



United Way
Calgary and Area

DEVELOPING THE CAPACITY OF THE BOARD CHAIR

Thursdays, Jan. 10 – Feb. 21, 2013

LEARNER WORKBOOK

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MAJOR TOPICS OF DISCUSSION

January 10, 2013

The Roles of the Board Chair

- Job description: desired skills and qualities
- Leadership roles of the Chair
- Chair as mentor and advocate
- Delegation and coaching of Vice-Chair

January 24

Board Meetings

- Developing an effective agenda
- Facilitating discussion and participation
- Guiding the Board in decision-making
- Engaging Directors between Board meetings

February 7

Chair's Role in Board-ED Relations

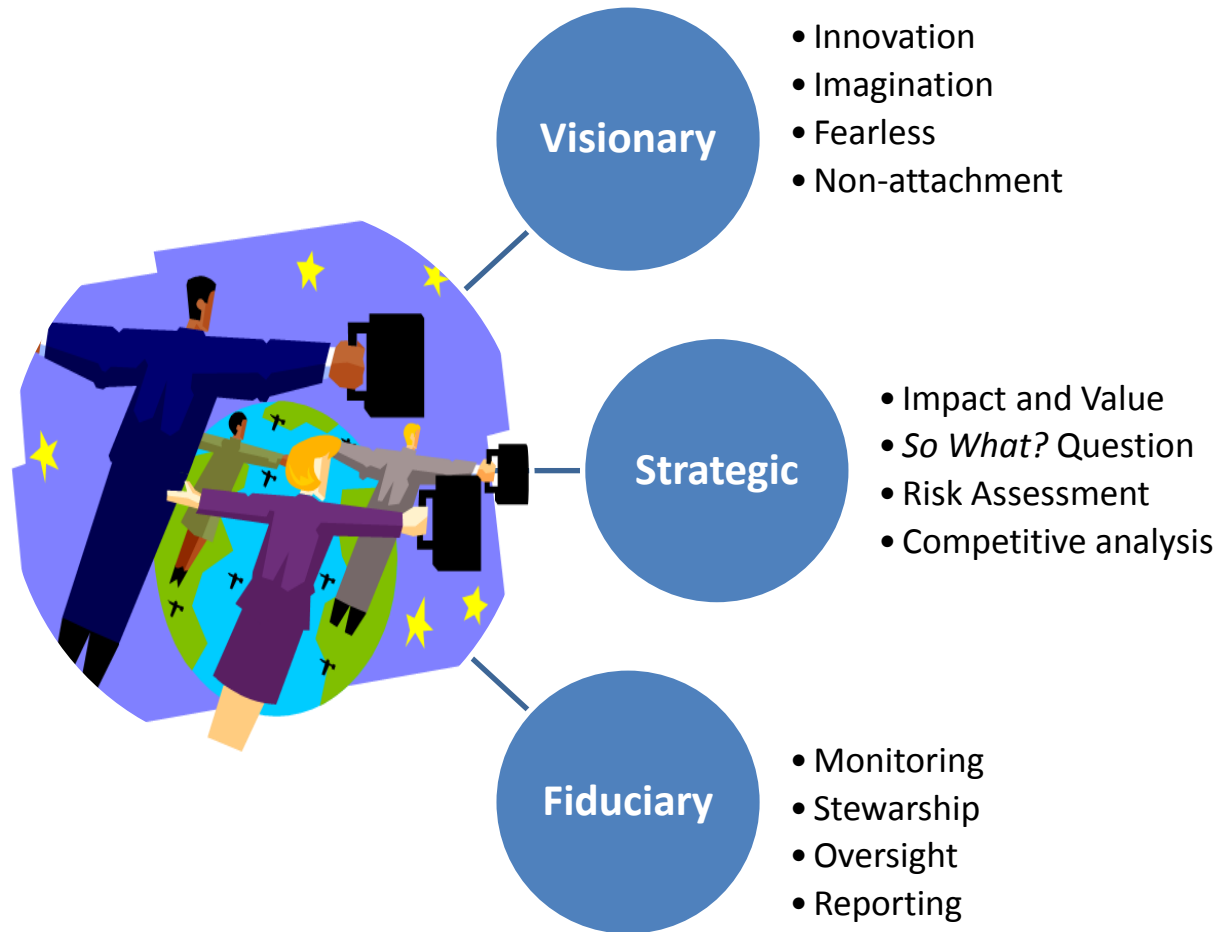
- Hiring, supporting and evaluating the ED
- Developing the Board – ED partnership
- Acting as the primary liaison for the ED

