

# Shaping Effective Nonprofit Boards

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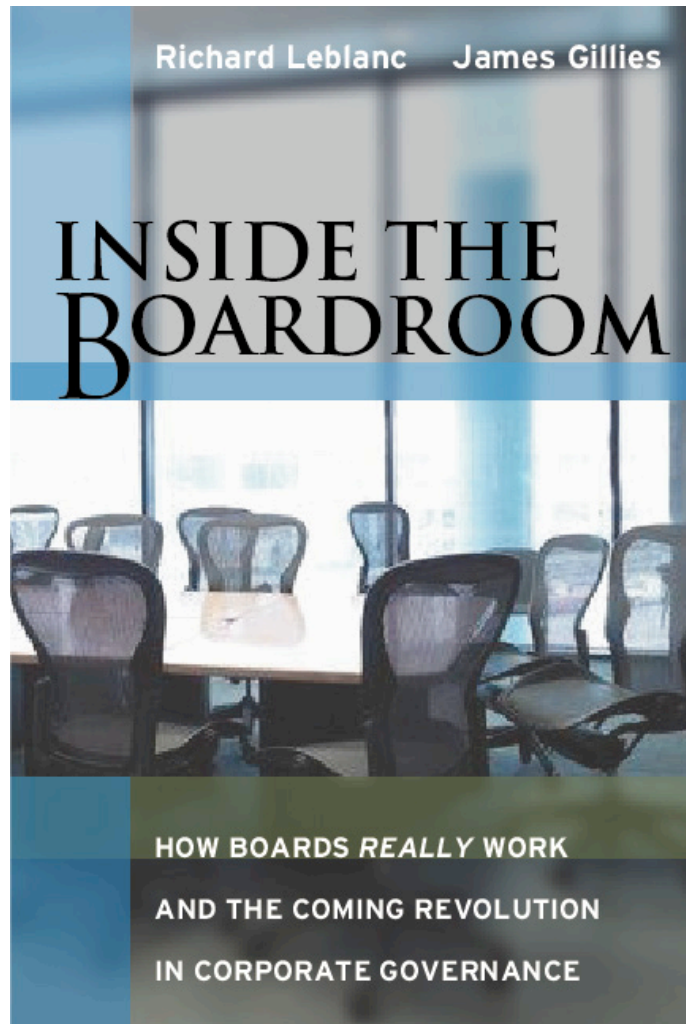


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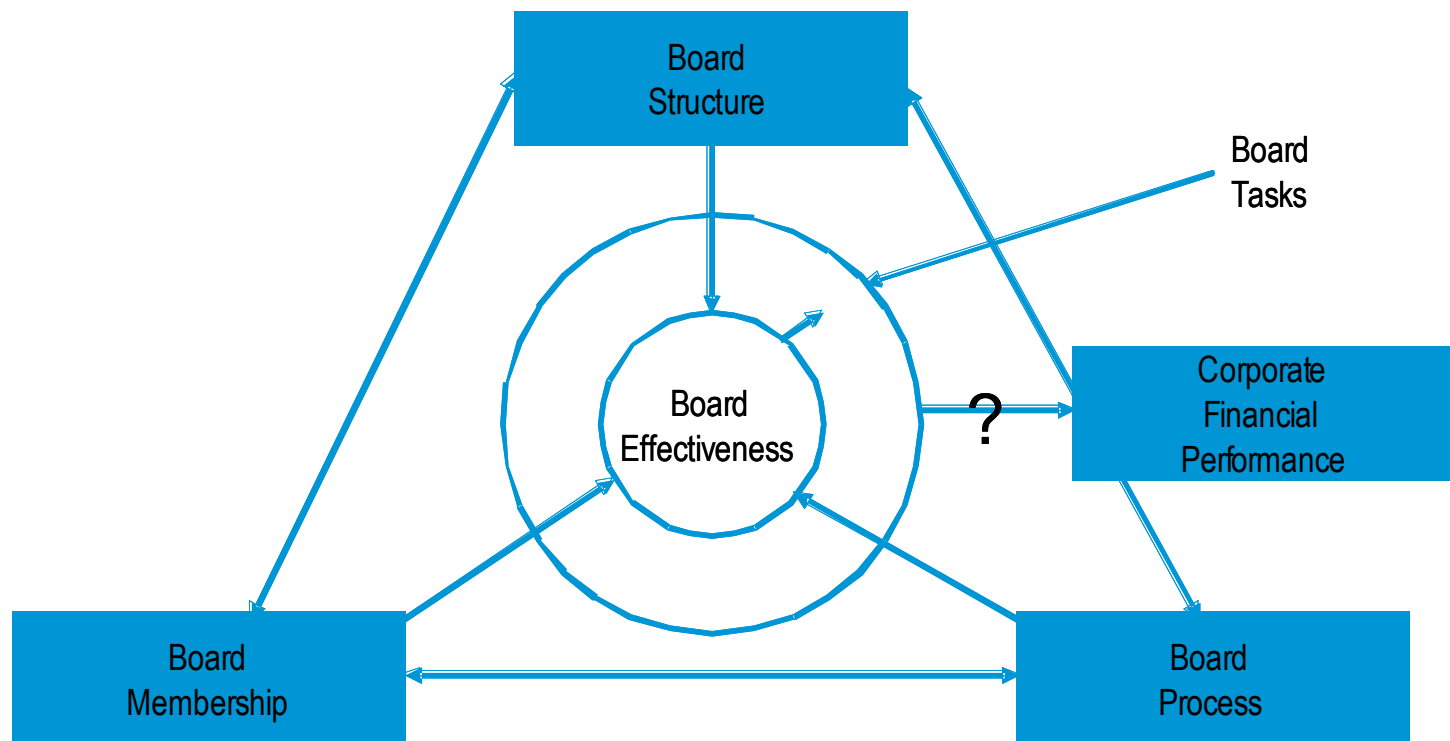
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# Board Recruitment, Development and Assessment



