

Where do you start with Board Training ?

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David Fishel, Positive Solutions

There are broadly two motivations for improving board performance – one negative, one positive. The negative is to avoid disaster, to avoid that situation where you wake up one morning to discover that the organisation is insolvent, or worse, that it has been insolvent for some time.

On the positive side, board members seek to maximise the efficiency and effectiveness of their organisations, and see an active, engaged board as a significant contribution to achieving this. From appointing the best CEO to participation in the strategic planning process, board members add value to their organisation.

This presentation addresses three questions for the board that wishes to embark on a program of development:

1. where does board development start, what is the first step
2. what choices are available
3. how do you know if board development has had any effect, if there has been a benefit

Self-assessment

The stimulus for board development, board improvement, can come from the Chair, from one or more enthusiastic board members, from the CEO, or from an external funding agency or stakeholder. And resistance to board development can come from the same range of sources.

Forces for board development may include:

- the desire for efficiency
- recent organisational problems, which the board didn't handle as well as it should
- significant changes in the organisation's environment
- new kids on the block
- new organisational directions

Forces of resistance to board development may include:

- not perceiving board membership as a job (albeit usually unpaid)
- a fear of revealing weaknesses or mistakes
- complacency or arrogance
- interpersonal struggles
- previously unproductive experience of board training
- differing needs amongst individual board members
- inability or unwillingness to commit time to the process

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The logical first step is an audit of where the board assesses its current performance, its strengths and weaknesses in a number of activities, in order to identify areas for improvement. At a minimum, this could take place through setting aside time during a routine board meeting for an informal discussion. However, this will only produce useful results if there exists a strong and trusting culture in the boardroom – most significantly, if board members feel able to be open and honest in their critique, without risk of comments being taken too personally. This is often not the case. An alternative, therefore, might be to have such a discussion led by an external facilitator, in order to legitimate comment and criticism within a neutrally-led process.

The constraint with both of these processes is peer-group pressure or fear of conflict. Even with a facilitator, board members may be reluctant to make comments which, for example, appear to criticise the conduct of the Chair or other individual board members.

A common means of overcoming this is to issue a confidential self-completion board questionnaire, inviting board members to provide assessment of their own performance and the whole board's performance on a confidential basis. The results are then collated and the similarities and differences highlighted to provide a stimulus for discussion. This means issues can be placed on the table without identifying which individual has raised the issue.

There's no need for a board to spend time reinventing the wheel here. There are a range of models for such self-completion questionnaires in the public domain, from Larry Slesinger's Self-Assessment for Nonprofit Governing Boards published by the National Center for Nonprofit Boards (now named Boardsource) to Jackson and Holland's 'Measuring the Effectiveness of nonprofit Boards' to downloadable survey forms from the website for McKinsey and Company.

When we examine the structure of these questionnaires, we find a lot of common ground.

Slesinger's survey form contains 39 questions addressing the following areas:

- determining the organisation's mission and purpose
- selecting and supporting the Executive and reviewing performance
- approving and monitoring the organisation's programs and services
- raising money
- ensuring effective fiscal management
- engaging in strategic planning
- selecting and orienting new board members
- organising the board
- ensuring sound risk management policies

By comparison, Chait, Holland and Taylor arrived at their survey format following a wide-ranging study of governing boards in the education sector, a study that was funded by the Lilly Endowment (in 1994). They identified a range of common factors which

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they believe distinguish effective boards from less effective boards. They distilled this into six areas or 'dimensions':

Contextual Dimension

The board understands and takes into account the values and beliefs of the organisation it governs. The board:

- Adapts to the distinctive characteristics and culture of the institution's environment.
- Relies on the institution's mission, values, and tradition as a guide for decisions.
- Acts so as to exemplify and reinforce the organisation's values.

