

Positioning Your Board for Strategic Leadership Resource Manual

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McKinsey & Company's Dynamic Board Framework

The Three Core Board Governance Responsibilities

1. Shape mission and strategic direction
 - a. Shape the mission and vision
 - b. Engage actively in strategic decision making and policy decisions
2. Ensure leadership and resources
 - a. Select, evaluate, and develop the CEO
 - b. Ensure adequate financial resources
 - c. Provide expertise and access for organizational needs
 - d. Enhance reputation of organization
3. Monitor and improve performance
 - a. Oversee financial management and ensure appropriate risk management
 - b. Monitor performance and ensure accountability
 - c. Improve board performance

Key Environmental Factors Impacting the Focus of the Board

Monitor external and internal environment to highlight areas for board attention

- Life stage of an organization.
- Skills of CEO and staff.
- Stability and adequacy of income.
- Changes in underlying social issue.
- Changes in competitive or philanthropic landscape.

Quality of Board Effectiveness Enablers

Well executed, these enablers build on the passion board members have for the mission by making their service personally rewarding, efficiently delivered and valuable to the organization:

- Careful decisions on board size and structure
- Actively managed board composition
- Inspired board and committee leadership
- Simple administrative practices and processes made routine

Governance as Leadership: Three Modes of Governing

In *Governance as Leadership*, authors Richard Chait, William Ryan, and Barbara Taylor state that governing has become more complicated and can no longer be reduced to simple aphorisms like “boards set policies and administrators implement” or “boards establish ends and management determines means.” Boards have to be engaged in meaningful, challenging, and provocative work if they are to become fully engaged and energized for their task. The authors conceive of board work and functioning in three types or modes:

| Type I - Fiduciary Mode Governing | Type II - Strategic Mode Governing | Type III - Generative Mode Governing |
|---|---|--|
| <p>Board's central purpose:</p> <ul style="list-style-type: none"> ▶ Stewardship of tangible assets <p>Board's principal role:</p> <ul style="list-style-type: none"> ▶ Sentinel <p>Board's core work:</p> <ul style="list-style-type: none"> ▶ Ensure efficient and appropriate use of resources ▶ Ensure legal compliance and fiscal responsibility ▶ Ensure accountability ▶ Oversee operations ▶ Select and evaluate CEO <p>Organization of work:</p> <ul style="list-style-type: none"> ▶ Fixed structure mirrors administrative functions <p>Agendas and meetings:</p> <ul style="list-style-type: none"> ▶ Operational, standardized, staff-dominated, report-driven, ritualized <p>Deliberative style:</p> <ul style="list-style-type: none"> ▶ Parliamentary, orderly, deferential <p>Performance metrics:</p> <ul style="list-style-type: none"> ▶ Audits, budgets, staff reports, facts and figures | <p>Board's central purpose:</p> <ul style="list-style-type: none"> ▶ Strategic partnership with senior management <p>Board's principal role:</p> <ul style="list-style-type: none"> ▶ Strategist <p>Board's core work:</p> <ul style="list-style-type: none"> ▶ Scan internal and external environments ▶ Resolve priorities ▶ Review and modify strategic plan ▶ Monitor performance <p>Organization of work:</p> <ul style="list-style-type: none"> ▶ Fluid work groups mirror strategic priorities <p>Agendas and meetings:</p> <ul style="list-style-type: none"> ▶ Thematic, strategic, variable, participative <p>Deliberative style:</p> <ul style="list-style-type: none"> ▶ Empirical, analytical, congenial <p>Performance metrics:</p> <ul style="list-style-type: none"> ▶ Scorecards, benchmarks, dashboards | <p>Board's central purpose:</p> <ul style="list-style-type: none"> ▶ Assess internal and external trends to lead the future of the organization. <p>Board's principal role:</p> <ul style="list-style-type: none"> ▶ Visionary <p>Board's core work:</p> <ul style="list-style-type: none"> ▶ Invites questions and alternative hypotheses. ▶ Places problems and opportunities in a new light. ▶ Involves sense-making and meaning-making which spawns policies, strategies, and decisions. ▶ Addresses ambiguities and challenges <p>Organization of work:</p> <ul style="list-style-type: none"> ▶ Fluid work groups mirror strategic priorities <p>Agendas and meetings:</p> <ul style="list-style-type: none"> ▶ Thematic, generative, variable, interactive <p>Deliberative style:</p> <ul style="list-style-type: none"> ▶ Empirical, analytical, congenial <p>Performance metrics:</p> <ul style="list-style-type: none"> ▶ Scorecards, benchmarks, dashboards |

Sample Governance Committee Description

General Purpose

The purpose of the Governance Committee is to build and maintain a strong Board for the organization. The Committee will establish and drive a continuous improvement process in order to help the Board and individual Directors become more valuable as strategic assets of the organization, contributing to our long-term success.

Appointments and Composition

The members of the Governance Committee shall be board directors appointed by the President with the advice and consent of the Board in accordance with the By-laws.

