

# **The Accountable Executive Director: Examples of Executive Limitations**

**Executive Limitations** are specific governing decisions made by the Board of Trustees that formally limit the operating actions that an Executive Director is allowed to take. On one side is the freedom that the board gives its C.E.O. to operate the organization. On the other side are the limitations set by the board as the governing body of the corporation. Here are some examples:

- Spending shall not exceed the amount approved by the board in the organization's total operating budget, nor shall any line item exceed the approved amount by more than 25%.
- Current spending by the organization shall not exceed current income during the fiscal year, except by specific action by the board.
- Payroll and bills shall not be paid late, except by specific action by the board.
- Reserve fund balances shall not be spent, except by specific action by the board.
- Funds in restricted accounts shall not be used for purposes other than those for which they are intended.
- Administrative and personnel practices shall not be outside of the law.
- Personnel shall not be hired unless the positions, expenses and funding, have been approved by the board.
- Full-time ministry personnel shall not be hired without approval by the board's Personnel Committee.
- Ministry programs that are established shall not be outside the bounds of YFC's mission, purpose and strategy.
- New major ministry programs cannot be established that are outside of those contained in the long-range plan that has been approved by the board.
- Major funding development programs and projects cannot be undertaken without approval by the board's Funding Committee.
- The chapter shall not be operated in violation of the agreements found in the Youth for Christ Charter Covenant.

**Executive Limitations** are stated in the negative to clarify the lines over which the Executive Director shall not step without board action.

### **VALUE FOR THE BOARD**

The value of executive limitations for the board is that they have clarified what they will and will not allow their Executive Director to do in operating the organization. They are clarifying and taking seriously their fiduciary responsibilities as a board. They are also clarifying the freedom they are giving to their Executive Director to be about the business of managing, rather than succumbing to a micro-management role themselves.

### **VALUE FOR THE EXECUTIVE DIRECTOR**

The value of executive limitations for the Executive Director is that his/her role has been clarified. Apart from these limitations, freedom is given to lead and manage the daily operations of the YFC chapter's organization, staff and ministry.

Accountability is clarified without the dangers of the board's being either a managing body hovering over the work of the Director, or a rubber stamp body that approves everything the Director does.

These limitations do not negate the Director going to the board or board members for advice. However, the board needs to be careful that they are not always giving advice on management issues when it has not been sought. A wise Executive Director, however, will seek good counsel from a variety of sources, including the board or board members.