



M.J. Murdock
CHARITABLE TRUST



Board Leadership
& Development
A MURDOCK TRUST PROGRAM

Board Leadership & Development

Faith-Based

March 2022

Governance 201:

Life Cycle of the Nonprofit Board



Five Stages: Aligns with Characteristics of High Performing Board

1. Identify
2. Beginning
3. Continue
4. Ending
5. New beginning



Identify: Recruiting New Board Members

› Three Steps:

1. Board Evaluation—know what you want
 - › Use tools for board evaluation and individual board member self-evaluation
 - › Create a matrix to identify current board composition
 - › Use strategic plan to identify needed strengths and areas of expertise
 - › Identify the weaknesses/needs in current board
 - › Create profile for new members
 - › Fulfill commitments to cultural competency



Identify: Recruiting New Board Members

› Three Steps:

2. Board Recruitment Strategy

- › Be sure you have a clear job description and list of expectations and responsibilities
- › Convene a strong nomination committee
- › Have forms for candidate nominations
- › Involve Executive Director and key staff as necessary
- › Use board analysis and strategic plan in recruitment–targeted and specific
- › Develop a nominating process and follow it
- › Do your board terms help/hurt your recruitment?



Identify: Recruiting New Board Members

› Three Steps:

3. Board Nomination Process

› Three steps:

- › Interest
- › Invitation
- › Nomination

› Process is bi-directional

› Create a nomination packet for candidates

- › Ten Questions
- › Commitment Form

› Create a nomination packet with bio for board members

› Develop a personal visitation process with Chair and Executive Director

› Bring nominations through Nominating Committee by way of assessment and strategic plan

› Complete due diligence and due process

› Critical role of wisdom and discernment



Beginning: Welcoming, Informing, and Orienting New Board Members

- › Provide appropriate materials on both the board and organization
- › Involvement with staff/organization
- › Personal meeting with Executive Director and Board Chair
 - › Review minutes of previous meetings
 - › Highlight critical issues/decisions
 - › Review the strategic plan
 - › Reaffirm role and expectations
 - › Open line to Executive Director and Board Chair
- › Welcome and introductions at first meeting



Continue: Effectively Involving Board Members to Achieve the Vision

› Five Considerations

1. Time Management: use their time wisely with well-run, organized, purposeful meetings
2. Communication: timely mailings, meeting preparation, semi-annual visits by board chair, good staff-board communications
3. Involvement: according to their expectations and roles, opportunities for organization involvement, personal financial support
4. Revitalization: board retreats, strategic planning work, outside consultants
5. Recognition: acknowledge and thank board members often



End: Helping Board Members Complete Their Service

- › Three Reasons to Move Members Off the Board:
 1. Ineffectiveness: lack of attendance and inability to carry out role and expectations
 2. Unacceptable behavior
 3. End of term



Keys for Good Endings

- › Clear policies and expectations
- › Fair and frequent evaluations
- › Processes for grievances and discipline
- › Accountability
- › Appropriate term limits
- › History



Places for Former Members to Continue Serving

- › Advisory committees
- › Emeriti
- › Volunteers
- › Off the board with plans to return when appropriate



New Beginnings: Considerations for Returning Board Members

› Considerations:

- › Must fit strategic board needs
- › Abbreviated nomination process
- › Give board full reign to vote—no pre—arrangements or promises—due process
- › Don't abbreviate orientation process



Governance 201:

Succession Planning



What Happens Now?

› Executive Directors...



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What Happens Now?

› Executive Directors...



Executive Director Reports/Board Reports

- › Boards: What did you learn?
- › Executive Directors: What did you realize?



Contingency/Emergency Plan

Contingency Plan Checklist Questions

- › Who takes the lead?
 - › What are the decision-making parameters?
 - › How much money can be spent?
- › When, what, and to whom do we communicate?
 - › Organization
 - › Donors
 - › Family
 - › Insurance—should we have it?
 - › Constituents
 - › Bank
 - › Others?
- › What about the organization?
 - › Who is in charge?
 - › Will we pay them extra?
 - › How will we communicate?
- › What about the family?
 - › Do they know?
 - › What can be done to ease the pain?
 - › Is there an interim leader?
 - › Do we start a search?
 - › How is the search to be paid for?



