



**Leadership Certificate
for
Nonprofit Board Chairs**

A Three-Part Webinar Series

Week Three ~ Spring 2015

Welcome back! We hope you found last week's materials helpful. Each week we provide a focused selection of supplemental resources to complement the live webinar.

Please use the materials in whichever way most benefits you. All that we are asking of participants each week is that you set aside some time to review the materials and give some thought to the reflection questions at the end. None of the worksheets or other templates will be collected from participants; they are designed exclusively for your use.

Please, do not hesitate to give us feedback on these materials as we move forward throughout the class. We want to make continuous improvements so that this course can best serve you, your board, and future participants to come.

Sincerely,
Andy Davis, Director of Training

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KEY FINANCIAL QUESTIONS BOARD MEMBERS SHOULD ASK

Planning, available cash, and reserves

1. Is our financial plan consistent with our strategic plan?
2. Is our cash flow projected to be adequate? (Are our cash flow projections reasonable, objective, and not overly optimistic?)
3. Do we have sufficient reserves?
4. If we have permanent endowments, has the board considered a spending rate policy to help protect the principal?

Revenue and expenses

5. Have we run a gain or loss?
6. Do we have management reports that identify program and non-program revenue and compare them with assigned costs?
7. Are any specific expense areas rising faster than their sources of income?
8. Are we regularly comparing our financial activity with what we have budgeted? What procedures do we use to make sure that the differences between what was budgeted and what actually happened are being appropriately addressed?
9. Does the board provide oversight of contractual agreements to ensure that the organization's exempt status will not be questioned or impaired? Does the board provide for internal controls over expenditures to ensure their propriety?
10. Is the organization acting in accordance with the IRS rules on executive compensation? Is the organization fulfilling its tax-exempt purpose?

Risk, requirements, and conflicts

11. Is everyone who handles cash, checks, or investments bonded?
12. Do we carry appropriate insurance to ensure that the organization can continue to function under adverse circumstances?
13. Has the board established internal controls to ensure that restricted funding received is appropriately spent and accurately accounted for?
14. Are we providing timely reports as requested by funders?
15. Do we have a policy prohibiting conflicts of interest, and do we periodically monitor compliance with the policy?
16. Have we reviewed compensation packages and fee-for-service arrangements to ensure compliance with the IRS's intermediate sanctions regulations?

Sample Dashboard

MONTH ENDING:		31-Aug-10	Graph	% of YTD Goal	YTD Budget Variance							
Major Donor Revenue	Current	\$ 1,000,000		● 90.91%	(100,000)	-9%						
	YTD Goal	\$ 1,100,000										
	Annual Goal	\$ 2,000,000										
Grants	Current	\$ 2,000,000		● 105.26%	100,000	5%						
	YTD Goal	\$ 1,900,000										
	Annual Goal	\$ 3,000,000										
Government Grants	Current	\$ 750,000		● 104.17%	30,000	4%						
	YTD Goal	\$ 720,000										
	Annual Goal	\$ 800,000										
Conference Revenue	Current	\$200,000		● 105.26%	10,000	5%						
	YTD Goal	\$190,000										
	Annual Goal	\$400,000										
Conference Registrations	Current	300		● 100.00%	-	0%						
	YTD Goal	300										
	Annual Goal	400										
Membership Dues	Current	\$700,000		● 87.50%	(100,000)	-13%						
	YTD Goal	\$800,000										
	Annual Goal	\$800,000										
2010 Acquisitions	Current	1,000		● 71.43%	(400)	-29%						
	YTD Goal	1,400										
	Annual Goal	2,000										
2010 Membership Increase (Net)	Current	2,600		● 104.00%	100	4%						
	YTD Goal	2,500										
	Annual Goal	3,000										
Total Revenue	Current	4,650,000		● 98.73%	(60,000)	-1%						
	YTD Goal	4,710,000										
	Annual Goal	7,400,000										
Total Expenses	Current	4,350,000		● 97.75%	(100,000)	-2%						
	YTD Goal	4,450,000										
	Annual Goal	7,300,000										
Net Operating Surplus/(Deficit)	Current	300,000		● 115.38%	40,000	15%						
	YTD Goal	260,000										
	Annual Goal	100,000										
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Meeting the Challenge: Board Members as Ambassadors

Every board should be an articulate voice for the organization's mission, values, and programs. Board members provide connections to the community in which the Onslow County Partnership for Children operates, and by making use of those connections they make the organization stronger and able to survive change.

