

## CHAPTER 5

### *Board Development*

Effective board development practices help each board member develop a sense of ownership, responsibility, and commitment to the mission, vision, and values of the organization. If a board is functioning at its optimal level, chances are the organization is as well. Vibrant, healthy, responsive, forward-thinking boards tend to support vibrant, healthy, responsive, forward-thinking organizations. Board development provides a structure to maximize each board member's contributions to the board and the organization. Each individual should have a voice, feel valued, and play a compelling role as a team member.

We spend a great deal of time vetting out the “right fit” for the culture of the board. We understand that personality plays an important role in the board dynamic. We have several rounds of meetings with each potential candidate.

– *Chief Executive*

Developing, educating, or building a board all have the same objective: to create an effective board that is mindful of its own role and responsibilities, motivated by the mission of the organization, willing and able to participate actively in board leadership, and qualified to guide the organization forward. The board chair is responsible for ensuring that comprehensive board development initiatives are in place. A governance committee, in partnership with the board chair and the chief executive, should create a board development plan and lead these initiatives. Operationalizing the board development model is a deliberate task requiring a well thought out board development plan that meets the needs of your particular nonprofit. The board development initiatives may ebb and flow depending on the time of year (for example, multiple tasks related to the ending of board member terms) and some initiatives may be time sensitive (for example, identifying a slate of new board members).

A comprehensive board development plan has the potential to build human capital for the organization. The focus of board development is to cultivate human capital — the human capital affiliated with your organization. Recognizing this fact puts into play a range of tasks to educate, support, and show respect for the individuals who have stepped forward to SERVE your organization in the best ways possible. It is paramount to the sustainability of an organization.

A typical board development model has three purposes: to identify and engage individuals as potential board members, to maximize each board member's contributions to the board, and to maintain engagement of outgoing board members. Board development activities can be organized in four categories, each with a distinct target audience:

- Identification (potential board members)
- Orientation (new board members)
- Sustainability (ongoing board members)
- Preservation (outgoing board members)

We aim high. These people are very busy; we need to get in their pipeline for board service. We also do not compromise on our requirements for board service.

– *Chief Executive*

## IDENTIFICATION

The foundation of board development is identifying potential board members and creating opportunities for engagement and leadership development. Identification begins with each contact a board or staff member has in the community with volunteers, organizational members, other service providers, consumers, or clients. Each contact may be an opportunity to identify a potential board candidate. One never knows who will ultimately become the next board member. Identifying future board members is a shared task between the board and senior staff. With guidelines of what the organization is looking for in a potential board member, anyone can be asked to submit a person's name or two to be considered for board membership. The wider the social networks being tapped, the higher probability of identifying strong board candidates. Depending on the nonprofit, the board chair appoints or the board/membership elects a governance committee chair to lead the process to identify future board members, considering both short-term and long-term board needs.

Boards have different ways of assessing candidate interest and potential. Some nonprofits have a leadership development program offered once or twice each year for potential board members, who are invited to learn about the organization and develop leadership skills. Individuals invited to attend the leadership program and say "yes" may be asked for an upfront commitment to attend multiple sessions. If there are scheduling conflicts for someone who has expressed interest in the program, he/she should be given future consideration to receive a second invitation for the next scheduled round of sessions. Leadership development programs usually have multiple sessions over a timeframe anywhere from one month to one year. One

organization divides its 15-20 participants in small work groups and each group is charged with presenting information after conducting research about a particular unit of the organization. They interview staff, meet with volunteers, review written materials, and observe work being conducted (when appropriate). These sessions are good indicators of whether serving on the board, or as a volunteer in another capacity other than board service, would be a good fit. From the prospective board member's viewpoint, this preliminary training shows the organization's commitment to leadership development and can be a very positive first-time exposure to the organization. (See sample recruitment letter in Appendix 4.)

Coordinating a leadership development program falls under the work of the governance committee. Any leadership program should be customized to fit the needs of the organization. Items such as program timeframe, number of sessions, number of participants, session formats, and content need to be realistic for individuals who are participants and realistic in the context of the organization's resources. After completing the first leadership program, be sure to solicit feedback from participants to get their input as to what worked and what did not work as you plan for the next program.