Educational Dimension

The board ensures that board members are well informed about the organisation, the profession and the board's role, responsibilities, and performance. The board:

- Consciously creates opportunities for trustee education and development.
- Regularly seeks information and feedback on its own performance.
- Pauses periodically for self-reflection, to diagnose its strengths and limitations, and to examine its mistakes.

Interpersonal Dimension

The board nurtures the development of members as a group and fosters a sense of cohesiveness. The board:

- Creates a sense of inclusiveness among trustees.
- Develops groups goals and recognises group achievements.
- Identifies and cultivates leadership with the board.

Analytical Dimension

The board recognises complexities and subtleties of issues and accepts ambiguity and uncertainty as healthy preconditions for critical discussion. The board:

- Approaches matters from a broad institutional outlook.
- Dissects and examines all aspects of multifaceted issues.
- Raises doubts, explores tradeoffs, and encourages the expression of differences of opinion.

Political Dimension

The board accepts as a primary responsibility the need to develop and maintain healthy relationships among major constituencies. The board:

- Respects the integrity of the governance process and the legitimate roles and responsibilities of other stakeholders.

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- Consults often and communicates directly with key constituencies.
- Attempts to minimise conflict and win/lose situations.

Strategic Dimension

The board helps the institution envision a direction and shape a strategy. The board:

- Cultivates and concentrates on processes that sharpen institutional priorities.
- Organises itself and conducts its business in light of the institution's strategic priorities.
- Anticipates potential problems, and acts before issues become crises.

Chait and Holland conclude that organisations which had boards that exhibited all six competencies performed significantly better than those lacking one or more of these competencies.

Accordingly, the Board Self-Assessment Questionnaire that they subsequently developed explores these six dimensions of the board's work, through a series of 65 statements with which the board member is asked to agree or disagree. Many of the 65 questions overlap, in an effort to ensure consistency in the board member's response. Just below the surface, of course, is an implied model of good boardsmanship – so that the board member who is completing the survey is already being prodded into awareness of areas where behaviour might improve, at least according to Chait, Holland and Taylor's view of the effective board.

It is interesting that Chait and Holland's six dimensions and their survey form do not focus on a menu of board business – for example there is no mention of whether the board is ensuring legal compliance or monitoring the work of the staff effectively. Their focus is entirely on how the board goes about its business, how it interacts within itself and with the outside world (not with what its duties are). The assumption is that if the board is developing its own knowledge base within the 'educational' dimension, they will be aware of and attending to their conformance and compliance responsibilities.

Beyond Self-Assessment

The courageous board may go further in its analysis of current board health than soliciting the views of board members alone. Two further possibilities include 360 degree evaluation or an independently conducted board audit.

A 360 degree evaluation of the board's work would include soliciting the views of the CEO, possibly other senior staff, key stakeholders – including funding agency representatives and major donors and, of course, customers or beneficiaries.

An independently conducted board audit is the Rolls Royce of board assessment. The audit might include a critical review of:

- board composition

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- board agendas and papers
- effectiveness of board meetings
- clarity of board policies
- clarity of strategic directions
- board role in compliance
- interaction with the CEO
- interface with key stakeholders and constituencies
- board role in fundraising or resourcing

Because the audit involves engaging an external consultant, it requires a budget commitment which the self-assessment processes avoids. It also involves a more significant time commitment. The role of the consultant can include:

- Administration and analysis of an initial self-assessment questionnaire
- Face to face interviews with some or all board members
- Interviews with key staff and/or stakeholders (360⁰ evaluation)
- Attendance at 2-3 board meetings - a fly on the wall
- Review of board papers and minutes
- Facilitated discussion on issues arising from the questionnaires, interviews, board meetings and board papers
- Recommendations and action plan

The consultant might, of course, lead the subsequent development process.

From Analysis to Action

Having identified a number of areas where the board wishes to improve, what options are available for addressing the improvements ?

The simplest is for the board members to be directed towards reading some of the relevant prescriptive literature, and to follow this with discussion focusing on how the ideas might be translated into action by this board.

