

Nonprofit Board Chairs Leadership Certificate Series Webinar 3

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About BoardSource

VISION a world where every social sector organization has the leadership it needs to fulfill its mission and advance the public good

MISSION to inspire and support excellence in nonprofit governance and board and staff leadership

OUR GOALS

Deepen understanding and inspire action on critical sector issues

Educate leaders and support effective board service and governance

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Week Three Agenda



- I. Resource Development and Fiscal Oversight
- II. Strategic and Program Planning
- III. Performance Evaluation
- IV. Leaving a Legacy

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I. Resource Development and Fiscal Oversight



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Fundraising

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Would you rather...

A.
Solicit funds for
your
organization

B.
Drag your nails
across a chalk
board

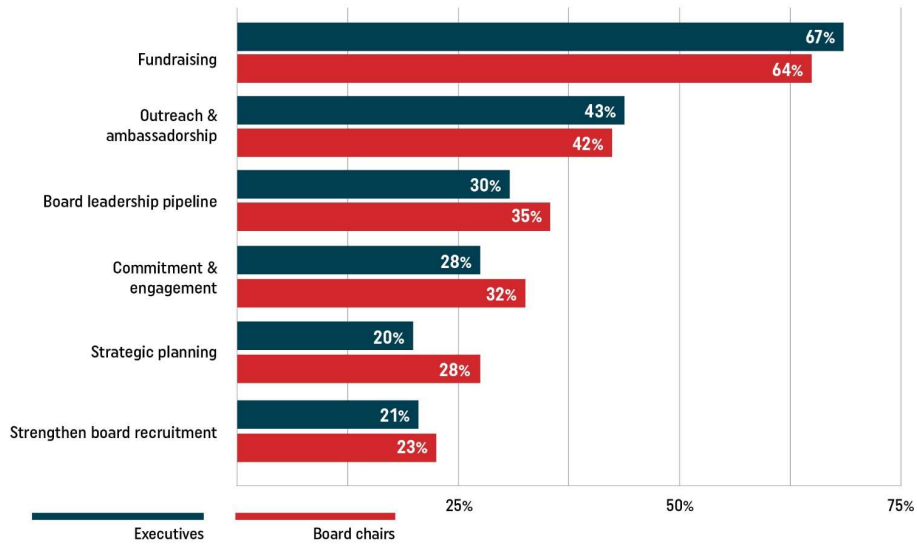
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RATINGS OF PERFORMANCE IN KEY AREAS OF BOARD RESPONSIBILITY

	Area of Board Performance	Average Grade from Executives	Average Grade from Chairs
Strength	Understanding mission	A-	A-
	Financial oversight	B+	B+
Solid Performance	Legal & ethical oversight	B	B+
	Guiding & supporting the chief executive	B	B+
	Level of commitment & involvement	B	B+
	Knowledge of programs	B	B+
	Understanding board roles & responsibilities	B	B
	Thinking strategically as a board	B	B
	Adopting & following a strategic plan	B-	B
	Evaluating the chief executive	B-	B
	Monitoring performance against strategic plan	B-	B
	Community-building & outreach	C+	B
Challenge Areas	Monitoring legislative & regulatory issues	C	B-
	Increasing board diversity	C	C+
	Fundraising	C	C+

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WHAT ARE THE THREE MOST IMPORTANT AREAS THE BOARD SHOULD ADDRESS TO IMPROVE ITS OWN PERFORMANCE?



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Board Chair's Role in Fundraising

- Work closely with CEO, development office or committee to maximize the board's role
- Mobilize board members to participate
- Be a role model in terms of financial support, attendance at events and donor cultivation
- Ensure each board member has a role in helping meet fundraising goals



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Individual Board Member Participation in Fundraising

- Commit yourself to the organization's mission.
- Make a meaningful personal contribution.
- Identify, evaluate, and cultivate prospects.
- Organize and attend special events.
- Attend face-to-face solicitations.
- Write or sign appeal letters.
- Thank donors.



