



BLOG



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Board Governance Models: A Comprehensive List

Written by Jeremy Barlow

Operating a business in today's society is increasingly complex and full of risks. The complexity of the business world, combined with the current unstable economic climate, places elevated demands on boards of directors in the nonprofit and for-profit worlds. **These are just a couple of reasons that boards need to select a board governance**

model that aligns their work with the goals of the organization.

Governance is an amalgamation of policies, systems, and structures, along with a strategic, operational framework that aligns organizational leadership to take action, so that they can make effective decisions with accountability. A model for governance refers to how those policies, systems, structures, and framework interface with each other and whether the responsibility for them lies with the board as a whole, or with the individual board members.

Board governance models for nonprofit and for-profit organizations are as different as the organizations that boards serve. Nonprofit organizations generally start up to serve a humanitarian or environmental need. For-profit companies generate income for the company, its employees, and its shareholders. While many board governance models can be used for either nonprofit or for-profit entities, depending upon the needs of the organization, certain types of models may be amenable to nonprofit organizations, while other models are more appropriate for for-profit organizations. It's common for a board to adopt a combination of board governance models that caters to the feature of the organization and the composition of the board.

Nonprofit Governance Models

Nonprofit boards keep the organization's mission at the forefront when directing the affairs of the organization. Incoming funds are used to support the organization's work. Most board members for nonprofit organizations serve on the board because of their passion and commitment to a cause. While serving on a nonprofit board carries a certain level of honor and prestige, board members need to take an active approach to overseeing the organization to prevent problems and legal issues. Nonprofit boards hold responsibility for fiduciary matters, as well as matters that have been delegated to others.

There are **five common board models for nonprofit boards**:

1. ADVISORY BOARD GOVERNANCE MODEL

A CEO who founds an organization will soon find that he needs help in running the organization. An [advisory board](#) serves as the primary resource for the CEO to turn for help and advice. Members of an advisory board are trusted advisors who offer professional skills and talents at no cost to the organization. Advisory boards may also be formed in addition to an organization's board to help and advise the board, as a whole. Advisory board members typically have established expertise or credentials in the nonprofit's field. An organization that is visibly connected to an advisory board's name, can increase the organization's credibility, fundraising efforts, or public relation efforts.

2. PATRON GOVERNANCE MODEL

The Patron Model is similar to the Advisory Board Model. The main difference between the two models is that the primary purpose of the board members under the Patron Model is to perform duties related to fundraising. Patron Model boards are typically comprised of board members who have personal wealth or influence within the field. The primary role of board members under the Patron Model is to contribute their own funds to the organization and to use their network to gain outside contributions for the organization. Under this model, the board members have less influence over the CEO or organization's board than in the Advisory Board Model.

3. COOPERATIVE GOVERNANCE MODEL

A board that operates without a CEO uses a Cooperative Model. The board makes consensual decisions as a group of peers, making it the most democratic governance model. There is no hierarchy and no one individual has power over another. The board exists only because the law requires its formation. This model requires that each member be equally committed to the organization and willing to take responsibility for the actions of the whole board.

4. MANAGEMENT TEAM MODEL

The most popular governance model for nonprofit organizations is the Management Team Model. This model is similar to how an organization administers its duties. Rather than hiring paid employees to be responsible for human resources, fund-raising, finance, planning, and programs, the board forms committees to perform those duties.

5. POLICY BOARD MODEL

John Carver, author of “Boards that Make a Difference,” developed the Policy Board Model, which quickly became a staple platform for nonprofits. The board gives a high level of trust and confidence over to the CEO. The board has regular meetings with the CEO to get updates on the organization’s activities. Under this model, there are few standing committees. Board members should have a demonstrated commitment to the organization and be willing to grow in the knowledge and abilities regarding the organization.

Many nonprofit organizations will adopt one main model, such as Carver’s Policy Board Model, and add one or more boards to round out the needs of the organization. For example, a health organization may form an advisory board to advise them and a charity board to work on fundraising. Religious organizations operate under different rules than other non-profits. Churches, faith missions, and other religious organizations may add a religious board, so that they may be better stewards of their organization’s assets.

Corporate Governance Models

Adopting an appropriate governance model is only one step in setting the stage for good governance. Organizations need to establish guiding principles and policies for the organization, delegate responsibility and authority to individuals for enacting principles and policies, and to identify a path for accountability.

There are [five notable corporate governance models](#) in today’s business establishments:

1. TRADITIONAL MODEL

The Traditional Model is the oldest model for corporate governance. It's a bit outdated by today's standards, but it includes a useful template that continues to be used for establishing articles of incorporation. The Traditional Model gives legal responsibility to the collective board and the board speaks as one voice on all matters. The model identifies the structures, but the board outlines the processes as stated in the bylaws.

2. CARVER BOARD GOVERNANCE MODEL

As noted in the section on nonprofit models, the Carver Model works for nonprofit and for-profit organizations. The Carver Model places its focus on the "ends" of the organization's purpose. This means the organization actively works towards what it needs to achieve or what it needs to do to put itself out of business. Within defined limits, the board gives the CEO the bulk of the responsibility for using the means to get to the ends.

3. CORTEX BOARD GOVERNANCE MODEL

The Cortex Model is a model that focuses on the value that the organization brings to the community. The board defines the standards, expectations, and performance outcomes according to the aspiration of the organization. Clarifying and setting outcomes to achieve success become the primary duties of the board under this model.

4. CONSENSUS BOARD GOVERNANCE MODEL

The Consensus, or Process Model, is a form of the Cooperative Model that nonprofit organizations use. It gives all board members an equal vote, equal responsibility, and equal liability. The Consensus Model is appropriate for corporations without major shareholders.

5. COMPETENCY BOARD GOVERNANCE MODEL

A corporate board that is interested in developing the knowledge and skills of the board members will benefit from the Competency Model, a model that focuses on communication, trust, and relationships to improve overall board performance. The organization’s bylaws do the work of outlining practices and strategies.

While many board governance models can be used for either nonprofit or for-profit entities, depending upon the needs of the organization, certain types of models may be amenable to nonprofit organizations, while other models are more amenable to for-profit organizations. It’s common for boards to adopt a combination of board governance models that cater to the features of the organization and the composition of the board.

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Jeremy Barlow

Jeremy is the Director of Digital Marketing at BoardEffect.



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