



Lizann Peyton
Organization Development & Capacity-Building Consulting

NOFA-VT 2014 Direct Marketing Conference - January 12, 2014 at VT Law School

Building High-Impact Board Teams
Leadership Skills that Make The Difference

Governing boards require strong teamwork, leadership, and communication, and yet the very dynamics of board work often pull in the opposite direction. This workshop will provide practical take-home skills and visual frameworks for clarifying board-staff roles and responsibilities, building teamwork that focuses on the value that boards add best, framing productive meetings and committee processes, recruiting and orienting new members who will bring skills and energy to the board, and helping the board feel more comfortable talking about finances and fundraising. Insights about the stages of board development, and the specific leadership styles they require, can open the door for a new relationship between staff directors and their board chairs and bring the rest of the board along in its own growth and effectiveness.

Lizann Peyton is a professional facilitator and independent organization development consultant, coaching non-profit and community organizations in Northern New England to build their leadership and organizational capacity to grow sustainably. Her services include board-staff team-building, strategic planning, fundraising coaching, retreat facilitation, and stakeholder engagement processes, and founder and executive transitions. Lizann holds a Masters in Organization and Management from Antioch New England Graduate School, and has worked in public policy, nonprofit management, and consulting for over 30 years.

More Resources After Today:

Grassrootsfund.org/resources/ : The New England Grassroots Environmental Fund (NEGEF) resources on the rootSkills section of its websites, and an annual rootSkills leadership development conference

CommonGoodVT.org: Tools, templates, webinars and workshops for the nonprofit sector

NHNonprofits.org: The NH Center for Nonprofits – Workshops, conferences, articles, resource links, and a members-only Nonprofit Next website with free templates and best practices

“Best Practice Guide” – from the NH Center for Nonprofits: A great resource outlining concretely what best board and organizational practices look like at various stages of the organization life cycle.

Boardsource.org: The national best-practice center, with many very good and affordable guidebooks.

394 Main Street, Norwich, Vermont 05055
Tel: 802-649-1344 • e-mail: lizann.peyton@valley.net

The “Fences” Accountability Method

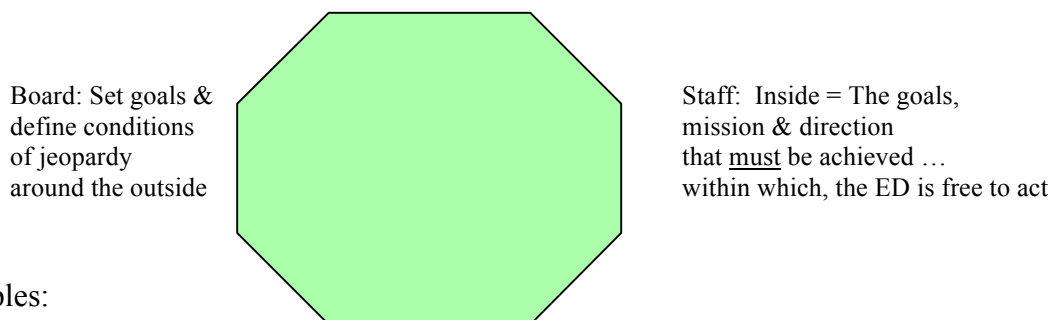
*Adapted from John Carver’s pamphlet, “Your Roles & Responsibilities as a Board Member”
And Don & Jeanne Elium’s book, “Raising a Family”*

When asked for guidance, most boards decide on a case-by-case basis what an executive director should do in a given situation. John Carver’s radical approach to “executive limitations” defines what results are *not* allowed, then gives the executive director freedom to act within those limitations in any prudent way that achieves the mission and strategic goals.

This respects the executive’s competence and expertise, and allows her/him to solve problems in a timely manner without waiting for the board to meet. Carver urges boards to set limitations in advance (rather than after-the fact), and to set them at the broadest boundary, coming in with closer boundaries only when needed.

In another field of study, Don and Jeanne Elium have likened parental boundary-setting for teens as a set of fences: clearly defined in advance, with gradual loosening of boundaries as the adolescent demonstrates responsibility and a tightening of the fence when the adolescent is unable to manage the independence.

Boards can use the “fences” metaphor when defining criteria for good decisions, and providing guidance for executive action:



Examples:

Board sets mission & goals: Our mission is to provide safe, nurturing, developmentally-appropriate child care. Our 3-year goals are to become nationally accredited and begin serving infants. *Conditions of jeopardy:* The executive director is accountable for achieving this mission and goals and may exercise decision-making authority so long as s/he does not lead the organization into:

Conditions of jeopardy: Budget deficit, cash reserves below 3 months of operating expenses, staff-child ratios below 1:4, violation of law and regulatory standards, tuition unaffordable to parents, failure to maintain the building, unsafe supervision, less than x years of experience or degree for all staff.... etc (there would be more conditions relating to program outcomes, etc)

*Then the Board does **not** get to:* approve staff hires, new staff positions, salary levels, or promotions, criticize a specific teacher, vote on what color to paint the rooms or criticize the director after the fact, discuss the copying line item in the budget, etc. But there’s plenty of room for discussing what developmentally appropriate and nurturing mean, what affordable means, etc – the board spends 80% of its time looking forward and only 20% looking back.