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Fundraising



- 100% Board Giving
- 100% Board Participation

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#1- Poll Question

Does your board have clearly written
board giving and fundraising
participations expectations?
Yes or No

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The *Strategy* of Fundraising

- Strategic board composition: Do we have the 'right' people on the 'bus'?
- Discuss and identify how your organization is unique.
- Build an engaged board.
- Develop a compelling case statement.
- Develop a fundraising plan that is strategic, diverse, and aggressive but achievable.
- Be sure to incorporate your program planning into your fundraising strategy

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Pre-Requisites to Successful Fundraising

- Strong Board and Staff Partnership
- Current Strategic Plan
- Fundraising Plan
- Passionate Board Members
- Understanding *the Strategy* of Fundraising
- Understanding Fundraising Fundamentals



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Resource Development & Board Member Engagement

- | | | | |
|---|---|---|---|
| <ul style="list-style-type: none"> • Identify resources needed for the strategic plan • Help create resource development plan | <ul style="list-style-type: none"> • Use contacts to expand resource base • Identify potential donors • Cultivate potential donors | <ul style="list-style-type: none"> • Organize/host fundraising events • Write thank you notes to donors | <ul style="list-style-type: none"> • Make a personal contribution • Ambassadors for the mission |
|---|---|---|---|

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Division of Labor (varies based on org resources)

BOARD

- Approve fundraising policies
- Support staff by:
 - Identifying potential donors
 - Participate in face-to-face meetings and events
 - Make personal gift
 - Monitor fundraising results

STAFF

- Prepare fundraising and/or resource development plan with specific goals
- Develop donor cultivation and solicitation plan, including:
 - identification of prospects
 - Prep solicitation team
 - Schedule meetings
- Prepare regular reports
- Maintain stewardship of donors

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Board Chair Roles

Work closely with CEO, development officer or committee to maximize the board's role

Be a role model in terms of financial support, attendance at events and donor cultivation

Ensure each board member has a role in helping meet fundraising goals

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Ambassadors for the Mission

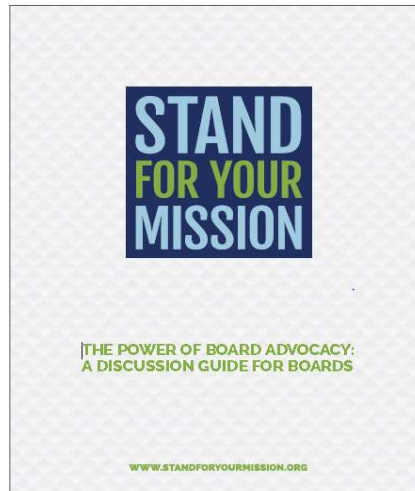
Board members are essential to successful community outreach, advocacy, and fundraising, and they have more work to do.

41% of chief executives identified ambassadorship as an area most in need of improvement.

Less than one-half of boards are apprised of or participate in their organization's advocacy activities.

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Getting Started - Advocacy



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Benefits of Advocacy



Source: Center for Lobbying in the Public Interest

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Financial Management & Oversight