Board outreach takes a number of forms: Board members serve as community ambassadors; recruit new board members, volunteers, and donors; meet with elected officials and testify before legislatures; and expand the organization's circle of influence.

Outreach: Key Responsibilities

- Listen to the needs and interests of current and potential stakeholders.
- Be active community ambassadors, promoting the organization's mission, service, and achievements as well as bringing community perspectives to the attention of the board and staff.
- Ensure that the organization has a marketing and public relations strategy to support outreach.
- Seek out key leaders in business, government, education, and the media to inform them about the organization.
- Develop policies that support and encourage outreach activities.

Discussion Questions

1. Do our community stakeholders know and understand our mission?
2. How does the board support our outreach activities? How can this be expanded?
3. To what extent is our organization well known to business, government, education, and media? Do we actively pursue and develop those relationships?
4. How could more effective outreach enhance our fund-raising capabilities?
5. How do the board and the staff work together in the area of community outreach? How can we strengthen this partnership?

A TEN-STEP STRATEGIC PLANNING PROCESS

Who are we?

1. Create or affirm an organizational vision and mission.

Where are we now?

2. Analyze the current plan (if one exists) and performance of the organization in the areas of program, finances, and administration.
3. Assess and document the community needs to which the organization is responding.
4. Assess constraints, opportunities, and resources – both internally and in the environment – factors that will affect the organization and influence planning.

Where do we want to go?

5. Prepare preliminary goals and objectives based on the information gathered and assessed in steps 1-4, above. If necessary, revisit and reaffirm the vision and mission in light of new information.
6. Review and validate the goals and objectives.

How will we get there?

7. Develop a financial plan and budget to support the validated goals and objectives.
8. Develop an action plan for each objective.
9. Prepare a comprehensive plan for review, approval, and implementation.

How are we doing?

10. Evaluate progress and update the plan on a regular basis.

Why Assess?

To put it simply, assessment is one of the most effective ways to move your board and board leaders to the next level of performance. And if you're like most, that's something you want to do!

Why conduct a board self-assessment?

Are you wondering whether you should change your board's size or composition? Restructure your committees? Put term limits in place? Do you want to step up your board's engagement? Explore issues related to board/staff relations? Or determine how your board is performing in fundraising or other key areas of responsibility?

A board self-assessment is an efficient way to get input from all of your board members on how the full board is performing against generally accepted best practice standards and use that information to *create positive change!* It leads to a shared understanding of the board's responsibilities related to compliance, accountability, financial oversight, and ultimately, setting direction for the organization. And it provides the framework for setting priorities that will maintain your strengths and will address those areas in need of improvement, such as fundraising, strategic planning, or perhaps recruitment.

And we have data to prove that self-assessment works! According to *Leading with Intent: A National Index of Nonprofit Board Practices, 2015*, boards that have conducted a self-assessment have greater impact on the organization's performance according to chief executives than those that have not (79 percent vs. 58 percent).

When is a good time to assess your board's performance?

- In preparation for a board retreat focused on setting board development and organizational priorities
- In preparation for a change in board structure or practice
- In preparation for strategic planning
- Every two years to monitor progress in board development

Why assess your individual board members' performances?

An effective board functions as a team, but, as we all know, the success of a team depends on the efforts and skills of each individual team member. By gathering feedback from all of your board members about their own individual performances as well as the performances of their peers, you'll get a rare insight into how the culture and dynamics of your full board are impacted by the style and engagement of your individual members. Peer-to-peer assessment provides your individual board members with an opportunity to reflect on as well as learn from their colleagues what aspects of their service add value to the board team and what aspects might be strengthened. This process will help you get at the "soft skills" that are necessary for a collective board to function successfully by opening the doors to discussions on these skills and the importance of working as a team.