How do organizations recruit board members? According to the *BoardSource Nonprofit Governance Index 2012*, these are the top five recruitment practices.

- 88% - Asked for board member recommendations
- 69% - Evaluated board composition via a gap analysis or matrix
- 63% - Invited non-board members to serve on committees
- 63% - Cultivated relationships with colleagues or community leaders
- 41% - Cultivated relationships with corporations or other organizations

As board chair, you have these responsibilities in board member identification:

- Network in the community to identify new volunteers and lay leaders. Initiate discussion about the organization and assess interest or curiosity. Make sure that someone from the organization follows through in contacting any leads.
- Attend organizational events geared to increasing individual engagement. Speak passionately about your work on behalf of the organization as well as the organization's contributions to the community.
- Participate in leadership-building or mentoring programs. Show that the board is welcoming and committed to building new leaders.
- Be visible.

## ORIENTATION

Board members new to your board may have served on other boards. As we well know, all boards do not look or act alike. One board member, who served on a number of community boards, stated that his allegiance was more aligned with those organizations that had a formal orientation focused on knowledge and tools to assist him make the most of his board role and responsibilities. Expectations were clear. He felt confident speaking up at board meetings, developed a good understanding of his governance role, and could be more deliberate in assessing “best board practices” when choosing which organizations to support with his time and money.

For new board members, board orientation helps to

- develop an understanding of the organization
- develop an understanding of board member roles and responsibilities
- increase confidence and comfort level with board service
- cultivate relationships with current board members

According to the *BoardSource Nonprofit Governance Index 2012*, more than 70 percent of chief executives with a structured board orientation process describe their board members as “very well informed” or “well informed.” Only 43 percent of chief executives without a structured board orientation process describe their board as “very well informed” or “well informed.”

New members joining the board should have some familiarity with the organization’s mission, goals, vision, finances, programs and services, and other basic details before their first board meeting. They should also have information about the functions of the board and their role as board members. Most new board members find a board orientation program to be the best way to learn what they need to know. The board chair works closely with the chief executive and the governance committee to plan and present this program.

A structured orientation should feature presentations by the board chair and the chief executive as well as by select board members, and senior staff members. The board chair and board members explain what is expected in terms of attendance, behavior, standards of conduct, confidentiality, board responsibilities, conflict of interest, financial contributions, and relationships with the staff. The chief executive and staff cover the organization’s history, current programs, purpose, strategic plan, and other pertinent information. New board members should receive a comprehensive board manual (hard copy, electronic, or access to a web-based version) that includes much of this information and can be used as a reference. Additional organizational information should include

- bylaws and policies
- strategic plan
- organizational chart
- board member list and contact information
- board structure and committees
- annual report and Form 990

Between the orientation and the board manual, new board members should have a good foundation for attending and participating in their first board meeting.

After the orientation or before the first board meeting, many organizations host a social hour for new board members to meet their colleagues. Consider inviting past board chairs to represent the rich continuum of the organization's board leadership.

A mentoring program is a good tool for new board members, and it supports the effectiveness of both incoming and seasoned members. A mentor can help to make the new board member feel comfortable at the first board meeting and/or social event. The mentor may be asked to introduce, formally or informally, the mentee to other board members. A mentor-mentee relationship is a safe haven where a new member can air questions and concerns that he or she may hesitate to raise elsewhere.

Beyond your presentation at the orientation program, you have other responsibilities as board chair:

- Make sure each new board member meets with the chair and the chief executive. These informal sessions are a reciprocal opportunity to get to know one other, to begin identifying the new member's strengths and interests, and to answer questions about the board and the organization. If board members are required to serve on a committee or task force, they can use this meeting to explore options. In some organizations, the meetings are held jointly with the chair and the chief executive.
- Delegate a board member or committee to oversee mentoring of new board members.
- As appropriate, schedule meetings with the chief executive and each new board officer or member who has a portfolio responsibility (for example, resource development, program planning and evaluation, strategic planning).
- Be engaged.

## SUSTAINABILITY

It is easy to overlook those individuals who have been serving on the board but are past being considered “new” board members. Too often assumptions are made (without asking them directly) about their engagement, contributions, and overall satisfaction with their board role as they enter the second or third year of their board term. Board member sustainability supports the individuals engaged in doing the board’s work. Consequently, the organization’s human capital is advanced.

