# Governance 201

The 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:

- 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
  - > Give priority for needed diversity in recruitment efforts





## Identify: Recruiting New Board Members

#### > Three Steps:

#### 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

- Time Management: Use their time wisely with well-run, organized, purposeful meetings
- Communication: Timely mailings, meeting preparation, semi-annual visits by board chair, good staff-board communications
- 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:
- Ineffectiveness: Lack of attendance and inability to carry out role and expectations
- 2. Unacceptable behavior
- 3. End of term





Board Leadership & Development
A MURDOCK TRUST PROGRAM

## **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

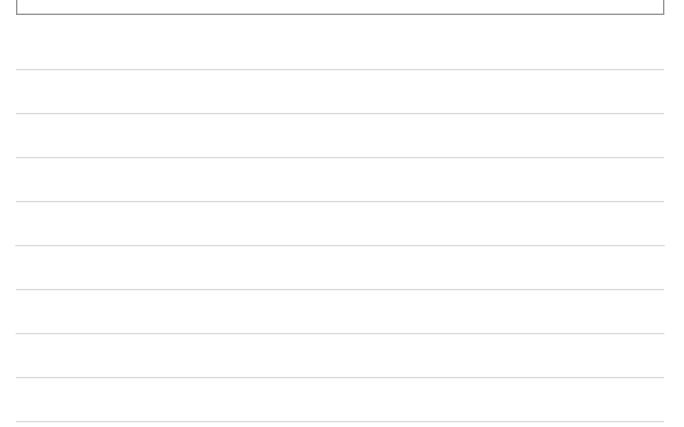
#### > Considerations:

- > Must fit strategic board needs
- > Abbreviated nomination process
- Give board full reign to vote-no pre-arrangements or promises-due process

Board Leadership & Development

> Don't abbreviate orientation process





# Governance 201

Succession Planning



# A GOOD, SIMPLE, COMMUNICATED CONTINGENCY PLAN IS FIRST. TO GET STARTED, ANSWER THESE QUESTIONS:

Wh	o takes the lead?
а	. What are the decision-making parameters?
b	. How much money can be spent?
2. Wh	en, what, and to whom do we communicate?
а	. Organization
b	. Donors
С	. Family
d	. Insurance—should you have it?
е	. Constituents
f.	Bank

	g.	Others?
3. V	Vha	t about the organization?
	a.	Who is in charge?
	b.	Will we pay them extra?
	С.	How do we communicate?
	d.	Is there an interim leader?
	e.	Do we start a search?
	f.	How is the search to be paid for?
4. \		at about the family?
	a.	Do they know?
	b.	What can be done to ease the pain?

## **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**

#### 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**

- 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



# ARE ANY ACTION ITEMS IN THIS SECTION A CANDIDATE FOR THE TOP 5 STRATEGIC NEXT STEPS?

# Governance 201

The Board/Executive Director Relationship



### **Cultivating Clarity and Alignment**

#### THE GOVERNANCE CONTINUUM

BOARD AS STAFF	BOARD AS MANAGERS	BOARD AS DIRECTORS	BOARD AS GOVERNORS	BOARD AS ADVISORS
Legal responsibility resides with the board	Legal responsibility resides with the board	Legal responsibility resides with the board	Legal responsibility resides with the board	Legal responsibility resides with the board
Reasons for organization to exist are determined by the board	Reasons for organization to exist are determined by the board	Reasons for organization to exist are determined by the board	Reasons for organization to exist are determined by the board	Reasons for organization to exist are determined by the Executive Director
Organization long-term goals are set by the board	Organization long-term goals are set by the board	Organization long-term goals are set by the board	Organization long-term goals are set by the Executive Director	Organization long-term goals are set by the Executive Director
Strategies to achieve organizational long-term goals are developed by the board	Strategies to achieve organizational long-term goals are developed by the board	Strategies to achieve organizational long-term goals are developed by the Executive Director	Strategies to achieve organizational long-term goals are developed by the Executive Director	Strategies to achieve organizational long-term goals are developed by the Executive Director
Day-to-day operational authority rests with the board	Day-to-day operational authority rests with the Executive Director	Day-to-day operational authority rests with the Executive Director	Day-to-day operational authority rests with the Executive Director	Day-to-day operational authority rests with the Executive Director
The board spends most of its time <b>DOING</b> the work of the organization	The board spends most of its time SUPERVISING the work of the organization	The board spends most of its time DIRECTING the work of the organization	The board spends most of its time <b>GOVERNING</b> the work of the organization	The board spends most of its time  AFFIRMING the work of the organization
Primary board output is <b>LABOR</b>	Primary board output is COORDINATION	Primary board output is DIRECTION	Primary board output is COUNSEL	Primary board output is ENDORSEMENT

 $Teal \ indicates \ Board \ responsibilities; Salmon \ indicates \ Executive \ Director \ responsibilities. \ These \ vary \ based \ upon \ which \ type \ of \ board \ you \ have.$   $Adapted \ from \ R. \ Terrence \ Jackson \ © \ 2004$ 

