Boards Can't Go It Alone: How to Forge the Board-Executive Partnership

Here are team-building steps every board member and chief executive needs to take.

BY DOUGLAS C. EADIE

No matter how committed, no nonprofit board can—alone—fully exercise its responsibilities or develop its leadership potential. It must rely on the support of an executive infrastructure, consisting of:

- a chief executive officer committed to effective governance
- an executive team whose members support board performance
- management systems that facilitate board decision making.

A nonprofit's board and chief executive officer are its alliance for progress. If this partnership malfunctions, the organization can pay a high price. Tension will be the least of the costs. Progress toward the organization's vision can slow, as opportunities are missed and problems go unaddressed. Fulfillment of its mission can falter as program operations are disrupted. And once the public gets wind of trouble in a nonprofit's "nuclear family," political and financial support can drastically shrink.

When the consequences appear dire enough, nonprofit boards usually resolve such troubled relationships by sending their chief executives packing. (Boards are not known to assign themselves blame, much less to fire themselves.) While momentarily satisfying, such a parting of company misses the point. The problems are more likely the result of inadequate board-executive relationship building.

STEPS FOR THE BOARD TO TAKE

Here are the steps you, as a board, can take to build a successful board-executive partnership:

1 Select the Executive with Care.

The keys to choosing a chief executive officer are to:

- identify the executive leadership your organization needs now and in the next few years
- communicate these expectations clearly to applicants.

There are, of course, "core" competencies good for all times and places, such as skills in financial planning, team building, and public speaking. Naturally, a board shouldn't consider any candidate who can't show capability in these key areas. However, no candidate will possess equal skill in every aspect of the job; nor is every requirement equally important to your organization at any given time. Your selection process will be more powerful if your thinking goes beyond routine requirements.

2 Set Rules for Board-Executive Interaction.

Next, the board and executive must agree on the values that will govern their relationship. For example:

- openness, honesty, and no hidden agendas
- the board's right to know bad news as well as good and not to be caught off guard
- the executive's need for leeway in choosing means to achieve agreed-upon ends
- the executive's right to accept direction only from the board as a whole and not from individual members
- he executive's sole authority to direct staff.

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Then the two parties can move to the next level of detail, setting more specific rules to guide their interactions. At the top of any list will be the boundaries limiting chief executive activity. For instance:

- How much money may the executive commit without board approval?
- How much hiring latitude will the executive have? Must the board review a recommended applicant, or may the executive hire anyone so long as the amount has been budgeted?
- How much time must the executive give board members to review information before asking them to make a decision?
- How much communication is acceptable between board and staff? May board members ask staff for assistance, or should such requests come through the chief executive?
- In what format will the executive present policy recommendations to the board?

3 Make Reciprocal Expectations Explicit.

The next step is for the board and executive to agree on:

- the chief executive's performance targets for the coming year
- board commitments required to help the executive achieve the targets
- the process the board will follow to assess chief executive performance.

This negotiation of expectations is too important to conduct perfunctorily. It should become an annual affair, best held just before the beginning of a new fiscal year and after the board and executive have agreed on the coming year's operational plan (operating targets and budgets).

The executive and board should use in-depth discussion to reach consensus on their expectations. To do so, they should set aside half a day in a setting free of distractions.

It would be helpful for the executive to come to the session with recommendations. However, the intent is to reach agreement through intensive dialogue. A board's merely signing off on a chief executive's thoughts would miss the point entirely.

4 Evaluate the Executive's Performance Regularly.

Despite the importance of evaluating the executive, many boards pay little attention to evaluation—that is, until a conflict develops. By then it is often too late to avert a rupture in the partnership and a parting of ways.

Many boards don't even attempt a formal evaluation. Some leave it to the board chair; some encourage the chief executive to conduct a self-evaluation, which they merely review. And many use a checklist approach to evaluation, judging chief executive performance along functional (not results) lines, such as "team building," "management of financial resources," and "long-range planning."

There is a better way. You can turn the evaluation into a powerful tool for improving performance and strengthening the board-executive partnership. In the process, you can prevent the kind of dramatic clash that often results in a chief executive's abrupt departure, with the attendant negative publicity and dampened morale. Here are guidelines for a successful evaluation process:

Focus on Ends, Not Means.

Unless a chief executive violates one of the policies that govern the partnership, such as committing dollars above the established limit, you should evaluate specific performance targets. Ask the following two questions:

- Under the executive's management, has the organization's performance reached the operational targets set during the planning and budget processes?
- Has the executive reached the individual performance targets that were negotiated with the board?

By asking these questions, you will focus on outcomes, in the form of targets reached or not. Such an approach is the best way to assess the effectiveness of executive leadership.

Don't make the mistake of examining how the executive pursued the targets. Such a focus on means relates more to style than impact. Of course, when means are pertinent, you should factor them into the negotiation of performance targets.

Focus on Growth, Not Punishment.

