

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

Week Three Agenda



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

I. Resource Development and Fiscal Oversight



Fundraising

Would you rather...

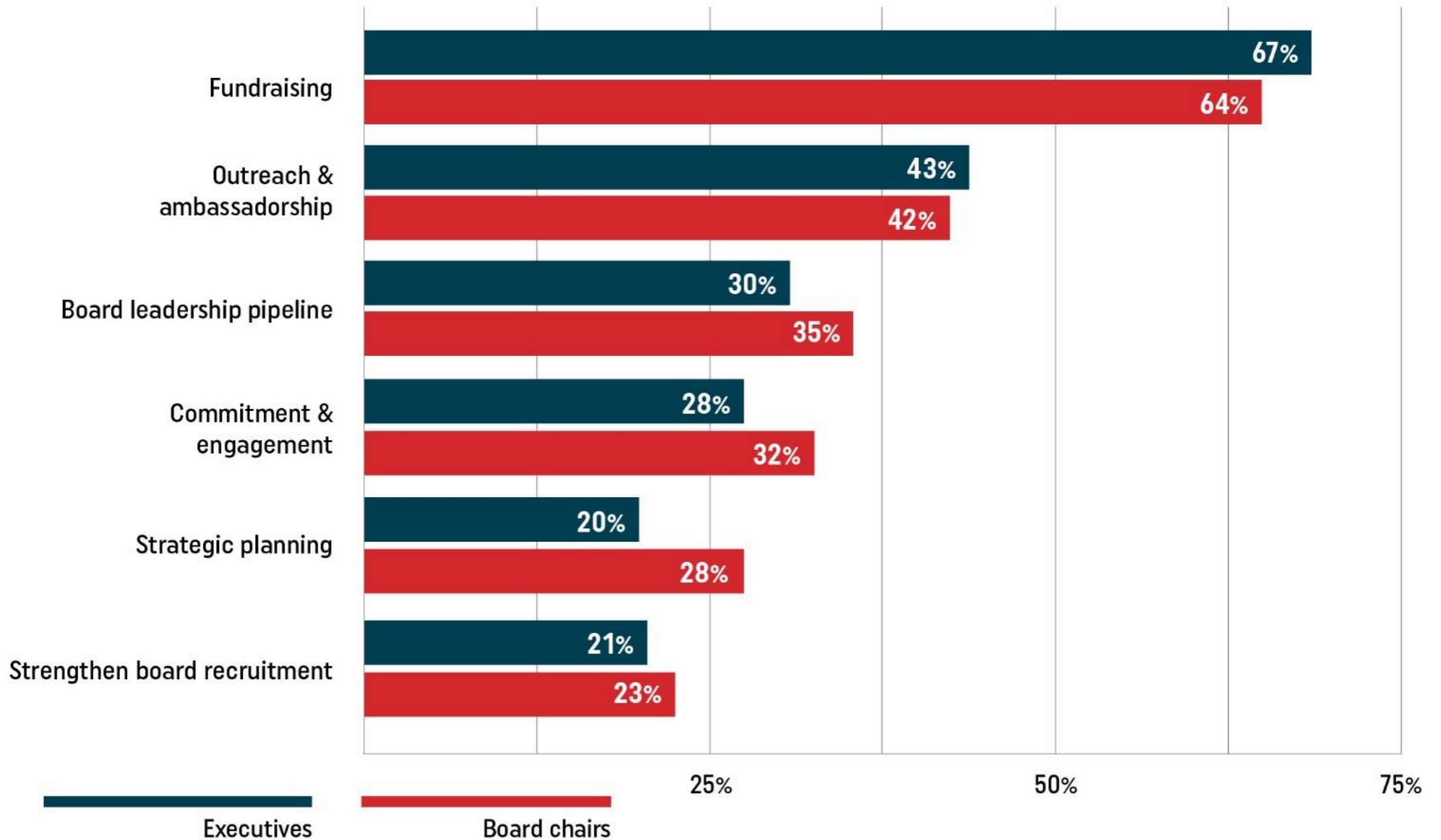
A.
Solicit funds for
your
organization

B.
Drag your nails
across a chalk
board

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+

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



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

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.



