodic review of a nonprofit’s governance structure and practices can help assure that the organization’s governance is, and remains, effective and consistent not only with current governance trends but also with the organization’s culture and operations.

Each chapter of this publication describes substantive governance issues, and includes a Practical Advice section that provides guidance on how to apply principles and address different substantive issues. The suggestions contained in the Practical Advice sections, many in bullet point or checklist format, are intended to help nonprofit management and board leadership convert principles and concepts into concrete actions to improve governance and help board members understand their responsibilities. They are based on practical experience of the authors and editors who contributed their insights from their experience in working for or advising organizations in the nonprofit sector.

Included at the end of this publication are numerous forms and guidelines relating to a wide variety of the governance topics addressed herein.