

SIX SIGNS

It's Time to Assess Your Board's Performance



SIX SIGNS THAT IT'S TIME TO ASSESS YOUR BOARD'S PERFORMANCE

Performance assessments often raise anxiety and even fear. Many people associate them with judgment, bias, and the need to defend one's actions. However, without appropriate monitoring and feedback, it is difficult to evaluate whether your board is meeting goals and embracing recommended practices. This is where a board self-assessment becomes an important tool. In fact, BoardSource recommends that your board should be engaging in a comprehensive governance self-assessment every two to three years.

Here are six signs indicating that it may be time for your board to assess its performance (and there are more!):



You're not sure your board is strengthening its performance over time.

Assessments provide an opportunity for boards to identify areas in need of improvement and then create and implement board development plans to address their weaknesses. While some boards choose to engage in board assessment every year, BoardSource recommends doing so every two to three years. This allows more time between assessments for boards to implement their board development plans. Looking at the differences between assessments from different years is a great way to track your improvement in specific areas.

[Leading with Intent: 2017 National Index of Nonprofit Board Practices](#) shows that discernable differences in performance exist between boards that assessed their performance in the past two years and those that assess less frequently, reinforcing the importance of regular reflection on performance.

Comparison of board performance based on frequency of board self-assessment

Area of Board Performance <i>Ratings reported by chief executives based on a four-point scale.</i>	Assessed in past 2 years	Assessed ever	Never assessed	Variance*
Evaluating the chief executive	2.83	2.71	2.05	0.78
Adopting and following a strategic plan	2.98	2.90	2.32	0.67
Monitoring organizational performance against strategic plan	2.68	2.62	2.16	0.52
Understanding board roles and responsibilities	2.99	2.93	2.49	0.51
Legal and ethical oversight	3.09	3.07	2.68	0.41
Providing guidance and support to the chief executive	2.97	2.92	2.61	0.36
Thinking strategically as a board	2.87	2.83	2.52	0.35
Financial oversight	3.31	3.28	2.97	0.34
Level of commitment and involvement	2.92	2.88	2.61	0.32
Increasing the diversity of the board	1.94	1.87	1.63	0.31
Fundraising	1.93	1.88	1.63	0.30
Monitoring legislative and regulatory issues that may impact the organization	1.98	1.96	1.74	0.24
Community-building and outreach	2.26	2.25	2.05	0.21
Understanding the organization's mission	3.47	3.47	3.27	0.20
Knowledge of the organization's programs	2.79	2.78	2.70	0.09
Overall average grade	2.74	2.69	2.36	0.38

* Between those boards that have assessed their performance in the past two years and those that have never assessed performance.

2

Your board members are not as engaged as you would like them to be, and you suspect they may not fully understand their responsibilities.

Not every board member is alike, nor should they be. But that also means that members of the same board often have different perceptions of what their responsibilities are and how well the board is meeting them. A strong board self-assessment tool incorporates questions that touch on all of the board's governance responsibilities, thus providing board members with the opportunity to learn about best practices in each of these responsibilities, to determine if they are meeting them as a group and as individuals, and then to commit to board development. By self-identifying their strengths and weaknesses and then deciding where to focus their board development efforts, board members become more invested and engaged in those efforts and more likely to hold themselves accountable to making positive changes. [Leading with Intent 2017](#) shows that boards that assess their own performance get higher grades across all areas of board performance, as rated by chief executives, including understanding of board roles and responsibilities.

3

You think the board's partnership with and evaluation of the chief executive has room for improvement.

Strong board self-assessment tools address the board's partnership with the chief executive. When conducting the annual chief executive performance review, it is helpful for the board to approach that task with an understanding of the role it plays in building and maintaining an effective partnership and how well it is actually performing that role. After all, a partnership is a two-way street. In [Leading with Intent 2017](#), when comparing organizations that have done an assessment within the past two years to those who have never done one, the single largest variance in ratings was the board's performance in evaluating the chief executive (see earlier chart).

When comparing organizations that have done an assessment within the past two years to those who have never done one, the single largest variance in ratings was the board's performance in evaluating the chief executive.



You suspect the board could work more effectively and/or efficiently.

Almost nothing that the board does should go without periodic review to determine whether it is still a useful practice. What worked well in the past may not work as well now. A self-assessment is the most effective way to get input from all of your board members on which processes or structures are working and which aren't. Maybe a committee that you've had for years is simply not as useful anymore. Or maybe members are starting to believe that the board's size needs to be increased or decreased. Regardless, a self-assessment allows for reflection on long-held practices that should never be set in stone.



You want to be able to demonstrate to your donors, funders, and members of your community that your board is committed to embracing best governance practices.

Donors, the public, charity regulators, and grantmakers are asking more and more questions about the effectiveness of nonprofit organizations and their practices, including the work of the board. Boards therefore should be prepared to share information about how they govern their organizations and demonstrate that they follow best governance practices. Regular board self-assessment is a best practice. It allows you to show your commitment to strengthening your governance practices and to leading your organization in thoughtful, intentional ways, which will help you build trust with your donors and the public at large.

Board self-assessment also enables you to start a dialogue with your grantmakers about your board leadership, and seek support to help you build and strengthen your performance. Many foundations understand that building strong leadership at the board level is critically important to the success and resilience of their grantees. Without strong board leadership and governance, nonprofits are vulnerable to a wide range of challenges and dysfunction, which can significantly impact their ability to achieve the goals that their grantmakers share.



You're about to start a strategic planning process.

Setting direction for the organization is one of the board's primary responsibilities. Boards do this by helping develop a strategic plan or framework for the organization and then monitoring progress against it. The plan or framework becomes the basis for developing the business plan and just about everything the organization does.

Preparing your organization for the strategic planning process requires understanding the context in which your organization exists — both externally and internally. A board self-assessment is part of that internal analysis. By reviewing the board's current practices, processes, and performance prior to the launch of the strategic planning process, you surface opportunities to make improvements and can ready the board for performing at its highest level in its oversight of the new plan or framework.

According to [Leading with Intent 2017](#), boards that have done an assessment within the past two years rate themselves significantly better than those who have never done one in both adopting and following a strategic plan as well as in monitoring the board's performance against that plan (see previous chart).

Resource



[Board Self-Assessment](#)