There is now a fairly substantial body of advice for nonprofit board members – from publications, websites, and from specialist consultants. There are too many to summarise here, but I will give a feel for the scope of the advice they provide by selecting just two.

John Carver

First, there is the work of John Carver, presented in his book, Boards That Make a Difference. Carver places the business of defining policy as the highest responsibility of boards. By focusing on policy articulation, Carver argues, boards can avoid the temptation of becoming entrapped in the operational detail which is not their proper concern, and can provide a clear and comprehensive framework within which the CEO operates. The Carver 'model' identifies four areas of policy:

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- a) *Ends* – mission related policies, what outcomes are to be achieved, for whom and at what cost
- b) *Executive limitations* – boundaries for acceptability within which the staff undertake their responsibilities. These policies apply to the process (or the “means”) of achieving these outcomes
- c) *Board-staff linkage* – the manner in which the board delegates authority to staff, how it will evaluate staff performance (on achieving the identified results – “ends” – and within the executive limitations policies)
- d) *Governance process* – the board determines its philosophy, its accountability and the specifics of its own job.

Carver bases his policy governance[®] framework on a series of principles:

- The Trust in Trusteeship – being clear who the ‘owners’ of the organisation are, to whom the board are responsible
- The board speaks with one voice or not at all
- Board decisions should predominantly be policy decisions
- Boards should formulate policy by determining the broadest values before progressing to more narrow ones
- A board should define and delegate, rather than react and ratify
- Ends determination is the pivotal duty of governance
- The board’s best control over staff means is to limit, not prescribe
- A board must explicitly design its own products and process
- A board must forge a linkage with management that is both empowering and safe
- Performance of the CEO must be monitored rigorously, but only against policy criteria

David Fishel

David Fishel’s Book of the Board is organised into three sections. The first addresses the question ‘Why do we have a board’ and provides an overview of several different perspectives of the functions and behaviours of boards. The opening section also contains advice on processes for identifying, attracting and recruiting new board members.

The second section of the Book focuses on board responsibilities: legal, risk management, financial planning and control, involvement in strategic planning, oversight of marketing and fundraising.

The third section of the Book is devoted to board processes: board meetings, committee structures, the role of the Chair, the linkage between CEO and board, recruitment of the CEO, and evaluation or assessment procedures.

Finally, the Book contains a range of templates, resources and checklists - practical tools for the board.

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The Book of the Board is fairly strongly influenced by functions and processes. It does not, as Carver's work does, present a complete, holistic model of governance. It is based on the view that enhancing board effectiveness can start with any element of the board's work, and on an assumption that most boards will adopt an incremental or evolutionary approach to improvement – partly because they do not have the time or inclination for a more root and branch or revolutionary approach to improvement, partly because it is likely to be recognition of specific weaknesses or frustrations that prompts the decision to embark on improvements to the board.

I have presented here a quick summary of two writers on nonprofit governance. But there are many more – Bob Garratt, Cyril Houle, O'Connell, Duca, Widmer and Houchin, Chait, Jackson and Holland (referred to earlier) and others. There are also a range of online sources of information and advice.

What seems to be missing from much of the prescriptive governance literature is advice on how the board can become more strategic in its thinking. From Carver to Garratt, all are agreed that boards should avoid micro-managing and concentrate on the big picture, on the strategic issues. In relation to conformance issues, such as monitoring financials, this is relatively easy to accomplish. However, it is much harder for boards to harness their combined brainpower effectively when we turn to optimising performance, to ensuring the most appropriate activities, to developing new program areas or serving new markets, to environmental scanning and making the big choices about where the organisation should be positioned in the future.

That, then, is the next big challenge (and for a future Symposium) – how to help boards to think and act strategically.

Positive Solutions
PO Box 765
New Farm QLD 4005
Phone/Fax: (07) 3891 3872
Email: info@positive-solutions.com.au
Website: www.positive-solutions.com.au