Fundraising



- 100% Board Giving
- 100% Board Participation

#1- Poll Question

Does your board have clearly written board giving and fundraising participation expectations?

Yes or No

The *Strategy* of Fundraising

- Strategic board composition: Do we have the ‘right’ people on the ‘bus’? (caution not the priority for board cultivation)
- Discuss and identify how your organization is unique.
- Build an engaged board.

The *Strategy* of Fundraising

- 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

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



Resource Development & Board Member Engagement

- Identify resources needed for the strategic plan
- Help create resource development plan

- Use contacts to expand resource base
- Identify potential donors
- Cultivate potential donors

- Organize/host fundraising events
- Write thank you notes to donors

- Make a personal contribution
- Ambassadors for the mission

Division of Labor (varies based on org resources)

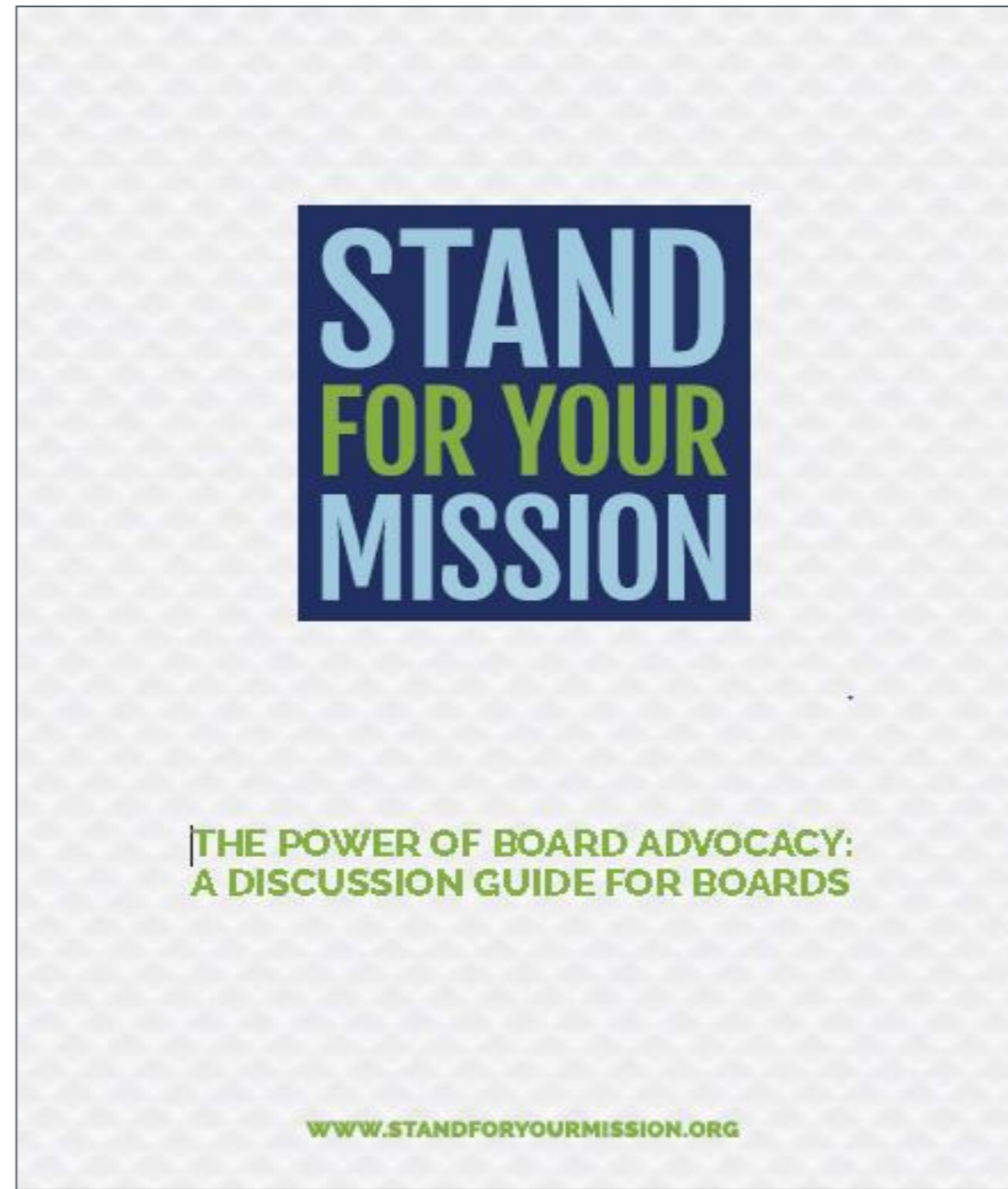
BOARD

- 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

Getting Started - Advocacy



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.

