LEADERSHIP CERTIFICATE for NONPROFIT CHIEF EXECUTIVES

A Three-Part Webinar Series

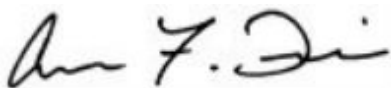## Week One

BoardSource

Welcome! to the BoardSource Leadership Certificate for Nonprofit

Chief Executives. We are so pleased that you have joined us for this three-part webinar series. As we progress throughout the course, you will be linked to materials both before and during various sessions to help supplement the PowerPoint presentations made each week.

Materials provided in your weekly "readers" will take a variety of formats, including: BoardSource monthly newsletters (e.g. The Spark! formerly called BoardMember), articles from various sources, individuals, and firms serving the nonprofit sector, relevant blog posts, and BoardSource templates, samples and tools that you can customize and implement with your board, and course worksheets, to name a few. Pre-readings are intentionally kept to a tightly-curated minimum as a means of focusing each week's discussions and to be cognizant of participants' time constraints.

For each reader, we will annotate the types of materials included in the Table of Contents, as below. In all cases, these materials are designed to benefit you and your board. You may elect to put some materials immediately to use while others may come in handy six or twelve months down the line. 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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The Bottom Line: The Human Factor

MINDY R. WERTHEIMER, Ph.D, LCSW, Director, MSW Program at the School of Social Work, Georgia State University

How board chairs and chief executives operationalize their "human factor" affects an organization's ability to accomplish greatness. The key to success? Balance!

What makes for a great organization? For nonprofits, greatness translates into accomplishing mission within the context of limited resources, embracing opportunities, thwarting threats, building strengths, and confronting challenges. Of course, an organization itself does not possess this ability. An organization is an object, an entity. It's people who bring an organization to life, who define it as one that can — or cannot — maximize its mission-driven impact. Organizations need people with the right skills, knowledge, and synergy to accomplish greatness. This is the human factor.

An organization's human factor is embedded in the leadership of the chief executive and board chair, and it must be mobilized within these two individuals before it can be harnessed in others. To move a nonprofit forward through changing social, political, and economic conditions, it requires a board chair and a chief executive who

- take assertive stands and are intentional in the context of what's best for the organization
- are willing to take responsibility and operationalize the proverbial "The Buck Stops Here"
- have vision and purpose in the context of organizational needs
- have passion and commitment to the organization and to bringing this out in others
- are inclusive and make/facilitate decisions based on a diversity of voices
- have the ability to harness the human dynamics that affect organizational process and, consequently, organizational outcomes
- are both teachers and students of leadership, management, and governance

Great organizations have board chairs and chief executives who lead and take responsibility on the one hand and embrace inclusiveness, delegate, and empower others to have a voice on the other hand — all in the context of serving the organization.

USE OF SELF

The first step in building strong governance and management leadership combines two parallel tasks for both the board chair and the chief executive:
1. Understand your job description.
2. Know thyself.

A clear job description provides a starting point for understanding the responsibilities and tasks at hand. How you execute these responsibilities and tasks depends on who you are — your values, preferences, traits, attitudes, biases, interests, expertise, skills, and knowledge. Self-awareness of who you are and how it's applied in your interactions with others is use of self — a concept that acknowledges the uniqueness of each individual.

When executing either the management or governance leadership role, you merge the respective job description with your personality and interpersonal style. Even with the exact same job description, no two individuals execute their respective role and responsibilities in the same way. The differences in execution can be attributed to how you operationalize your "human factor." The goal is to find the balance between the personal and the professional while avoiding emphasis on one or the other that in either extreme can lead to dysfunction in your role execution — being too relaxed and too personal vs. being too rigid and too professional.