Succession Planning

- › Succession planning is a process of preparing for good leadership transition
- › Succession planning is not to be confused with executive director or key leader evaluation
- › Two key aspects of succession planning to consider:
 1. Contingency planning deals with emergencies
 2. Succession planning prepares for the future



Succession Planning

1. **Develop a written Contingency Plan**
 - › Share the Contingency Plan with trusted advisors
 - › Incorporate their comments into your thinking
 - › Work through Contingency Plan with your staff and board
 - › Don't try to finish the plan all at once; think; take your time
 - › Ensure the Contingency Plan is consistent with Articles of Incorporation, bylaws, policies, etc.
 - › Finalize your Contingency Plan and circulate
 - › Think through the benefits/liabilities of sharing your plan within the organization
 - › Revisit Contingency Plan annually



Succession Planning

2. A written Succession Plan and the elephant in the room

- › Why so few of us have a good written plan
- › Uneasiness from the board
 - › Poor executive director evaluation process, if there is one
 - › Marginal performance by executive director
 - › Not wanting to “talk money”
 - › Not sure how to create a plan
 - › Who should have the conversations?
 - › How do we start the conversations without concerning the executive director?
- › Insecurity of Executive Director
 - › Are they forcing me out?
 - › I don’t have enough to retire
 - › Am I not doing a good job?
 - › I haven’t had a review in years



Questions to Answer:

- › Do we review the Executive Director annually?
 - › Is there a job description?
 - › Is succession planning part of the review?
 - › How is a competitive wage established?
- › Is there a process and timetable for retirement and/or planned departure?
- › Is there an internal successor(s)?
 - › If so, what development needs are there for that person?
 - › What training or additional exposure can be offered?



Questions to Answer:

- › If there is not an internal choice, has a search firm been identified?
 - › If not, how do we learn about search firms?
- › Who is on the search committee?
- › What is our severance policy?
 - › Forced termination?
 - › Performance issues?
 - › For cause?
 - › Unforced termination?
 - › Change in direction for the organization?
 - › Performance not up to expectations?



Questions to Answer:



Does the board have a formal evaluation process?



Does the board require SMART* goals and are they measured annually by the executive director?



Is there a strategic plan?

› Once these questions are answered by the board and the executive director, you will have 90% of your Succession Plan complete.



*SMART: Specific, Measurable, Achievable, Relevant, Time-Bound



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Culture 201:

Creating and Sustaining Healthy Boards



Culture 101 Recap – Traits of Unhealthy Boards

1. Dominant few
2. Lack of transparency
3. Group think
4. Christian nice
5. Misbehavior tolerated
6. Loyalty to ED rather than mission
7. Usurp ED functions
8. Dissent stifled
9. Chair has low EQ
10. Unfocused/easily diverted



Culture 201: Ideal Board Culture

- › The board is a spiritual community called by God to steward a piece of His Kingdom work here on earth.



Healthy Boards Reflect Kingdom Values

1. Stewards Rather than Owners

OWNER BOARD	STEWARD BOARD
Seek God's blessing on their work	Seek to know God and do His work
Take posture of power and control	Take posture of submission and humility
Prize efficient transactions	Prize doing God's work in His way
Defend	



Healthy Boards Reflect Kingdom Values

2. Spiritual Community

- › Create a prayer list of requests from senior staff and trustees in advance
- › Set aside 30-60 minutes of agenda time to pray for the ministry
- › Ask someone to pray after each major discussion
- › Schedule a devotional (or study Scripture)
- › Fast together



Healthy Boards Reflect Kingdom Values

3. Relational

- › Give new trustees a “board buddy”
- › Invite trustees to share life stories
- › Do mission together
- › Hold an annual retreat
- › Include spouses whenever possible
- › Honor long-serving staff and trustees
- › Reconcile conflicts quickly and well—don’t let them fester



Healthy Boards Reflect Kingdom Values

4. Transparent

- › Clarify decision-making authority of:
 - › Officers
 - › Executive Committee
 - › Committee Chairs
- › Ensure that dissenters can share freely



Healthy Boards Reflect Kingdom Values

5. Aligned

- › Regularly reference core documents during meetings
 - › Mission Statement
 - › Vision Statement
 - › Core Values
 - › Strategic Plan
- › Ensure that **policies** and practices are congruent with core documents—especially those related to personnel and finances