February 21

Solutions to Common Chair Challenges

- ED Succession Plan
- Dominant Chair
- Unskilled Chair
- Non-performing Directors

1.0 LEADERSHIP = STRATEGY + VISION



1.1 EXERCISE: BOARD CHAIR POSITION DESCRIPTION

| | |
|-----------------------|--|
| <i>Date Drafted:</i> | |
| <i>Date Approved:</i> | |
| <i>Date Revised:</i> | |

Mandate

The role of the Chair is to _____

Specific Responsibilities of the Chair

In addition to the general duties and responsibilities of all Directors, the Chair has these additional duties:

- A. _____
- B. _____
- C. _____
- D. _____
- E. _____
- F. _____
- G. _____

Authority and Accountability

The Chair is accountable to the Board of Directors.

Term

The Chair may serve for a maximum of two (2) years with the option to renew for additional terms.

REFERENCE DOCUMENTS

-

1.2 CASE STUDY: CHALLENGES OF CHOOSING A NEW BOARD CHAIR

Welcome Communities is a small social service non-profit whose mission is to help new immigrants make a smooth transition into their new lives in Brooks, Alberta. The Executive Director, Juanita, is an able manager and strong leader who gets a lot of work done quickly; she and her six full-time staff work tirelessly to achieve results.

The Board of *Welcome Communities* consists of eight members. Umberto, the current Chair, is a dynamic leader and works well with Juanita. He has completed his term and will be stepping down in 2 months. Unfortunately, the Vice-President has been ill for several months and recently resigned from the Board. Although the Board Development Committee has repeatedly asked for nominations for the Chair's role, no one has come forward.

Finally, Saayed steps forward, saying he would like to be nominated for Board Chair. Instead of euphoria, the Directors feel anxious and uncertain. Everyone likes Saayed and he always helps out in a pinch. However, he is not a natural leader who could rally the troops. Furthermore, strategic planning is scheduled to begin soon and Saayed has no proven organizational, management or leadership skills.

The Board is in a bind. Can they afford to take a chance on someone who might not be viewed as an equal partner by Juanita or who might not be proactive and results-oriented? If they don't choose Saayed, which options do they have?

Questions for Discussion

1. What are the issues in this situation?

2. Which steps do you recommend for addressing these issues?

3. What could have been done differently by the Board to avoid the situation entirely?

1.3 EXERCISE: WHAT'S WRONG WITH THIS AGENDA?

Can you name 5+ reasons why this agenda results in an ineffective Board meeting?

**Centre of Good Intentions
January Board Meeting, 7:00 – 8:50 pm
Agenda**

| | |
|---|---------|
| Call to Order | 7:00 pm |
| Introductions | 5 min |
| Approval of Agenda | 5 min |
| Approval of Minutes of December Meeting | 5 min |
| Business Arising from the Minutes | 5 min |
| Guest Speaker: Jay Blue – Overview of Nichol Foundation | 10 min |
| Guest Speaker: Trudy Gahlinger – Board Recruitment | 10 min |
| Update on March AGM | 5 min |
| Update on Christmas Membership Drive | 5 min |
| Update from Local Community Association | 10 min |
| Report on City Plan to Widen Road | 5 min |
| Update on Neighbourhood Crime Statistics | 5 min |
| Report on Snow Removal | 5 min |
| Report from Centre Manager | 5 min |
| Report from Volunteer Manager | 5 min |
| Report from Facility Manager | 5 min |
| Treasurer's Report | 5 min |
| Committee Updates | 10 min |
| • Bylaws | |
| • Landscaping | |
| • Buildings | |
| • Casino | |
| • Social | |
| New Business | 5 min |
| Adjournment | |

1.4 SAMPLE ITEMS ON A STRUCTURED BOARD AGENDA

| Agenda Item | Lead | Time | Category |
|---|------------------------------------|--------|-------------------|
| Imagine Canada Standards Program | Board Chair | | Information |
| Consent Agenda <ul style="list-style-type: none"> • Approval of Agenda • Approval of Minutes of December Board Meeting • Committee Reports | Board Chair | 5 min | Decision (Motion) |
| 2013 Strategic Planning | Chair, Board Development Committee | 10 min | Discussion |
| Satellite Office in East Village | ED | 15 min | Decision (Motion) |
| New Fundraising Strategies | Chair, Fund Development Committee | 30 min | Discussion |

Consent Agenda

A *consent agenda* can turn a Board meeting into a meeting of the minds around the things that matter most. A consent agenda is a bundle of items that is voted on, without discussion, as a package. It differentiates between routine matters not needing explanation and more complex issues needing examination. Because it promotes good time management, a consent agenda leaves room for the Board to focus on issues of real importance to the organization and its future.

