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Board-ED/staff relations and effectiveness

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Topics we will touch on

- Understanding different types of Board work
- Board management philosophy
- Designing the Board-ED relationship for success (or, "how not to drive your Board or ED crazy")
- Clarifying Board, staff roles in program work
- ED evaluation
- Challenging and supporting the ED - finding the right balance
- Managing ED transitions
- ED role in 'board business' (e.g. meetings, Board recruitment, etc..)
- Board role/process in inter-staff conflict
- Other?

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Board-ED relations: "It depends"

- Depends on org. situation – size, history, legal structure, professionalization, etc. – no one right model
- Can shift depending on ED and Board skill, tenure, interests, trust – it's always changing!

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Some guiding principles/ perspectives

1. Boards govern, ED's manage (not a hard line) – so know what governing is and isn't
2. Healthy tension in the relationship (support AND challenge) is desirable
3. The Board is the ED's manager/leader – so what do great managers & leaders do?
4. Board's bottom line is fiduciary responsibility; and, it should choose high-value/impact over low-value board work

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Recall: What a board HAS to do and CAN do

1. GOVERN (fiduciary/trustee-ship) – COMPULSORY - Governance is a conscious, full-time job – the Board's first and legal priority

2. SUPPORT (help) e.g. fundraising, program, outreach – OPTIONAL though very helpful

3. MANAGE (do staff-type oversight work) - OPTIONAL unless a crisis - a last-resort focus of Boards, a transitional role

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Board Management Philosophy

Many ED's live in trepidation about their Boards; many Boards have little idea about how they impact their ED and don't see themselves as active managers

- How can we create the best environment for our ED (and staff to) excel?
- What motivates our ED? How do we know? (autonomy; support; development; resources; feedback; other?)
- What's our tolerance for risk and our philosophy about handling ED/staff mistakes? When would we know when to intervene, and how? (good to think about this before a crisis has developed)

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Key interaction areas with ED

- Goal setting – strategic, annual (program, org. and fiscal)
- Check-ins on goals/key performance metrics
- Support/mentoring/problem solving for the ED/staff
- Policy setting
- Community engagement
- Fundraising
- Evaluation
- Conflict resolution
- Other?

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Irritation points for EDs

- Wide range of ED opinions about their boards: Board as necessary evil <u>or</u> Board as irrelevant <u>or</u> Board as key ally
- ED is at the whim of Board volunteers = feels like crapshoot: Lack of predictability, consistency in board's engagement as ED's manager
- Board well-meaning but meddling esp. in committees, and individually – very hard for ED to manage (you're their boss)
- Board won't raise money (biggest worry for ED's)
- Board won't manage themselves (becomes ED's job)
- Board doesn't follow through (unreliable, wastes energy)
- Board poor at evaluating me, giving timely feedback
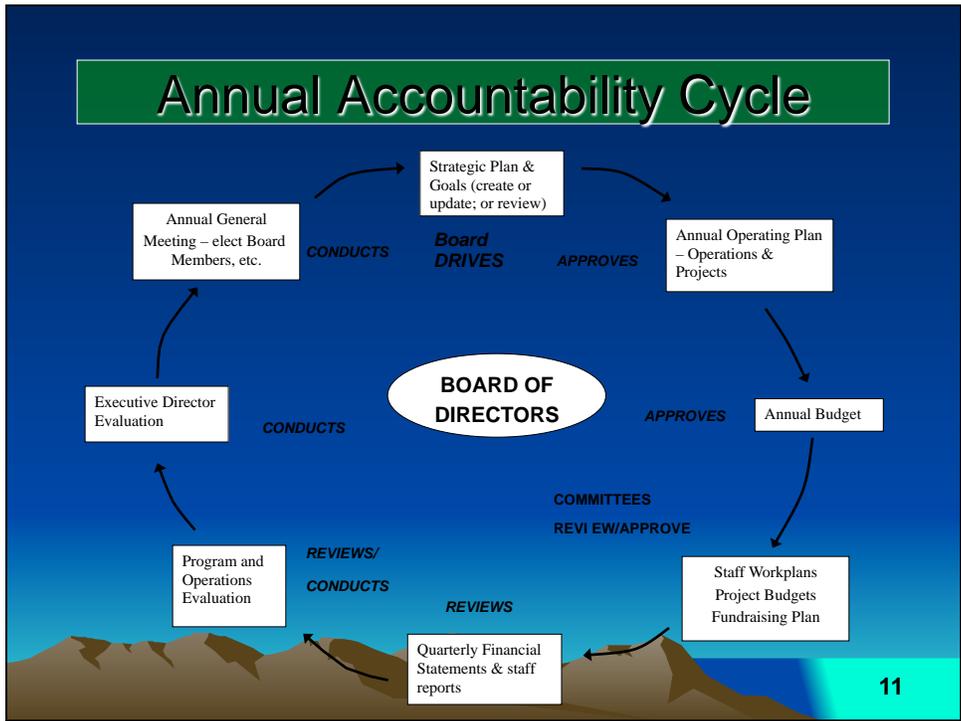
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Some Best Practices