Healthy Boards Reflect Kingdom Values

6. Accountable

- › Prevent mission drift
- › Conduct audits (program & fiscal)
- › Assess performance of board officers and committee chairs
- › Terminate non-performing trustees per pre-set procedures
- › Conduct thorough annual review of ED (including strategic plan)



Healthy Boards Reflect Kingdom Values

7. Intentional Improvement

- › Assess board's health regularly via surveys
- › Allot agenda time (and resources) for training, particularly during annual retreat



“What if we don’t change at all ...
and something magical just happens?”



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Healthy Boards Reflect Kingdom Values

8. Celebratory

- › Thank God for missional fruitfulness
- › Honor those to whom honor is due
- › Be joyful together



Question for Discussion/Work with Your Coach

1. What are the healthiest aspects of your board's culture? What is going well?
2. In what areas do you want to improve? What concrete steps should your board take next?



Sustainability 201:

The Work of High Performing Boards



“We are not building this country of ours for a day... it is to last through the ages.”

—President Teddy Roosevelt



A Business Model



What Do We Mean by Sustainable?

- › Lasting, enduring, delivering over the long-haul
- › Absorbs ups and downs
- › Flexes, but does not break
- › Balances inputs and outputs

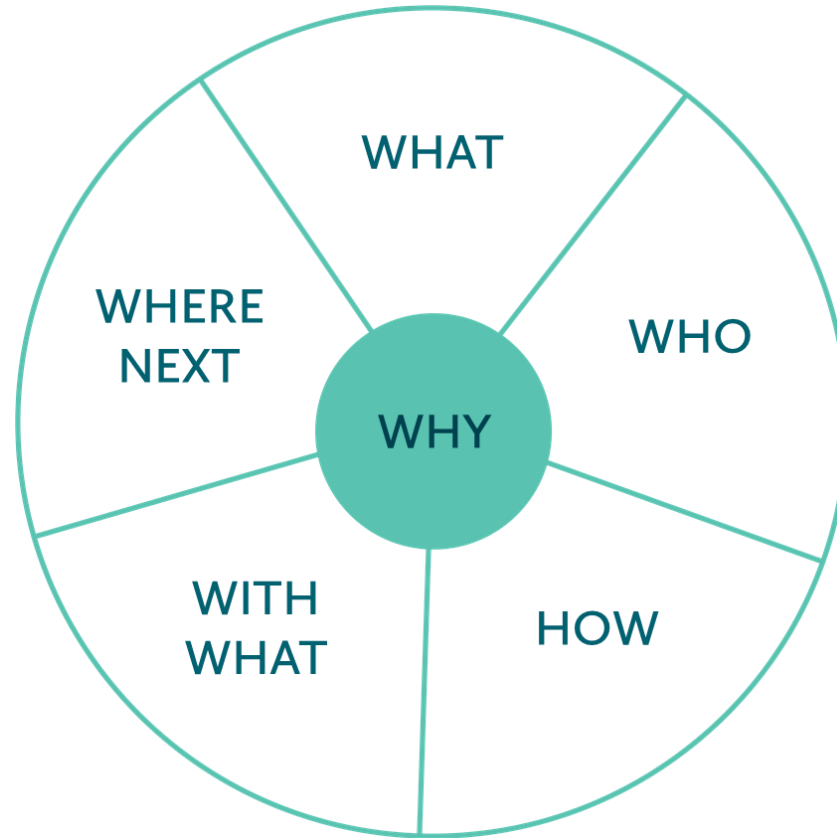


Why is a Sustainable Organizational Structure Important?

