

Timely Trends in Board Basics

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“Design of the governing board’s job merits at least as much careful attention as any other element in the leadership and management of the organization.

The reason is obvious:

The board has the most powerful role in any organization and the one charged with the most accountability.”

--John Carver, BOARDS THAT MAKE A DIFFERENCE

“Governance really matters. A board has significant impact on An organization’s success or the lack thereof.”

--Pointer & Orlikoff, THE HIGH-PERFORMANCE BOARD

Governance Matters

How does your board impact your organization?

1. Does your board believe it has significant impact on an organization's performance or the lack thereof?
2. Does your board realizes that it has all authority and accountability for the organization?
3. Does your board understand the importance of governance and undertake its work with a sense of seriousness and purpose?
4. Does your board believe the organization can only be as good as its governance?
5. Does your board commit to continuous improvement?

4 Schools of Thought about Governance



SCHOOL: Roles & Responsibilities

1. Constructive Partnership
2. Mission Driven
3. Strategic Thinking
4. Culture of Inquiry
5. Independent-mindedness
6. Ethos of Transparency
7. Compliance with Integrity
8. Sustaining Resources
9. Results-oriented
10. Intentional Board Practices
11. Continuous Learning
12. Revitalization

SCHOOL: Policy Governance®

- Complete governance operating system
- Set of 10 principles
- “Outside - in” approach
- Servant-leadership philosophy
- Maximizes accountability *and* freedom
- Boards accountable to legal/moral owners
- Efficient delegation--through written policies
- Rigorous, regular monitoring system
- Saving time: “What have we said?”
- Focus on the *difference* in the world (vs. activities)
- Establish parameters (i.e. manage risk)

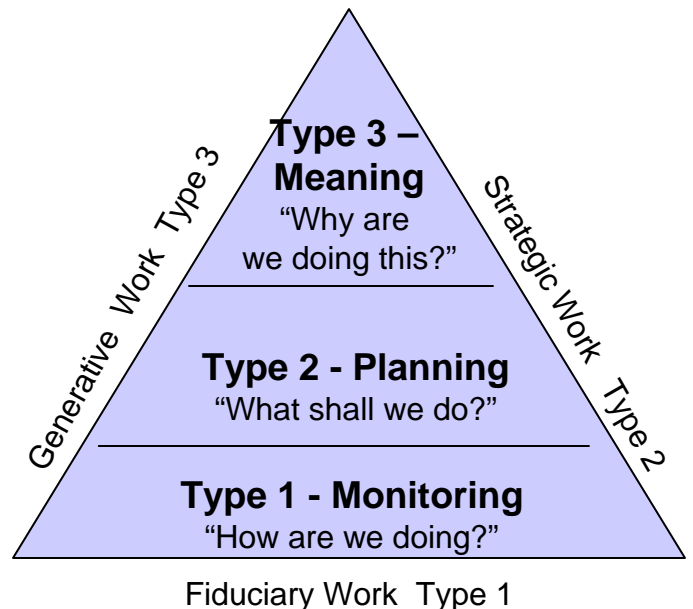
• BOARDS THAT MAKE A DIFFERENCE, Carver

SCHOOL: Governance Principles

- Set of 64 principles to high-performance board
- Boards are responsible for 5 functions: organizational outcomes, executive performance, quality, finances, and governance performance.
- Boards perform roles of forming policies, making decisions, and monitoring.