Sustaining the interest, engagements, and abilities of board members serves to

- enhance their sense of ownership, responsibility, leadership, and accountability as organizational stewards
- strengthen their working relationships with one another
- sustain quality governance and decision making

As board chair, you need to cultivate strong one-on-one relationships with each board member. Show respect for and value each person, engage in open communication, be empathic and nonjudgmental, create trustworthiness, and do not ignore or take anyone’s contributions for granted.

A special session for current board chairs to discuss their most challenging issues was held at the *BoardSource Leadership Forum*. The issues that emerged fell into six categories, one of which was board engagement. As board chairs were asked to choose one of the six smaller groups for more in depth discussion, the board engagement group emerged as the most popular one.

Recommendations for enhancing board engagement included the following:

- Create a board meeting agenda that is not “information-only;” use a consent agenda in its place.
- Create a board meeting culture of inquiry and generative thinking, not simply oversight.
- Use a board retreat to build relationships among board members.
- Ask other board members to prepare a presentation and/or facilitate a discussion at a board meeting.
- At the beginning of a board meeting, highlight a board member’s accomplishments/contributions to the board.
- Take the time to build one-on-one relationships with each board member.

For the board chair, building and sustaining relationships is an ongoing process that helps you engage and be engaged — not a one-time activity with new board members. The board chair’s relationships with experienced board members keep you connected to their changing and developing interests. It is easy to assume that an individual will simply continue serving in the same capacity year after year: same committee assignment, same task force, or same focus in an area of expertise. One board chair wrapped up her first year in office by making personal contacts with every member to ask about his or her committee work. Board service is more satisfying when a person has the chance to change assignments and explore new interests.

The board chair should identify opportunities for board members to build individual leadership capacity, which serves a dual purpose: getting work done and planning for board leadership succession. By asking board members to serve as mentors for new board members and to lead initiatives or tasks outside their areas of expertise or comfort zone, you will cultivate relationships and nurture leadership potential in people who can function from multiple perspectives, not just from what they know or do best.

In addition to relationship building, promoting board sustainability includes these responsibilities for a board chair:

- Focus on board communications (see Chapter 7), including the following:
  - Work with the chief executive to ensure that members receive useful meeting materials in enough time to review them.
  - Use group facilitation skills and other creative techniques to enhance discussion, communication, and decision making at board meetings.
  - Speak at training sessions for committee and task force chairs about their role supporting the work of the board and the formal board reporting process.
  - Work with the chief executive to determine which reports should be presented to the board.
- Hold periodic board retreats. The focus depends on the board’s needs related to process and tasks as well as big-picture issues.
- Schedule comprehensive board self-assessments, which includes board feedback and action items. Self-assessment is a sign that the board takes its work seriously, is open to constructive feedback, and acknowledges that there is always room for improvement (see Chapter 10).

- Delegate leadership responsibilities to board members.
- Encourage other board members to attend community and organizational events.
- Be available.

## **PRESERVATION**

Preserving relationships with former board members and board chairs, an important focus of board development, benefits the organization because these leaders will

- feel gratified that they have made a contribution
- continue in their roles as organizational ambassadors
- find new opportunities beyond board service for engagement

Remembering that so much time and effort have been invested in building strong and significant relationships for the good of the organization, why stop when an individual's board term has expired? In fact, most board members stay involved with their organization after leaving the board.

The organization needs to maintain regular communication linkages with outgoing board members/chairs. Although no longer serving on the board, they have the potential to continue serving the organization as community ambassadors. Hopefully, they can engage others as they speak well about the organization from their personal experiences. Keeping past board members/chairs updated on the work of the organization provides new information that they can turn around and share with others — family, friends, neighbors, and new contacts. For example, as the organization casts a wider net in identifying potential board members and volunteers, past board members/chairs could be asked to tap into their social networks. With their updated information about the organization, they can use this knowledge to help recruit. In addition, they can be asked to submit names of potential donors. Recognizing that each past board member/chair has social capital, i.e., a social network of family, friends, colleagues — all with a range of resources such as money, time, skills, expertise, and connections that may be accessed for the good of the organization, reinforces the need for deliberateness of this preservation task. (If your organization uses a community advisory committee, the same goes for outgoing members of this group.)