Benefits of Advocacy

Raise Awareness
of Your Mission

Mobilize the
community,
constituents,
stakeholders

Establish and
expand
government
investment in
important
programs and
research

Reform laws and
regulations

Source: Center for Lobbying in the Public Interest

Financial Management & Oversight

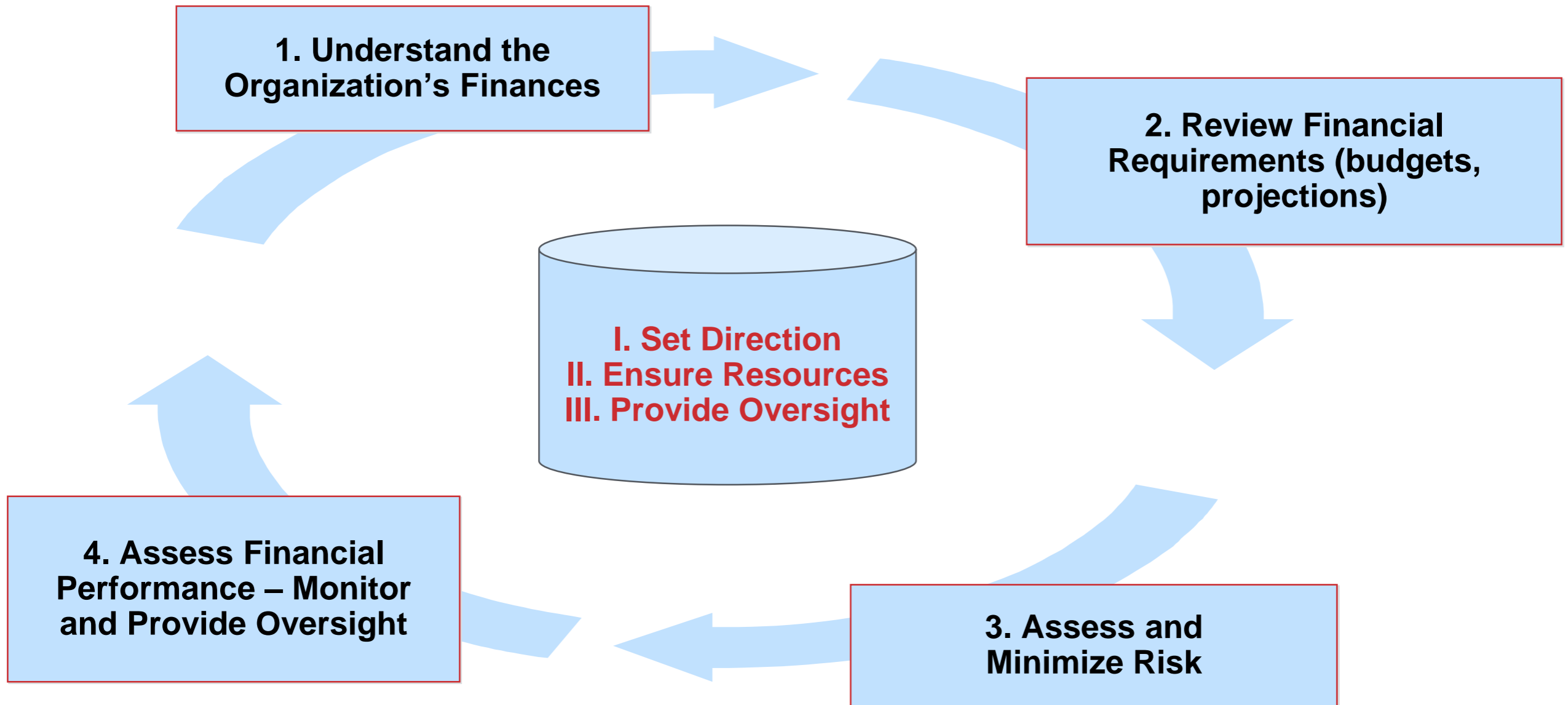
Fiscal Oversight

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

Board Role in Financial Oversight



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?