1. Knowing what is Board responsibility and ED responsibility – everyone clear – in writing
2. Hire right, give ED a clear mandate and guidelines, get out of the way, evaluate & give feedback well and give it regularly
3. Agree on monitoring & support needs, frequency & roles
4. Clear structure, roles, processes for staff and Board – documented – "how we work together" – including ED-Chair relationship

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Some Best Practices

5. Adequate, consistent engagement with the ED – check-ins, guidance, etc.
6. "Emotional fortitude" e.g. giving ED tough feedback; reining in meddling Board members;
7. Watching the ED's back and managing Board expectations
8. Board meets its commitments; modest goals

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Annual Accountability Cycle

Strategic Plan & Goals (create or update; or review)

Annual General Meeting – elect Board Members, etc.

CONDUCTS

Board **DRIVES**

APPROVES

Annual Operating Plan – Operations & Projects

Executive Director Evaluation

CONDUCTS

BOARD OF DIRECTORS

APPROVES

Annual Budget

COMMITTEES REVI EW/APPROVE

Program and Operations Evaluation

REVIEWS/ CONDUCTS

REVIEWS

Staff Workplans Project Budgets Fundraising Plan

Quarterly Financial Statements & staff reports

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Common Source of Friction: Program Roles of Board and staff

- Often an issue for boards with long-time board members who are passionate about the issues and not about governance, or have deep experience or expertise in program areas

- Most often arises when an organization is in transition from hands-on doing/organizing board with no/few staff to a governing board with a full professional staff – usually a bumpy path for a while

Program Roles: Common Board Perspective

- Board members feel they have valuable input into where the action is – operational-level program decisions e.g. specific objectives, tactics, partners, etc.
- *"We weren't told when we joined that we couldn't get involved in program issues"*
- *"Board members often have unique perspectives, connections, experience, expertise that should be used"*
- *"The staff are there to be directed by the Board; staff on committees are directed by the committee"*
- *"Staff should appreciate our input – we're not even paid"*
- *"We need to be nimble and responsive with our work"*

Program Roles: Common ED Perspective

- Individual board members don't understand the impact it has when they direct us to 'look into something' or 'talk to so and so' – like they don't think we have a ton to do already; feels like whiplash
- The board should go through 'formal' channels (e.g. ED) or processes/structures (periodic workplan reviews) when they want us to take something new on
- It's intimidating to say no to a board member – they're our boss
- The board should follow the strategic plan, AOP like we try to
- Feels like the board is second guessing us, don't trust us to figure things out, don't trust our expertise, think they are smarter; We actually are much closer to the situation

What can end up happening

Worst-case scenario:

- Staff resents board intrusion, board feels ignored/ isolated
- Staff may withhold key program information, don't welcome board members into forums and get their expertise as volunteers
- ED feels torn – supporting/sheltering his/her staff/ programs while trying to be responsive to his/her 'boss'
- Board & staff disconnect - "Two solitudes"

Creating Effective Boundary Clarity & Effective Interaction around Programs

- Strategic Plan, AOP agreed to as THE focus for board, staff unless formally changed
- Clarify what level the board engages at e.g. high-level (Goals, Broad Strategies)
- Clear 'rules' for changing the goals & gameplan, including how to drop things
- Clear guidelines for how staff are directed at committee level; Board members make request of staff (e.g. Treasurer) only if delegated that, with ED consent
- Clear committee workplans
- Everyone clearly understands the Board works directly through ED for major program issues
- Healthy dialogue ED-Board about this boundary
- Clear and frequent education of ALL board members on respecting staff autonomy; raise awareness of impact on staff

Effective ED Evaluation

1. Do it regularly and consistently!
2. Set <u>tone</u> from start – directness, openness, mutuality, clarity
3. Set <u>clear mandate & expectations</u> from start (written) – including evaluation & feedback
4. Give and seek feedback <u>early and often</u>, address defensiveness, etc.