Responsibilities

1. Review the structure and size of the Board and the Board committees. Periodically, review with the Board the appropriate skills and characteristics required on the Board in keeping with the strategic direction of the organization.
2. Identify and consider candidates for Board membership. On behalf of the Board, assess the skills and experience of prospective Board members. Present candidates to the full Board for consideration.
3. Review the institutional and other affiliations of directors and director candidates for possible conflicts of interest. Investigate any potential conflict of interest involving a director and make a recommendation to the Board for resolution.
4. Keep up to date on developments in the corporate governance field. Annually review and assess the corporate governance practices of the Board and recommend any proposed changes to the Board for approval.
5. Plan Board education including new member orientation, education of Board members and Board retreats.
6. Plan training and education of the Board related to governance roles and responsibilities and with respect to bridging Board knowledge gaps
7. Conduct assessment/evaluation of the Board, the Chair, individual directors, including each director's self-assessment, and Board meetings/sessions
8. Evaluate and monitor governance structures and processes, including policy development and processes for Board monitoring/oversight of operations
9. Identify leadership development opportunities for existing and potential Board members to maximize member's contributions.
10. Report to the Board of Directors at regular Board meetings in a manner determined by the Board.
11. Annually submit objectives as part of the planning and budgeting process.
12. Annually evaluate its work as a committee and the objectives it has committed itself to and report on same to the Board of Directors.

Position Description: ABC Board Member

The privilege of serving on the ABC Board of Directors implies certain obligations, both individually and collectively. The actions of the board are guided always by our purpose, or mission: insert here

We seek to achieve our mission through our vision: insert here

Board performance expectations include the following:

| Primary Responsibilities | Minimal Level of Performance |
|--|---|
| Attend regular meetings of the board | Meetings are each approximately two hours in duration. The board meets at least six (6) times per year. Be accessible for personal contact in between board meetings. |
| Actively participate in board committees | Provide leadership to board committees. Each board member is expected to serve as an active, ongoing member of at least one committee. This requires a number of meetings per year plus individual committee task completion time. Presently committees include Fund Development, Governance, Public Policy, Finance and Sustainability, and Executive. |
| Participate in fundraising | Commit time to developing financial resources for the organization. This includes making a personally meaningful financial gift as well as supporting other fund development activities of the organization in a manner appropriate for board members |
| Participate in board decision making | Prepare in advance for decision-making and policy formation at board meetings; take responsibility for self-education on the major issues before the board. Responsibly review and act upon committee and staff recommendations brought to the board for action |
| Participate in board education and strategic planning | Participate in the annual board development and planning retreat held in (month) of each year. |
| Serve as a resource to the board and President/ Executive Director | In general, utilize personal and professional skills, relationships and knowledge for the advancement of the organization. |

I am aware that this board member position description is an expression of good faith and provides a common ground from which board members can operate. Additional information on organizational mission and board responsibilities is contained in the board orientation materials and bylaws which I have read. Upon joining the board, and annually thereafter, each board member, in consultation with the Board President shall define and commit to his or her personal areas of participation that, collectively, provide for the promise of the ABC mission and vision. At the first anniversary of board member participation, and annually thereafter, each board member shall take stock of his or her contributions, and re-commit to appropriate ongoing activities as a condition of continued board participation.

Board Member Signature

Date

The Three Hats of a Board Member

Board members wear three different hats as they make various contributions to their non-profit organizations. Problems arise when board members and/or staff members confuse these hats or when board members assume that *individual* and *collective* board responsibilities are interchangeable. They are not. Much of the confusion has to do with authority. Here is how to distinguish the three hats for individual board members:

Governance Hat — The board is the ultimate legal and moral authority for the non-profit corporation. The government authorizes the board to be accountable to the public for running the organization. An *individual* board member has no authority in governance. Governance is *group action*. *The Governance Hat is worn only when the full board meets, proper notice has been given, and a quorum is present.*

Implementation Hat — Occasionally the board delegates at least one of its members to act in its behalf— to represent the organization's interests with another group, for example, or to negotiate the purchase of some item. Such authority is not automatic just because a person is a board member. It depends on the board's having given its authority, acting by resolution in an official meeting. *The Implementation Hat is worn only when the board gives one or more board members authority to implement a board policy.*

Volunteer Hat — As a volunteer, a board member has no individual authority simply by virtue of his or her position on the board. When wearing a volunteer hat, the board member is accountable to another person whether the chief executive, the volunteer coordinator, another staff member, or a task force chair. *The Volunteer Hat is worn at all other times, when board members are involved with organizational activities as volunteers.*

The board will enhance its effectiveness and avoid confusion and conflict if all members are clear about those hats.

Oh -- and one more thing: The most misunderstood and abused principle of governance is *the requirement for group action*. The chief executive and staff cannot serve two (or 22) masters. The full board sets policy, not individual board members who feel strongly about something and voice their opinions to the chief executive. Board and staff members must understand and operate consistent with this principle. Otherwise, confusion and conflict reign, and board and staff effectiveness is diminished.