In your evaluation, focus on strengthening executive performance and leadership capability rather than determining rewards and punishments. Done in a collegial fashion, evaluation can result in a game plan for the executive to follow. Such a plan can help the executive improve weak performance. This approach may also reveal unrealistic performance targets, which you can renegotiate.

This strategy is cost effective when you consider the tremendous investment already made in the chief executive. Of course, repeated performance deficiencies may force you to terminate the chief executive. You should not consider ter-

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mination, however, until you have given ample warning and tried working with the executive to treat the problems.

Assign Clear Board Accountability.

Important work will be left undone if no one is held accountable for doing it, and evaluation is no exception. By assigning responsibility for chief executive evaluation to a standing committee, you will take a big step toward getting it done.

You should also develop a formal timetable for evaluation. Begin this timetable with the negotiation of performance targets, and end with a formal, written report. This report should document how well the executive has met the targets. It should also include a plan for remedying any performance shortfalls.

Set Aside Enough Time.

Serious, ends-focused evaluation is a complex process that involves considerable discussion. In addition to the session at which you negotiate targets, set aside time for several four-hour work sessions. Such a schedule will give you enough time to perform an in-depth evaluation and to develop a plan to remedy deficiencies.

5 Provide Support for the Executive.

Give the executive as much support as possible in reaching the agreed-on performance targets. Here are the important points to remember:

Allow Tradeoffs.

The chief executive's time is a precious and finite resource. Increased attention to one area comes at the expense of another. In fairness to its chief executive, the board should be willing to negotiate such trade-offs. For example, the board might allow less executive attention to internal operations in exchange for attention to external diplomacy.

One caveat, however: The board should ask the executive to explain the risks of such trade-offs. This will assure that the organization is not endangered because of reduced executive attention to a critical area. The chief executive should also identify resources needed to avert possible problems. For instance, the organization might ask a staff member to focus on the uncovered area until the executive can redirect attention there.

Commit Resources.

Chief executive time and attention may not, alone, be sufficient to tackle a performance target. For example, the executive may commit to building a modern financial management system. To help the executive reach that target, the board may need to provide funding to buy software, pay a consultant, and hire a financial officer. Or, the board may want the chief executive to concentrate on external relations and fundraising. For the executive to succeed in this external role, the board may need to fund a new internal operating officer.

STEPS FOR THE EXECUTIVE TO TAKE

As the chief executive, you can contribute to the board-executive partnership in the following ways:

1 Make a Commitment to a Strong Board.

Like many nonprofit executives, you may have been taught that the only "good" board is one that keeps its distance and doesn't interfere. You may view your role as guarding against the board's dabbling in administrative affairs. If you want to build an enduring organization, however, you must put aside that view. You must learn to welcome and foster development of a strong board.

2 See Your Role as Less Boss & More Architect.

The notion of the chief executive as head of a command structure, making tough decisions and refusing to pass the buck, is worse than valueless in today's world. Such a view impedes creative partnerships between board and staff. Far more productive is the idea of the chief executive as an architect, creatively putting organizational pieces together, and as a facilitator, helping the pieces to function as intended. Approaching the board from a designer's and facilitator's perspective will help you bring greater innovation and flexibility to the partnership building task.

3 See Yourself as the Board's Peer & Colleague.

Despite the myth of a chief executive as the top staff person under the board, you can build a better partnership if you view yourself as your board's peer. As a peer, you will be more likely to take the initiative in relationship building and more assertive in dialogues with your board.

4 Treat the Board as a Precious Resource.

The board is a complex, delicate mechanism that must be fine-tuned and well maintained. As chief executive, you are the board's top mechanic. You must pay constant attention to the board's "production process," noting problems and helping the board resolve them.

Chief executives that are successful in playing this role, and in building top-notch partnerships with their boards, devote at least 25 percent of their time to supporting their boards. And this is quality time, not Sunday-night-at-the-eleventh-hour time.

5 Build a Strong Executive Team.

The executive team is made up of key staff members, chaired by the chief executive. Such a team can play an important role in supporting a board. It can, for example:

- oordinate staff teams to work with the board's standing committees, ensuring that these committees are carrying out their responsibilities
- help develop agendas for board and standing committee meetings
- review material prepared for standing committee and board meetings, such as quarterly financial reports
- critique presentations being prepared for special board-staff work sessions
- help ensure that internal planning and management systems are well designed and function effectively.

FOCUS ON PARTNERSHIP

A board should never erode its chief executive's authority by directing staff, nor should staff go around the chief executive to lobby for board decisions. However, board-staff interaction can enrich the governance process. Such interaction can strengthen the board's understanding of the organization's operations. It can also make executive team members more sensitive to the board's needs.

Significant opportunities for productive, "safe" interaction between staff and board include:

- standing committee meetings
- meetings of standing committee chairs with staff team leaders
- annual strategic and operational planning work sessions.

Finally, the board-executive partnership will be much closer if the board chair and chief executive function as a cohesive leadership team. They should spend considerable time together, working out a creative division of labor and brainstorming ways to strengthen board leadership. ■

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