

Rx for Robust Boards:

Moving Your Nonprofit Board
from Average to Exceptional



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Which of these is a better description of your nonprofit organization's most recent board of directors meeting?

This board meeting, typical of those during the past year, is poorly attended – and those who do attend run for the exits as soon as the official hour is up. The agenda is similar at every meeting; spirited discussions are few and far between. These board members seem more like “bored” members. Their roles are unclear and they seldom resist the temptation to get involved in day-to-day operational issues . . .

Or . . .

As they do for every meeting, board members arrive early, eager and prepared to jump into the topic at hand. During meetings, they are engaged and infused with a sense of purpose, devoting much of their conversation to the organization's mission and future. Between board meetings, they exchange ideas and help raise the organization's profile in the community. They consider the Executive Director a partner, rather than an adversary or employee . . .

If you picked the latter, congratulations – you probably have built and maintained an engaged, high-performing board. But if you picked the first description, don't despair: With some patience, a candid assessment, and a willingness to change its ways, even a lackluster, “bored” board can be transformed into an exceptional board. This publication, based on the work of BoardWalk Consulting and the Georgia Center for Nonprofits, will give you some ideas on how to diagnose and address some of the typical challenges that nonprofit boards face.

This publication covers three main topics:

- Understanding the board's role and structure
- Assessing board strengths and weaknesses
- Moving from disengagement to engagement

In addition, since this brief piece cannot cover any of these topics in the detail they deserve, we've included a resource section that lists publications, web sites, and organizations that offer more background, tips, and tools.

“A good board is a victory, not a gift.”

– Cyril Houle, Governing Boards

A high-performing board requires a team of individuals who bring complementary strengths and expertise to the board.

Understanding the Board's Role and Structure

Just as no single organizational structure suits every nonprofit, there is no single way for

a board of directors to operate. Boards vary, for example, in the degree to which they lean toward governance or operational roles in the organization, how they interact with the Executive Director and staff, and the number and types of committees that carry out the board's work.

In spite of these variations, effective boards do share some common characteristics. A 2005 BoardSource study, *Twelve Principles of Governance that Power Exceptional Boards*, lists these characteristics of exceptional boards:

- Constructive in partnership with the CEO
- Mission-driven
- Strategic in their thinking
- Inquiring
- Independent-minded
- Ethical
- Integrated
- Self-sustaining
- Results-oriented
- Intentional about governance
- Continually learning
- Energized

A board that meets these criteria is more likely to play a constructive role in aligning the organization's mission, vision, and plan of action. Boards also typically hire and evaluate the organization's Executive Director, help ensure the nonprofit's sustainability, and set expectations for the management team and the organization as a whole.

While a solid board structure is important, the quality of relationships among board members (and between the board and the Executive Director) may be even more so. A high-performing board requires a team of individuals who bring complementary strengths and expertise to the board. Ideally, board members will be engaged in and committed to the organization's goals, knowledgeable about the organization and the context in which it operates, and both supportive and available to one another and to the organization's management and staff.

Another important ingredient is accountability – to one another as board members, as well as to the organization's management team and staff. Accountability, though, requires a clarity about roles that is often lacking. Through an assessment process (described in the next section), boards and the organizations they serve can pinpoint their responsibilities in key areas, such as setting strategy, guiding day-to-day operations, advising on human resources issues (including hiring and evaluating the Executive Director), raising the organization's profile with funders and other stakeholders, and monitoring budgets and finances. When these roles are clear and specified in bylaws, policies, and specific descriptions, it's easier for boards and Executive Directors to foster a constructive partnership and respect the boundaries they have set.

Assessing Board Strengths, Weaknesses, and Aspirations

In order to improve board performance, some initial diagnostics are required. An assessment of where the board's performance is now – and where it could be in the future – can be accomplished through a combination of interviews, formal assessment surveys, and targeted discussions that explore the implications of findings from these data-gathering exercises. The assessment process also is an opportunity to check in with the organization's stakeholders – many of whom have useful insights about the organization's direction and operations (as well as potential opportunities), but rarely are asked to provide them.

INSIDE OR OUTSIDE?

Many organizations and boards find it helpful to bring in an outside consultant to provide fresh eyes and objectivity, while others may prefer an internal process. Either process (or a combination) can work well, as long as it truly pushes the board to address the habits and perspectives that get in the way of better performance and adding value to the organization.