Though the momentum to preserve these relationships must continue, the shift in roles must be clearly understood. Sometimes board members may find it difficult to relinquish the power and authority of the board role. Instead, they can take on



new volunteer responsibilities. One organization asked an outgoing board chair to lead a task force of former board chairs to plan an anniversary celebration. Another outgoing board member was asked to chair an ad-hoc special events committee.

As board chair, you can preserve relationships with outgoing board members in a number of ways:

- Convey your personal thanks. You might host a social event, make a phone call, write a note, make a donation to the organization in honor of the board member, or publicly acknowledge him or her at a board or annual meeting.
- Provide the opportunity for closure and show respect for their contributions. Consider setting aside time at the final board meeting for each person who wants to speak, or delegate a committee or task force to conduct exit interviews.
- Attend recognition events to honor past board members and board chairs.
- Identify and individualize opportunities for ongoing involvement, such as task forces, strategic planning, and special projects.
- Be gracious.

## **CHALLENGES**

The board chair, chief executive, and governance committee invest considerable time and effort in creating and implementing a comprehensive board development plan. Ultimately, each of the four categories in the model — identification, orientation, sustainability, and preservation — is about building relationships. As board chair, you will concentrate primarily on sustainability to optimize the current work of the board. Here are some of the more delicate challenges you may face:

### **A DIVIDED BOARD**

Effective boards include individuals with diverse talents, expertise, backgrounds, and points of view. Differences of opinion are a sign of a vibrant, healthy board. But when differences escalate into divisions, they can prevent the board from making good decisions. As board chair, you are responsible for resolving conflicts. A seasoned board chair, who has developed credibility as having knowledge and experience may find it less challenging to deal with a divided board than a new board chair, whose credibility and skills may be tested by the board members' actions.

While allowing different viewpoints to be heard, the board chair needs to reinforce the context of decision-making in the best interests of the organization with the use of facts, not fiction or hearsay, as evidence to support each diverse opinion. You want to remain fair and open-minded in allowing such discourse, but, at the same

## CHAPTER 10

### *Performance Evaluation*

The board's responsibility to monitor organizational progress falls into two categories: performance evaluations and program evaluations (see Chapter 9). Leading the performance evaluation process can be challenging for a board chair — not only because it is complex, but also because the results must be implemented in a way that brings about needed change, which ultimately may alter board culture. Evaluation is about being open to constructive feedback to assess how a task, meeting, work group, process, skill, behavior, or attitude can be improved upon. The results require appropriate dissemination and study, and then implementation of needed changes depending on who or what is being evaluated. Moreover, evaluation should be a regular activity as part of good governance practices.

It's very hard to work for a group of people. Someone always disagrees with you. Sometimes I think this is my dream job, and on other days I think it is clearly time to leave. I think more and more chief executives have this problem.

– *Chief Executive*

A board chair should ensure that two important performance evaluations are conducted: a board assessment and a chief executive evaluation. Boards may also conduct board chair and individual board member self-evaluations as well as evaluations of board and committee meetings. Regular performance evaluations have the potential to

- identify issues that are pushed aside during the normal course of business
- identify strengths and challenges that affect optimal performance of the board, an individual, or a work group
- keep individuals, the board, and the organization focused and on track
- allow individuals (chief executive, board chair, board members) to assess their growth and progress in the context of their respective duties and roles
- reinvigorate individual board members to take responsibility as part of a team working toward optimizing board effectiveness and strong governance for the organization
- reinforce that the board takes its work seriously and models accountability and transparency for improving performance

## BOARD ASSESSMENT

Ongoing monitoring and periodic self-evaluation encourage the board's effectiveness in overseeing and guiding the organization. A proactive board not only monitors itself, but looks to initiate change based on the findings. The frequency of board self-evaluation can vary. A brief annual assessment takes into account that board composition usually shifts each year, affecting board dynamics and board functioning. A more extensive assessment should be conducted approximately every two to three years, looking at board composition, structure, operations, committee structure, and roles and responsibilities.