Source: Good Governance For Nonprofits by Dr. Robert Andringa

Strategic Planning Roles of Board, Staff and Committees

Board

1. Sets overall direction and communicates that direction to the organization
2. Formally approves the strategic plan
3. Assures alignment of overall staff, board and committee planning
4. Assures that strategic plan guides board recruiting efforts
5. Identifies continuing and current priorities and develops organization's financial plan accordingly
6. Establishes procedures to facilitate committees' response to the strategic plan
7. Evaluates and updates strategic plan
8. Revises mission, vision, goals, strategic directions, and priorities
9. Establishes criteria for successful outcomes and monitors outcomes to assure quality and impact on an ongoing basis
10. Conducts annual self evaluation

Board President (and Vice President/President-Elect)

1. Defines activities in support of organization's strategic directions
2. With Executive Director, guides Board interpretation of plan in relation to programs and other critical activities (board leadership development, community relationship building, etc.)

CEO/Executive Director

1. Develops/updates environmental scan
2. Champions the mission and vision and provides continuity
3. Interprets plan to staff, stakeholders and general public
4. Completes annual report of organization's and committees accomplishments in relation to strategic directions
5. Assists president and board with development of implementation plan within defined areas of board responsibility
6. Sets schedule and sequence for evaluation, review and updating of plan

Committees

1. Within the organization's Strategic Plan, identify committee priorities that support goals and strategic directions
2. Develop activities that support committee priorities
3. Complete annual report of committee accomplishments in relation to strategic directions.
4. Contribute to overall organization's strategic planning process.

Consent Agendas

To expedite business at a board meeting, the board can approve the use of a consent agenda that includes those items considered to be routine in nature. A consent agenda would appear as part of the regular board meeting agenda. Full information about these items should be provided to the board in advance in the board packet and any questions or concerns can be directed to the makers of the motions and answered prior to the meeting. This allows thorough examination of the routine items without using up precious board meeting time.

Any item which appears on the consent agenda may be removed from the consent agenda by a member of the board. The remaining items will be voted on by a single motion. The approved motion will then be recorded in the minutes, including a listing of all items appearing on the consent agenda. Use of a consent agenda eliminates the need to vote separately on many of the routine items and resolutions not requiring explanation or board discussion. There is generally one motion to approve all items on the consent agenda, but it takes only the request of any one board director—generally not a formal vote—to remove any item from the consent agenda before the vote. If removed from the consent agenda, the item will be taken up later in the regular agenda. That item is then discussed and voted on separately, after the rest of the consent agenda has been approved.

In all cases, it is assumed there is nothing controversial about these items and therefore no need for discussion. Grouping agenda items like these facilitates the meeting and allows time to be properly spent on issues that do need discussion.

Here are some examples of routine items that can be included in a consent agenda:

- Committee and previous board meeting minutes.
- Minor changes in a procedure.
- Routine revisions of policy.
- Updating documents, for example, address change for the organization.
- Standard contracts that are used regularly (confirmation of using the traditional in-house contract with a new vendor).
- Confirmation of conventional actions that are required in the bylaws (for example, signatory authority for a bank account or acceptance of gifts).

Resources:

- The Consent Agenda: A Tool for Improving Governance.
http://www.boardsource.org/dl.asp?document_id=484.
- Consent Agenda.
<http://bsbpa.umkc.edu/mwcnl/board%20resources/Consent%20Agendas.pdf>.

Sample Board Meeting Agenda

Call to Order

(Welcome by the chair, who shares the objectives of the meeting and reviews the agenda)

Consent Agenda Items -- Items Previously Sent to the Board

(The consent agenda includes items that are approved by consent (without a vote, if there is no objection) or by formal vote. Single items can be taken off calendar in considered separately, it even only one member wishes to do so. Typical items in this calendar are:

- Minutes of previous meeting.
- Routine ratifications.
- Board approvals required by the bylaws, such as the approval of banking relations.)
- Committee reports not requiring discussion and/or major action by board

Treasurers Report -- Item Previously Sent to the Board

(This is an opportunity for the treasurer to answer questions on financial reports or bring items for action.)

Executive Director's Report -- Item Previously Sent to the Board

(Opportunity for board directors to ask questions on the written report. The ED can also use time to update board directors on emerging issues and trends.)

Committee Reports -- Items Previously Sent to the Board

(Committees that have major action items requiring time for board deliberation. Remember, committee reports do not need to be part of every agenda if they have not sent out a report that requires discussion or have no action items.)

Issues Discussion and Decision-making/In-depth Board Education -- Items Previously Sent to the Board

(This is the part of the agenda where the board focuses on major governance deliberation, decision-making and/or education. This section becomes the centerpiece of the board meeting.)

- Presentation, discussion and approval of updated Strategic Plan – ACTION ITEM
- Final Review and Approval of Emergency Succession Plan – ACTION ITEM

Evaluation of the Meeting

(This can be a quick, two-minute appraisal. Board directors answer to questions: "What went well?" and "What did not?" -- Also see Board Meeting Feedback Form on next page of this document)

Adjournment

Organizational Dashboards

Another tool that can be used to increase the effectiveness of board meetings and board decision-making is the “organizational dashboard.” Chait, Holland and Taylor describe this tool in Improving the Performance of Governing Boards. The dashboard incorporates key success factors of the organization – the most essential areas of performance. These are the variables that most determine whether the organization will succeed or fail. Once the critical success factors have been identified, the board and the executive director (and other key staff) can then propose and consider strategic performance indicators – the qualitative and quantitative data that most accurately measure and convey the critical areas of performance. These critical success factors should be linked to the organization’s strategic plan. By focusing on these indicators, the board can position itself to place its focus on the priority areas of governance.