Typical Items in Consent Agenda

- Approval of agenda
- Minutes of the previous meeting
- Committee reports without action items or motions
- Informational materials about the organization e.g. statistics
- Updated Board documents e.g. Board meeting dates; current registration of incorporation

Removal of Items from Consent Agenda

If a Board member has a question or wants to discuss an item, he or she should request that the item be removed from the consent agenda. The Chair then removes the item and adds it to the meeting agenda for discussion.

1.5 EXERCISE: APPLYING STRATEGIC QUESTIONS TO BOARD SCENARIOS

Your Board has made a commitment to becoming a leadership Board. Its first step has been to develop its skills in thinking more strategically about the organization. List 5-6 strategic questions which Directors could ask about the following agenda items.

A. Program Expansion

The government has announced a significant amount of new monies to support individuals and families with autism. Your agency provides programs and services for children with developmental disabilities but has always referred families with autism to agencies that specialize in this area. Now your talented ED is making a strong argument that your agency can fill some of the current gaps in autism services by applying for this funding.

B. Developing Corporate Partnerships

A large financial investment corporation has been very generous in providing your clients with free tickets to special events. They are now proposing a formal partnership with your organization in which they would donate a significant annual amount in return for name recognition on your website and marketing materials.

C. Proposal for Fundraising Event

Your fundraising strategies have been focused on government grants, individual donations and a few corporate donations. Your Vice-Chair, who is the CEO of a corporation, recently attended a very successful golf tournament offered by another non-profit. She is convinced that your organization could raise significant funds by holding a major fundraising event.

D. Potential Merger

Your Seniors Centre has experienced a 30% decrease in membership in the last 3 years, and this trend is expected to continue. While your budget is shrinking along with the membership, the Centre is also in need of major repairs. Another Seniors Centre is located 10 kilometers away and seems to be a sustainable operation. Its membership is growing and it has a modern and attractive facility. A merger with the successful Centre is now on the Board agenda.

1.6 KEY STEPS TO CREATING AND MAINTAINING BOARD ENGAGEMENT

A. Match The Right Director with the Right Board

Tools

- Interview potential Board members. Ask:
 - *What interests you about joining this Board?*
 - *Which skills do you bring to this Board?*
 - *What do you hope to accomplish on this Board?*
- Board job descriptions
- Clarify time commitment

B. Provide an Orientation for New Directors

Tools

- Orientation to governance, including governance model, major roles of the Board, strategic priorities
- Board Manual
- Orientation to operations (conducted by ED/staff)

C. Welcome New Directors to the Board

Tools

- Introductions
- Buddy system

D. Give Every Director a Role

Tools

- Participation in Board Committees
- Participation in fund development
- Assign tasks based on Board Member's interests and skills
- Mentoring of Board Members for Officer/Committee Chair positions
- Board attendance at conferences, workshops, forums, special events

E. Keep Directors Accountable

Tools

- Clarify expectations re: meeting attendance and preparation
- Engage all members in Board meetings
- Committee work plans and reports
- Reports on conference, workshop attendance etc. → *What did you learn that is of importance to our Board/organization?*
- Address non-performance

F. Create a Sense of Team

Tools

- Maintain focus on progress
- Meals/refreshments before or after Board meetings
- Board retreats
- Appreciation of different perspectives and styles
- Recognition of efforts and achievements
- Board self-evaluation

G. Have Fun!

Tools

- Encourage laughter
- Forgive mistakes
- Plan social events

2.0 ED PERFORMANCE REVIEW POLICY

| | |
|------------------------------|--|
| <i>Date Drafted:</i> | |
| <i>Date Approved:</i> | |
| <i>Date Revised:</i> | |

INTENT

The ED is the sole official link between the Board and the organization it governs. The responsibilities of the ED lie in the exercise of delegated authority and compliance with parameters established by Board policy and directives.