### HOW WILL MY PERFORMANCE BE EVALUATED?

Boards need to be accountable in all areas, including the board chair position. The board chair should receive feedback on how to modify his or her performance to best achieve a high-functioning board. Although a challenge when dealing with a volunteer lay leader, a board chair evaluation framed within the best interests of the organization can be useful.

With any evaluation, the process of assessing the chair's performance gives the chair a clearer view of this leadership position and specific requirements to do the job well. Evaluation clarifies what works and where improvement is desired. Specific items around both process (for example, facilitation skills, respect for divergent viewpoints, inclusiveness, interactions with others, and use of board work structures) and task (governance responsibilities) should be included in a board chair evaluation. Once process and task are assessed, the ultimate question is how well the board chair serves as a model to board members and works with others in carrying out the necessary governance practices for the good of the organization. The board chair evaluation allows the chair to see how he or she is striking a balance between the job description and the personal use of self in executing the board chair role (as discussed in Chapter 2). A board chair evaluation can also help a board avoid informal mumblings or "behind the back" discussions that blur the line between truth and fiction and negatively impact on the work of the board.

The chair evaluation is to be handled by fellow board members. It never is the responsibility of the chief executive. It rarely is an easy task for peers to evaluate each other's performance; therefore, tact is necessary. Often the task is delegated to the executive committee (or, if one does not exist, to the governance committee). The committee may or may not seek comments from others on the board. Keeping the process anonymous allows everyone to provide as honest and straightforward feedback as possible. The overall comments are communicated directly to the chair in a private discussion. This discussion can also help the chair redirect a course of action if it is necessary.

The board chair can delegate the board assessment task to the governance committee or an ad hoc committee. However, a more extensive board assessment may benefit from the services of an outside consultant who has no stake in the outcome.

Keeping an eye on board process (the means) contributes to stronger board outcomes (the end). As board chair, you should engage in board assessment and show initiative in putting the recommended changes into practice. Approaching evaluation in partnership with board members acknowledges each person's stake in and responsibility for becoming a high-performing board. Each person, including the board chair, can reflect on individual contributions and evaluate his or her performance as a board member:

- Items related to individual board performance can be included in the annual board assessment instrument. Board sustainability (Chapter 5) requires the organization to provide a structure for successful individual engagement with well-defined board member expectations; however, the board member must take responsibility to operationalize his or her engagement.
- At a minimum, every board member should be assessed by the Governance Committee before his/her term is renewed. If the board has members sign an annual agreement, each board member can be evaluated annually by the Governance Committee, based on the terms of the agreement. Such an agreement might be a list of board member responsibilities and organization-specific expectations, such as service on a board committee, board meeting attendance, and financial contribution.
- Some boards opt to conduct peer assessments that are intended to strengthen the board by reviewing the contributions of individual board members. A peer assessment entails board members reflecting on their own individual performance and providing input regarding the performance of and areas of development for their peer members. The purpose of this type of assessment is developmental and not evaluative in nature.

## **CHIEF EXECUTIVE EVALUATION**

As much as the board chair and chief executive must work in partnership, the reality is that the chief executive works at the pleasure of the board. As part of its governance role, the board is responsible for providing oversight to the chief executive (select, support, monitor, and evaluate). The chief executive — the only staff member whose performance is assessed by the board — is responsible for the work of the entire staff and the organization's ability to meet its goals. He or she is entitled to receive an annual performance review in order to gauge his or her professional growth in alignment with the organization's direction.

## EVALUATIONS

74 percent of boards have conducted chief executive performance evaluation in the last 12 months.

11 percent of boards have never done so.

Source: *BoardSource Nonprofit Governance Index 2012*

Conducting an annual evaluation of the chief executive is a board responsibility organized by the board chair, who is the volunteer leader with the most direct contact with the chief executive. The board chair could work with the executive committee or a few select board members to conduct this evaluation. The board should have an evaluation process in place with clearly articulated roles for the board chair, other board members, and staff, as appropriate. Some organizations have clear guidelines for this process stated in their bylaws; others simply charge it to the board chair with less specific guidelines. Associations or other organizations with chapters or affiliates may have a policy and procedure manual to use for the specific purpose of evaluating the chief executive of a chapter or an affiliate.