Sample Strategic Board Agenda

Agency XYZ Board of Directors Meeting

Tuesday, April 15, 2014

5:30 – 7:30 p.m.

Howe Library – Murray Room

** Please read materials in the board packet mailed one week before the board meeting.*

** Please call the board chair, committee chair, or executive director with questions about information in the board packet that could be answered easily in advance of the meeting.*

- 5:15 p.m. Arrive, get pizza, social time and settle in
- 5:30 p.m. Call to order and announcements – *Board Chair*
- Welcome to new member Phil Jones
 - Reminder of board-staff picnic, Sun. June 28, 2014, 5 pm, Sue Smith's house
 - Reminder of last month's end-of-board-meeting evaluation:
 - Encourage discussion input from new board members
 - End promptly on time
- 5:40 p.m. Consent Agenda vote¹ – *Board Chair*
- May 24 Board meeting minutes
 - Executive Director's report
 - Committee reports
- 5:45 p.m. **Strategic Issue A:**
Name an issue and bullet 3 questions the board would deliberate
- 6:30 p.m. **Budget Policy: Parameters for FY 2014-15** – *Board Treasurer*
- Does our standing agreement about the % of contingency funds still appear sound in light of economic expectations for the year ahead?
 - What assumptions should guide revenue targets for strategic goal X?
- 7:00 p.m. **Board Recruitment Initiative** – *Nominating and Governance Committee Chair*
- What are our top 3 board criteria, and where does leadership succession fit in?
- 7:20 p.m. **End-of-Meeting Evaluation**
- Did we encourage new members to voice their views, and end on time?
 - How could we improve our meeting process next time?
- 7:30 p.m. **Adjourn**

¹ 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. The main purpose of a consent agenda is to liberate board meetings from administrative details, repetitious discussions, and misdirected attention. The main benefit is better governance. Consent agendas allow the board to regularly dig deeper on strategic issues rather than take a superficial pass on a lot of issues. See: www.boardsource.org/Spotlight.asp?ID=116.365

The Many Hats that Boards Wear

Lizann Peyton

Fiduciary



- Are our programs well run?
- Are we staying within our mission?
- Are we financially sound – not just short-term, but long-term?
- Are we meeting our legal and regulatory responsibilities?
- Are we acting ethically?
- Do we have a capable director at the helm, or do we need a change?
- Do we have the infrastructure we need – staff, skills, facilities, technology, board?
- What do I personally do in meetings and committees to make sure our board takes ownership for its jobs, doesn't blur roles with staff, and recruits new members?

Strategic



- Are the needs of our clients and community changing?
- Should we change how we do our work, or even the fundamental nature of our work?
- Are there new sources of competition?
- Are there new opportunities – for partnerships or money?
- What will position us well in the coming years, given trends we see coming?

Ambassador - In, and Out



- How can I tell people about the great work we're doing, and what our needs are?
- How can I tell the board what I'm hearing from the community – needs, and perceptions?
- Where can I help open doors, or represent us?
- What's the unified message we should all be saying to the public?
- What do we want them to do for us?

Fundraiser



- Do I make my own annual financial gift, at whatever level I can? (How can I ask others to give money if I don't believe in this organization enough to give myself?)
- How does my ambassador role generate enthusiasm for this organization so when appeals go out, people will respond?
- Do I help with activities that generate money – appeal letters, personal notes, thank you phone calls, event planning and implementation, grant identification and writing?
- Do I meet with 2-3 donors a year, with another board member or the director, to explain our need and help ask for money? If not – am I willing to get training so I can become more skilled and comfortable with simple asks?



Volunteer/Pair of Hands

- What help does our director need, and how well do I take direction from her when asked?
- Do I help recruit other volunteer help when the organization needs it?

Parent/Consumer



- What are my personal needs and how do I keep those out of my board decisions?
- If I talk to staff, how do I respect channels of communication through the director and sometimes tell staff, "I need to stop the conversation here"?



Advice and Expertise

- If the director needs specific skills and expert advice, can I help provide them or go find them?



Safe Place and Support

- Do I help create a board climate in which our director feels safe to take risks, learn from mistakes, avoid becoming the target of blame, and let her hair down to think out loud?