# Framework

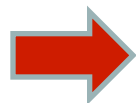


# Dysfunctional Board (Behaviour Matrix Analysis - Actual Data)

Behaviour	D1	D2	D3	D4	D5	D6	D7	D8	D9
Conductor									
Change Agent									
Challenger									
Counsellor									
Consensus -Builder			✓						
Caretaker	✓								
Controller		✓							
Critic					✓	✓			
Cheerleader								✓	✓
Conformist				✓			✓		

# Overview

- 3 elements of building an effective not-for-profit board:
  - Director Recruitment
  - Director Development
  - Director Assessment
- 3 distinctive elements of the not-for-profit environment:
  - volunteer status of directors
  - no regulations requiring assessment
  - different ways directors are appointed / elected



Strong boards necessary to inspire stakeholder trust

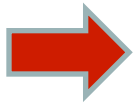
# Board Recruitment

## **Goals of the recruitment process:**

- identify the required knowledge, skills and experiences
- select qualified individuals who are free from conflicts of interest and committed to serving and overseeing the organization effectively
- achieve diversity of board members appropriately reflective of the community and constituencies served by the organization
- achieve continuity through a smooth succession of board members that balances new ideas and energy with experience and institutional memory

# Board Recruitment

- **Requirements for electing / appointing directors**
  - legislation, by-laws, policies
  - election v. appointment
- **Board composition**
  - size
  - independence



Importance of written mandates for the board and committees and written position descriptions for directors

# Board Recruitment

## **The board mandate – oversight of:**

- vision, mission, strategy and operational plans
- program delivery and operations
- risk identification and management
- finances (budgets, investments, use of donations *etc.*)
- government filings and reporting
- CEO appointment, evaluation, compensation and succession
- values, ethics, reputation and integrity
- key policies and procedures
- communication and accountability to members and stakeholders



# Board Recruitment

**Committee charters** – describe responsibilities delegated to committees:

- **Audit / Finance** – assets, financial structure, investments, risk management, internal controls and financial reporting
- **Governance / Nominating** - board process and performance, director selection and assessment, board policies and by-laws
- **Human Resources** – selection, compensation, evaluation of CEO
- Others: fundraising, strategy, marketing etc.

# Board Recruitment

## **Director position descriptions:**

- preparation, attendance and participation at meetings
- communication outside of meetings
- committee service
- contribution of skills and experience
- ethical standards and fiduciary duty
- participation in orientation, educational and strategic planning sessions

## **Board and committee chair position descriptions:**

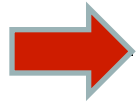
- chairing of meetings
- governance leadership and accountability expectations

# Board Recruitment Director Competency Matrix

Area of Competency <i>Skills &amp; Experiences</i>	Incumbent Directors						Prospective Directors		
	1	2	3	4	5	6	1	2	3
CEO / Leadership Experience									
Industry / Sector Experience									
Previous Board Experience									
Accounting									
Advocacy / Communications									
Development / Fundraising									
HR / Performance Mgmt									
IT / Privacy									
Legal / Regulatory									
Marketing / Sales									
Operational / Organizational									
Resource / Project Management									
Strategic Planning									

# Board Recruitment

- **Skills and experience needed in directors**



use of skills matrix

- **Personal qualities of effective directors**

- commitment and interest
- objectivity and independent-mindedness
- integrity
- courage
- informed judgment
- perspective
- analytical

