Boardroom Bearings
Navigating to Board Excellence

April / 2 / 2014

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Board Development Step 7: EVALUATE

Why is it that most people dread EVALUATION - or at least avoid it? What is it about judging our performance that makes us uncomfortable? Even judging the performance of OTHER people can make us uncomfortable (ask most any supervisor and they will tell you that they dislike employee assessments). Yet, boards that develop a culture of evaluation are more likely to become high-performing boards.

"Exceptional boards embrace the qualities of a continuous learning organization, evaluating their own performance and assessing the value they add to the organization."

The Source: Twelve Principles of Governance
that Power Exceptional Boards
By BoardSource, 2005

The Big Picture: why evaluate?

To put it simply, things change. An organization lives in a continuously changing operating environment. The neighborhood changes. So do the clients and staff. The economy goes up and down as does the local employment picture. Education evolves, legislation and regulations tighten, and so forth. To serve their organizations well, boards cannot afford to be complacent.

To maximize the value of their leadership, boards should evaluate their performance as a board and provide for evaluation of individual board members as well.

The responsibility for evaluation generally lies with the governance committee. If there is no governance committee, the board chair and the CEO can work together on implementing board assessment. Often, governance consultants are hired to conduct the assessment because they have a neutral, third-party perspective.

Assessing the board as a whole - how to do it and how to use the results

A good place to start building a culture of evaluation is to write a board job description. If the

organization does not have one, consider using the basic responsibilities of nonprofit boards as a framework (a list of basic responsibilities is in "Board Responsibilities and Structures," located here). If the organization DOES have a board job description, strengthen it by making sure it includes the basic responsibilities.

Then develop a set of questions designed to assess the extent to which the board is doing its job. For example, "On a scale of 1-5, to what extent:
       * do board members know and support the mission of the organization?
       * is the current mission statement relevant to today's organization?
       * is strategic planning a regular part of the board's plan of work?
       * does the board actually USE the strategic plan to guide its decision-making?
       * does the board understand the organization's financial structure?
       * do all board members participate in fund-raising (if the organization engages in fund-raising)?"

BoardSource's "Mini Board Self-Assessment Survey" is located here.

Administer the self-assessment and score it, focusing BOTH on a) areas of success and those where improvements are needed and b) areas where most board members agree with each other and where there is a lot of divergence. If most board members agree on successes as well as needs for improvement, the path ahead is clear. On the other hand, if there is a lot of divergence on particular assessment questions - with some members saying the board is successful and others saying the board needs to improve - the discussion will be much more nuanced and fruitful.
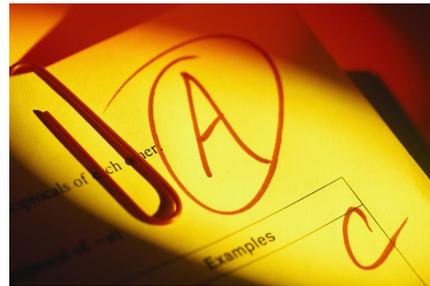
With the assessment administered and scored, plan a special board meeting, maybe a half-day retreat, to discuss the results and make plans for strengthening performance in the coming year.

Assessing individual board members - how to do it, when to do it, and how to use the results

As with evaluating the board as a whole, a good place to start with assessing individual board members is with their job description. If there isn't a job description for individual board members, engage the board in developing one.

Consider using the basic responsibilities (see previous article) as a platform. Develop one or more expectations for individual behavior for each of the board responsibilities. For example, an individual's role in the board responsibility to "Ensure effective organizational planning" could be "Prepare for and participate in planning meetings and/or retreats."

Remember to add expectations for individuals that wouldn't be covered in the board responsibilities, such as "Prepare for and attend 75% of board meetings" and "Participate in board deliberations."

BoardSource's "Individual Board Member Self-Evaluation" is located here.

An ideal time of year for individual board member assessments is when the governance committee is preparing for an upcoming election. ALL board members should complete an annual self-evaluation. The governance committee can use the self-evaluations to open conversations with those whose terms are ending and who are being considered for election to another term. The committee also can use the results of the self-evaluations to focus educational content to strengthen board performance.

One more reason to get your (governance) house in order

In early March, BoardSource and GuideStar announced a new section of the GuideStar Exchange profile to highlight the governance practices of nonprofits and raise awareness about essential board leadership practices. Nonprofits are now able to share critical information about their governance practices, including:

- Board Orientation and Education: Do board members understand their roles and responsibilities?

- CEO Oversight: Is the board responsibly managing and overseeing the chief executive's performance?

- Ethics and Transparency: Is the board committed to handling potential conflicts of interests with transparency?