BOARD LEADERSHIP

Executive Director Conflict

Board/Executive Director Tensions

The board of director's oversight role brings a fundamental tension to the board/executive director relationship. Who is ultimately in charge here? There are no firm guidelines about where board oversight leaves off and executive management begins. In this grey area, struggles for power and authority often emerge.

Symptoms

Board Perspective

- The executive director gets so defensive when I ask her for something.
- The executive director won't let us exercise proper fiscal oversight.
- The first I heard about our funding cuts was in the newspaper.
- The executive director doesn't recognize my authority.
- I'm not sure the executive director is right for the job, but I don't want to say anything that would offend him.
- If Bob doesn't stop sending me those nasty emails I swear I'm going to quit!

Executive Director Perspective

- The board is questioning everything I do.
- I can't even order stationery without the board wanting to get involved.
- I don't want the board breathing down my neck when things are so tough right now.
- The board chair doesn't recognize my authority.
- The board doesn't trust me.
- If Judy doesn't stop sending me those nasty emails I swear I'm going to quit!

Vision of an Effective Board/Executive Director Partnership

While tensions can arise in any number of areas, they are most commonly found in areas of overlap. Ideally, the tensions are healthy, acknowledged, creatively resolved and lead to dynamic partnerships.

Responsibility Area	Role of the Board	Role of the Executive Director and Staff	Joint/Overlapping
Mission and Planning	Approve mission, vision and values and strategic plan. Approve annual implementation plan – ensure consistency with strategic plan.	Develop annual implementation plan consistent with strategic plan.	Develop mission, vision, values and strategic plan. Implementation plan for board initiatives.
Programs	Ensure that programs are achieving established objectives. Approve new program areas.	Develop and implement programs. Provide evidence of program accomplishments.	Establish program objectives. Determine when to eliminate programs.
Fundraising	Ensure that organizational resources are consistent with organizational activities. Support fundraising activities.	Execute fundraising strategy, with support from the board.	Develop a fundraising strategy.
Personnel	Hire and evaluate the executive director. Establish executive director compensation. Approve personnel policies. Review other salary information (personnel committee). Approve whistleblower policy. Ensure that an appropriate grievance policy is in effect.	Hire all staff other than the executive director. Staff supervision. Set compensation and benefits for individual employees within organizational policies.	Establish a whistle blower policy. Establish a grievance policy.

Responsibility Area	Role of the Board	Role of the Executive Director and Staff	Joint/Overlapping
Marketing	<p>Ensure that messaging is consistent with mission and values.</p> <p>Be effective ambassadors for the organization.</p>	<p>Develop marketing materials.</p> <p>Create and execute marketing strategy.</p> <p>Effectively represent the organization externally.</p>	<p>Shape the message of the nonprofit.</p>
Finance	<p>Approve the budget.</p> <p>Understand the budget to actual report, and ensure that appropriate strategies are implemented in response to changes.</p> <p>Understand the cash flow budget and ensure that cash is managed responsibly.</p> <p>Hire the auditor.</p> <p>Understand the audit and the management letter, and ensure that management responds to auditor comments.</p> <p>Review financial indicators and ensure that needed adjustments are made.</p> <p>Approve internal controls policies.</p> <p>Approve investment policies and ensure they are followed.</p> <p>Ensure compliance with reporting requirements.</p>	<p>Develop an annual budget.</p> <p>Determine specific expenditures within approved budget lines.</p> <p>Develop and distribute cash flow, budget to actual and other reports for managing the organization's finances.</p> <p>Respond to auditor findings.</p> <p>Comply with financial policies approved by board and reporting requirements.</p>	<p>Develop financial policies and internal controls.</p> <p>Establish overall income and expense parameters for the budget.</p> <p>Modify the budget as needed in response to actual results.</p>

Additional Excerpts from Governance Matters: Board/Executive Director Tensions

Root Causes

Why Tensions Develop Between Board Members And The Executive Director

1. Lack of information or clarity.

- Board members are unclear about the difference between governance and management.
- Executive directors are unclear about the board's role.
- Board members are unfamiliar with the scope of the organization's work and day to day management concerns.

2. Change

- Board and executive director roles shift. Common causes for a change in board and executive director responsibilities include: A shift from a volunteer-led organization to one with professional management; the transition from one executive director to the next; the needs of the organization have changed and/or are unclear.

3. Board practices do not support their oversight work.

- Board members lack focus.
- There are no appropriate mechanisms for evaluating the executive director.
- There is not a way to effectively communicate priorities and decisions from the board to the executive director.

4. Incompatible assumptions and styles.

- Some executive directors do not want to be held accountable by the board.
- Board members behave in ways that make collaboration difficult.
- Personalities clash.

What You Can Do

How Boards Manage Conflicts with the Executive Director

As with any conflict, the solution is to get people talking and listening to one another. Doing so requires the board and executive director to come to an understanding of the issues at hand, and to design a series of conversations around the real issues. Depending on the nature of the root cause, one of the following approaches is likely to be helpful in resolving conflict.