### The Continuum Between Policy-Making Boards and Hands-On Boards

	BOARD MEMBER QUIZ	POLICY-MAKING	HANDS-ON ✓
1.	Board committees focus ONLY on governance		
2.	Most board members have key volunteer roles		
3.	"Adjourned is adjourned"—board members have no authority outside board meetings		
4.	All execution and implementation assigned to Executive Director		
5.	"The board speaks with one voice or not at all"		
6.	Board members chair and serve on various operational committees, including Program, Operations, and Fund Development Committees		
7.	Board agenda focuses on short-term problems		

### **Board Member Temptations**

- To think and conduct board business under the false assumption that all board members are just like me, and that we are wired with similar strengths, gifts, and social styles.
- To assume all board members are experienced and effective leaders—just like me—and that we all agree on our board's operating style and are aligned with the Executive Director's preferred operating style.
- To confuse the three hats of a board member: governance, volunteer, and participant.
- To lower the bar on board member selection and buy into the ill-informed mantra that just one of the three "W's"—work, wisdom, wealth—is sufficient.
- 5. To recruit board members because of their position versus their passion.





### **Board Member Temptations**

- 6. To rely on my past board and organizational experiences and rest on my laurels—versus becoming an active life-long learner in board governance best practices.
- 7. To assume that all nonprofit organizations have similar organizational cultures—and to understand one is to understand them all.
- 8. To make board decisions based on anecdotes and subpar analysis versus requiring objective data and reports and dashboards that are aligned with the mission statement, goals, and a strategic plan.

"What everyone knows is usually wrong." -Peter Drucker

- 9. To avoid healthy and honest dialogue with the Executive Director on challenging realities.
- 10. To... [insert your own temptation]





#### WORKSHEET:

# Where is Your Board on the "Policy Governance" Continuum?

ADAPTED FROM JOHN CARVER'S "POLICY GOVERNANCE®" LIST OF BOARD ROLES

#### **SELECT 1 THROUGH 10 FOR EACH STATEMENT BELOW**

	"THE STARTER LIST"	Al	_WA	YS					N	<b>IEV</b> I	ER
	THE BOARD	1	2	3	4	5	6	7	8	9	10
1.	Sets the board's work plan and agenda for the year and for each meeting										
2.	Determines board training and development needs										
3.	Attends to discipline in board attendance, following bylaws and other self-imposed rules										
4.	Continually improves their expertise as life-long learners in governance										
5.	Meets with and gathers wisdom from the organization's customers and "owners"										
6.	Establishes the limits of the Executive Director's authority to budget, administer finances, and compensation										
7.	Establishes the results, recipients, and acceptable costs of those results that justify the organization's existence										
8.	Examines monitoring data and determines whether the organization has achieved a reasonable interpretation of board-stated criteria										

#### JOHN CARVER'S PURPOSE OF GOVERNANCE

"The purpose of governance is to ensure, usually on behalf of others, that an organization achieves what it should achieve while avoiding those behaviors that should be avoided."

Boards That Make a Difference:

A New Design for Leadership in Nonprofit and Public Organizations,

by John Carver

https://www.policygovernanceassociation.org/resources/principles-of-policy-governance.html

#### WORKSHEET:

# What Is Your Board's Operating Style and What Is Your Executive Director's Operating Style?

# CIRCLE THE NUMBER THAT BEST DESCRIBES YOUR BOARD'S OPERATING STYLE TODAY

	Н	HIGH POLICY-MAKING					HIGH HANDS-ON				
Board's Style											
10 = High Policy-Making	10	9	8	7	6	5	4	3	2	1	
1 = High Hands-On											

# CIRCLE THE NUMBER THAT BEST DESCRIBES YOUR EXECUTIVE DIRECTOR'S OPERATING STYLE TODAY

	<b>HIGH POLICY-MAKING</b>				HIGH HANDS-ON					
Executive Director's Style  10 = High Policy-Making  1 = High Hands-On	10	9	8	7	6	5	4	3	2	1

# WHAT IS YOUR ANALYSIS OF THE STYLES OF YOUR BOARD AND EXECUTIVE DIRECTOR?

#### WORKSHEET:

# Where Do You Want Your Board and Executive Director to Be in 12 to 18 Months?

Now take this second self-assessment below.

# CIRCLE THE NUMBER THAT BEST DESCRIBES WHERE YOU WANT YOUR BOARD'S OPERATING STYLE TO BE IN 12 TO 18 MONTHS

	Н	GH PC	LICY-	MAKII	NG		HIGH	HAND	S-ON	
Board's Style  10 = High Policy-Making  1 = High Hands-On	10	9	8	7	6	5	4	3	2	1

# CIRCLE THE NUMBER THAT BEST DESCRIBES WHERE YOU WANT YOUR EXECUTIVE DIRECTOR'S OPERATING STYLE TO BE IN 12 TO 18 MONTHS

	HI	HIGH POLICY-MAKING				HIGH HANDS-ON				
Executive Director's Style  10 = High Policy-Making  1 = High Hands-On	10	9	8	7	6	5	4	3	2	1

DISCUSS WHERE YOU THINK THE BOARD AND EXECUTIVE DIRECTOR ARE

IN THEIR CURRENT UNDERSTANDING OF BOARD AND EXECUTIVE DIRECTOR STYLES, AND WHAT STEPS MIGHT MOVE THEM TO A NEW POSITION IN THE
NEXT 12 TO 18 MONTHS.

# ARE ANY ACTION ITEMS IN THIS SECTION A CANDIDATE FOR THE TOP 5 STRATEGIC NEXT STEPS?