POLICY

Performance Review

1. The performance of the ED will be reviewed annually with respect to the following components:
 - a. ED's position description
 - b. Strategic plan
 - c. Annual budget and business plan
 - d. ED's performance objectives, where these have been negotiated with the Board
 - e. ED's reports to the Board.
2. The ED will draft performance objectives at the beginning of each fiscal year for discussion and approval of the Board.
3. The ED will, at the end of the fiscal year, complete a written self-evaluation, including a report on overall performance and progress on meeting his/her performance objectives where these have been negotiated with the Board.
4. The Board has delegated the ED's performance review to the Board Development Committee (the Committee). The Committee will obtain input from Directors and other informed stakeholders as appropriate, and prepare a written evaluation of the ED's performance.
5. The Committee will meet with the ED to discuss the evaluation. The Committee or ED can request that other Directors participate in the meeting.
6. The Committee will conduct the ED's performance review within three (3) months of the end of the organization's fiscal year.
7. The Board Chair will provide the ED with more informal feedback on his/her performance on a regular basis as issues may arise, and at least once midway between formal appraisals.

2.1 EXERCISE: SOLUTIONS TO CHALLENGES THAT CREATE ED TURNOVER

Daring to Lead: A National Study of Nonprofit Leadership described the following 2 challenges as major reasons that caused Executive Directors to leave an organization. Which strategies could Boards use to create positive solutions to these challenges?

1. Boards of directors and funders contribute to executive burnout e.g.

- Most Boards don't have a strategic partnership with their EDs
- Boards don't challenge EDs in ways that make them more effective
- Funders lack a good understanding of the nonprofit executive job
- Funders don't provide operational support or multi-year funding

2. Executives believe they make significant financial sacrifices to lead nonprofits e.g.

- A third of respondents were dissatisfied with their compensation
- Compensation is often budget-based rather than market-based
- Many EDs can't afford to retire

3.0 PREPARING FOR THE INEVITABLE: A SUCCESSION READINESS CHECKLIST

When the following conditions are in place, an agency can expect a relatively smooth transition to new leadership whenever it might occur. An agency might determine which elements below are lacking in its current operations and then create a “succession plan” or “capacity building plan” that prescribes activities and timelines for filling the gaps. The agency is then ready for leadership transitions, foreseen or unforeseen.

- A strategic plan is in place with goals and objectives for the near term (up to three years), including objectives for leadership talent development.
- The Board evaluates the executive director annually on general performance and achievement of strategic goals.
- The Board, based on its annual self-evaluation, is satisfactorily performing its major governance jobs—financial oversight, executive support and oversight, policy development, and strategic planning.
- The Executive’s direct reports, based on annual evaluations, are judged as solidly skilled for their positions.
- The management team:
 - has a solid team culture in place in which members support one another and can reach decisions as a group efficiently and harmoniously;
 - shares leadership of the organization with the executive in having significant input to all major agency decisions;
 - can lead the organization in the absence of the executive; and
 - has authority to make and carry out decisions within their respective areas of responsibility.
- Another staff person or Board member shares important external relationships (major donors, funders, community leaders) maintained by the executive.
- A financial reserve is in place with a minimum of three months’ operating capital.
- Financial systems meet industry standards. Financial reports are up to date and provide the data needed by the Board and senior managers responsible for the agency’s financial strength and viability.
- Operational manuals exist for key administrative systems and are easily accessible and up to date.
- Senior program staff have documented their key activities in writing and have identified another staff person who can carry their duties in an emergency.