1. Clarify board oversight roles and develop mechanisms that allow board members to fulfill those responsibilities.

- Board self-assessment.
- Make time to discuss vision, strategy and policy. Too often, board meetings are made up of reports from the executive director and discussions center on the details of implementation. It's no wonder that board members start to focus on matters that belong with management – that's all they hear about! To change the focus, the executive director and board chair (or executive committee) need to work together to identify strategic issues and questions facing the organization. Many of the effective boards in our study cited the importance of regular strategic planning as a way to create time for these discussions.

Important governing questions for board consideration include:

- ✓ What are the emerging trends in the environment (demographic, economic, political, etc.) that will affect the future operations of the organization?
- ✓ What target group/s will the organization be serving five years from now, and what will that mean for programs?
- ✓ What relationships should the organization be cultivating now?
- ✓ How can the board continue to grow and develop to support the organization's success?

Once of these questions are discussed, the board then should outline how members can best focus their skills, networks and resources to help the organization and ensure adequate oversight. Make time for explicit discussions about board roles, especially during times of transition.

2. Talk together about where the organization is headed and the type of leadership required to move to the next phase.

This is especially important when there is conflict about whether or not the executive director has the skills needed to move the organization to the next phase of its development. The only way to determine if the executive director is the right person to lead is to be clear about the organization's goals and the skills required to accomplish them. The board and the executive director, often with the help of outside guidance, can think together about the future of the organization, and how that future shapes the work of the executive director. Based on those discussions, the board establishes new expectations that form the basis of the next executive director evaluation. Once these conversations take place one of three things is likely to happen:

- The executive director will recognize that the organization's future depends on his/her ability to develop skills that are outside his or her interest area or competency, and will choose to leave.
- The executive director will rise to the challenge, surprising board critics by improving in certain areas and delivering on what was expected.
- The executive director will be unable to meet expectations and will be asked to leave.

3. Agree on what the executive director will be held accountable for and how s/he will be evaluated.

- Establish annual goals. Setting goals as partners is an important part of the process. It creates a forum to give important feedback about mutual expectations, and ensures that the established goals are reasonable. This allows board members to understand what it takes to get things done and gives them a better basis for evaluating progress. It also provides the ED with the opportunity to let board members know what (and how) help will be needed to accomplish the goals.
- Agree on who will evaluate the executive director's performance. Board members need to understand that feedback about performance has to come from a designated individual (usually the board chair) or committee (usually the executive committee or personnel committee.) Individual board members should certainly give the executive director general feedback – offered respectfully – about ways to improve their specific working relationship, but are not authorized to give the executive director specific observations about how well s/he is fulfilling the role of executive director. Such comments should more appropriately be directed to the board chair or committee formally responsible for the executive director's evaluation.
- Offer informal feedback during the year.
- Create opportunities for board members to have input into the executive director's evaluation.

4. Manage interpersonal differences and conflicts.

If you are the board chair:

- If you are part of the conflict with the executive director, assign another board member to take the lead on the situation and be willing to follow his/ her leadership.
- If you think that the conflict is rooted in a poor understanding by board members of their role(s), propose a board self-assessment process.
- If you think that the conflict is due to personalities, meet individually with the people involved to mirror your observations, and help to broker a relationship between the executive director and the board member(s) involved.
- Get more information about executive director evaluation from outside sources, and propose a process back to the executive director and the board.
- Initiate a strategic planning process to clarify where the organization is headed and what kind of leadership is needed to move it there.
- Get help from a knowledgeable nonprofit professional or board member of another organization that has gone through something similar.

If you are a board member:

- Talk to the board chair and work with him or her to develop a solution.
- If you are not part of the conflict, talk to the executive director to see how s/he is experiencing the situation and develop a game plan for addressing what is going on.
- Name what you are seeing at a board meeting to get people to acknowledge the tensions and start to find a way to work on them.
- Get help from a knowledgeable nonprofit professional or board member of another organization that has gone through something similar.

If you are the executive director:

- Talk to the board chair, particularly if s/he is not involved in the conflict, and ask him or her to speak with the board member(s) involved.
- Give the board chair and other board leaders information about board roles, board self-evaluation, the difference between management and governance, conflict resolution and other materials that might help diffuse the tension.
- Be sure to acknowledge positive board member activities and contributions publicly. Sometimes all people want is to be stroked a little.
- Talk to a peer to see how they have handled a similar situation.
- Talk to the board members involved from an objective, task-oriented perspective rather than a personalized, confrontational perspective, to see if a workable solution can be reached between you.
- Make sure that you are giving people what they legitimately need to fulfill their governance responsibilities, including financial information, program performance information, and policies for internal controls and personnel.