To strengthen your board from a collective as well as individual standpoint, BoardSource recommends that boards conduct board self-assessments and peer-to-peer assessments in alternating years.

Background and Things to Know About the Assessment of the Chief Executive

The main objective of the assessment process is to encourage self-discovery, professional development, and performance improvement. Personal and professional growth is challenging for all of us. After completing the assessment process and preparing an action plan for the chief executive's development, the board must actively support the chief executive over the next year as he or she works to implement the action plan.

BoardSource has compiled a list of questions and answers that will help you to approach chief executive assessment with a clear understanding of the process, as well as assist you in leading the board and the executive through a thoughtful discussion about the chief executive's past performance and future aspirations.

Why conduct an assessment?

The assessment of the chief executive is an opportunity for the board to express support for the executive and strengthen his or her performance. This is the time for the board to provide honest feedback on the performance of the organization's chief staff officer and to address the critical questions effective leaders want to know: "What am I doing well?" and "What can I do better?" The assessment process provides one of the few opportunities the executive has to obtain insight into his or her strengths, limitations, and overall performance.

Why is the assessment of the chief executive important?

While the chief executive is typically surrounded by people — board members, staff members, funders, and stakeholders — leaders of organizations are often isolated from information about their own performance. The board assessment of the chief executive is one of the most important — and sometimes the only — vehicles for the executive to obtain input into his or her performance. It is a critical process for the executive's and the organization's success, and an essential function of the nonprofit board.

Why use the BoardSource tool to assess the chief executive?

Created exclusively by BoardSource, this questionnaire is based on the principles of best practices and standards for nonprofit chief executives. Using the BoardSource tool eliminates the need for the board to come up with an appropriate assessment tool of its own and provides a consistent point of comparison from year-to-year. In addition, this assessment is a confidential process, enabling board members to share information and opinions more openly.

What is the difference between assessing the chief executive and assessing the organization?

Often, measuring the performance on the organization's goals (as identified in the mission, strategic plan or annual plan) is used as a de facto assessment of the chief executive. If the organization meets its goals, the chief executive is seen as having met his or her annual goals as well. While the overall

performance of the organization is a critical aspect of the chief executive's leadership role and should be considered in the assessment process, there are other skills and talents that go into the leadership and management of the organization that should be taken into account as well. These leadership and management functions are a primary focus in the BoardSource Assessment of the Chief Executive tool.

Should the assessment results be tied to compensation?

The outcomes of the assessment are one critical point in the discussion of the chief executive's performance and in decisions about adjustments to the chief executive's compensation. However, there is no "magic formula" that correlates specific ratings on the assessment to specific changes to compensation. Compensation decisions are complex and need to take into account the organization's policies and approach to compensation, the terms of the chief executive's contract, market-based benchmarking data, and specific performance metrics or bonus criteria, in addition to the outcomes of the assessment process. Conducting an assessment of the chief executive is an important way to demonstrate that compensation decisions are addressed in a more formal process and should be one of the steps taken in making compensation decisions for the chief executive.

How often should the assessment process be undertaken?

The chief executive needs regular feedback from the board on his or her performance; therefore we believe that the assessment process should be completed annually.

What is the right timeline for the assessment process?

The timing of the process should be linked to the organization's annual calendar and planning cycle. For this reason, most organizations conduct the assessment at the end of the year (calendar or fiscal). By conducting the assessment at the end of the year, the board is able to assess the entire year's performance and begin a discussion of annual performance goals for the year ahead. Regardless of the timing of the assessment process, it should be completed before any discussions of compensation are held.

Who should lead the assessment process?

Typically, the assessment process is led by the one of the board officers (the chair, the immediate past chair, or the chair of the governance or similar committee). Someone at your organization will also serve as the facilitator to assist a BoardSource staff person in setting up your online assessment. The facilitator will provide the beginning and end dates, enter board member names and e-mail addresses, preview the survey and customize any questions you decide to change. If performance goals have been established for your chief executive, these can be inserted into Section One. The facilitator is able to monitor who has participated in the assessment but cannot view individual answers. Once the assessment has been completed, the facilitator can then generate a summary report.

How long does the process take and what are the key steps?