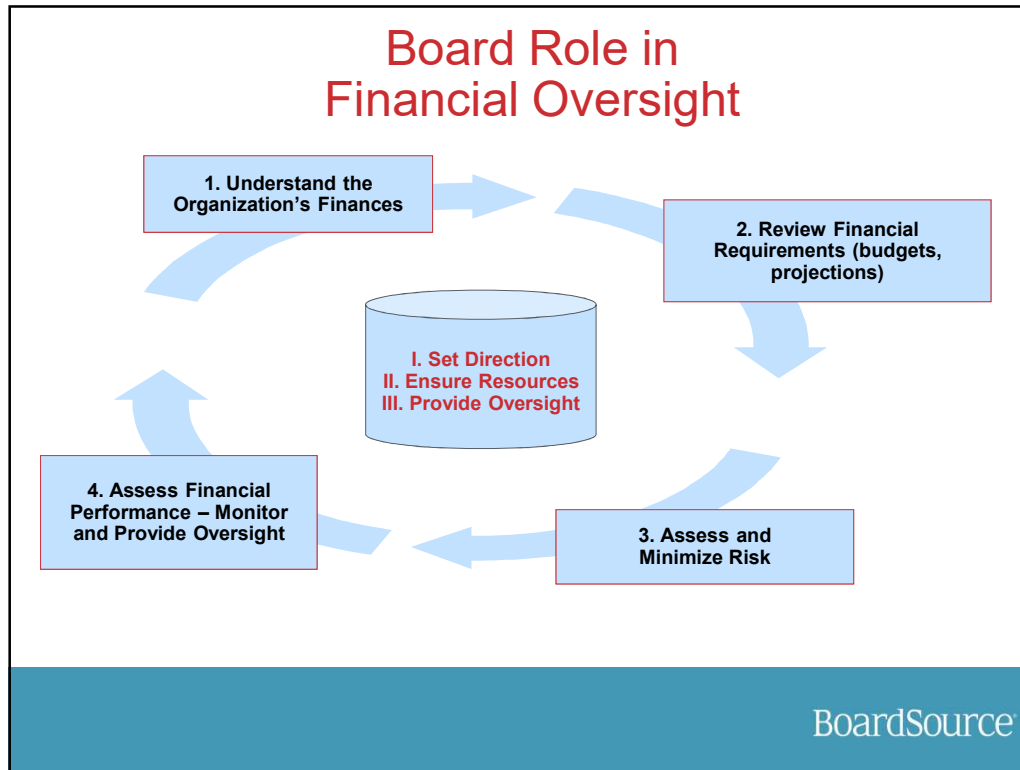
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Fiscal Oversight

The board's role is to ensure:

- financial integrity and solvency
- safeguards and procedures are in place to protect the organization
- signs of financial trouble are acted on
- financial practices follow state and federal laws
- an annual audit is conducted, when appropriate

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Adequate Financial Management

The **full board** participates in various ways;

- Ensures adequate resources
- Ensures budget execution
- Participates in the strategic discussion and approves the Annual Budget

Ensure Budget oversight

- Has a functioning Finance Committee, Audits and Investments Committees.
- Provides regular updates and financial reports to the full board.

Ensure Internal Controls

Basic Questions

- Is our financial plan consistent with our strategic plan?
- Have we run a gain or a loss?
- Is our projected cash flow adequate?
- Do we have sufficient reserves?
- Are any specific expense areas rising faster than their sources of income?
- Are our key expenses, especially salaries and benefits, under control?
- Are we meeting guidelines and requirements set by our funders?

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#2- Poll Question

Has your board had a meaningful discussion about considerations for effective financial management
Yes or No

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II. Strategic and Program Planning



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More and more boards are...

Involving the entire board in discussing the future, not just a committee or task force

Holding an annual board retreat, which usually includes reviewing the mission

Creating and incorporating organizational values and vision statement

Developing a “framework” instead of “plan” or in addition to – a framework is more open, ongoing, need to evaluate and adjust

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20 Questions

1. Do we need to exist?
2. If so, why?
3. What is our image?
4. What would we like our image to be?
5. What impact have we had?

6. What impact would we like to have?
7. Whom do we serve?
8. What are the needs of our constituents?
9. What do we do?
10. What programs are going to be obsolete?

11. What programs are we going to need to add?
12. How well do we discontinue programs?
13. What are our strengths?
14. What are our weaknesses?
15. What are the threats facing us?

16. What are our opportunities?
17. What trends are taking place that will affect us?
18. Who is our competition?
19. What is our strategic advantage?
20. What is the vision for the group?

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Use of Dashboards

Why and How?

What is the value of using a dashboard?