Let's meet a few board chairs and chief executives who are struggling with balance:
- Joe is an experienced board member, a friendly guy, and a strong ambassador for his organization. Now, as board chair, he is content with having the chief executive take the lead in most governance tasks, to the chagrin of the chief executive and other board members. Joe's laid-back demeanor is getting in the way of executing the responsibilities of his board chair role.
- Julie, a chief executive, has had several successes in her role, especially around fundraising, but she doesn't assert herself in challenging situations. She is allowing her nonconfrontational personality trait to dictate her management behavior.
- Kyle, another chief executive, is all-business. He is known for making quick and firm decisions, often without consulting others. His assuredness and inflexibility are alienating staff members and affecting their productivity.

In general, people are not always intentional regarding how they communicate, verbally and nonverbally, and how well they actively listen. However, to successfully execute the board chair and chief executive roles, you must be intentional and vigilant in every action to ensure that your job description is balanced with your use of self. Developing self-awareness of your rough edges as well as being open to feedback to help reduce blind spots in professional interactions is a necessary exercise for board chairs and chief executives — an exercise in which Joe, Julie, and Kyle need to engage.

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DEVELOPING THE PARTNERSHIP

Here are a few more board leaders and scenarios you might relate to:

- Pablo, a new board chair, wants to expand the board's role to include conducting performance evaluations for all key staff members.
- For years, Connie, a chief executive, has created the board meeting agendas for her board chairs. When Steve, the new board chair, questions her about this task, Connie suggests that board chairs are too busy to be bothered with meeting agendas so she is actually helping him.

As board chairs and chief executives find their own role execution balance, they also must work together to create a professional partnership. Parallel leadership is not enough to guide an organization forward. It's the partnership of the board chair and the chief executive that promotes organizational greatness...or not. One hopes that there is a good, natural "fit" between the two individuals to serve as a base, but this is not always the case, and both partners are challenged to work hard to create a functional working relationship.

The greater challenge for a chief executive is the one-to-three year cycle of having to establish a new relationship with a new board chair. This requires flexibility and openness to what a new individual brings to the board chair role. Ultimately, this creates a synergy different from the last partnership, and, hopefully, one that is enveloped in the context of appropriate management and governance roles and responsibilities. No micro-managing — as Pablo is suggesting — and no micro-governing, as Connie is used to!

As stated in *The Board Chair Handbook*, the relationship between the board chair and chief executive should be based on three principles, each of which needs to be consciously applied to support the development of a strong partnership:

- mutual respect, trust, and support for each other and the partnership
- reciprocal communications
- shared purpose and mission-driven

A primary challenge in building this partnership is each individual's personal and professional biases and preferences in trying to define the partnership. Again, it's important to strike a balance between the two extremes — between being too relaxed and being too rigid. Remember, you are partners working toward a shared purpose.

Chief executives and board chairs have separate and shared tasks related to management and governance. Articulate the shared tasks, particularly around fundraising and resource development, along with a plan for operationalizing them. Both of you must understand how each one of you contributes to the shared tasks, placing emphasis on your respective role execution around these tasks. Even chief executives who have longevity in an organization must have these discussions with each new board chair. Don't make any assumptions as to who should do what based on past experiences or perceptions (as Connie did).

The partnership of the chief executive and board chair is a means to an end. It provides a structure to a process for accomplishing tasks. Governance and management complement and support each other — both focus on mission, but through different perspectives and actions. The right hand needs to know what the left hand is doing and vice versa. Therefore, the partnership is critical in providing a communications

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"...how individuals carry out their responsibilities impacts mission outcomes."

headquarters for sharing information, addressing issues, and planning next steps appropriate to governance's and management's separate and collective responsibilities.

PRACTICING SOCIAL STEWARDSHIP

While the human factor begins with the board chair and chief executive, it extends to all other staff and board members. Inherent in the chief executive and board chair roles is the responsibility for social stewardship, for overseeing and supporting staff and board members and their working relationships in the context of organizational mission and doing what's best for the good of the organization.