Health leaders in Georgia who have gone through the process of assessing and improving board performance counsel that patience is required; a 1-2 year time frame is not unusual. Melinda Rider, Executive Director of the Neighborhood Improvement Project in Augusta, Georgia, describes a process that stretched to 3 years. "We really had to absorb a lot of information about what we were doing and what we could do differently," she recalls.

Bringing in an outside consultant accelerated the change process for the Neighborhood Improvement Project's board. Today, she believes the board finally is functioning "as a board should" – and she and the board are working better together as well, because their respective roles are much clearer.

Beth English, Executive Director of Easter Seals of Southern Georgia in Valdosta, used an outside consultant's help when her board was going through its annual planning process. The consultant not only helped the board get energized and focused, she reports, but also shared the considerable expertise he had gained from working with other nonprofit boards, helping the organization devise solutions that they might not have developed on their own.

STARTING WITH PURPOSE

When Kim Anderson of BoardWalk Consulting is working with a nonprofit board, she and her colleagues like to start with a visioning exercise that asks questions like, "Why are we here?" and "What could we be?" These types of questions lead naturally – and in a nonthreatening way – to questions about whether or not the board is equipped to move toward that vision.

Neil Sklarew, who works with boards on behalf of the Georgia Center for Nonprofits, agrees that getting to the board's sense of

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purpose with a question like “Why are we here?” is an important starting point – and one that boards may not be in the habit of asking themselves on a regular basis. It’s important for boards to identify goals for themselves that are distinct from those of the Executive Director, he adds.

If board resources aren’t currently deployed in a way that allows the board to meet its goals and objectives, one natural follow-up to these discussions is a change in the board’s structure. Another conclusion might be that the board doesn’t have the right resources in place and will need to seek them out in its next wave of recruiting.

MINDING THE GAPS

Another important assessment topic is the various roles played by the board and Executive Director. Sam Pettway of BoardWalk Consulting suggests two basic questions to explore respective roles in everything from setting strategy to day-to-day operations, governance, finance, and marketing. The first question simply asks board members to describe the current situation: “Who’s responsible for X today – the board, the Executive Director, or a combination?” The second question is harder: “Who should be responsible?” These discussions can reveal gaps within the board, as well as between the board and the Executive Director.

FIVE DYSFUNCTIONS AND FIVE QUESTIONS

Pettway and Anderson have adapted Patrick Lencioni’s work on the five dysfunctions of a team to diagnose

parallel dysfunctions of boards. After all, as Neil Sklarew notes, boards can be thought of as an organization in their own right, with many of the same struggles. The dysfunctions that can plague both boards and larger organizations are:

- Absence of trust
- Fear of conflict
- Lack of commitment
- Avoidance of accountability
- Inattention to results

The firm has developed a “dysfunction assessment” that, along with several other board assessment tools, is available from the group’s Web site. (Please see the resources section on page 9 for a complete list.)

Another tool developed by the organization is a set of five questions that Sam Pettway and Kim Anderson believe all board members should ask themselves, “early and often.”

1. **“Why are we here?”** As noted earlier, a sense of purpose – for the board as a whole and for its individual members – is essential. This can be asked in at least two different ways to get at the organization’s impact: what would happen if the board or organization disappeared? Or, on a more positive note, what would happen if the board (and/or the board member or organization) were three times as effective as they are now?
2. **“How do we define success?”** What would success look like in 20 years, 10 years, or even next year? In answering this question, it’s important to be as specific as possible.

“Boards can be thought of as an organization in their own right, with many of the same struggles.”

– Neil Sklarew
Georgia Center for Nonprofits

3. **“How can this board be of most value to the organization?”** Hint: the answer is more likely to be time and creativity, not funding. Consider asking the organization’s staff to identify ways the board can contribute, besides raising money. (Sam Pettway quotes Roxanne Spillett, CEO of the Boys & Girls Clubs of America, who noted that “Fundraising is not the purpose of a good board; it is the by-product of a good board.”)
4. **“What behavior are we settling for?”** Like families, boards often have plenty of dirty laundry – and plenty of ways to avoid discussing and dealing with their toughest issues. This question asks whether the board can find ways to bring important unspoken issues to the surface – and to set and clarify expectations for all board members.
5. **“What five things should we track as a board?”** What are the five essential indicators needed to measure progress in reaching the board and organization’s goals? A place to start: pick one key metric for operational excellence, fiscal health and sustainability, bridge-building, staff development, and board enhancement.