Completing the assessment process typically takes 6 to 8 weeks from launch to the board's discussion of the results.

The first phase of the process is setting up the online assessment, previewing the survey instrument, and customizing the survey along with the e-mail messages sent to all participants.

Next, board members and the chief executive are asked to complete the survey online. It typically takes two to three weeks (including time to follow up with non-respondents) to receive all of the completed surveys.

As soon as the deadline is passed the facilitator can generate the summary report via a web-link. The report can be printed from any computer with Internet access.

The board then meets in executive session to discuss the results and agree on key messages to be delivered to the chief executive about the assessment results. A representative of the board (typically the board chair) meets with the chief executive to review the results, share the outcomes of the board discussion, and begin the process of setting performance goals for the upcoming year.

Should staff participate in the assessment process?

Assessing the chief executive is a board governance responsibility; therefore, the primary group of respondents should be limited to board members. In some cases, depending on the size, complexity and culture of the organization, it may be appropriate to obtain input from the senior staff who have a closer working relationship with the chief executive and may be able to provide important insight into his or her performance. If staff are included, it is important to analyze the board and staff responses separately so that the unique perspectives of these groups can be distinguished.

Should external informants (peers, others) take part?

External informants should not be included in the performance assessment. Should the board want information on how the organization or chief executive is viewed externally, the organization should conduct an external review or organizational audit. The assessment of the chief executive is not the appropriate place for external stakeholders to provide input.

Should the chief executive complete a self-assessment?

We recommend that along with the board, the chief executive also complete the assessment. The summary report presents the chief executive's responses separately from the board's responses, enabling the board to compare and contrast their perceptions from those of the chief executive. In addition, many chief executives also prepare a self-assessment narrative highlighting key aspects of their performance over the past year.

What is the difference between this and a 360 assessment?

The assessment of the chief executive is a board-run undertaking designed to carry out its governance role of ensuring that the chief executive is effectively fulfilling his or her responsibilities. Typically, only board members and the chief executive participate in this process. While the results of the assessment have clear implications for the chief executive's professional development, it is primarily a vehicle for performance review. A 360 assessment is a tool for leadership and professional development and typically involves the person's supervisor, peers, and direct reports. The 360 assessment process is typically undertaken and "owned" by the individual being assessed. The individual is free to accept, reject, or ignore the feedback received.

Overview of the online assessment process:

1. Someone at your organization will serve as the facilitator and assist BoardSource with conducting the assessment. The facilitator will establish the beginning and end dates, provide BoardSource with a list of board member names and e-mail addresses, preview the survey, and determine if questions in the survey need to be customized. If performance goals have been established for your chief executive, these can be inserted into Section One.
2. Board members and the chief executive will receive an e-mail with a link to log into the online survey.
3. Everyone will be asked to complete the assessment by the deadline established by the facilitator. The assessment should take approximately 30-60 minutes to complete.
4. Reminder e-mails will be sent to those who have not completed the survey prior to the deadline.
5. The facilitator will be able to monitor who has completed or partially completed the assessment throughout the survey period and can make phone calls or send additional e-mails to encourage higher participation.
6. Those who have completed the assessment will receive an e-mail confirming that their answers have been received by BoardSource.
7. BoardSource will compile a summary report that details the executive's answers along with an average of the board member's responses. No individuals (other than the chief executive) will be identified in the summary report. After the deadline, the facilitator will be able to generate the summary report and distribute this to the full board or a committee of the board.

BoardSource offers both an [online](#) and [print](#) Assessment of the Chief Executive. For more information, contact BoardSource at 1-877-892-6273 or 202-452-6262.

REFLECTION

The reflection questions below are for your personal use only. They will not be collected by course presenters or facilitators. You may want to set aside time each week to reflect and jot down questions, action steps, or notes that can benefit your “real-time” webinar experience.

1. What does your board do to make sure that all board members have a clear picture of the organization’s financial health?
2. Does the board use dashboards to help understand finances, programs, and progress against the strategic plan? If so, are they helpful? Should they be refined? Are additional dashboards needed?
3. How does your board evaluate the quality of your organization’s programs?
4. How does your board evaluate the chief executive and the board itself?