- › Numerous constituents require it
- › Beneficiaries, staff, volunteers, donors, suppliers, your community, all benefit from a sustainable organization
- › Allows us to keep our promise



A Business Model



A Business Model



Three Important Concepts: Quick Review

1. Top leadership needs a working understanding of ALL core elements
2. The interconnectivity of elements is key to driving efficiency and optimizing resources
3. The organization should have a plan for each element



A Business Model

- › Today we will go deeper into each of the five elements, highlighting three things:
 1. Their importance
 2. Actions a high performing board can take
 3. Questions a high performing board should ask



A Business Model



Mission: Quick Review

- › Defines the core purpose of a nonprofit organization
- › States “WHAT” services the organization provides



Importance of Mission

- › Guides the organization from the present into the future
- › Provides direction when the organization needs to adapt to new demands
- › Helps the board adhere to its primary purpose



High Performing Boards

- › Utilize their mission to make decisions
- › Establish boundaries for appropriate courses of action
- › Define and reinforce shared values, norms, and beliefs while clarifying these with stakeholders as part of mission stewardship



Questions the Board Should Ask

- › Does every board member know and understand the mission statement?
- › Does our board regularly review the mission statement?
- › Does leadership integrate the mission into meetings, gatherings, and functions?



A Business Model



Target Audiences: Quick Review

- › Every organization has several target audiences
- › The primary audience is usually the beneficiary of the organization or its programs
- › Identify your additional target audiences



Importance of Target Audiences

- › Beneficiaries are the reason for an organization's existence
- › Understanding the audiences' needs directly relates to resources, program strategies, and board-level decisions
- › Each target audience requires a strategy



High Performing Boards

- › Understand the needs of their target audiences are vital
- › Recognize the needs of their audiences may change and/or vary depending on cultural differences
- › Assess the need to adapt strategies to these changes



Questions the Board Should Ask

- › Does our board and leadership understand the needs of our target audiences?
- › Does our board regularly monitor changes in target audiences?
- › Should we adapt strategies to address changes?



A Business Model



Programs: Quick Review

- › Programs are outputs and where the mission is executed
- › Programs are your brand
- › Programs have lifecycles
- › The board's interest in programs is vital



Importance of Programs

- › Programs are where the mission comes to life
- › What are your key programs?



High Performing Boards

- › Expand their understanding of how programs meet the needs of each target audience
- › Make informed/strategic decisions about adding/discontinuing programs



Examples of Program Pivots

- › Connect programs with outcomes through evaluation and measurement



Evaluating Programs with Quantitative Data



Meals served



People served

> Choose five to six metrics



Attendance



Cost of
program



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Evaluating Programs with Qualitative Data

- › Success stories
- › The power of institutional storytelling



Other Assessments: Keeping Programs Relevant

- › SWOT (Strengths, Weaknesses, Opportunities, Threats)
- › The four buckets for continual improvement:
 1. What is going right with this program?
 2. What is broken or could be improved with this program?
 3. What is confusing about this program?
 4. What is missing with this program?



Advanced Strategies

- › Buying a stronger whip.
- › Changing riders.
- › Appointing a committee to study the horse.
- › Providing additional funding and/or training to increase dead horse's performance.
- › Doing a productivity study to see if lighter riders would improve the dead horse's performance.
- › Declaring that as the dead horse does not have to be fed, it is less costly, carries lower overhead and therefore contributes substantially more to the bottom line of the economy than do some live horses.
- › Promoting the dead horse to a supervisory position.