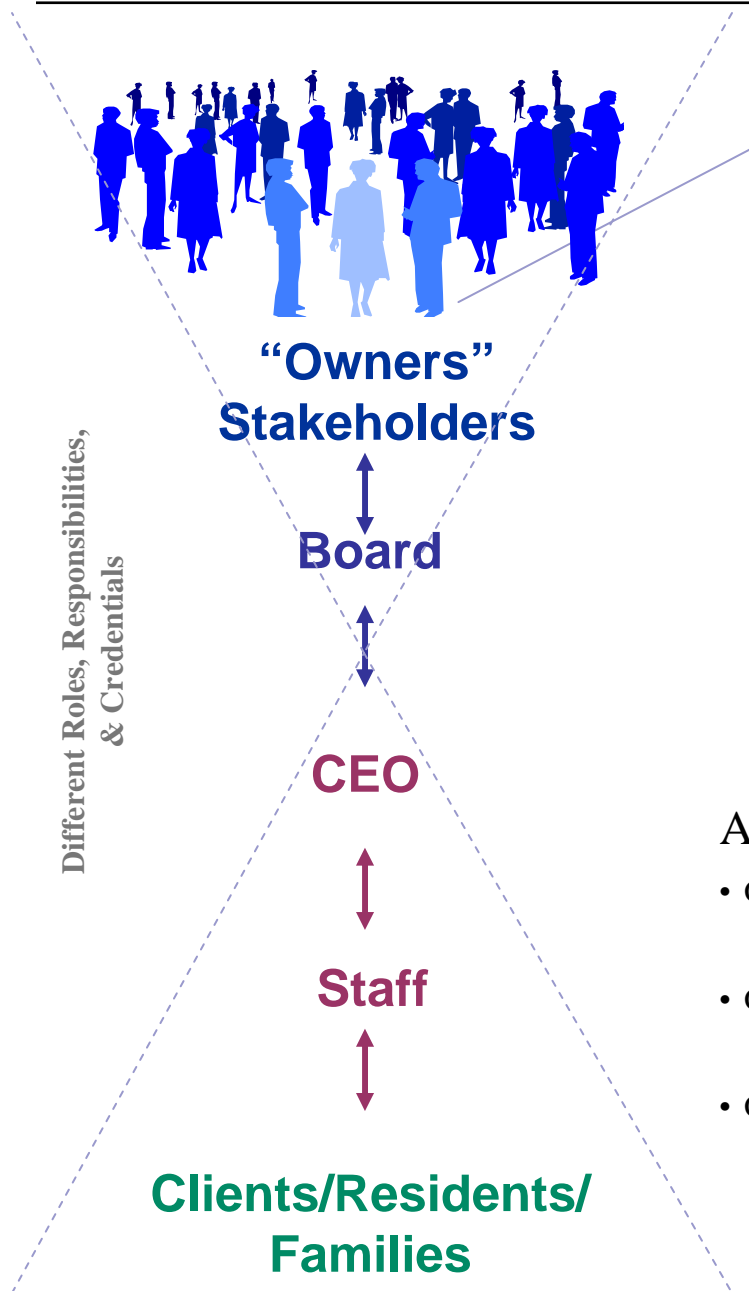
THE HIGH-PERFORMANCE BOARD
Dennis Pointer and James Orlikoff

SCHOOL: Governance as Leadership



Rick Stiffney as adapted from Governance as Leadership, Chait, Ryan, Taylor

Not-for-profit Boards Govern on Behalf of Owners



“The overarching obligation of a board is ensuring an organization’s resources and capacities are deployed in ways that benefit its stakeholders. The board serves as their agent, representing, protecting, and advancing their interests and acting on their behalf.”

“The board acts on behalf of stakeholders; it discharges its legal fiduciary duty of loyalty.”

*--Pointer & Orloikoff
THE HIGH-PERFORMANCE BOARD*

Avoid these Dangers

- Govern on behalf of _____
- Govern on behalf of _____
- Govern on behalf of _____

7 Disciplines of Governance Excellence

1. _____ ECT . . . On Organizational Results
 - Understand
 - Think about the results or outcomes – what difference should the organization make

2. _____ ECT . . . Owner Expectations
 - Listen to understand
 - Invite input
 - Build understanding about organizational results

3. _____ ECT . . . Key Leaders
 - Clear expectations
 - Determine accountability process
 - Do your homework

4. _____ ECT . . . Organizational Performance
 - Determine mission, vision, and values
 - Clarify key result areas
 - Delegate authority and define boundaries

5. _____ ECT . . . Key Result Areas and Organizational Performance
 - Create and use a monitoring system
 - Determine your organizational dashboard of indicators
 - Request the information the board wants – and define frequency

6. _____ ECT . . . Effective Board-Management Interaction and Teamwork
 - Articulate board expectations
 - Maintain open and honest communication

7. _____ ECT . . . For Healthy Board Relations and Board Work
 - Agree upon and behave according to expectations
 - Engage in energetic, full discussion
 - Speak as one voice – when the board speaks

Cultivate Effective Group Work

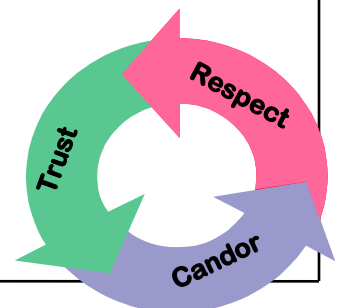
Typical Pitfalls

1. Are discussions dominated by a few?
2. Are some board members silent during board meetings?
3. Does the board generally go along with an expert's opinion?
4. Do meetings feel mechanical?
5. Is the meeting content "controlled" by senior management rather than the board?
6. Do you ever leave meetings wondering if you make a difference to this board or organization?

Governance through Good Group Process and Wisdom

- **Board Composition:** What do you look for in Board members?
 - Trend: from specialist to conceptual thinkers
 - Plan board succession
- **Board Relationships:** Develop trust, respect, relationships, effective communication. It's tough for strangers to govern effectively.
- **Board Unity:** Become a cohesive governing group
 - It is not your job to fight for your individual beliefs.
 - You are NOT governing on behalf of a representative constituency.
 - Ask: What decision is in the best interest of the organization? Or the ministry?
- **Board Process:** Diligence, vigorous exploration of key governance issues
 - Cultivate a board climate of open dissent.
"The highest-performing organizations have boards that regard dissent as an obligation and that treat no subject as undiscussable."
- **Board's Voice:** Speak with one voice or not at all
When the board decides, you have two choices:
 1. Support the decision
 2. Get off the board

--"What Makes Great Boards Great?" By Jeffrey Sonnenfeld
HARVARD BUSINESS REVIEW, September 2002



SAMPLE

Code of Conduct for Board Members

Here's a sample Board Member Code of Conduct. Adapt it to fit your organization.
Review it at your first board meeting each year in order to orient new members and remind the veterans.