- Board Composition: Is the board modeling diversity and inclusivity in its own leadership?

- Board Performance: Is the board regularly assessing its own performance?

According to a Nonprofit Quarterly article, "Many nonprofit leaders recognize it's in their best interest to share as much as they can through GuideStar and other charity-tracking websites, because institutions and individuals will actively seek out the kind of information captured on these sites. ... your GuideStar profile becomes an essential component in your fundraising, marketing and public relations efforts."

The good news: nonprofit sector employment picture is bright

A recent article in the Chronicle of Philanthropy reported that nearly half of all nonprofits plan to add jobs this year. The research addresses turnover, challenges, and where the jobs are being added.

Download the study here.

The bad news: competition for resources increases

In March, the New York Times reported that the nonprofit sector has grown "at a breakneck pace" in recent years, far outpacing the expansion of private business and the overall economy. "From 2001 to 2011, the number of nonprofits in the United States grew 25 percent while the number of for-profit businesses rose by half of 1 percent, according to the most recent figures compiled by the Urban Institute."

With each new nonprofit comes the need for volunteers, board members, public awareness, and funding -- aka: competition.

Thoughts from the perspective of a United Way leader: part one
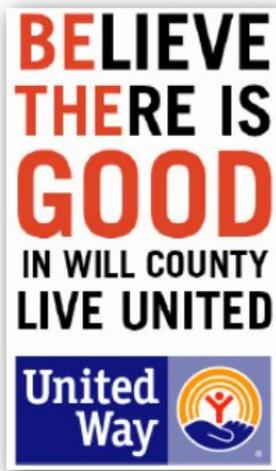
Mike Hennessy has served as President and CEO of the United Way of Will County (Illinois) for ??? years. When I met with him at the United Way office recently to ask about his perspectives on nonprofit governance, Mike said, "My basic philosophy about board service is that primarily a board member must believe in the organization's mission and be willing to bring in resources. Giving time is fine, but you must make your own gift before you can ask others to give." Mike said he subscribes to the "3-Gs of board service: Give, Get, or Get off."

When Mike agreed to be interviewed for this newsletter, I invited questions from *Boardroom Bearings* readers who are also members of the South West Suburban Philanthropic Network (SWSPN). Four responded with suggestions from which I selected the following:

How has technology affected fundraising? Board management?
Mike observed that online giving and texting gifts have been trends that affect giving to the United Way. In board management, technology has enabled a number of paper-reduction strategies.

How do we get younger people more involved?
The United Way is faced with the same challenge as local nonprofits face when it comes to finding those next-generation leaders, according to Mike. He said, "We just need to be sure we are ASKING them to serve." He observed that when it comes to the United Way board, he finds that the UW concept is "foreign to younger people."

Mike reported that the United Way recruits board members from companies that support the United Way. He recommends that organizations use their board committee structure - whether standing or ad hoc committees - to test the interest and qualities of potential board members before recruiting them to board service.

What are your thoughts on board self-evaluation?
Although Mike said that he thinks board self-evaluation is important, when it comes to the United Way board evaluating itself, it falls short. He said there just doesn't seem to be time enough for self-evaluation when the board is working so hard to meet the annual fund-raising goal. In the allocation process, the UW does not ask organizations whether there has been a board self-evaluation in the past year.

What kind of training is available for board members to feel confident about being an "ambassador" for the agency they serve?
Mike said he is not aware of any specific training but that the United Way of Will County and the Community Foundation of Will County have been talking about offering a board training workshop. He also suggested the Joliet Regional Chamber of Commerce's Leadership School as a source of excellent training.

[More to come next month].

Question of the Month

Q: Should staff serve on the board?

A: The only staff who should serve on the board is the chief executive. To facilitate communication between the chief executive and the board while retaining the lines of authority and oversight, BoardSource recommends that the chief executive serve as an ex officio, non-voting member of the board. ("Ex officio" = by virtue of position, not elected).

In the 2012 Noprofit Governance Index, results showed 40% of CEOs are ex officio, non-voting members of their boards. Almost half of chief executives do not serve on the board but may attend most board meetings. The remainder, about 14%, serves as voting members of their boards.

Next month, we will address the question of whether senior staff can contribute to board effectiveness.

Re-cap

Since choosing board members has powerful implications for the future effectiveness of the board and the success of the organization, we are running a 9-part series on building an effective board of directors. The six steps discussed so far are IDENTIFY, CULTIVATE, RECRUIT, ORIENT, INVOLVE, and EDUCATE. Previous newsletters may be accessed here

Boardroom Bearings...

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