



How to Assess and Improve Your Board's Performance

Do you focus on all 20 activities performed by effective boards? Rate yourself, and put your board into balance.

By Ralph C. Craft & Ronald G. Benson

“Effective governance by the board of a nonprofit organization is a rare and unnatural act,” according to two researchers.¹ While this statement may be alarming, evidence proves there’s truth to it.

Virtually all boards can improve themselves. But what’s the best way to go about it? First, we must determine what makes a board effective. A review of the literature reveals 20 activities that are vital for nonprofit boards.² These activities are listed in Figure 1. They’ve been categorized into four major areas: financial (establishing and revising budgets and keeping track of the organization’s financial health); operational (overseeing the organization’s ongoing performance); staff (selecting, recruiting, and monitoring staff and board members); and strategic (establishing the mission and making plans to achieve it).

An effective way to assess your board’s performance is to review the minutes of past board meetings. You can use a simple frequency chart to determine which of the 20 tasks in Figure 1 were discussed at each board meeting. If possible, also record the amount of time spent on each activity.

You may find, as many boards have, that most of your board’s meeting time is taken up with the two financial activities and that few of the remaining 18 areas are discussed at a level corresponding to their importance. If you find a lack of balance, here are ways to improve future board performance:

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Figure 1

ACTIVITIES OF AN EFFECTIVE BOARD		SOURCE*				
CATEGORY	BOARD ACTIVITY	NCNB	JOHNSTON	STUBBS	BRYCE	DRUCKER
Financial	Ensure adequate resources (including fundraising activities).	X	X	X		X
Financial	Manage resources effectively.	X	X		X	X
Operational	Determine and monitor the organization’s programs, services, and goals.	X	X	X	X	X
Operational	Enhance the organization’s public image.	X				X
Operational	Serve as a court of appeal.	X				
Operational	Assess the board’s own performance, both as a collective board and as individual members.	X				X
Operational	Create focused and prioritized meeting agendas.			X		
Operational	Be responsive to community expectations.			X	X	X
Operational	Collaborate with others.				X	
Operational	Understand laws and regulations.				X	
Operational	Recognize the board’s key roles.				X	X
Staff	Select the executive.	X	X			X
Staff	Support the executive, & review the executive’s performance.	X	X			X
Staff	Recruit board members.			X		X
Staff	Develop people.					X
Strategic	Determine the organization’s mission and purpose.	X				X
Strategic	Ensure effective organizational planning.	X		X	X	X
Strategic	Service society.				X	X
Strategic	Introduce innovation and change.					X
Strategic	Anticipate crises.					X

*See Footnote 2 on page 15 for a description of each of these sources.



Financial

- The board should put financial issues on the agenda only for budget approval, year-end closing (which is a legal requirement), and discussions of exceptions to the budget.
- The board should devote one entire meeting to reviewing future

program and service components to build the budget in a “bottom-up” fashion.³ This is the best way to integrate the board’s financial, operational, and strategic responsibilities.

Operational

- At the meeting before the annual budget review and approval,

the board should discuss, at length, the goals for organizational programs. Once these goals are approved, costs can be established and discussed at the next meeting. If the budget needs adjustment, appropriate changes should be made to program goals. In this way, there’s an integrated program and budget approval process.

- Progress for each program (as compared to the approved goal) should be discussed at each meeting by exception only (in other words, only if the goals are being surpassed or aren’t being met).

The infrequency of board meetings make them ineffective for sharing critical information necessary for governance.

- Each board member should be encouraged to question any proposal or information presented during meetings. These questions should be subject-specific or process-oriented, and shouldn’t be personalized. When discussions are required, the chair should propose other ideas to promote discussion.

- The infrequency of board meetings make them ineffective for sharing critical information necessary for governance. Consider creating an electronic “chat-room” to improve sharing between meetings.

- At the end of each meeting, board members should rate the meeting’s effectiveness, using three methods. First, they should tally the time spent on each of the 20 areas in Table 1. Second, they should detail which of the 20 activities were done well and which were done poorly. Finally, they should give the meeting an overall rating, with 1 being poor and 10 being excellent. These evaluations should be included in the minutes of the meeting.

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Staff

- At each board meeting, the chief operating officer should report issues that affect delivering services and meeting organizational goals.
- The chief operating officer should report staff issues affecting organizational effectiveness that require resolution by the board.

Strategic

- Board members should be encouraged to discuss and resolve crises.
- A specific, standing agenda item should be incorporated into the meetings to discuss existing or anticipated crises.

Effectively managing board meetings is a critical part of an effective board. If you're having problems attaining quorums, if board members are focusing on minutiae, or if board members are becoming antagonistic, try concentrating on the core board activity: meetings.⁴ ■

Consider creating an electronic "chat-room" to improve sharing between meetings.

Footnotes

¹Taylor, Barbara E. & Chait, Richard P., "The New Work of the Nonprofit Board," *Harvard Business Review*, Vol. 74.

²These activities were taken from the National Center for Nonprofit Boards' online article, "What Are the Basic Responsibilities of Nonprofit Boards?" (http://www.ncnb.org/askncnb/faw9_11.htm), Peter Drucker's *Managing the Nonprofit Organization* (New York, Harper Collins, www.harpercollins.com), Jo-Ann Johnston's "Should You Join a Nonprofit Board?" (*Small Business Reports*, Vol. 19), Randall A. Stubbs' "A Recipe for Nonprofit Success" (*Fund Raising Management*, Vol. 28), and Herrington J. Bryce's "Ten Principles to Guide the Nonprofit," *The Non-Profit Handbook* (Harrisburg, PA: Whitehat Communications, www.whitehatcommunications.com).

³See Peter Brinckerhoff's "How to Save Money through Bottom-Up Budgeting," *Nonprofit World*, Vol. 14, No. 1, available free online at www.snpo.org/members.

⁴See Learning Institute programs online: Board Governance (www.snpo.org/li).

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