As the “dashboard” metaphor implies, the board will regularly refer to the organizational dashboard for feedback on how well the nonprofit is doing relative to the critical success factors. In this way, corrective action can be taken before – not during or after – a crisis erupts. The latest version of the dashboard will be included in the board packet of information. The review of the dashboard will be a standard part of each regular board meeting. A password protected “most current version” can be maintained on the organization’s website, available for board directors at anytime.

Picture the critical performance indicators for an organization displayed as a series of charts and graphs that would enable the board to regularly answer the following questions:

- What is our overall financial performance? Is our revenue structure balanced? Are we deploying our funds appropriately and according to the approved budget?
- What is the status of key financial ratios (for example, current assets to current liabilities, fixed assets to long term debt)?
- How well are we acquiring the resources we need?
- How well are we using and managing our resources?
- Are we in compliance with applicable laws, regulations and contracts?
- Are our programs and services achieving expected outcomes?
- What is the level of customer/member/constituent satisfaction?
- Are we attracting and retaining skilled, dedicated paid staff and volunteers?
- Other performance indicators specific to your type of nonprofit.

Board Meeting Feedback Form

Date: _____

Complete this form before leaving today's board meeting.

| | Excellent | Good | Fair | Poor |
|---|-----------|------|------|------|
| Were the issues discussed substantive and focused on governance matters rather than operational issues? | 4 | 3 | 2 | 1 |
| Was the meeting characterized by action/decision-making versus passive listening to reports? | 4 | 3 | 2 | 1 |
| Were the materials provided helpful in understanding/resolving the issues? | 4 | 3 | 2 | 1 |
| Was the discussion future oriented? | 4 | 3 | 2 | 1 |

Based on today's discussion, what should we discuss in the future?

What was the most valuable contribution the board made TODAY to the long-term welfare of the organization and the people we serve?

How can our next meeting be more productive?

Please write additional comments below:

Division of Roles between Board and Executive Director/CEO

(Adapted from "Building and Managing An Effective Board of Directors, Center for Nonprofit Mgmt in Southern California)

This matrix describes the roles and responsibilities of the board and the Executive Director/CEO in critical areas. Review each entry and revise as based on the specific needs and requirements of your organization. This chart should be reviewed on an annual basis and updated if necessary.

| Responsibility | Board Of Directors | Executive Director/CEO |
|-------------------------------|---|---|
| Legal | <ul style="list-style-type: none"> • Exercises fiduciary role to ensure that the organization is properly managed. The board should have a mechanism to validate information from the administrator. • Maintains legal status; ensures the proper paperwork is submitted to governmental agencies. • Reviews financial and business dealings and exercises proper judgment in self-dealing transactions -- avoidance of conflicts of interest. | <ul style="list-style-type: none"> • Must provide information to the board to demonstrate that the organization is well managed. • Compiles information for annual filing requirements. • Signals to the board if any situations are likely to occur/have occurred that jeopardize the legal status of the organization. |
| Finance and Accounting | <ul style="list-style-type: none"> • Approves annual budget. • Reviews periodic financial reports (balance sheet, income statement, changes in financial position). • Ensures that proper internal controls are in place. | <ul style="list-style-type: none"> • Prepares annual budget with input from CFO and finance committee • Oversees preparation of periodic financial reports. • Implements proper financial controls. |
| Planning | <ul style="list-style-type: none"> • Establishes mission, vision and overall program direction for the organization. • Reviews strategic plan progress. • Assesses compliance/progress in achieving program/service outcomes. • Assesses program evaluation plan. | <ul style="list-style-type: none"> • Participates in establishing mission and program direction for the organization. Contributes to vision of the organization; and assists the board in maintaining focus and momentum for the organization • Develops specific program goals and objectives based on board specific mission. • Develops reports or oversees staff development of reports to demonstrate program progress. |
| Policy | <ul style="list-style-type: none"> • Develop and adopt written board level policies. • Responsible for reviewing board level policies periodically | <ul style="list-style-type: none"> • Identifies need for new policies • Responsible for assuring the implementation of policies and for assisting the board in analyzing policy options |