Building Leaderful Organizations: Succession Planning for Non-Profits

4.0 KEY TRENDS & CHALLENGES AFFECTING THE NON-PROFIT SECTOR AND THEIR IMPLICATIONS FOR BOARD GOVERNANCE

| TRENDS & CHALLENGES | IMPLICATIONS FOR BOARD GOVERNANCE |
|---|--|
| <p>Changing demographics</p> <ul style="list-style-type: none"> • Increase in required services • Greying of volunteer base • Diversity of population | <ul style="list-style-type: none"> ➤ Ensuring financial viability and sustainability of the organization** ➤ Establishing sufficient diversity at the Board level |
| <p>Shift in the funding environment</p> <ul style="list-style-type: none"> • Greater demand for transparency and accountability on the part of funders and donors • Greater requirements by funding agencies for information in order to obtain funding • Shift from corporate philanthropy to sponsorship • Shift from operating funds to program and project-based funding | <ul style="list-style-type: none"> ➤ Ensuring financial viability and sustainability of the organization ➤ Stewarding funds and donors ➤ Attracting the financial base necessary to meet increased demands for information and accountability ➤ Resisting mission drift in order to attract funds |
| <p>More partnerships, networks, and collaborations</p> | <ul style="list-style-type: none"> ➤ Developing skills at the Board level to assess opportunities |
| <p>More charities and fewer people to lead</p> | <ul style="list-style-type: none"> ➤ Attracting and retaining good people ➤ Planning for success ➤ Obtaining branding and marketing skills at the Board level |
| <p>Lack of resources</p> <ul style="list-style-type: none"> • Directors • Top talent • Funds | <ul style="list-style-type: none"> ➤ Attracting the necessary competencies at the Board and senior management level ➤ Ensuring the financial viability of the organization ➤ Developing crisis management skills |

©National Study of Board Governance Practices in the Non-Profit and Voluntary Sector of Canada

Factors that demonstrate Board leadership are highlighted in **Bold.

Continued ...

⇒ KEY TRENDS IN NON-PROFIT BOARD GOVERNANCE AND THEIR IMPLICATIONS AND CHALLENGES FOR NON-PROFIT BOARDS

| TRENDS IN BOARD GOVERNANCE | IMPLICATIONS & CHALLENGES FOR NON-PROFIT BOARDS |
|--|---|
| <p>Increased focus on governance</p> <ul style="list-style-type: none"> • Increased awareness of the importance of governance to organizations • Increased sense of responsibility on the part of Boards | <ul style="list-style-type: none"> ➤ Gaining consensus for governance review ➤ Improving the Board's knowledge around governance |
| <p>Increased demand for and reduced supply of qualified directors</p> <ul style="list-style-type: none"> • Increased litigiousness of North American society • Greater demand for early retirees as Board members • Increased number of non-profit Boards seeking directors • Increased emphasis on skills-based Boards | <ul style="list-style-type: none"> ➤ Planning for succession and developing a nomination process ➤ Finding good Chairs and selecting, building, and developing leaders ➤ Attracting and retaining qualified directors and Board leaders who can fill the organization's needs and make the time commitment required ➤ Attracting an appropriate balance of skills on the Board |
| <p>Rising expectations and requirements for directors</p> <ul style="list-style-type: none"> • Need for Board members to assist with fundraising as well as governance • Increased time commitment • Increased demand for highly professional Board members with business acumen and specific skills sets • Greater emphasis on ongoing development and education | <ul style="list-style-type: none"> ➤ Attracting an effective Chair ➤ Clarifying roles ➤ Orienting, training, developing and engaging Board members and finding the funds to do so ➤ Ensuring that adequate support exists for Board members ➤ Addressing challenges posed by appointed or designated Board members ➤ Achieving the appropriate mix of fundraisers and governors on the Board and defining the role of philanthropy for Board members ➤ Placing more emphasis on identifying and bringing the appropriate skill sets to the Board and embedding them into the nomination process ➤ Removing problem directors |

Factors that demonstrate Board leadership are highlighted in **Bold.

Continued ...

| TRENDS IN BOARD GOVERNANCE | IMPLICATIONS & CHALLENGES FOR NON-PROFIT BOARDS |
|--|---|
| <p>Increased demand for efficiency and effectiveness</p> | <ul style="list-style-type: none"> ➤ Developing an effective Board model and shifting to a more strategic focus ➤ Developing effective policies and procedures ➤ Developing an effective Board culture ➤ Improving the effectiveness of Board meetings ➤ Understanding the Board’s role in strategic planning and increasing Board member competency in this area ➤ Developing the Board’s capability to assess partnership opportunities |
| <p>More emphasis on both process and culture and the balancing of the two</p> | <ul style="list-style-type: none"> ➤ Developing a Board model and processes and policies to support that model ➤ Achieving the appropriate balance of power between the Chair, the CEO and the Board ➤ Maintaining good relationships between Board and staff ➤ Fostering a culture of engagement and constructive debate |
| <p>Increased demand for transparency and accountability</p> | <ul style="list-style-type: none"> ➤ Bearing increased cost of meeting higher standards ➤ Balancing implementation of standards with resources ➤ Ensuring compliance ➤ Formalizing accountability and stewardship ➤ Determining the Board’s information needs and formulating the right questions to ask |
| <p>Increased emphasis on performance measurement</p> <ul style="list-style-type: none"> • Increased emphasis on measuring effectiveness of Boards • Increased use of Board self-assessments | <ul style="list-style-type: none"> ➤ Setting appropriate objectives for the organization, the Board, and the CEO and determining effective ways to measure performance |
| <p>Increased attention being paid to risk management</p> | <ul style="list-style-type: none"> ➤ Assessing and managing risk ➤ Developing Board member competence in risk management ➤ Carrying appropriate insurance |