# Board Recruitment

- **Behavioural skills of effective directors:**
  - ability to present opinions
  - willingness and ability to listen
  - ability to ask questions
  - flexibility
  - conflict resolution
  - dependability
- **Additional qualities of effective chairs:**
  - strong communicators and leaders
  - facilitation and consensus-building skills
  - clear strategic vision
  - able to set appropriate priorities
  - able to use power effectively and take charge when necessary

# Board Recruitment

## **Conducting the selection process:**

- establishing the new director profile from the competency matrix gap analysis
- searching for prospective candidates
- identifying and short-listing potential directors
- engaging in a due diligence process
- approaching and interviewing candidate directors
- confirming a candidate director's suitability before he or she is nominated for election or appointed

# Board Recruitment

## Information for prospective directors

- Information on the organization:
  - vision, mission, values and code of conduct
  - board and committee mandates
  - programs and activities
  - financial statements, strategy, plans and major areas of risk
  - stakeholders and accountabilities
  - board members and senior staff

# Board Recruitment

## Information for prospective directors

- Information on being a director:
  - director role descriptions
  - term of service, term limits and renewals
  - time commitments
  - committee service requirements
  - expectations regarding personal donations and fundraising



# Director Orientation and Development

**Ongoing development is key to an effective board:**

- Initial orientation
- Structured learning opportunities
- Experience and learning by doing
- Mentoring

# Governance Assessment

## **Introduction to Governance Assessment**

- Many boards currently assess their board, its practices and its members informally by a variety of means
- Benefits of a formal assessment process
- Reasons why an increasing number of NPOs are implementing formal assessment programs

# Governance Assessment

## **Preparing for assessments – get consensus on:**

- What and who will be assessed, and by whom?
- How will the data be managed?
- How will the anonymity of confidential comments be assured?
- How will reporting and feedback occur?
- What would happen to a director if peers think that individual is under-contributing?
- How will the assessment results and recommendations be implemented?
- How will the external disclosure about the assessment be made to members or other stakeholders?

# Governance Assessments

## **Types of governance assessments:**

- board
- committee
- board and committee chairs
- individual directors

## **Roles and responsibilities of:**

- board as a whole
- individual directors
- governance committee

# Governance Assessment

## **Techniques and support:**

- interviews
- questionnaires
- internally administered v. external advisor

## **Key issues:**

- designing questions
- objectivity
- confidentiality

# Governance Assessments

## Assessing the board:

- **leadership** – chair contribution, quality of committee work
- **procedures and resources** – committee structure, information flow, agenda setting, meeting efficiency, resources, development opportunities
- **dynamics** - director behaviour, quality of discussions, informal processes
- **relationships** – board, CEO, staff, community and stakeholders

# Governance Assessments

## **Assessing individual directors:**

- **fulfillment of requirements of position description** – attendance, participation, committee service *etc.*
- **contribution of skills and experience for which recruited** – financial, legal, project management, marketing *etc.*
- **personal qualities and behaviors** – ability to present opinions, ask questions, resolve conflict *etc.*

## **Additional considerations when assessing chairs:**

- leadership abilities
- fulfillment of chair position description
- performance of the committee or board

# Governance Assessments

## **Assessment follow-through:**

- providing feedback to directors, the chair and other stakeholders
- acting on the results of board and committee assessments
- managing and safeguarding the information
- determining how often to do assessments in the future



# Governance Assessments

## **Providing feedback to directors:**

- meeting with chair to discuss results
- development of plan for improvement
- use of results in re-nomination process

## **Providing feedback to chairs**

## **Providing feedback on board and committee assessments:**

- disclosure and discussion of results
- development of a plan for improvement
- disclosure to stakeholders

# Governance Assessments

## Opportunities for Improvement:

- clarify or revise roles, mandates and responsibilities
- fine-tune policies, procedures or committee structure
- address potential conflicts of interest / undue influence
- increase board focus on risk oversight, strategy *etc.*
- address problems with organizational / staff performance
- develop a plan for board leadership and succession
- identify areas for director development and education



Focus on a few key areas – don't attempt too much too soon.



Develop a plan and follow up

# Governance Assessments

## **Dealing with an underperforming director:**

- potential issues: lack of knowledge or skills, failure to contribute, lack of commitment, poor attendance or participation, conflicts of interest
- address problems as they arise
- discussion between chair and individual director
- develop plan for improvement with follow-up and accountability
- if unsuccessful, consider change of role, resignation, not re-nominating, or removal

# Governance Assessments

## Various options for the assessment cycle:

- assessing the board in one year, committees in alternate year, and individual directors before re-election
- three year cycle for board, committee and individual director evaluations
- board evaluation each year and committees and individual director assessments in alternate years
- comprehensive board evaluation in one year and progress check on priority issues in alternate years
- alternating between methodologies



Compare assessment results to previous cycles to track progress

# More information

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