| Responsibility | Board Of Directors | Executive Director/CEO |
|-----------------------------|--|---|
| Fund Development | <ul style="list-style-type: none"> • Responsible for assuring long-range commitments of resources; approves fund development plan and participates in its implementation as appropriate. • Approve grant applications/contracts if required by funder. | <ul style="list-style-type: none"> • Creates fund development plan and submits to board for approval.. • Develops grants, and other funding applications, plans fund-raising events, enters business ventures to support mission. |
| Personnel | <ul style="list-style-type: none"> • Sets and reviews over-arching personnel policies. • Hires President/CEO and evaluates his/her performance. (Executive Committee conducts performance review. | <ul style="list-style-type: none"> • Implements board level personnel policies. • Develops and implements all other personnel policies. • Recommends changes in personnel policies to the board. • Hires all personnel and evaluates performance of staff members (or delegates to appropriate supervisor). |
| Contracts | <ul style="list-style-type: none"> • Approves and monitors those contracts under the purview of the board. | <ul style="list-style-type: none"> • Administers contracts approved by the board. • Approves and monitors all other contracts |
| Board Accountability | <ul style="list-style-type: none"> • Establishes and communicates clear expectations of Board directorship. • Assures effective participation of Board directors. • Conducts annual board self review process. | <ul style="list-style-type: none"> • Facilitates training and information exchange for members in preparation for selection of Board directors. • Facilitates effective communication among Board directors. |
| Decision-making | <ul style="list-style-type: none"> • Defines and communicates the role of Board and President/CEO in agency decision-making. • Assures appropriate involvement of board directors in organizational decision-making. | <ul style="list-style-type: none"> • Makes all decisions except those explicitly reserved to the board. |
| Community Relations | <ul style="list-style-type: none"> • Promotes the organization to various publics. • Promotes cooperative action with other organizations in alignment with the mission, vision and overall program direction of the agency. | <ul style="list-style-type: none"> • Interprets the mission of the organization to the community through direct involvement, public relations programs, including personal contact, descriptive program literature, and work with the media; works closely with the board for an effective division of labor. |
| Add Others Here | <ul style="list-style-type: none"> • | <ul style="list-style-type: none"> • |

Foremost Strategic Challenges
Facing the ABC, Inc. Over the Next 3 years

| Foremost strategic issues and challenges that the organization will need to address over the 1-3 years (How should these issues be framed: fiduciary, strategic, generative?) | What roles would be appropriate for the board to play in addressing each issue listed in Column 1? | Clarify the board's need for information and education regarding this issue. (In order to make good decisions in response to this issue, what new things will the board need to know and be able to do?) | What resources can the Board access to help address this issue? |
|---|--|--|---|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |

Strategic Issue Briefing Paper Format

Critical Issue Statement:

- **Background:** *(Why and how this is a critical strategic issue for the ABC, Inc.?)*
- **Opportunities for the ABC, Inc.:** *(Opportunities for growth, improvement, and/or increased program impact for?)*
- **Threats for the ABC, Inc.:** *(Threats to the ABC, Inc. and/or constituents served — consequences for the ABC, Inc. if nothing is done in response to this issue.)*
- **How Nonprofits and Other Organizations Facing Similar Issues, Opportunities and Threats Are Responding:** *(What changes, strategies, shifts in direction are organizations attempting? NOTE: Don't limit yourselves to what other organizations are doing. Consider other kinds of organizations as well.)*
- **What major choices, decisions and/or shifts in direction does this issue challenge us to consider?**
- **What other information do we still need in order to develop effective responses to this issue?**

Succession Planning Checklist for Boards of Directors

Our organization has a strategic plan to which it is committed

Board roles and responsibilities have been documented and reviewed

- Board member job description
- Chair job description
- Conflict of interest guidelines
- Board members code of conduct
- Board committee roles descriptions

The future skills and talent composition of the board have been assessed in light of the our organization's future board leadership needs

- Organizational expertise
- Representation
- Community /issue knowledge
- Fund raising ability
- Commitment to goals
- Interpersonal and teamwork skills

We have a board recruitment plan

- We have a three year board recruitment/board succession outlook
- A standing recruitment or nominations committee is in place and reporting at least three times a year
- A board member prospects list has been developed and is up to date
- Our recruitment package is up-to-date
- Information on our board, board member duties and on the nomination or recruitment process is on our website
- We are using our committees as stepping stones to the board

We have a board development/education plan

- We will be conducting a board self-evaluation and will act on the results
- We have planned ___ lunch and learn sessions for board and staff

We have taken steps towards a more diverse and multi-generational board

- Our recruitment plan includes some diversity goals

The Visionary Leader

Max DePree ends his book *Leadership Jazz* with a captivating story about leaders whose actions were inspired by vision. This story demonstrates to us the vital link between strategic planning, vision and the stewardship responsibilities of board leadership. It's a lesson for all of us: our strategic leadership will touch the lives of individuals and communities of the future.

In the late fourteenth century, the members of New College at Oxford, moved into their quadrangle, the first structure of its kind, intended to provide for the residents all that they needed. On the north side of the quadrangle sit the chapel and the great hall, beautiful buildings and, as you might imagine, the focus of the life of the college.

In the middle of the nineteenth century, almost five hundred years later, the college hired architect Sir Gilbert Scott to restore the roof of the hall. The roof and the great oak beams that supported it had badly rotted. And so representatives from the college with Sir Gilbert visited Great Hall Woods, in Berkshire, where they expected to find trees for replacement beams. Sure enough, the replacements were standing there, waiting to be hewn out of the living oak trees planted a century before for just that purpose.

An anonymous leader's promise had been fulfilled. The voice and touch of a distant leader had been joined.