Moving from Disengagement to Engagement

Once an initial assessment process is underway, it’s time to focus on specific changes that will keep the board engaged and energized. Anderson recommends moving quickly to respond to issues raised by the assessment process to keep the momentum going – and to keep board governance and improvement issues at the forefront, where they belong.

Some common challenges that boards have to address during times of transition include:

- Planning and follow-through
- Recruiting and retaining the right board members
- Clarifying fundraising responsibilities, and
- Improving board meetings.

Each is described below.

PLANNING: FOCUSING ON STRATEGIC PRIORITIES AND CORE VALUES

The term “strategic planning” conjures up visions of dusty three-ring binders buried on a bookshelf.

In part, Anderson observes, this is because few insights and changes that surface during a typical planning process are applied right away, and they lose their urgency over time.

She suggests avoiding the term “strategic planning” and its associations, and instead suggests focusing on the lessons learned from the assessment process that can be applied and acted upon relatively quickly – for example, in an annual plan of work. These should fit, of course, with the board and organization’s long-term vision and core values and should include mandates and goals for the full board as well as its committees. In some cases, the

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– Kim Anderson
BoardWalk Consulting

committee structure itself may need a tune-up, depending on the goals and action steps.

Follow-through is another aspect of planning that sometimes gets lost in the shuffle – even when an initial wave of enthusiasm generates action steps and action itself. The Easter Seals of Southern Georgia board, reflecting on the lack of, or need for, better follow-through in the past, now makes a progress report on its action plan a standing item on the board’s agenda.

RECRUITING AND RETAINING BOARD MEMBERS

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Competition for stellar board members can be fierce, even in relatively large communities. CompassPoint Nonprofit Services recommends several ways to broaden the pool of board members beyond “the usual suspects.” One is to convene a very temporary recruiting task force of 20 or so well-connected people – the kind whom you’d like to have on your board, but don’t think you can get. Instead of recruiting them, ask them to come to a luncheon meeting to learn about your organization and to give you the name of one person they think would be a good fit. After lunch, their one-time task force duties are over and you’ll have a list of dozens of potential board members.

Another idea is to swap board members. Arrange to meet with local nonprofits that are less familiar to you, and suggest that you exchange names of retiring board members.

Since time is at such a premium, it is critical to use the director’s time at, and between, board meetings wisely. Ironically though, a sense of apathy among board members may reflect too few assignments instead of

too many. Neil Sklarew believes that clear expectations, matching individual board members’ expertise with areas of need, and simply asking board members to participate, all lead to more engagement.

There are also talented people who could contribute, but may not be willing to serve as formal board members. Perhaps they are conduits to funders and donors, or could bring the organization some much-needed name recognition in the community. They may possess expertise – such as accounting or law – that could be of use in specific situations. If your board search or other connections yield such people, find ways to tap their talents – either individually, or as members of an advisory board. Advisory boards are excellent options for individuals who want to help, but don’t want to become involved in board governance or frequent meetings.

RESISTANCE TO FUNDRAISING

Asking others for money is awkward for many people, but is a common expectation of board members. Unfortunately, like other expectations, it is not always as clear as it could be. Is there a specific threshold for individual donations? Is each board member expected to bring in donations from others – or at least to introduce potential donors to the organization and its goals? What about fundraising events and activities other than donations?

The Neighborhood Improvement Project’s board put on its first-ever gala event called “Celebrating a Healthy Community.” The event lived up to its name, giving awards to community champions and drawing in residents for a festive dinner dance. Although the board members had never done anything like this before and expressed many doubts along the way – they were so excited by their success that they are

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Twelve Principles of Governance That Power Exceptional Boards

1. Constructive Partnership
2. Mission Driven
3. Strategic Thinking
4. Culture of Inquiry
5. Independent-Mindedness
6. Ethos of Transparency
7. Compliance with Integrity
8. Sustaining Resources
9. Results-Oriented
10. Intentional Board Practices
11. Continuous Learning
12. Revitalization

– Twelve Principles of Governance
That Power Exceptional Boards.
BoardSource, 2005.

already working on their next event, and plan to make it an annual tradition. Their event also presented the opportunity to build esprit de corps among board members and to recognize their work.

