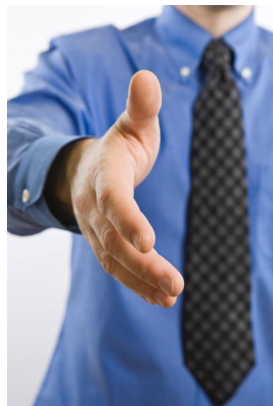


Boardroom Bearings

Navigating to Board Excellence

March 8, 2015



Series on Board Responsibilities: Relate to the Chief Executive

This issue is the fifth in our series on the basic responsibilities of nonprofit boards. The responsibilities discussed previously -- set direction, ensure planning, ensure resources, and enhance the organization's public standing -- may be found [here](#).

This month, we look at the board's responsibility to relate to the chief executive. The nonprofit organization's chief executive is the subject of three of the ten board responsibilities - one-third! The board must select, support, and evaluate the chief executive.

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

Responsibility: select the chief executive

One of the most important decisions a board makes is the selection of the organization's chief executive. The right decision will bring a sense of well-being to the organization; the wrong decision can be costly in terms of public perception, staff turnover, budget woes, and emotional turmoil.

Of the three ways that boards relate to their organization's chief executive, the responsibility to **select** is supported by more how-to resources than the other two. The process is well-documented in many different publications nearly all of which offer the following elements:

- * Keep the strategic plan in mind so you seek candidates that have the qualifications and experience needed to lead the organization in the desired direction.
- * Review the job description and make needed changes, including any that are indicated by the strategic plan. Consult the current chief executive and key management staff regarding the job description.
- * Review the salary and benefits package that you are equipped to offer.
- * Form a search committee comprised of board members.
- * Decide if you will use a search firm and whether the search will be local, regional, or national; budget accordingly.
- * Make and implement a plan for announcing the search and a timetable for filling the position.
- * Develop a system for receiving, acknowledging, and evaluating applications.
- * Plan for the final-stage selection: Who will conduct

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interviews? Will there be telephone screening before face-to-face interviews? What about a tour of the facility? Will senior staff have a chance to interview the final candidates?

* Know who will make the job offer and how the unsuccessful candidates will be notified.

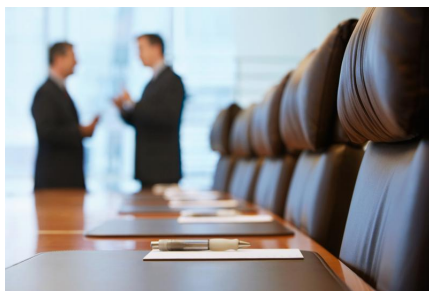
Responsibility: support the chief executive

While there is an abundance of resources to guide the selection of the chief executive, there is a scarcity of resources to guide the board in its responsibility to **support** the chief executive. The board should consider the following actions that demonstrate support:



- ~ A competitive compensation package that includes benefits such as health insurance and personal and professional leave time.
- ~ Funding for continuing education and/or attendance at professional association meetings.
- ~ Funding for executive coaching sessions, when warranted.
- ~ Clear expectations regarding annual priorities, established in partnership with the chief executive.
- ~ Substantive and constructive feedback throughout the year, not just at the annual review.
- ~ Fair and appropriate assessment.
- ~ Introductions to key community leaders.
- ~ Invitations to important events and opportunities for the executive to speak at significant community functions.
- ~ Expressions of appreciation.
- ~ Sensitivity to any personal situations and respect for confidentiality.

Responsibility: evaluate the chief executive



Failing to evaluate the chief executive is a missed opportunity to strengthen his or her performance and to express support for the person's work on behalf of the organization. Among the reasons boards neglect their responsibility to assess the chief executive is that they don't know where to begin. Here are steps recommended by BoardSource:

Agree to conduct the assessment. Assessment should never be a surprise and the chief executive always should be included in the design of the process.

Decide how the assessment will be conducted. There is no one way to approach the assessment. Some boards use surveys; others use interviews. Sometimes a "360-degree" process is employed.

Agree on what will be asked. The board (or a subgroup of the board) and the chief executive should develop the assessment questions, being careful that they are relevant and appropriate. More than likely, the executive's job description and annual goals will form the core of the assessment but other topics, such as leadership skills, may also be included.

Conduct the assessment and analyze the results. The chief executive should answer the same questions as the board members so there is a record of his/her perceptions of strengths, challenges, and performance. The results should be compiled and reported in an even-handed manner, respecting confidentiality.

Review the results with the chief executive and develop an action plan for the upcoming year. The board chair or executive committee should discuss the results of the assessment with the chief executive to identify areas of strength and weakness and priorities for next year.

Read the article [here](#).

Additional information on the board's responsibility to relate to the chief executive

[Finding and Selecting an Executive Search Firm](#)

[Onboarding the New CEO](#). Five recommendations for how to help the new executive get off to a great start.

[Departure-defined Succession Planning](#). Seven elements for a successful CEO transition; best practices for succession planning.

[The Leadership in Leaving](#). A detailed resource for chief executives who are thinking about leaving a long-term leadership position.

[Compasspoint website](#). A sample template for an emergency succession plan; a self-reflection tool for executives questioning whether it is time to leave their organization; a succession readiness checklist, and more.

Good News: one sector more poised for the future than either business or government

In a *Forbes* article, authors Nathaniel Calhoun and Darlene Damm claim "There is a stealth rally in the nonprofit sector, and it looks ready to eat the world.

"Nonprofits often summon a yawn or condescending praise; but over the last decade, they have been growing fast and proving more resilient to economic turbulence and our changing world than many governments and much of the private sector.

"During the 2000s, the number of nonprofit organizations in the United States grew 25%, outpacing both the business and government sectors. In 2010, the nonprofit sector added \$779 billion to US GDP. In addition, the nonprofit sector grew jobs at 2.1% from 2000 to 2010 in the US while the for-profit sector lost jobs at 0.06%.

"This growth occurred despite the economic recession and has now positioned the nonprofit sector as the third largest employer among private industries in the United States. It is nearly tied with manufacturing and right behind retail.

"Why is the nonprofit sector growing so rapidly when other industries are slowing down or shrinking?" Read the article [here](#).



More Good News: the nonprofit sector is going on a hiring spree this year



Writing for the *Huffington Post*, author Eleanor Goldberg summarizes the 2015 Nonprofit Employment Practices Survey. The survey is conducted annually by Nonprofit HR -- a human resources firm that works exclusively with nonprofits in the United States and Canada. Key areas of study are staff size and projected growth; recruitment strategies and budgeting; staffing challenges; and staffing resource management.

According to the article, "Half of U.S. nonprofits plan on creating new positions this year, and will outpace the private sector while they're at it.... The industry is expected to continue to grow as the economy recovers and charitable giving rises."

The [article](#) has a great infographic on employment trends in the sector.

Question of the month



Q: What does *ex officio* mean? What about voting?

A: The Merriam-Webster Dictionary defines *ex officio* as "because of your job, office, or position." If someone serves on a board or a committee *ex officio* it means that they were not elected or appointed to serve. Often the CEO serves on the board and committees *ex officio* - by reason of his/her job.

Sometimes government officials or foundation program directors are required to serve *ex officio* on the board of an organization receiving a large grant.

People serving *ex officio* are not subject to term limits since they are not elected. Their term on the board ends only when they leave their position - and then they usually are replaced by the next person who holds that position.

Many people think that *ex officio* means that the individual does not have voting rights, but the two concepts are not related. Individuals serving *ex officio* may or may not have voting rights. The voting status of *ex officio* members should be spelled out in the bylaws.

Boardroom Bearings...

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