Questions the Board Should Ask

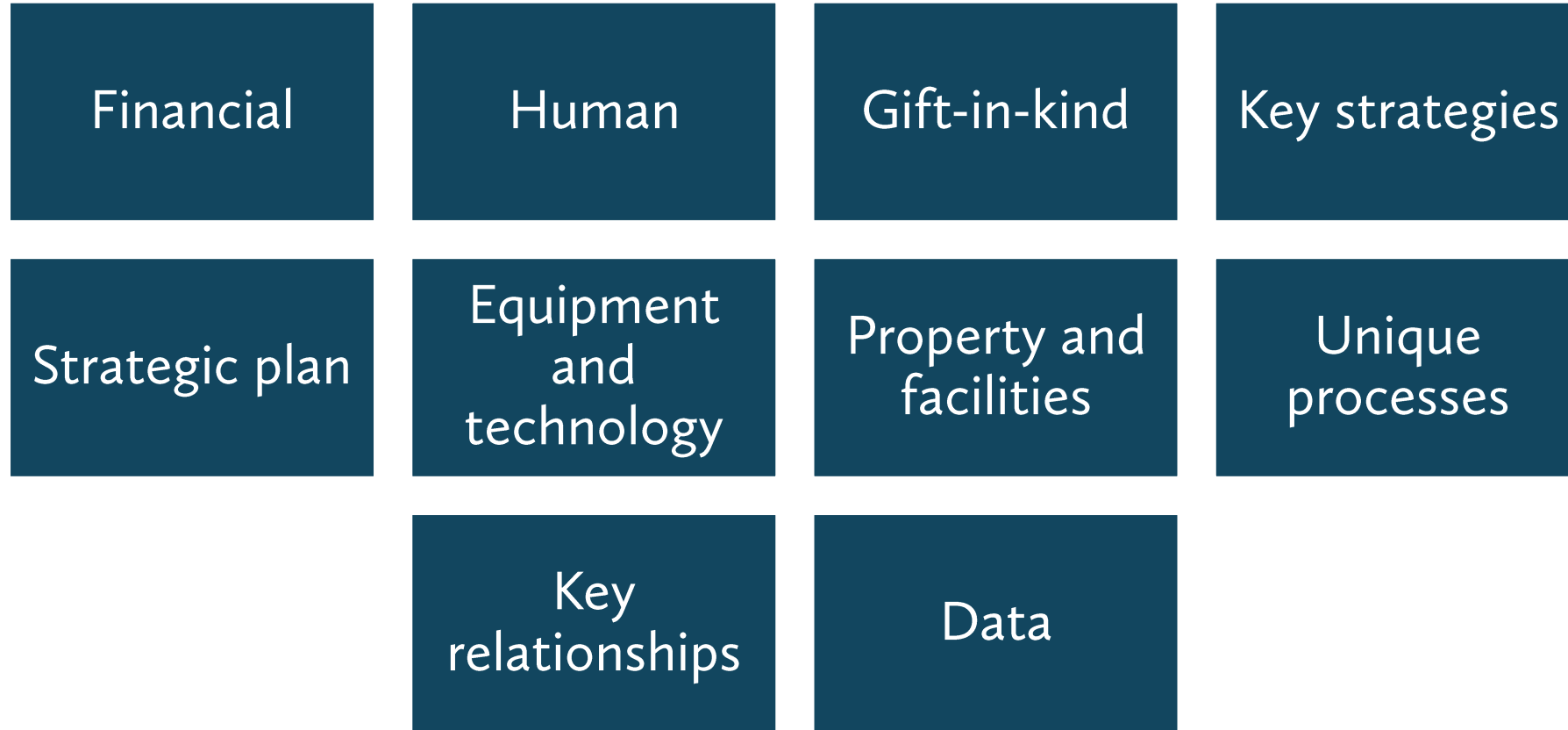
- › Does each program keep our promise to its target audience?
- › Does our board regularly review efficiency and effectiveness regarding programs?



A Business Model



Resources: Quick Review



Importance of Resources

- › Resources drive the amount of output an organization achieves
- › A scarcity of resources may limit an organization's impact



High Performing Boards

- › Continually monitor resources for effectiveness and efficiency
- › Utilize simple tools to monitor relevant metrics



Questions the Board Should Ask

- › Does our board review each key resource area at least once a year using a master calendar?
- › Have we developed metrics for measuring each resource?
- › Do we have a tool that can assist in our review, such as a dashboard or exception reporting?



A Business Model



Future Direction: Quick Review

- › Defined as how an organization delivers its promise in the future
- › Emphasizes the board and leadership looking forward
- › The future is more than one planning cycle
- › How will we deliver our mission and promise two to three years from now?



Importance of Future Direction

- › Future direction informs your strategic intent and choices, which is why board involvement is necessary
- › Looking through the window of two plus years



High Performing Boards

- › Join leadership in being open minded, thoughtful, and committed to “looking around the corner”
- › Create space where this can be accomplished, being proactive rather than reactive
- › Create space to “come up for air”



Questions the Board Should Ask

- › Does our board regularly “look around the corner” in each element of our business model—target audience, programs, resources, and finally mission?



Examples of Future Direction

- › Assessments
- › Infrastructure
- › Financial stability
- › Programs
- › Staff culture
- › Crisis Management
- › Physical master plan
- › Future story
- › Market and competitive landscape
- › Board education
- › Cultural competency



Scenario Planning

- › Cash flows
- › Changing audiences/demographics
- › New partnerships
- › Physical space



Pilot Simulator



A Business Model



Why is This Important?