- Saves time
- Tracks progress
- Sheds light on system dynamics
- Points up potential problems
- Reveals patterns
- Expands board members' comfort zones
- Develops a shared knowledge base
- Focuses information from a governance perspective
- Reinforces board oversight

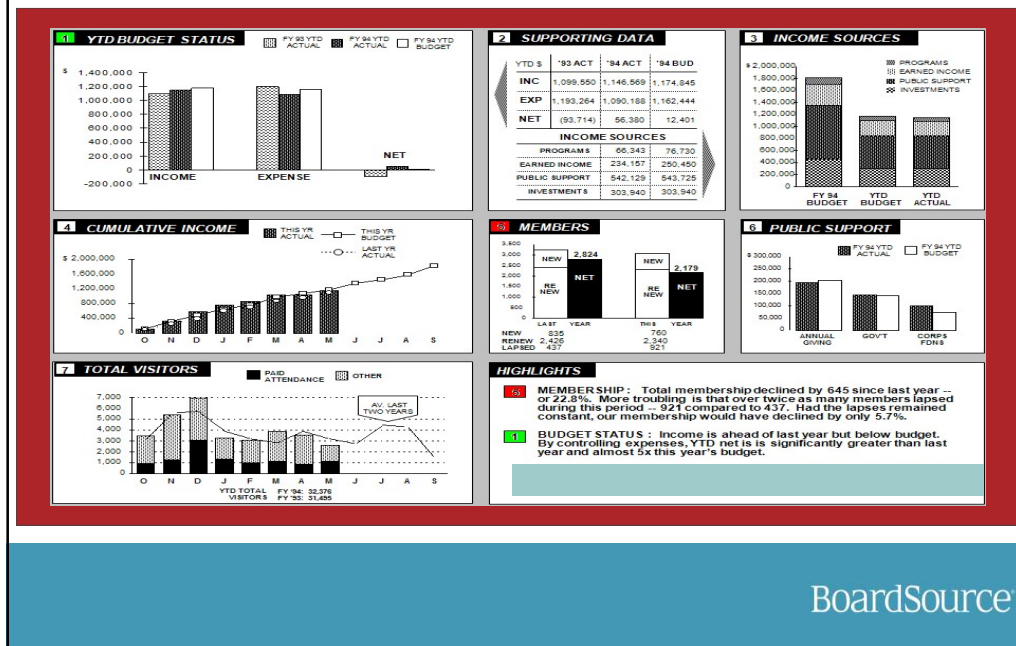
What approaches can be used to define dashboard metrics?

- Outcomes
- Mission as spine
- Strategic initiatives or drivers of success
- Risk factors
- Services and resources

Source: Lawrence M. Butler, author of *The Nonprofit Dashboard: Using Metrics to Drive Mission Success*, Second Edition (BoardSource, 2012).

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Sample Dashboard



Achieving Impact

1. What are the key priorities for the next year and the related expectations?
2. What are relevant benchmarks- internal and external? Do you know the baseline?
3. What will the CEO, the board, and the staff need to do to advance the organization?

#3- Poll Question

Does your organization have a
strategic plan?
Yes or No

If **yes**, do you routinely review and
monitor your progress against the
strategic objectives?

Yes or No

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III. Performance Evaluation

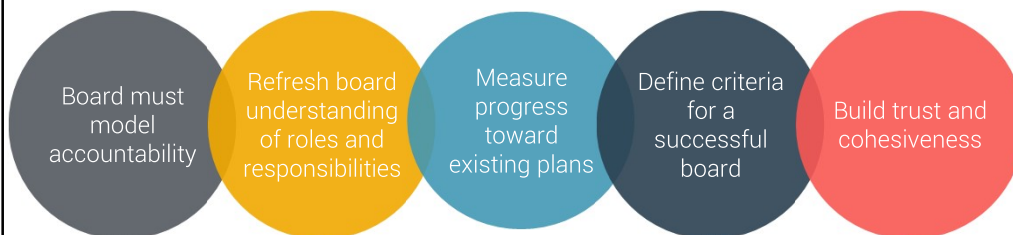


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Board Performance Oversight

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Board Assessments



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Performance of the Board

The board and CEO will assess the board's performance regarding the roles and responsibilities of nonprofit boards. These questions are organized into the 9 sections listed below. This slide includes some of the questions included in the Board Self-Assessment.