#2- Poll Question

Has your board had a meaningful discussion about considerations for effective financial management

Yes or No

II. Strategic and Program Planning



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

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?

Use of Dashboards

Why and How?

What is the value of using a dashboard?

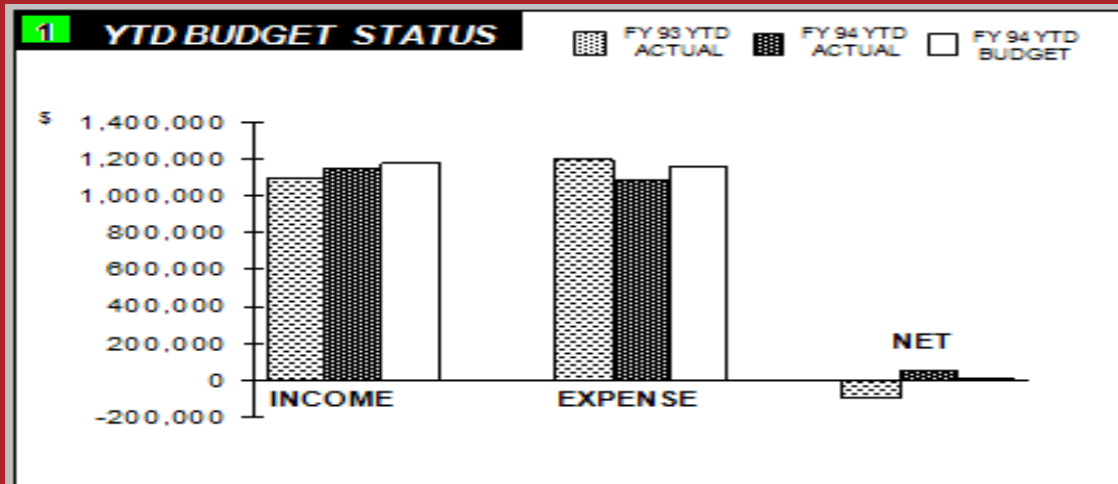
- Saves time
- Tracks progress
- Sheds light on system dynamics
- Points up potential problems
- Reveals patterns
- Expands board members' comfort zones
- Develops a shared knowledge base
- Focuses information from a governance perspective
- Reinforces board oversight

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).

