

6 Characteristics of EFFECTIVE BOARDS



Researchers Thomas Holland, Barbara Taylor, and Richard Chait worked for several years to determine why some nonprofit boards excel and others do not. They had three questions in mind as they conducted this research:

1. What characteristics define and describe effective boards of trustees of independent colleges?
2. Do the behaviors of effective and ineffective boards differ systematically?
3. What is the relationship, if any, between board effectiveness and institutional performance?

They concluded, among other things, that:

1. There are specific characteristics and behaviors that distinguish strong boards from weak boards, which were classified into six dimensions of effective trusteeship.
2. There is a positive and systematic association between the board's performance, as measured against these competencies.

Those six characteristics of effective boards that emerged as a result of interviewing several hundred boards and chief executives and surveying over 1,000 more, are highlighted here. Developing these characteristics in a board will help it govern more and manage less.



CONTEXTUAL

Effective boards understand and take into consideration the culture and norms of the organizations they govern. They adapt to the unique characteristics and culture of the organization and its staff. They rely on the organization's mission, values, and traditions as guides for their decisions. They act so as to exemplify and reinforce its core values and commitments. Try the following:

- Orient board members with an explicit introduction to the organization's values, norms, and traditions.
- Invite former members, administrators, and living legends to convey the organization's history.
- Discuss the concepts of shared governance, collegiality, and consensus with the organization's current leaders.
- Review the organization's hallmark characteristics and basic values that set it apart from competitors.

In advance of a retreat, the board of a liberal arts college responded to an online survey that posed a number of questions, including: "What is our greatest comparative advantage today? What will be 10 years from now? What is our greatest comparative disadvantage today? What will it be 10 years from now? What values do we hold most dear that we will not sacrifice at any cost?" During the retreat, the board met in small groups to discuss the results and determine steps the board could take to ensure that the institution remains competitively strong.



EDUCATIONAL



Effective boards ensure that their members are knowledgeable about the organization and the board's roles, responsibilities, and performance. They consciously create opportunities for board education and development and regularly seek information and feedback on the board's own performance. They pause periodically for self-reflection, to assess strengths and limitations, and to examine and learn from the board's successes and mistakes. This includes doing the following:

- Set aside some time at each meeting for a seminar or workshop to learn about an important matter of substance or process or to discuss a common reading.
- Conduct extended retreats every year or two for similar purposes and for analyzing the board's operations and its mistakes.
- Meet periodically with board leaders from similar organizations.
- Rotate committee assignments so members can become familiar with many aspects of the organization.
- Establish internal feedback mechanisms from members.
- Conduct annual surveys of members on individual board member and collective board performance.

A hospital board routinely allows board members to provide anonymous input (so no one need feel embarrassed about lack of knowledge) regarding topics for board education. Periodically, management constructs a list of relevant health-care issues (e.g., pay for performance, metrics for quality and safety) and has board members rate their knowledge on the topic using a 1 to 5 scale where 1 = I know very little to 5 = I know a great deal. For items receiving low overall scores, the hospital sets up "Board Member Education Hours."

Another hospital board recognizes that dozens of acronyms are used at board meetings and the number in the industry continues to grow. For every board meeting, as board members enter, they receive a blank index card on which they note every time an acronym is used of which they are unaware. The board book for each meeting then includes an updated, annotated list, which continues to evolve.

Again, no one has to be embarrassed by not knowing and meeting time is not interrupted to explain each acronym.

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INTERPERSONAL

Effective boards nurture the development of their members as a working group, attend to the board's collective welfare, and foster a sense of cohesiveness. They create a sense of inclusiveness among all members, with equal access to information and equal opportunity to participate and influence decisions. They develop goals for the group, and they recognize group achievements. Ways to do this include the following:

- Create inclusiveness.
- Have events that enable board members to become better acquainted with one another.
- Build some slack time into the schedule for informal interaction.
- Share information widely and communicate regularly.
- Communicate group norms and standards by pairing newcomers with veteran board members.
- Ensure the board has strong leadership by systematically grooming its future leaders and encouraging individual skills development.