		Average	DoC
	Mission		
	Strategy		
	Funding and Public Image		
	Board Composition		
	Program Oversight		
	Financial Oversight		
	CEO Oversight		
	Board Structure		
	Meetings		
	9.1 Fostering an environment that builds trust and respect among board members.	3.76	79%
	9.2 Establishing and enforcing policies related to board member attendance.	3.00	64%
	9.3 Preparing for board meetings, e.g., reading materials in advance, following up on assignments.	3.19	71%
	9.4 Using effective meeting practices, such as setting clear agendas, having good facilitation, and managing time well.	3.67	76%
	9.5 Allowing adequate time for board members to ask questions and explore issues.	3.38	67%
	9.6 Efficiently making decisions and taking action when needed.	3.67	76%
	9.7 Engaging all board members in the work of the board.	2.86	64%

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Board Member Annual Self-Assessment



Board Activities

- Attended 80% of board meetings
- Recruited 2 or more new volunteers during the year
- Chaired a committee or actively participated on two
- Made an annual gift
- Developed or identified a new corporate sponsor
- Provided or secured in-kind services
- Attended annual retreat
- Attended annual meeting
- Other

Fundraising

- Secured special event new donor
- Identified new annual giving donor
- Personally joined Presidents Society
- Other

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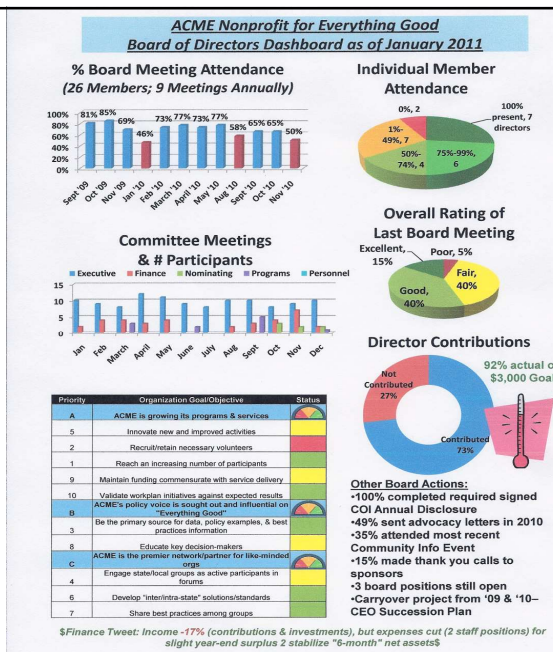
Leading With Intent- comparison board performance based on Board Self –Assessment <https://leadingwithintent.org/>

Area of Board Performance Ratings reported by chief executives based on a four-point scale.	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

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**TOOL:
Governance
Evaluation
Dashboard**

What You Measure will More Likely Become Reality



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Engaging the Board

- Maintain effective working relationship with the board, characterized by open communication, respect, and trust
- Provide board members with appropriate information needed to support informed decision making and effective governance
- Engage board members collectively and individually

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#4- Poll Question

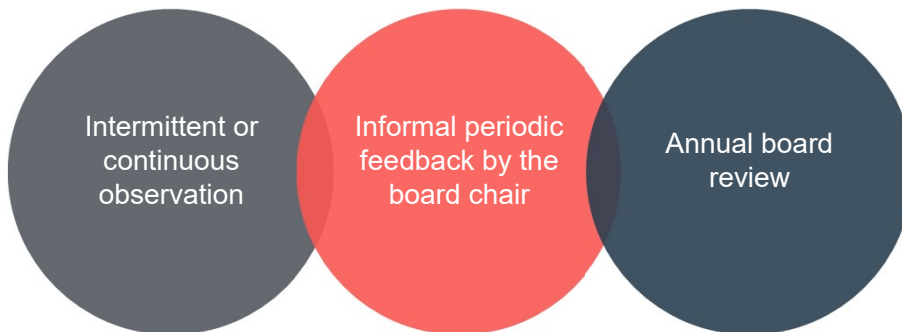
Has your board completed a Board
Self- Assessment in the past two
years?
Yes or No

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CEO/Executive Performance Oversight

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Types of Chief Executive Assessments



Based on clear, achievable objectives

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Guidelines for Evaluating Chief Executive