Encouraging Visionary Board Leadership¹

Frank Martinelli, The Center for Public Skills Training

Are you interested in building an active and strategically-oriented board of directors? You are not alone. According to a recent survey of regional and national studies about nonprofits' greatest challenges, board effectiveness was cited as the most frequent concern.

For a nonprofit to succeed, it must have a board that is passionately committed to the mission, possesses substantial leadership skills, and is organized for strategic leadership. Nothing less will do during this time of heightened change. Boards continue to face the challenges of building long-term financial sustainability, weighing strategic restructuring options, planning for leadership succession, and more. The unrelenting pace of change challenges nonprofit boards to look and act differently. Some boards have already made the transition. They possess a number of qualities and characteristics that together define a new profile of board effectiveness.

The New Profile

The boards that fit this new profile possess the following characteristics:

- They are *visionary and future-focused*, spending most of their decision-making time looking forward.
- They possess an *entrepreneurial spirit*, understanding that their organizations operate in a fast-changing marketplace, which seeks products and services to meet emerging customer needs.
- The new-thinking boards' leaders are *risk-takers*, balancing the need to take chances with the traditional stewardship responsibilities of board service.
- They are *strategic decision makers* who, in partnership with staff leadership, utilize a range of planning approaches and tools.
- They are *effective communicators*, understanding the importance of good communication at all levels. They organize the board and its committees accordingly.
- They are *systems thinkers*, seeking to understand the root causes and forces that shape the issues and challenges they will face in the boardroom. They look for courses of action that will exert the highest possible leverage as they respond to those issues.
- In these "new" boards, leaders also look for creative ways to connect their organizations to the world around them, exploring and imagining new forms of partnership and alliances that will support their missions and advance their strategic plans.
- The "new" boards' leaders also have a deep appreciation of the strength of diversity. They understand that diversity helps assure a higher level of responsiveness to customers and also promotes creativity, innovation and organizational learning.

These qualities and characteristics that define effective boards equip their members to exercise a more visionary and strategic leadership style. However there are a number of barriers that get in the way of boards acting in this way.

¹ Appearing in *YOU and Your Nonprofit Board: Advice and Practical Tips from the Field's Top Practitioners, Researchers and Provocateurs*, published by Charity Channel Press June 2013.

Barriers to Boards Playing a Visionary Leadership Role

There are a number of factors that prevent boards—maybe yours?—from exercising the kind of visionary leadership described above. Taken together, these factors provide a checklist for assessing your board and identifying areas to target for improvement. Examining these barriers to visionary board leadership can be the first step in revitalizing an existing board or building a powerful board from scratch. Let's look at some of them now:

- **Lack of time** - In order to play a visionary leadership role, board members need the time to do the work of the board: attend meetings, serve on committees, read materials and maintain contact with each other in between meetings. This puts pressure on the board to do everything it can to organize for maximum effectiveness and avoid wasting time on trivial matters. This also challenges the board to recruit leaders who are able and willing to make the required time commitment.
- **Avoidance of risk-taking** - To be innovative and creative in its decision making, a nonprofit board must be willing to take chances, to try new things, to take risks. This risk-taking flies in the face of the conventional wisdom about board stewardship responsibilities. Success in new programmatic ventures is never guaranteed. Boards need to acknowledge this tension point and discuss it with funders, donors and other key supporters. Board leaders must strike a balance between taking risks and remaining true to their traditional stewardship role. It will also help to remember that holding on to the status quo can be a greater risk than trying something new.
- **Lack of board involvement in strategic thinking, planning and decision making** - Contrary to what you might have heard, strategic thinking and planning is NOT dead. More than any other activity, strategic thinking and planning offers boards an opportunity to closely examine the changes and trends that will have the greatest impact on their nonprofits and their ability to make a real difference in the lives of the people and communities they serve. Based on this analysis, boards are then able to devise strategies to effectively respond to new challenges. This opportunity to reflect together on the big issues facing the organization leads to new vision and a sense of future direction, as well as the energy to move forward. Some boards are not involved in strategic planning at all. Some are involved but only superficially. When this happens, the board loses an important opportunity to hone and exercise its visionary leadership skills. And we're not just talking about the formal structured planning process but rather all of the opportunities the board has to engage in strategic thinking and decision making on an ongoing basis.
- **Lack of knowledge in an increasingly complex world** - The world is much more complex today for nonprofits. Busy board members frequently lack a deep understanding of critical changes, trends and developments that challenge fundamental assumptions about how they define the work of the board and what success looks like. Today, we see this shift most dramatically in the fields of health, education and economic development. Often, this lack of knowledge results in a lack of confidence on the part of the board to act decisively and authoritatively.
- **Micro-management** - There is the story about the city council of a major American city spending almost an entire meeting deciding what color to paint the seats in the new stadium. Think of the seemingly intractable problems facing this and other cities today-unemployment, low student achievement, crumbling infrastructure. A time for bold, decisive action, if there ever was one!. Where was the leadership?!