Sample Dashboard

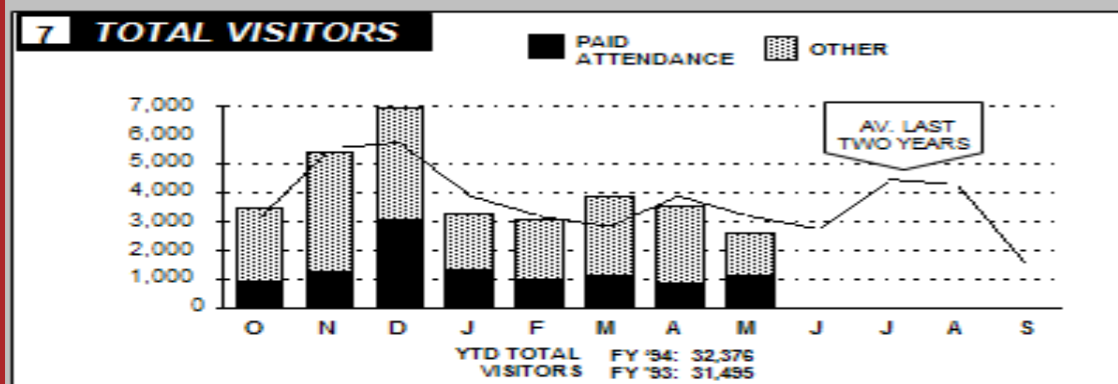
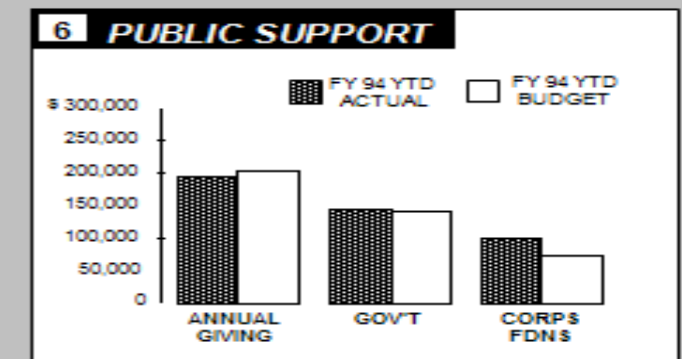
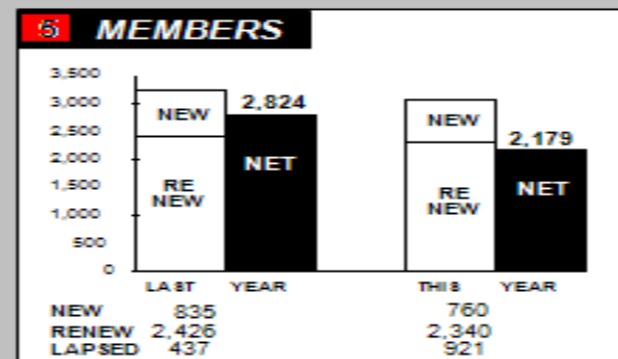
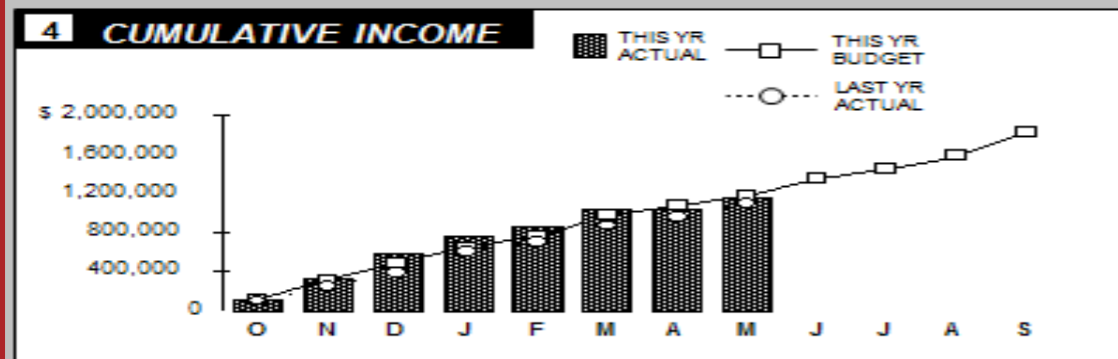
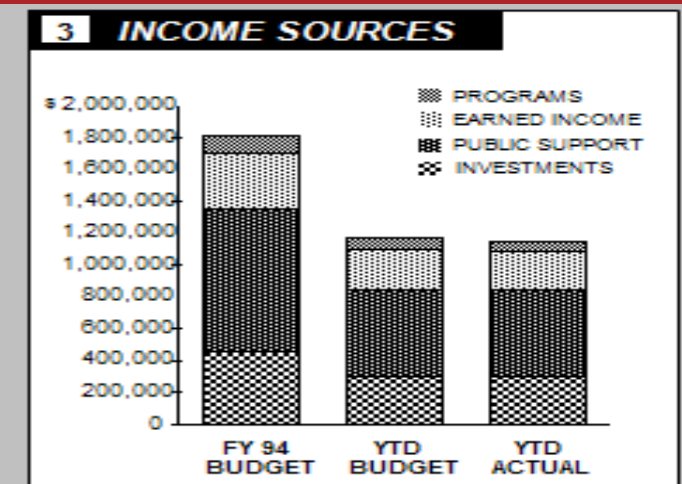


2 SUPPORTING DATA

YTD \$	'93 ACT	'94 ACT	'94 BUD
INC	1,099,550	1,146,569	1,174,845
EXP	1,193,264	1,090,188	1,162,444
NET	(93,714)	56,380	12,401

INCOME SOURCES

	'93 ACT	'94 BUD
PROGRAMS	66,343	76,730
EARNED INCOME	234,157	250,450
PUBLIC SUPPORT	542,129	543,725
INVESTMENTS	303,940	303,940



HIGHLIGHTS

5 MEMBERSHIP: Total membership declined by 645 since last year -- or 22.8%. More troubling is that over twice as many members lapsed during this period -- 921 compared to 437. Had the lapses remained constant, our membership would have declined by only 5.7%.