This scenario provides an example:

Bill, a board member, and Tyler, a fund development associate, have been asked to plan a fundraising event. Bill, who is a take-charge type person, begins to do just that. After two planning meetings, Tyler complains to the development director that he has no input into the event and indicates that Bill is making decisions without any concern for the impact on the nonprofit's costs, resources, and time. Bill seems to think that Tyler is there to listen and take notes. The development director then discusses the situation with the chief executive, who in turn shares it with the board chair. The chair meets with Bill to get his take on how the planning for the fundraiser is going and to explain the role of the staff development associate and how important it is for Bill to partner in this task.

Lesson learned: Each person has specific responsibilities and discussing who does what needs to happen at the beginning and at intervals to check that the partnership is functioning appropriately in accomplishing the task. By attending to the human factor, you acknowledge that how individuals carry out their responsibilities impacts mission outcomes.

Author Jim Collins writes about the importance of "getting the right people on the bus." However, the work for the chief executive and board chair does not end there; in fact, it is just beginning. Social stewardship recognizes that each individual working in any capacity for an organization should embrace a balanced role execution and be given tools and support for achieving this balance. Having a clear job description and balancing it with one's personality, interests, expertise, and interpersonal style provides the necessary foundation for organizational greatness.

RESOURCE:
Building the Governance Partnership: The Chief Executive's Guide to Getting the Best from the Board

By agreeing to how each leader will interact with his or her counterpart (chief executive and board chair), communications expectations are discussed up front. These may be a good starting point for your own organization. But be sure to craft commitments that work for your particular needs!

The chief executive will
- Share both good news and bad news immediately.
- Provide time for weekly telephone and monthly in-person updates.
- Alert the board chair to any information or issue that has the slightest chance of escalating into a risk for the organization.

Add your own:

The board chair will
- Make time to develop the agenda of each board meeting in concert with the chief executive.
- Provide honest feedback to the chief executive in regard to the purview of his or her responsibilities and performance.
- Develop a platform of issues in concert with the chief executive to be advanced during his or her term.
- Be timely and responsive to the requests of the chief executive, recognizing that at least in some instances, it is not appropriate for the chief executive to determine organizational direction or response without participation of the governing body.

Add your own:

This tool is designed to benefit Board Chairs and CEOs by giving them the opportunity to carve out time for an intentional discussion about leadership and communications styles. Ideally, each individual would complete this sheet on his/her own and then the Board Chair and CEO would set aside time for a phone or in-person appointment to discuss the results.

By completing the statements below and sharing them with your Board Chair (and vice-versa), the two of you together will take steps toward developing or strengthening an effective leadership team for your organization. The more up-front and clear you can be, the more likely it will be that your leadership experience will be something you enjoy and appreciate.

1. I think we need to check in with each other
   a.   Several times a month _____
   b.   Once a week _____
   c.   More than once a week _____
   d.   Whenever one of us has a question or information that needs to be shared _____

2. My order of preference for our communications is:
   a.   Face-to-face meetings _____   Telephone _____
   b.   E-mail _____   Other _____

3.   What I value in a working relationship is:

4.   Something that generally bothers me in a working relationship is:

5.   Something that I find challenging in my position at this point is:

6.   What you could do that would be most helpful to me in fulfilling my role is:

7.   What I can offer as a contribution to our working relationship is:

8.   In my opinion, other important elements to building a positive working relationship are:

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Two of the most popular adages about the division of management responsibility between board and executive are less than helpful, if not downright misleading.

1. **The board has only one employee.** The board's one employee is the chief executive, and this simple maxim is often invoked to reinforce the executive's authority over the staff and to discourage the board from meddling in hiring, staff performance evaluations, and decisions on employee promotions and individual compensation. This statement is not literally true but not quite false either. All employees work for the organization, and the board retains ultimate responsibility and liability for employment relationships. If a chief executive terminates an employee who then takes legal action, the board will quickly discover that it does have more than one employee. For that reason, the chief executive will want to keep the board informed about consequential decisions and may even want to seek the board's counsel and approval. Similarly, when hiring an employee or consultant who will have significant interaction with the board, the executive may want to involve the board or individual board members in the interview and selection process. And when an employee has a serious complaint about the chief executive, such as malfeasance or other inappropriate behavior, board involvement is almost inevitable (although the board should proceed with extreme caution). In short, a line between the board's responsibilities and the chief executive's authority does exist, but is less clear than conventional wisdom suggests.