IMPROVING BOARD MEETINGS

Lackluster board meetings and poor attendance can be turned around – often with relatively simple changes. Try an agenda and meeting minutes audit, for starters. Have meetings focused too much on the past and the present rather than the future? Should your board consider consent agendas that separate the routine from the complex – freeing up board meetings for weightier matters?

Are board members receiving agendas and materials ahead of time? Is the meeting site convenient and comfortable? Should a different venue or time of day be considered?

Resources

Here are some publications and Web sites to help you get started – or perhaps re-engaged – in the process of creating an exceptional, high-performing board of directors.

ORGANIZATIONS

BoardWalk Consulting

www.boardwalkconsulting.com

The “resources” section of BoardWalk’s Web site contains board assessment, evaluation, and development tools and articles, including:

- **Board and Committee Evaluation Form: A First Step**

Use this simple template or something like it at every official gathering of the board or its committees, you will begin to focus everyone's attention on the substantive issues, and you'll get real-time feedback that will make future meetings more rewarding.

- **Has Your Organization Outgrown its Board?**

Published in slightly different form by BoardSource, the national nonprofit focused on board governance, this article by BoardWalk's Sam Pettway asks 10 basic questions to help examine the fit between an organization's mission and its current board.

- **How effective is your board?**

In February 2007, BoardWalk asked readers of smorgasBoard®, its mostly-monthly electronic newsletter, to respond to four questions "on board service as you experience it."

- **McKinsey & Co. guide to board self-assessment**

McKinsey & Co., the global strategy consulting firm, has prepared a series of self-assessment guidelines for nonprofit boards.

- **Principles and Practices for Nonprofit Excellence**

The Minnesota Council of Nonprofits became the first state association

of nonprofits to develop a set of accountability principles and management practices. This revised edition completely updates those original standards while remaining true to the long-standing goal of open access to comprehensive policies for strong public accountability.

- **Standards for Excellence**

The Maryland Association of Nonprofit Organizations developed a set of 55 standards in eight categories (governance, management, fundraising, and the like) that define excellence in action. The standards outline the issues with which the board assessment should be concerned.

- **The Board's Evolving Role: From Management to Governance**

A board's proper role changes as an organization matures, but in every case the role should be a purposeful one. This template was designed to help boards decide on the proper allocation of responsibilities, today and in the future, given the organization's specific situation.

The template may appear a bit daunting, but it's a stimulating way to highlight differences in role expectations of board members and the CEO/ED, and it's helpful in setting governance priorities as well.

CompassPoint Nonprofit Services and the Board Café newsletter

www.compasspoint.org

CompassPoint Nonprofit Services is a consulting, research, and training organization providing nonprofits

The more a trustee is engaged with the organization, receptive to learning and sharing, and able to represent the needs of the community, the more valuable the experience will be for the trustee as well as the organization.

– Grantmakers in Health,
April, 2004 Issue Focus

with management tools, strategies, and resources to lead change in their communities. The organization publishes Board Café, an electronic newsletter exclusively for members of nonprofit boards of directors. Short enough to read over a cup of coffee, Board Café offers a menu of ideas, information, opinion, news, and resources to help board members give and get the most out of board service.

To start receiving your Board Café newsletter every month via e-mail, simply send a blank email to boardcafe-subscribe@lists.compasspoint.org.

BoardSource

www.boardsource.org

BoardSource increases the effectiveness of nonprofit organizations by strengthening boards of directors through its highly acclaimed consulting practice, publications, tools, and membership program. The organization's Web site offers a wide variety of resources, from articles to books to surveys, that a nonprofit board can begin using immediately. They include:

- *Generating Buzz – Strategic Communications for Nonprofit Boards*
- *Meet Smarter – A Guide to Better Nonprofit Board Meetings*
- *The Nonprofit Board's Role in Setting and Advancing the Mission*
- *Taming the Troublesome Board Member*

Help4Nonprofits

www.help4nonprofits.com

This library of user-friendly articles and tools covers topics such as board governance, mechanics, fundraising and “friendraising,” marketing, and more.

BOOKS

- *Boards That Deliver: Advancing Corporate Governance from Compliance to Competitive Advantage*, by Ram Charan
- *Governance as Leadership: Reframing the Work of Nonprofit Boards*, by Richard P. Chait, William P. Ryan, and Barbara E. Taylor
- *The Five Dysfunctions of a Team*, by Patrick Lencioni
- *Governing Boards: Their Nature and Nurture*, by Cyril O. Houle

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