- At least annually
- Include the chief executive in all aspects of the process
- Request a self-evaluation by the chief executive
- Assess the quality of the chief executive's relationship with all stakeholders
- Measure against the set objectives
- Create a development plan with next steps
- Establish an environment that invites dialogue

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Core Competencies

- Articulate a clear vision
- Engage the board in meaningful strategic thinking
- Develop appropriate goals and objectives to advance the mission

• **Communications**
- Serve as effective spokesperson

• **Leadership** -
Ability to motivate and engage others in advancing the mission

• **Interpersonal** -
Effective problem solving; ability to accept constructive criticism

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Consider this – LWI 2017:

Seventy-two (72) percent of executives report receiving an annual performance review in the last two years, and 60 percent in the past year; 15 percent report they have never been evaluated by the board.

Only 59% report their evaluation is based on mutually agreed upon goals.
10% report not having any written goals.

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Consider this – LWI 2017:

HOW WOULD YOU RATE YOUR BOARD'S PERFORMANCE IN PROVIDING GUIDANCE & SUPPORT TO THE CEO?

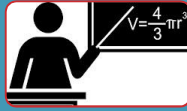
Board Chair -39% (A), 41% (B)
Executives – 27% (A), 38% (B)

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CEO Performance Management: Position Description - update, Annual Performance Goals, Annual Performance Evaluation, Annual Comp & Benefits Review.



Opportunity to express support and appreciation



CEO performance affects organizational performance



Regular, planned feedback is preferable to reactive, or change-induced feedback



Neglect can be costly

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ACTIONS

1. When was the last time your Chief Executive's position description was reviewed against actual daily responsibilities and tasks.
2. When was the last time your Executive had a performance review?
3. Was it a fair process that based on shared goals, set expectations based on the strategic plan or emerging priorities and expressed appreciation?
4. Did the full board approve the evaluation and compensation package?
5. Did the board establish a fair process for comparative review of the compensation and benefits?

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What Action Should Your Organization Take Right Now?

Planning to Leave? <i>No Immediate Plan</i>	Planning to Leave? <i>1 to 2 years</i>	Planning to Leave? <i>1 year or less</i>
Considerations: 1. Succession Basics 2. Sustainability Planning 3. Leader Development	Considerations: 1. Succession Basics 2. Departure-Defined Succession Planning	Considerations: Executive Transition Management
Essentials: 1. A <i>written</i> emergency backup plan 2. A cross training plan 3. Board awareness of how it will lead during a transition 4. Expand bench depth	Essentials: 1. Organizational Assessment 2. Capacity Building 3. Strengthens strategy, resources and leadership	Essentials: 1. Transition Preparation 2. Search and Selection 3. Handoff Planning 4. Successor On-Boarding

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IV. Leaving a Legacy

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Leave the organization better than you found it!

Are there loose ends?

- Challenging issues that emerged during your tenure
- Unfinished board business

- Key relationships (CEO, board members, community, donors, others)

- Big picture issues
- Governance

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Closure

Bring Tasks to Closure

- Committee & task force summaries
- Strategic planning report
- Big picture overview

Bring Relationships to Closure

- Chief Executive
- Board
- Staff
- Others

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Legacy

Reflect on the board's accomplishments and your own, which may include:

- New program initiatives or expansion of programs
- New processes (program evaluation, board assessment, etc.)
- New community partners
- New donors
- A strong board
- A CEO transition
- A new strategic plan or new direction

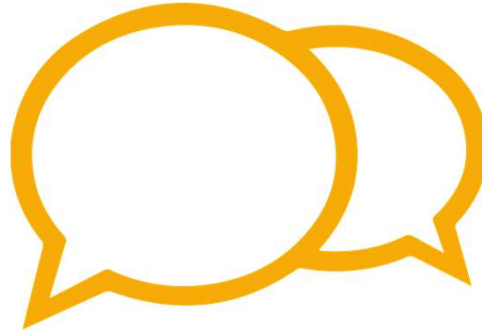
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#5- Poll Question

What is the #1 area of board performance and/or organizational improvement that you want as your legacy?

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Questions?



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Thank You

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