1 BUDGET STATUS: Income is ahead of last year but below budget. By controlling expenses, YTD net is significantly greater than last year and almost 5x this year's budget.

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

Setting Strategic Direction

LWI 2017

- Adopted Strategic Plan- 67%
- Board is good at thinking strategically-64%
- Board is good at monitoring performance & impact against strategic plan – 54%
- Board Meetings focus on strategy & policy vs operational issues- 26%

Setting Strategic Direction

Mission/ Vision

What is our mission/vision?

Values

What are our values?

Issues

What issues must we confront in order to serve our mission?

3- 5 Year

Plan

Where should we be in five years?

III. Performance Evaluation



Board Performance Oversight

Board Assessments

Board must
model
accountability

Refresh board
understanding
of roles and
responsibilities

Measure
progress
toward
existing plans

Define criteria
for a
successful
board

Build trust and
cohesiveness

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

Leading With Intent

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

Board Member Annual Evaluation



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

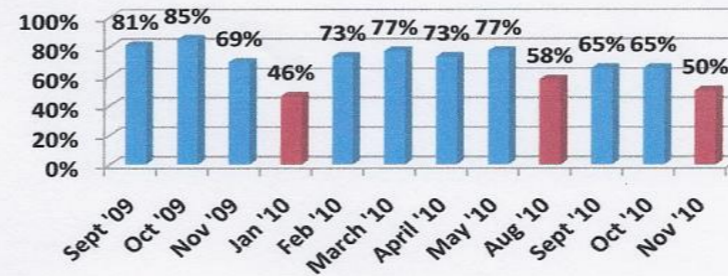
Secured special event new donor
Identified new annual giving donor
Personally joined Presidents Society
Other

TOOL: Governance Evaluation Dashboard

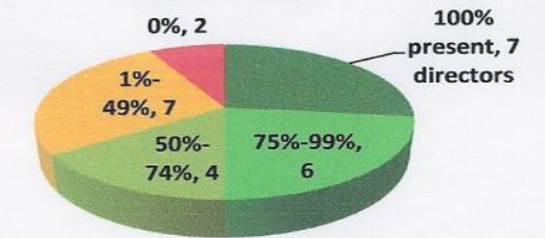
What You Measure will More
Likely Become Reality

ACME Nonprofit for Everything Good Board of Directors Dashboard as of January 2011

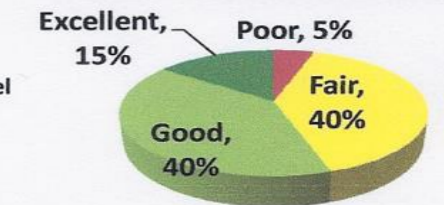
**% Board Meeting Attendance
(26 Members; 9 Meetings Annually)**



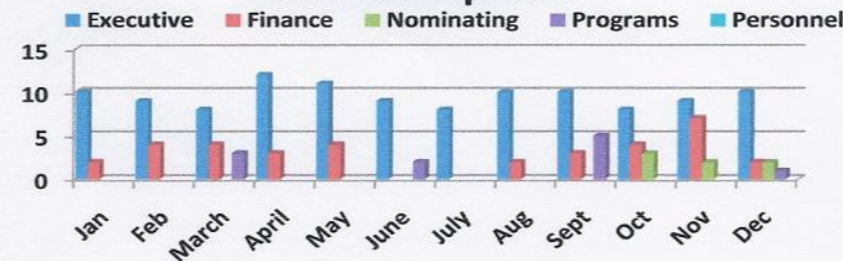
Individual Member Attendance



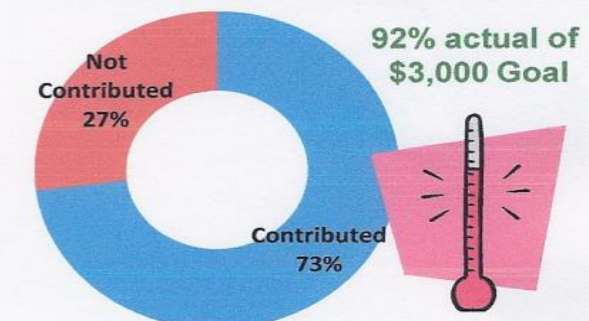
Overall Rating of Last Board Meeting



Committee Meetings & # Participants



Director Contributions



Other Board Actions:

- 100% completed required signed COI Annual Disclosure
- 49% sent advocacy letters in 2010
- 35% attended most recent Community Info Event
- 15% made thank you calls to sponsors
- 3 board positions still open
- Carryover project from '09 & '10— CEO Succession Plan

Priority	Organization Goal/Objective	Status
A	ACME is growing its programs & services	
5	Innovate new and improved activities	
2	Recruit/retain necessary volunteers	
1	Reach an increasing number of participants	
9	Maintain funding commensurate with service delivery	
10	Validate workplan initiatives against expected results	
B	ACME's policy voice is sought out and influential on "Everything Good"	
3	Be the primary source for data, policy examples, & best practices information	
8	Educate key decision-makers	
C	ACME is the premier network/partner for like-minded orgs	
4	Engage state/local groups as active participants in forums	
6	Develop "inter/intra-state" solutions/standards	
7	Share best practices among groups	

\$Finance Tweet: Income -17% (contributions & investments), but expenses cut (2 staff positions) for slight year-end surplus 2 stabilize "6-month" net assets\$

Engaging the Board

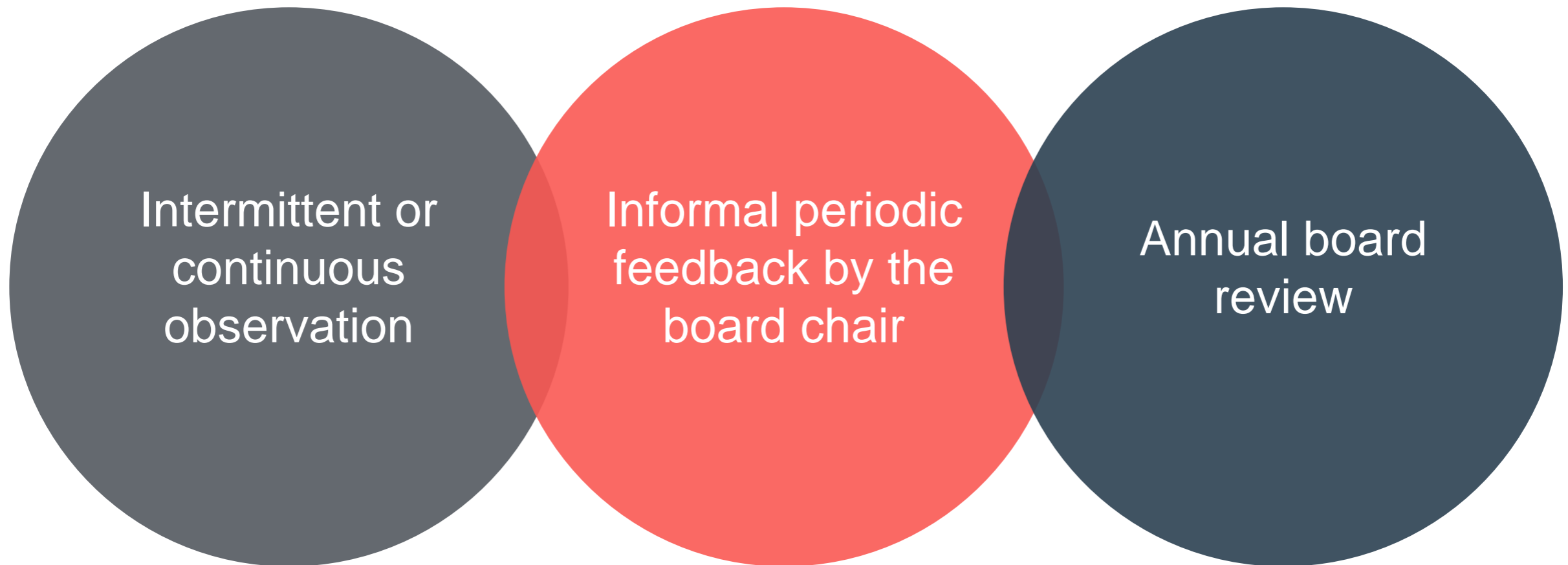
- Maintain effective working relationship with the board, characterized by open communication, respect, and trust
- Provide board members with appropriate information needed to support informed decision making and effective governance
- Engage board members collectively and individually

#4- Poll Question

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

CEO/Executive Performance *Support* and Oversight

Types of Chief Executive Assessments



Based on clear, achievable objectives

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

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

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.