- › Boards that understand their business model will increase performance
- › Better understanding leads to better questions—answers lead to higher understanding, creating a cycle of improvement
- › Continuous improvement builds sustainability



Strategic Planning 201:

The Board's Role in Aligning Your Strategic Plan,
Business Plan, and Mission



Recap: Board's Role in Strategic Planning

- › Simple premise
- › Clear benefits
- › Good process



Board's Role in Aligning the Strategic Plan, Business Plan, and Mission

- › Mission: who we are and what we do (promise)
- › Business plan: how we operate
- › Strategic plan: where we are going and how we get there



Car Analogy

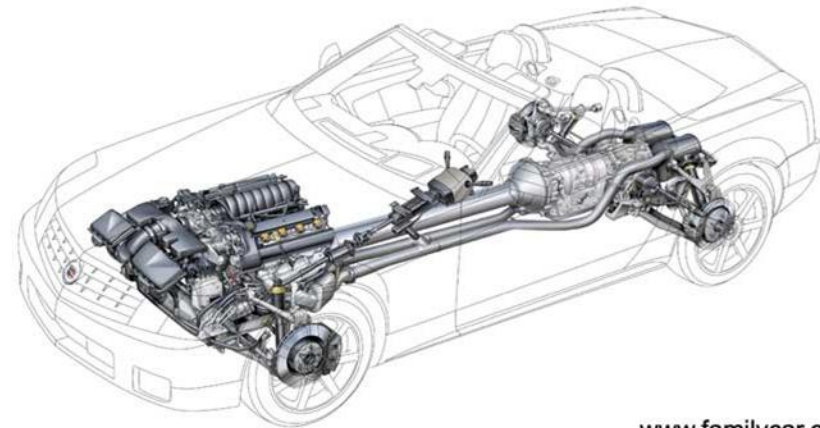
- › Mission and Purpose:
describes our design and
its intended purpose



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Car Analogy

- › Business Plan: everything that makes our organization run efficiently according to our design



www.familycar.com



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Car Analogy

- › Strategic Plan: our steering wheel and GPS—takes us where we can perform at our best according to our design



Examples

- › Fast street cars are designed for (promise) speed and handling
 - › Engines, suspensions, and drive trains that go fast and are agile
 - › Need to be steered onto pavement, fast tracks, and open areas
- › 4x4 trucks are designed for (promise) rugged off-road driving
 - › Engines, suspensions, and drive trains that provide torque and clearance
 - › Need to be steered off-road where they can perform their best



Six Questions

1. Do you know the mission and purpose of the organization? Is it clear?
2. Do you know the business plan of the organization? Is it effective and efficient?
3. Does your strategic plan accomplish mission and business plan priorities?
4. What do you do if response to new mission opportunities require a different business plan?
5. Can a business plan be reshaped to accomplish mission opportunities in new ways?
6. What drives the organization? Mission? Business Plan? Strategy?



Strategic Planning 201:

Using, Evaluating, and Updating the Plan



Using the Plan: Implementation

- › Monthly reports from the executive director to the board
- › Progress/challenges discussed with staff at least monthly
- › Progress/challenges discussed with the board at least twice a year, if not quarterly
- › Adjustments based on new information
- › Aligns with Characteristics of High Performing Board—Long View



Reviewing the Plan

- › Reviewed annually and approved by the board
- › Tied to the board-approved budget
- › Key questions
- › Research and results
- › Seeking God's wisdom/discernment



Tips on Updating the Plan for Ongoing Effectiveness

- › A plan is only as effective as its updating process
 - › Establish cadence for updating
 - › Assumptions and results review
 - › Determine responsibilities for involvement with board, CEO, staff
 - › Stay focused on future direction (keep updating all three years at a time)



Thank you!

- › Survey B will be sent out soon—please help us by submitting your feedback
- › Email your Top Five Strategic Next Steps to boardleadership@murdocktrust.org and ‘cc’ your coach
- › Have a draft of how you’d like to use your coach’s time by **March 25, 2021**
- › Questions?
 - › Visit murdocktrust.org/boardleadership for more info
 - › Contact us at boardleadership@murdocktrust.org



Celebrating Wins



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Thank you

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