Practically all of us have hair-raising stories about boards that spent untold hours discussing trivial subjects while neglecting major governance issues deserving more thoughtful deliberation. It is essential that boards focus attention on the roles they are called to play in order to maximize mission impact. This means the board must avoid the temptation to micro-manage or meddle in areas that are more appropriately handled by staff or its own committees. The average board, meeting monthly for one- and-a-half hours, has approximately 18 hours of meeting time per year to make all of the major governance decisions and still find the time to address new critical issues that are sure to emerge. It is simply impossible to do an effective job within those eighteen 18 hours of meeting time if precious minutes are devoted to non-governance matters. In addition, a habit of board micro-management can adversely affect the morale of staff and the board's own committees as well.

- **Holding on to the old ways** - In their book *The Accelerating Organization*, authors Arun Maira and Peter Scott-Morgan state that one principle survival scientists have observed in natural systems is the continuous shedding of operating rules that cease to be relevant because of changing environmental conditions. Organizations, they surmise, "can hold only a small number of rules and operations at any time so they must have the ability to shed old rules to make room for the new. Shedding becomes more complicated in systems involving human beings because their sense of self-worth is often attached to many old rules." This all-too-human tendency to hold on to what we know can prevent boards from considering and pursuing new opportunities that conflict with some of the old rules.
- **Failure to see strategic thinking as the board's primary governance responsibility** Sometimes boards assume that it's the job of the executive director to do the visionary thinking. While boards rightly expect executive directors to be visionary, strategic and decisive, this doesn't mean that the board sits and waits for direction and inspiration. This lack of role clarity can result in boards that don't exercise visionary leadership because they don't think it's their job. But it is! In fact, it's at the very heart of what it means to govern.
- **We didn't have to be visionary in a less-competitive past** - Time was when clients, members, donors and consumers would just walk in the door on their own—or so it seemed. Viewing things in this way, boards didn't consider marketplace pressures, or for that matter the existence of a competitive marketplace. Those days are gone forever. For many boards, however, their leadership style hasn't kept pace with these new realities.

Some of these barriers will be familiar. All can be overcome. What is really required is a fundamental reorganization of board structure and process in order to position the board for strategic leadership. Let's look at five strategies that can help your board adopt a visionary leadership style.

Strategies for Becoming a Visionary Board

Strategy 1—Focus on the ultimate ends of the organization

Taking our inspiration from John Carver, author of *Boards That Make a Difference*, boards must concentrate on the ultimate ends of the nonprofits they govern and avoid any tendency to micro-manage. Stated another way, they should focus on the mission, vision and overarching strategic priorities contained in the strategic plan. Recognizing that strategic leadership is a shared responsibility, they should leave the means—the daily management of the organization—to the executive director.

This approach will help boards structure their meeting time to address more pressing governance matters. Key practices to consider:

- Design board meeting agendas to focus attention on governance priorities and avoid micro-management. This includes the use of consent agendas to minimize time on routine matters of board business and to maximize the time spent in strategic deliberation that is directly related to governance.
- Utilize an organizational dashboard to monitor the organization's performance on key success factors that are linked to the nonprofit's strategic plan. By paying close attention to these indicators, boards are more likely to maintain a focus on priority areas of governance.
- Align the board's committee structure with its strategic thinking and decision-making responsibilities. Core committees such as governance, finance, and fund development, as well as all other board committees, workgroups and task forces should reflect current strategic priorities requiring the board's focused attention in the coming year—attention that will move the vision forward.
- Conduct an annual assessment of the board's capacity for visionary leadership. Such an assessment would include an examination of how well the board is maintaining its focus on the mission, vision and current strategic priorities.

Strategy 2—Build a board leadership talent pipeline for the future

In contrast to the typical short-term recruitment process that focuses narrowly on filling anticipated board vacancies for the current year only, boards need a long-range plan for developing future leadership. Such a plan centers on the following questions: Who will be serving on and leading the board over the next five years? What is our plan to scout board leadership talent for the future? How will we go about fostering and developing this future board leadership? What we're talking about is board leadership succession planning. Key elements to this approach:

- Create a standing governance committee to replace the traditional nominations and recruitment committee. The governance committee will use the key questions listed above to devise an ongoing process that includes prospecting, recruiting, selecting, orienting, training and assessing the performance of board members.
- Develop a written board member job description that reflects the future needs and expectations of the board with an emphasis on strategic leadership.
- Link board development to your strategic plan. Identify the new skills, knowledge, personal contacts and other attributes future board members will need to possess in order for the board to do its part in advancing the strategic plan. Based on this analysis, develop targeted board recruitment and leadership development priorities.
- Develop a just-in-time board orientation program to speed up the learning curve for new board members so that they can hit the ground running in their first meeting. Again, it is important to link this advance program of orientation to the strategic plan.

More On Just-in-Time Board Orientation . . .

It can sometimes take new board members several months or more to fully understand their basic roles, let alone their responsibilities as strategic thinkers and decision-makers. To prevent this from happening, be sure to cover the following with prospective board members BEFORE they commit to board service:

- *Overview of collective and individual board responsibilities and how they are linked to your nonprofit's future-focused approach to governance. No micro-management allowed!*
- *Detailed information about how the board does its work: meetings, committees, policy making, board-staff relations, and decision-making flow*
- *A thorough review of the current strategic plan as well as the board's part in developing, monitoring and periodically updating the strategic plan.*

The idea is to cover this ground earlier with prospective board members – to move orientation further upstream. Beyond this initial orientation, foster a continuous learning environment for all board members.