Factors that demonstrate Board leadership are highlighted in **Bold.

5.0 RESOURCES

⇒REPORTS

National Study of Board Governance Practices in the Non-Profit and Voluntary Sector in Canada

Grace Bugg & Sue Dallhoff, Strategic Leverage Partners Inc. 2006

www.cvsrd.org/eng/docs/Policy%20and%20Practice/National%20Study%20of%20Board%20Governance.pdf

Leadership Perspectives: Interviews with leaders of Canada's charities and non-profit organizations

Imagine Canada, 2007

http://library.imaginecanada.ca/files/nonprofitscan/en/other_research/leadership_perspectives_080108.pdf

Building Leaderful Organizations: Succession Planning for Non-Profits

Annie E. Casey Foundation, 2008

www.aecf.org/KnowledgeCenter/Publications.aspx?pubguid={6A71AF4B-8742-4C36-9BCE-9193C6BD0E91}

Daring to Lead: A National Study of Nonprofit Executive Leadership

CompassPoint, 2006

<http://www.compasspoint.org/daringtolead2006>

Next Generation Organizations

CompassPoint, 2011

www.compasspoint.org/nextgenorgs

2012 Alberta Non-profit Survey

Calgary Chamber of Voluntary Organizations

www.calgarycvo.org/sites/default/files/resources/201206_CCVO_AlbertaNonprofitSurveyR.pdf

⇒BOOKS

Governing for Results

Mel Gill

Trafford Publishing, 2005

The Board Chair Handbook (2nd ed.)

Mindy Wertheimer

BoardSource, 2013

Governance as Leadership

Richard Chait, William Ryan & Barbara Taylor

2005

Wiley & Sons, 2005

⇒ WEBSITES

Calgary Chamber of Voluntary Organizations (CCVO)

www.calgarycvo.org

CCVO's Mission is *to promote and strengthen the nonprofit and voluntary sector by developing and sharing resources and knowledge, building connections, leading collaborative work, and giving voice to critical issues affecting the sector.* In addition to research on the sector, the website has a Job Centre that is used extensively by non-profits in Calgary to post job listings.

Charity Village

www.charityvillage.com

Canada's supersite for the non-profit sector with an extensive array of articles on non-profit Boards in their Library section. Their weekly e-zine, called *Village Vibes*, highlights the latest trends and issues, and is essential reading for every Director.

BoardSource ... www.boardsource.org (US)

An excellent website dedicated to strengthening Boards. Innovative and future-oriented in its approach to governance. Great articles (some restricted to members) and books. Annual governance conference.

National Council of Nonprofits (US)

www.councilofnonprofits.org

The Council coordinates the largest American network of nonprofits (25,000+). Identifies emerging trends, shares proven practices and promotes solutions. Serves as the national voice for its nonprofit members before Congress and within the Administration, ensuring a seat at the table on all policy initiatives that impact the sector.

Centerpoint for Leaders (US)

www.centerpointforleaders.org/assessment.html

Centerpoint is a learning community and resource for current and future executives of nonprofit organizations, Board members, community volunteers, business people who volunteer or work part-time for nonprofits, and anyone involved in leading community initiatives. It has an excellent online questionnaire for evaluating the major components of a non-profit organization, with a link to each question which describes best practices in this area. Can be reviewed without inputting information or can be filled out and emailed to Centerpoint for Leaders for scoring.

Free Management Library (US)

www.managementhelp.org

The Library provides free, easy-to-access, online articles on a wide range of topics on management and governance (both non-profit and for-profit).