As a member of this non-for-profit board, I will . . .

1. Cradle and hone the vision and ministry of the organization.
2. Listen carefully and respectfully to other board members -- respect the opinions of others.
3. Respect and support the majority decisions of the board.
4. Recognize that authority is only vested in the full board when it meets in legal session.
5. Keep informed of developments relevant to issues that may come before the board.
6. Participate actively in board and committee meetings.
7. Prepare for board and committee meetings in advance.
8. Bring to the attention of the board any issues that may adversely affect the organization or those we serve.
9. Approach all board issues with an open mind to make the best decisions for everyone involved.
10. Interpret the needs of those we serve to the organization and the organization's actions to those we serve.
11. Focus my efforts on the mission and ministry of the organization--not on my personal goals.
12. Refer complaints to the proper level in our chain of command.
13. Understand that my job is to see that the organization is well-managed, not to manage the organization.
14. Represent everyone this organization serves, not a particular interest group.
15. Act as a "trustee" of this organization and work carefully to ensure that it is well-maintained, financially secure, growing, and operating in the best interests of those served.
16. Declare any conflict of interest between my personal life and my position on the board and abstain from voting when appropriate.
17. Represent the organization in the community and promote good relations.

As a member of this not-for-profit board, I will not . . .

- Criticize other board members or the chief executive, either in or out of the board room.
- Discuss the confidential workings of the board outside the board room.
- Use the organization for my personal advantage or for the advantage of my friends, family or associates.
- Declare how I will vote prior to a meeting.
- Interfere with the chief executive's duties, with day-to-day management, or undermine his or her authority with staff members.

Board member signature _____ Date _____

Recruiting Board Members

Board recruitment is an on-going process. Each board member and management team member should be on the lookout for potential members. Here are tips for recruiting quality board members:

1. Develop qualifications for board members.
2. Develop a board profile For each member, list skills, professional background, strengths, age, gender, race, church involvement, and board tenure.
 1. What are the areas of duplication or member clustering on the board?
 2. What demographic characteristics are underrepresented on the board?
3. Develop an “ideal board” profile—to achieve your organization’s strategic plan.
4. Compare the two profiles and identify “gaps” in the board makeup.
5. Keep a list of potential board members and complete a board potentials profile.
6. Develop a list of standard questions to use when interviewing potential candidates.
7. Provide realistic information about time commitment, organization’s purpose, skills desired, job description.
8. Systematically use criteria for reappointment that assess all board members.
- 9.
- 10.

SAMPLE

Board Orientation Checklist

Directions: Initial and date each item as it is reviewed with new board members.

New board member name: _____	Date	Initials
A. Organizational Overview		
■ Organizational history	_____	_____
■ Mission statement, values, goals of the organization	_____	_____
■ Client demographics	_____	_____
■ Products and services	_____	_____
■ Organizational chart	_____	_____
■ Bylaws and complete policy manual	_____	_____
■ Strategic direction, strategies, and objectives	_____	_____
B. Tours		
■ Administrative offices	_____	_____
■ Other facilities	_____	_____
■ Introduction of key or all staff	_____	_____
C. Board Organization and Expectations of Board Members		
■ Job description for board members	_____	_____
■ Introduction of all other board members	_____	_____
■ Board meeting schedule and time expectations	_____	_____
■ Preparation expectations--board packet, minutes	_____	_____
■ Committee assignment	_____	_____
■ Planning cycle -- policies, practices, goals, retreats	_____	_____
■ Recent annual evaluations of CEO	_____	_____
■ Relationship to CEO and staff	_____	_____
■ Financial commitments and reimbursements	_____	_____
■ Liability insurance coverage	_____	_____
D. Financial Overview		
■ Balance sheet	_____	_____
■ Profit and loss statements	_____	_____
■ Current budget and budget planning procedures	_____	_____
■ Pricing and funding sources	_____	_____
■ Audited reports	_____	_____
■ Long-range financial plan	_____	_____
E. Marketplace Overview		
■ Industry and market	_____	_____
■ Competitors, affiliates, and collaborators	_____	_____
■ Public image and reputation	_____	_____

Board Meetings

1. A board is an entity.
2. The board only has authority when _____.
3. The single, most precious board commodity is _____.
4. What is important to your board?

Board Meeting Activity	Time Spend	Ideal Time
What has happened -- reports	%	%
What we want to happen in the future	%	%

Reflection

What are several take-aways from this session? How could your board improve and grow?