It needs to be decided who will be asked for input as to the chief executive's performance. Other than the board chair, will other board members complete an assessment? How about board committee chairs? If conducting a 360-degree evaluation, which key staff members or other stakeholders will be asked for feedback? In addition to input from others, the chief executive should have the opportunity to complete a self-evaluation.

In any performance evaluation, there should be congruence between the chief executive's job description, previously set annual goals, and the performance evaluation instrument. Standard forms are available that could be adapted for the organization.<sup>20</sup> A timeframe outlining the steps to be taken can be helpful. The evaluation should be conducted at the end of the fiscal year, when results are in and a new cycle of organizational goals may emerge, necessitating new goals for the chief executive. Throughout the year, frequent and open, formal and informal, communications between the chair and the chief executive are ways to prevent major problems from surfacing out of nowhere when it is time for the formal evaluation. Also helpful is reinforcing ongoing feedback from other board members that is communicated by you to the chief executive in a timely manner — don't wait until the annual evaluation.

<sup>20</sup> Don Tebbe, *Chief Executive Transitions: How to Hire and Support a Nonprofit CEO* (Washington, D.C.: BoardSource, 2008); Barbara Lawrence and Outi Flynn, *The Nonprofit Policy Sampler, Second Edition*. (Washington D.C.: BoardSource, 2006).

Before meeting with the chief executive to review the evaluation results, share the results with the full board in an executive session to ensure that each board member is familiar with, and ideally agrees with, the final report. The report presents aggregate data and examples to support the performance ratings used to strengthen the executive's functioning and fit with organizational needs and strategic goals, support salary and benefit decisions, and inform contract negotiations. It is also a place to solicit suggestions for performance goals for the next year to be communicated by the chair to the chief executive. The chief executive can choose to incorporate them in writing his or her performance goals for the next year before they are brought back to the board for approval.

## **CHIEF EXECUTIVE SUCCESSION PLANNING AND TRANSITION**

As stated earlier, *change* is a constant. *All* organizations need to plan for the inevitable shift in chief executive leadership whether it is one year or one decade away — or whether life circumstances unexpectedly force the hands of the organization's leadership to respond. The foundation for succession planning emerges from the ongoing cycle of organizational renewal that embraces comprehensive examination of the organization through strategic planning, the chief executive performance evaluation, and the board assessment. The board chair should ensure that a succession plan exists and, if one already exists, be sure to update it as necessary.

A succession plan includes

- an up-to-date job description for the chief executive
- clear annual performance expectations for the chief executive
- measurable indicators for the performance of the entire organization
- determination, at regular intervals, whether the organization is going in the right direction and what the key qualities of the chief executive should be
- assumption that the chief executive must be capable of taking the organization to its expected level of performance
- a process for hiring a new chief executive
- options for managing the executive transition period
- emergency measures for unexpected loss of the chief executive
- safeguards for keeping the board undivided and focused on the future<sup>21</sup>

<sup>21</sup> BoardSource, *The Handbook of Nonprofit Governance* (San Francisco, CA: Jossey-Bass, 2010).

During a board chair's tenure, he or she may have to deal with a transition period for the chief executive role. This leadership transition (planned or sudden) could be initiated by the chief executive or by the board of directors; analyzing and assessing the type of transition the organization is experiencing and the reasons behind the transition at this point in time is crucial in crafting an appropriate transition response and process. Regardless of the circumstances, managing the departure is the same: organize, stabilize, understand, plan, and execute.<sup>22</sup> The board chair needs to respond quickly, but, at the same time, not make any harsh decisions without thoroughly reviewing all options with the board and key management. A quick response can be framed as a temporary measure in order to begin stabilizing the organization.

### **BOARD CHAIR'S REMINDERS**

- ✓ Ensure that the board conducts a periodic board assessment, reviews the results, and implements change as needed.
- ✓ Conduct an annual performance evaluation of the chief executive, and provide feedback supported by evidence and examples.
- ✓ Consider ways to obtain feedback about your performance as board chair.
- ✓ Decide what other evaluations to implement in support of the board's performance.
- ✓ Ensure that the organization has a current succession plan in place.

<sup>22</sup> Don Tebbe, *Chief Executive Transitions: How to Hire and Support a Nonprofit CEO* (Washington, D.C.: BoardSource, 2008), p.24.