

Boardroom Bearings

Navigating to Board Excellence

April 12, 2015



Series on Board Responsibilities: Build a competent board and conduct board assessment



This issue of *Boardroom Bearings* continues the series on the basic responsibilities of nonprofit boards. This month we consider the board's responsibility for strengthening itself and assessing its own performance.

Responsibilities discussed previously may be found in the past four newsletters - [December 2015 through March 2015](#).

As usual, the newsletter also contains articles on other topics as well as the Question of the Month.

Responsibility: Build a competent board...

Building a competent board starts with the Governance Committee. Back in the day, nonprofits had a Nominating Committee that went into action a couple of months in advance of the board election. They would figure out how many board members were rotating off the board and then start asking for names of likely candidates. When they got enough people to fill the empty seats they figured their job was done. Sound like your organization?

More and more high-performing nonprofits are replacing the Nominating Committee with Governance Committee - a standing committee that is charged with year-round attention to improving the performance of the board. Their work, of course, includes tasks related to nominating new board members, but encompasses much more.

Governance Committee ensures that the bylaws are up-to-date and followed; cultivates relationships with stakeholder groups and individuals as sources for diverse future board members; helps the board establish qualifications for directors; ensures that all board members receive training in their responsibilities; provides for ongoing board education; coordinates board self-assessment; and celebrates board successes. See a Sample Governance Committee Job Description on the Centerpoint website, [here](#).

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Building a competent board is work that many organizations could do better. A 2014 national survey of nonprofit chief executives and board presidents found that "Only 73% of chief executives agree that they have the right board

members. More notably, less than 1 in 5 CEOs *strongly* agree that they have the right board members to effectively oversee and govern their organizations." The survey report goes on to state, "Having the right board members is a major determinant of effective board performance... Boards need to take responsibility for the cultivation and recruitment process to ensure it yields the caliber of board members needed. **Board members have no one to blame but themselves if the board does not have the right board members**" (p. 13).

Read the full survey report [here](#). See the infographic [here](#).

...and conduct board assessment

It's a little baffling that boards seem to have no trouble evaluating the organization's Executive Director annually, but completely ignore their responsibility to evaluate themselves.

According to BoardSource's 2014 survey, only 52% of boards have conducted a board self-assessment recently. Yet the evidence shows boards that DO periodically examine their own performance rate higher on many measures of board effectiveness. "Only through structured self-reflection can board members judge their collective performance, understand the extent of their individual responsibilities, and take action to improve..." p. 39.

Assessment can be comprehensive and formal or, if a board is just getting started with evaluating itself, the process can be more limited and informal. The main thing is to establish a commitment to continuous improvement and excellence.

Assessment is typically part of Governance Committee's work and includes evaluating the board-as-a-whole as well as individual directors.

There are many board self-evaluation instruments available; a Google search will produce over a million hits in the blink of an eye. Take a look at a few. Collect ideas. Write your own self-assessment instrument using your organization's individual board member job description and the board's job description. Consultants do this kind of work too and will be able to conduct a neutral, third-party assessment of your board. Confidential interviews will uncover valuable information on what people really think. See a mini-assessment instrument on the Centerpoint website, [here](#).

But collecting information is only PART of the story. What you DO with the information is where the real work begins. Report and discuss the findings. Identify a few board behaviors to change. Take time at the end of board meetings to reflect on things that went well and things that could have gone better. Teams of any kind never improve without intentional practice. Work for a total commitment to self-assessment.



An alarming headline reminds everyone to pay attention to good governance

Eugene Fram, Professor Emeritus, Saunders College of Business, Rochester Institute of Technology, and frequent commentator on nonprofit governance recently posted an article headlined "Nonprofit and Business Directors Must Be Vigilant – Board Liability Costs Could Be \$2.2 Million!"

Fram wrote, "Nonprofit board members, as volunteers, can be hesitant to be rigorous in their evaluations of the organization and the CEO. They fear, for example, that establishing a whistle-blowing hotline...will be interpreted by the staff as the board distrusting staff. Such board laxity, in the long run, can lead to board conflict, require additional board meetings and cause personal rifts with colleagues or friends."

The [article](#) identifies and gives examples in the following problem areas:

- Board laxity
- Failure to assess staff realities
- Lacks an effective audit committee
- Board members don't protect each other
- Boards are not attentive to compliance basics.

What prospective board members are thinking

When recruiting new board members, don't you wish you could know what they are considering before they decide to say yes or no? Here is a survey of 1,545 people who have served on a nonprofit board or been tasked with recruiting new board members. Not surprisingly, personal fulfillment was the primary benefit of board service for 50% of the respondents. Professional development was the primary benefit for 20% and honing leadership skills was the primary benefit for 16%.



The thing most often considered before joining at board was "expected involvement" - cited by 50% of respondents. Diversity of the current board and personal giving requirements were tied - each cited by 14% of respondents.

The [survey](#) also investigated the skills and experiences that have the greatest impact on a board member's success and, more specifically, the tech skills that boards seek in new members. This information may be useful when your Governance Committee evaluates the messages they use to recruit new board members.



Question of the Month

Q: When motions are made, should the number of people voting be recorded in the minutes ?

A: Here's a typical list of what should be included in the minutes of the meeting:

- The name of the organization.
- Date and time of the meeting.
- Names of board members attending, excused, and absent.
- Existence of a quorum. (And just in case you were wondering: if a quorum is present at the beginning of the meeting and later on a board member leaves and with him/her

goes the quorum, the remaining board members may continue to conduct business).

- Action steps: motions made and by whom, brief account of any debate (but not a verbatim, he-said, she-said account), voting results, and names of abstainers and dissenters.
- Reports and documents introduced. (I learned recently that *minutes* are "approved" and *reports* should be "accepted").
- Future action steps.
- Time the meeting ended.
- Signature of the secretary and chair.

So to the question about recording the number of people voting: Yes, the minutes should include a statement such as, "The motion carried with seven members voting in favor; John Doe opposed the motion; Sally Smith and Mary Scout abstained."

Overall, remember that because minutes are a legal document they need to correctly describe the board's business. They need to be practical, useful, and concise. They need to be approved as a fair and accurate account of the meeting. Ultimately, the minutes become a part of the organization's history.

Please remember: You are invited to submit questions by emailing them to kdw@centerpointinstitute.com. And if you have a troubling governance issue and need someone to talk with, confidentially, call 815-545-1300 or send an email.

Boardroom Bearings...

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