Many boards regularly include social gatherings in the schedule for board meetings. For example, a college board schedules one of its three regular board meetings near commencement time so that board members are there for that event and can interact not only with each other but also with students, parents, and faculty.

The board of a community service organization begins each board meeting with a quick session where board members share what's new in their lives — some meaningful event. A school board opens with a different question every other meeting such as, "What's the best movie you've seen recently?" or "Best play? Best book? Best symphony? Sporting event?" People get to know each other in a different way.



STRATEGIC

Effective boards help their organizations envision a direction and shape a strategy for the future. They cultivate and concentrate on processes that sharpen organizational priorities. They organize themselves and conduct their business in light of the organization's strategic priorities. They anticipate potential problems and act before issues become crises. Try the following ways to develop a strategic board:

- Establish board priorities and a work plan based on organizational strategies and priorities.
- Provide key questions for discussion in advance of meetings.
- Develop a board information system that is strategic, normative, selective, and graphic.

Many nonprofits have generated dashboards — one-page graphical displays of organizational key performance indicators that are color-coded so board members can see what is trending up over time in green, what is flat in yellow, and what is trending downward in red. Questions are posed around the red items: What are the suppositions about why the indicator is red? Are the reasons within or beyond our control? How else might we think about this? What might we be missing? What might be done?





ANALYTICAL



Effective boards recognize the complexities and subtleties of issues and accept ambiguity and uncertainty as healthy preconditions for critical discussions. They approach matters from a broad organizational outlook, and they critically dissect and examine all aspects of multifaceted issues. They raise doubts, explore trade-offs, and encourage differences of opinion. To cultivate this, try the following:

- Analyze issues and events, taking into account multiple potential outcomes and points of view.
- Seek concrete and even contradictory information on ambiguous matters.
- Ask a few members to play devil's advocates, exploring the downside of recommendations.
- Develop contingency and emergency plans.
- Ask members to role-play the perspectives of key stakeholders.
- Brainstorm alternative views of issues.
- Consult outsiders and seek different viewpoints.

One board distributes cards to each board member for each meeting; all but two of the cards are blank, the two say, "Devil's Advocate." This method ensures that opposing views are raised and shifts that role to different people so that it's not always the usual person who always plays that part and to ensure that at least someone plays that crucial role. Board members enjoy this process, saying that they listen and participate quite differently when they're the DA, and everyone seems to be more engaged.

The board of a university recently rethought its contingency planning process to always discuss three plans — Plan A is Best Case, Plan B is Most Likely Case, and Plan C is Worst Case. Another university that has two locations — one on each coast — does a board member swap for each meeting; one East Coast board member attends a board meeting on the West Coast and vice versa. This way, board members learn about what's happening at the other location and more important, learn and transport different ideas about governance.

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POLITICAL

Effective boards accept as a primary responsibility the need to develop and maintain healthy relationships among major constituencies. They respect the integrity of the governance process and the legitimate roles and responsibilities of other stakeholders. They consult often and communicate directly with key stakeholders and attempt to minimize conflict and win-lose situations. To do this, try the following:

- Broaden channels of communication.
- Distribute profiles of board members and annual board reports.
- Invite staff and consumers to serve on board committees and task forces.
- Invite outside leaders to address the board.
- Visit with staff.
- Work closely with the chief executive to develop and maintain processes that enable board members to communicate directly with stakeholders.
- Monitor the health of relationships and morale in the organization.
- Keep options open and avoid win-lose polarizations.
- Be sensitive to the legitimate roles and responsibilities of all stakeholders.

A college board sets aside time at each of its three meetings per year to interact with a different constituency — students in January, faculty in May, and staff or community members in October. During board meetings, a university board links each board member to two or three students to dine together over lunch in the cafeteria and links pairs of board members with pairs of faculty members for dinner.



POINTS TO REMEMBER

The best boards:

- Keep their history and context familiar.
- Spend time educating board members in key areas.
- Pay attention to the board as a team or cohesive group and incorporate social time for board members to get to know and trust each other.
- Pay attention to succession planning and nurture future board leadership.
- Discuss the views of key stakeholders and create opportunities for board members and stakeholders to interact.
- Ensure that most board meetings most of the time focus on strategic matters.