Strategy 3—Develop a shared vision of future intended impact

The key question for nonprofit boards is: "If we could have the impact we have always desired in advancing our mission, what would this success look like in five years?" The board's answer to this question captures the organization's strategic vision.

Strategic vision reflects the institutional and community impact we intend to create and the kind of organization we will need to be in order to achieve this impact. "Vision of Intended Impact" has also been defined as a clear, measureable statement of what the organization will hold itself accountable for and align activities around.

As mentioned earlier, it is critical that the board be involved in the development of a shared vision—the centerpiece of the strategic plan. Once your board has developed a vision statement, look for ways to live the vision in your organization and the community. For example:

- Use the strategic vision as a framework for board decision making in every meeting—not just during an annual planning retreat.
- Share your vision with the community. Once you go public with it, it's hard not to live up to the vision.
- Ask board members what they think is most exciting and inspiring to them about your nonprofit's vision. Remember: It was their passion for mission and vision that led them to join the board in the first place! Tap this energy to increase board performance and accountability.

Ways to begin the conversation about mission and vision You can use this question- "What excites you about the mission and vision?" -as the basis for a round-robin sharing among members at the beginning of a board meeting. You can also incorporate the question into a strategic planning exercise to get a read on the board's level of commitment to the current mission and vision statements and to surface any questions or concerns that need to be answered in order for the board to enthusiastically support and champion these key governing ideas in the future.

- Use the vision as the basis for regular dialogue in meetings on emerging issues and challenges.
- Seek media coverage when strategic plan milestones are reached, and use this as an opportunity to promote your vision both inside and outside of the organization.

Strategy 4—Keep up with the rapid pace of change

Another strategy for nurturing visionary leadership is to help the board keep up with the rapid pace of change. Provide information that helps the board think about these key questions: What external changes and trends will have the greatest impact over the next three to five years on the organization and the people it serves? How can the organization effectively respond to these changes and trends? How are other organizations responding to these changes and trends?

Let's remember, however, that busy people will have difficulty finding time to read a lot of material. So, if you intend to share information with the board, whether in print or online, make sure that it is timely, relevant and well-summarized. Here are some suggestions for helping board members stay abreast:

- Schedule time during the regular board meetings for discussion about the impact of key external changes and trends, as well as emerging critical issues.
- Encourage individual board members to read, listen and look for information about emerging trends and share that information with the rest of the board.
- Periodically send board members short readable articles summarizing relevant future trends.
- Involve the board in ongoing strategic thinking and planning as a way to expose it to new external trend data.

Strategy 5—Stay in touch with the changing needs of your customers and other stakeholders

The fifth strategy consists of providing members with information that educates them about the changing needs of your customers and stakeholders. Help them understand trends associated with *all* of the groups central to your success—clients, donors, volunteers, lawmakers, vendors, and community members. Key questions include: What do our stakeholders think of the organization? What are their most important future needs and service expectations of the organization? For the new needs and service expectations most likely to emerge among stakeholders, are there other organizations well-positioned to meet these needs? Are there opportunities to collaborate with those organizations? Consider the following activities:

- Create opportunities for board members to "meet the customer." One organization schedules an annual town hall forum to provide board members with a face-to-face opportunity to listen to constituents talk about their emerging needs.
- Tap staff experience and knowledge of clients, partners, donors and funders to deepen the board's understanding of emerging stakeholder needs.
- Establish a strategic marketing information system to supply the board with data to enhance its governing role. Access to such data helps to assure that the voice of the customer is reflected in major board decisions while avoiding any temptation to micro-manage. In most instances, such a marketing information system can draw from a variety of data gathering activities that are already in place and which support ongoing staff efforts in program development and grant writing; for example, focus groups, secondary market research, surveys, key informant/expert interviews, community forums, internal reviews, online literature searches, and more. Develop summaries that employ communication techniques such as infographics—visual representations of sometimes complex information, relationships or knowledge that make data more accessible and usable by the board. An example: Using a recent report on African American philanthropy with key trends summarized in a series of such infographics, board and staff leadership of one nonprofit are reassessing their current fund development strategies for this important donor demographic.

Next Steps

To summarize, an effective board of directors that can exercise visionary leadership is built upon a number of key strategies. These processes, structures and practices reinforce each other and lay the groundwork for board and organizational effectiveness in this time of continuing rapid, profound change. Here's how to use them to transform your nonprofit board:

1. **Characteristics.** Review the eight attributes of visionary board leadership. Use these factors as a checklist to assess your board. Identify areas that need improvement. Consider use of the Visionary Board Leadership Assessment which can be found on our website at <http://www.createthefuture.com/Visionary%20Board%20Leadership%20Assessment.htm>
2. **Barriers.** Scrutinize the eight barriers to visionary board leadership. Some will be familiar. All can be overcome. Begin work now to remove these barriers.
3. **Strategies.** Remember, an effective, visionary board is built on five key strategies that lay the groundwork for board and overall nonprofit effectiveness in this time of rapid, profound change.

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