

# **Decision-Making Matrix**

#### Rationale

The Board of Directors has the ultimate legal authority, responsibility and accountability for your organization. However, as the affairs of the organization cannot be efficiently managed by the full Board, the Board and its Chair may elect to delegate select components to its Chief Executive.

For the organization to work smoothly, it is essential that each person involved in the organization understand where the ultimate responsibility for various functions and decisions lie. It is also essential that everyone have a clear understanding of who in the organization must be consulted before a decision is made and who should be informed when a decision has been made.

This Decision-Making Matrix has been developed to aid Boards of Directors and their Chief Executives to think through and document the decision-making relationships within their own organizations.

It should be noted that although this general approach could be used to document decision-making relationships among the staff, this specific process is not appropriate and should not be used for that purpose. For the purpose of this process, it is to be assumed that any authority or responsibility given to the Chief Executive can be delegated to members of his or her staff. Only the Chief Executive's accountability to the Board of Directors cannot be delegated.

#### The Process

Each type of decision that should be made by the Board or the Chief Executive and for which the decision-making relationships needs to be established should be listed on the worksheet under "Description of Decision."

An operational principal of this decision matrix is that the Chief Executive receives direction via motions passed by the Board of Directors, rather than through a directive by an individual Board member.

This document was developed originally by the Credit Union Executives Society. It has been edited and is re-purposed with their permission.





### **Definitions**

- **Decision Maker.** The person or group within the organization with the authority and responsibility to make the decision. This person or group may seek advice or receive recommendations from others and may need to advise others once the decision is made.
- Makes Recommendation to Decision Maker. The person or group within the organization responsible for making a recommendation to the decision maker. This person or group may use other sources within the organization to study and develop the recommendation and may seek advice from other segments of the organization.
- Must be Advised. The person or group within the organization that must be advised about a decision that has been made. If the decision is to be disseminated publicly or to the organization more broadly, or both, such person or segment of the organization is to be advised beforehand.

## Sample Matrix

A sample matrix follows. Together with your organization's Chief Executive, you may amend this sample matrix to meet your organization's needs.

For more information on Quantum Governance, contact us at: jennie@quantumgovernance.net.

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# **Sample Matrices**

<u>Key</u>

A = Decision Maker B = Makes Recommendation C = Must be Advised

Decision: Chief Exec Compensation & Responsibilities	Board	Chair	Exec Comm	Chief Exec
Hiring Chief Exec	Α			
Evaluate Chief Exec	А			С
Establish Chief Exec's	А		В	C
Compensation				
Approval of Chief Exec	А		В	C
Serving on Other				
Boards				
Employment and/or				А
Appointment of Chief				
Exec's Direct Reports				

Decision: Budget/Fiscal Control	Board	Chair	Exec Comm	Chief Exec
Annual Operating Budget	А			В
Overspend Overall Budget	А			В
Unbudgeted Expenditures Over INSERT AMOUNT	С			А
Chief Exec's Travel and Expense Reimbursements		A/Designate to Treasurer		С

Decision: Organization	Board	Chair	Exec Comm	Chief Exec
Bylaw Changes	A/B			В
Board Agenda		A/B	В	В
Change in Name/Logo	А			В
Change in Office Hours			C	А
Employment of Audit	A			В
Firm				