Consider this – LWI 2017:

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

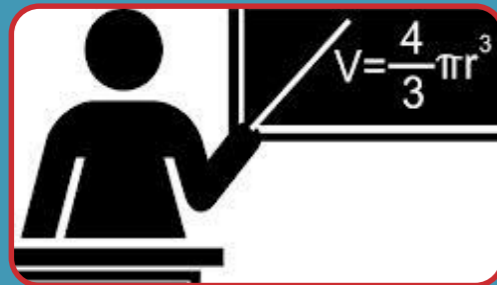
Board Chair -39% (A), 41% (B)

Executives – 27% (A), 38% (B)

CEO Performance Management: Current Position Description, Annual Performance Goals, Annual Performance Evaluation, Regularly Planned 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

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?

CEO/Executive Performance *Support*

McKinsey's (What Social Sector Leaders Need to Succeed – 2014)

study of social sector leadership attributes

Participants Rankings of top attributes:

- 58% innovate and implement
- 53%- assemble a talented team
- 49% - skilled collaborator, capable to stakeholder interaction and high level interactions
- 40%- manage outcomes and be committed to quality and continuous improvement

McKinsey's (What Social Sector Leaders Need to Succeed – 2014) study of social sector leadership attributes

Participants Rated their “**actual**” attributes:

- 59% lack an experienced top executive team
 - A significant lack of investment in leadership development within organizations
 - Too much of the leadership burden rests with 1-2 professionals (challenge for succession planning)
- 32% admit a lack of confidence in their ability to innovate & implement,
- only 24 % identified as skilled collaborators,
- only 18 % say they manage outcomes

McKinsey's (What Social Sector Leaders Need to Succeed – 2014) study of social sector leadership attributes

Solutions- Recommendations – Chairs can support/encourage

- Coaching and mentoring from board members, funders, stakeholders and corporate sector
- Develop and access cross sector networks with peers
- Take time to step back, recharge and gain fresh perspective
- Identify and apply for leadership programs, fellowships and training
- Committing and acquiring funds for leadership development

you achieve what you focus on

Succession Planning

Succession Plans- types and purpose:

Three types of plans are recommended for all organizations:

- ❖ **Emergency Succession Planning** – A plan that details the process that is in place in the event the executive suddenly departs – either permanently or for an extended period of time.
- ❖ **Internal Leader Development** – A plan that details the process for ensuring ongoing leadership talent development within the organization.
- ❖ **Departure-Defined Succession Planning** – A plan that details the process that is in place for the future planned retirement or permanent departure of the executive.

LWI 2017

Twenty-seven (27%) percent of ALL respondents report they had a written succession plan for the chief executive.

\$1mil (17%)

\$1-9.9mil (31%)

\$10+ mil (50%)

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: <ol style="list-style-type: none"> 1. Succession Basics 2. Sustainability Planning 3. Leader Development 	Considerations: <ol style="list-style-type: none"> 1. Succession Basics 2. Departure-Defined Succession Planning 	Considerations: Executive Transition Management
Essentials: <ol style="list-style-type: none"> 1. <i>A 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: <ol style="list-style-type: none"> 1. Organizational Assessment 2. Capacity Building 3. Strengthens strategy, resources and leadership 	Essentials: <ol style="list-style-type: none"> 1. Transition Preparation 2. Search and Selection 3. Handoff Planning 4. Successor On-Boarding

IV. Leaving a Legacy

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

Closure

Bring Tasks to Closure

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

Bring Relationships to Closure

- Chief Executive
- Board
- Staff
- Others

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

#5- Poll Question

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

Questions?



Thank You

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