2. **The board governs; the staff manages.** This formulation and its variants are frequently cited to help distinguish the board's role from that of the staff. In general, management is the responsibility of the chief executive and the staff. Governance is a shared responsibility of the board and the chief executive. But the board does manage now and then, such as when it evaluates the chief executive's performance and determines compensation. And individual board members often help with management tasks. The chief executive is certainly the organization's lead manager, but also governs in partnership with the board.

RESOURCE:
The Nonprofit Chief Executive's Ten Basic Responsibilities

TEN BASIC RESPONSIBILITIES OF NONPROFIT BOARDS

1. **Determine mission and purposes, and advocate for them.** It is the board's responsibility to create and review a statement of mission and purpose that articulates the organization's goals, means, and primary constituents served. Boards and their members should be conscientious ambassadors and advocate for their organizations.
2. **Select the chief executive.** Boards must reach consensus on the chief executive's responsibilities and undertake a careful search to find the most qualified individual for the position.
3. **Support and evaluate the chief executive.** The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization.
4. **Ensure effective planning.** Boards must actively participate in an overall planning process and assist in implementing and monitoring the plan's goals.
5. **Monitor and strengthen programs and services.** The board's responsibility is to determine which programs are consistent with the organization's mission and monitor their effectiveness.
6. **Ensure adequate financial resources.** One of the board's foremost responsibilities is to secure adequate resources for the organization to fulfill its mission.
7. **Protect assets and provide proper financial oversight.** The board must assist in developing the annual budget and ensuring that proper financial controls are in place.
8. **Build and sustain a competent board.** All boards have a responsibility to articulate prerequisites for candidates, orient new members, and periodically and comprehensively evaluate their own performance.
9. **Ensure legal and ethical integrity.** The board is ultimately responsible for adherence to legal standards and ethical norms.
10. **Enhance the organization's public standing.** The board should clearly articulate the organization's mission, accomplishments, and goals to the public and garner support from the community.

RESOURCE:
Ten Basic Responsibilities of Nonprofit Boards

THE NONPROFIT CHIEF EXECUTIVE'S TEN BASIC RESPONSIBILITIES

1. Commit to the mission.
2. Lead the staff and manage the organization.
3. Exercise responsible financial stewardship.
4. Lead and manage fundraising.
5. Follow the highest ethical standards, ensure accountability, and comply with the law.
6. Engage the board in planning and lead implementation.
7. Develop future leadership.
8. Build external relationships and serve as an advocate.
9. Ensure the quality and effectiveness of programs.
10. Support the board.

RESOURCE:
The Nonprofit Chief Executive's Ten Basic Responsibilities

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The reflection questions below are for your personal use only. They will not be collected by course presenters or facilitators. However; you may want to use the time set aside for each week's reading and reflection to jot down questions, action steps, or notes that can benefit your "real-time" webinar experience in order to make the most use of your time during each week's session to ask questions of the presenter and your peers.

1. Considering the article, *The Bottom Line: The Human Factor,* by Mindy R. Wertheimer, how would you characterize your relationship with your board chair according to the three principles that she shares on page three (mutual respect, reciprocal communications, shared purpose)? Are there areas to celebrate? Areas to work on?

2. Were there any tools in this packet that you would consider using in your organization (sample communications and accountability pact, Board Chair-CEO questionnaire)? If so, when and how would they be most helpful? Consider including a reminder to yourself in your master planning calendar if this date more than three to six weeks out in the future.

3. What would you like to learn from either the presenter or your peers this week about striking an effective balance between the role of the CEO and that of the Board Chair?