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Managing ED Transitions

- Know when it's time for an ED to move on (don't let problems fester)
- Ensure ED has adequate staff depth (if possible) – what's the succession plan?
- Rigorous ED hiring process – learn about best practices – "one chance to get it right"
- The Board will need to increase it's operating focus, level of engagement

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ED role in board business

- Principle: "Board manages itself"
- Meetings: ED supports not leads (Board designs agenda with ED support)
- Board recruitment: ED supports not leads (ED gives suggestions)
- Dealing with troublesome Board members (e.g. in Committees): Board Chair deals with, not ED
- Fundraising: staff support Board as needed, not do ALL the work in Board fundraising

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Board role in inter-staff conflict

- Flows from your board management philosophy e.g. is ED ultimately responsible for staff? Who do you want to support: your ED or the staff member – can't do both (dis-empowers both)
- Slippery slope: once you intervene, hard to pull back
- Board role: mentor/coach ED? (requires skill, trust) Approve HR policy
- Conflict resolution policy in Personnel Policy - Make sure all Board and staff are clear
- Exception: Is there a pattern? (i.e. is the ED the issue?) If concerned, consider evaluation that involves staff feedback

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Thank you!
Additional questions, etc.?

Additional material

The following pages provide some additional details on the fiduciary responsibilities of boards and on the different modes of governance. These provide some more context for understanding areas where the board and ED interface.

Three 'modes' of Governance

(Governance Functions (different than supporting functions)

(from Governance as Leadership, Chiat, Ryan & Taylor)

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Mode 1. Fiduciary Governance

- Board's central purpose**:**
    Stewardship of tangible assets
- Board's principal role**:**
    Sentinel
- Board's core work**:**
    – Ensure efficient & appropriate use of resources
    – Ensure legal compliance & fiscal accountability
    – Ensure accountability
    – Oversee operations
    – Select & evaluate CEO

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Mode 2. Strategic Governance

- Board's central purpose:
  Strategic partnership with senior mgt.
- Board's principal role:
  Strategist
- Board's core work:
  - Scan internal and external environments
  - Resolve priorities
  - Review and modify strategic plan
  - Monitor performance

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Mode 3. Generative Governance

- Spawns policy, strategy, and decisions i.e. before strategy is determined
- Make sense of circumstances.
- Invites prior questions, alternative hypotheses.
- Puts perceived problems & opportunities in new light.
- Finds and frames new problems and opportunities.
- Concerns values, beliefs, and assumptions.
- Make meaning of the past
- Discover emergent strategies
- Shape organizational saga
- Learn lessons
- Learn what others think
- Cross boundaries
- Confer with stakeholders

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What some research suggests

McKinsey 2014 "High-performing Boards – What's on Their Agenda?"

- Survey of 770 directors from public and private companies
- High-impact and low-impact boards spend the same amount of time on core fiduciary/compliance tasks
- High-impact boards spend considerable more time on strategic and generative governance

So, given limited time and energy, where is the optimum focus for your board?

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The Three Modes: Application

- All three modes are valuable and necessary
- Fiduciary = minimum governance
- Fiduciary + Strategic = good governance.
- Fiduciary + Strategic + Generative = great governance.
- To govern at highest plateau boards need to:
  - Think differently/more broadly about governance;
  - Think differently when governing;
  - Work in the right place at the right time
  - Design their time together more thoughtfully

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Broadest Board Fiduciary Responsibilities

1. Mission (adherence, viability, vigor)
2. Legal compliance (Bylaws, personnel, fiscal)
3. Fiscal viability & capacity
4. Program viability & capacity
5. Governance viability & capacity
6. 'License to operate' (ethics, public image)

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Core fiduciary responsibilities

1. Board creates the mission of the organization.
2. Board ensures the strategic plan is prepared, approved and implemented.
3. Board approves Executive Director's job description
4. Board does annual evaluation of Executive Director
5. Board is informed of and approves all political activities which may jeopardize the corporation's tax-exempt status.
6. Board maintains minutes of all Board meetings and is certain that annual corporation report is submitted.
7. Board elects its officers and holds annual general meeting (per bylaw)
8. Board ensures, helps to implement, where appropriate, realistic annual funding plan.
9. Board authorizes all bank accounts and all borrowing by the corporation.
10. Board approves significant legal contracts
11. Board approves all major changes, expansions, or contractions in program services.
12. Board adopts and monitors annual budget
13. Board receives financial statements regularly
14. Board treasurer (or at least one other Board member) is familiar with organization's accounting practices and monitors their adequacy, including regular payment of payroll taxes.

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