



Measuring Up: Board Evaluation

Paul Van Dolah
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What we will cover today...

Why Bother?

What do we measure?

How do you do it?

What are we fundamentally trying to
Accomplish?

Some tools you can use...



Why Bother?

Looking for best practices...

For Profit Environment

Sarbanes Oxley

New York Stock Exchange

Required disclosure

Industry Specific Groups

National Association for Independent
Schools

Why Bother?

An effective board creates an effective organization

Effective means being good at best practices in governance

So how do you know if your good at the best practices, if you don't critically...and objectively...measure yourself against those standards

Why Bother?

If done right the process can lead to...

Improved work of the board

Increased understanding of roles

Increased team building

Improved problem solving

Increased accountability

What do we Measure?



Simply stated...

How do you stand up against **best practices** in governance?

And those would be
what?

The Basics

Focus on Mission	Financial Management
Strategic Planning	Board Development
Program Evaluation	Fund Development
Board Orientation	Risk Management
Clarity of Roles	Partnership with CEO
Compliance	Effectiveness of Meetings
Committee Assessment	
Community Awareness and Advocacy	
Others?	

So How do you do this?

First and foremost...appreciate that this is a process...not an end unto itself

Lessons from the winners of the
Kaleidoscope Award

...it is all about being intentional

The process...

There are choices...

General Discussion

One on one Interviews

Formal Survey

General Discussion

Some approaches that can work

Facilitated presentation of best practices
with discussion around each

Good tool: “The Source: Twelve Principles of
Governance That Power Exceptional Boards”

Board Source

Pros and Cons to this approach...

One on One Interviews

Discuss what to measure

Identify a neutral interviewer

Keep it anonymous

Look for trends / themes

Bring it back for discussion

Formal Survey

Same starting point...what do you want to measure?

Selecting the tool

There are a lot out there

Customize?

Administering the tool

Discussing the outcomes

What do you fundamentally want to accomplish?

It is that intentionality thing...

Let's pick one or two areas to focus on

And focus there....

Our meetings are boring...

We really don't understand our finances...

So where are we going again???

Something else to consider...

Assessing individual board member performance

This can get dicey....

Are you prepared to act?

A resource: The Hyams Foundation Individual
Trustee Board Member
Assessment

Something else to consider...

You may hit some resistance...

Evaluations carry negative connotation for
some

Fear?

Anxiety?

Consequences?

Obstacles

Resistance encountered due to...

Lack of understanding of purpose

Not seeing link with organizational
performance

Lack consensus on process

Lack of time

Didn't work last time

Overcoming Obstacles

Emphasize the positive

Ensure confidentiality

Don't start with individual assessments

Make time at a special meeting to discuss results...Annual Retreat?

Use an outside facilitator??

Some Tools

Board Source On Line Tool

The Governance Institute (Healthcare focus)

Off the internet

Electronic Vendors –

Board Evals.com

Checklist to Evaluate a

Nonprofit Board of Directors

Free Management Library

Borrow from another organization

Use one you got here

Not-for-Profit Governance: Trends in 2005

By Roger W. Raber, Charles W. Gould, and George C. Ruotolo Jr.

When hurricane Katrina hit the Southeastern United States, the dividing line between “not-for-profit” charitable organizations and “for-profit” corporations disappeared in a common cause. Every U.S. citizen, with few if any exceptions, wanted to help. Major “for-profit” organizations donated goods, services, and cash in large amounts. Wal-Mart alone contributed \$17 million—estimated by the *Chronicle of Philanthropy* to be the single largest corporate donation to date. And according to the *Chronicle* (September 20, 2005), at least 100 for-profit corporations have donated \$1 million or more to hurricane relief causes—generally through not-for-profit organizations, but sometimes directly to beneficiaries.

Beyond this common circle of giving, for-profit and not-for-profit worlds are also converging when it comes to governance. Caught in the same tidal wave of scandals and reforms as their for-profit peers in the wake of Enron, not-for-profits are feeling pressures to change. Ongoing hearings on not-for-profit reforms, such as Senate Finance Committee hearings in the fall of 2005, are raising issues ranging from independence to risk oversight. Even the September 13, 2005, hearings on “Charities on the Frontline: How the Not-for-Profit Sector Meets the Needs of America’s Communities,” which focused on the good work relief organizations engaged along the Gulf Coast today, hinted at possible reforms to not-for-profit structures.

Director Summary: NACD conducted a survey of the leading not-for-profit organizations to determine where governance practices diverge and converge with the for-profit sector. Key findings include a strong emphasis on governance with 100 percent holding D&O insurance; an area of concern appears to be executive sessions, with 30 percent of respondents never scheduling such meetings.

The “Leading Not-For-Profit” Survey

In light of these governance trends, NACD is pleased to release results of its survey of 52 leading not-for-profit organizations. The respondent to our survey of “leading not-for-profit” organizations are prominent charitable, educational, and professional entities. Respondents include the American Red Cross, Volunteers of America, and other well-known organizations in the not-for-profit sector.

Average revenues for the leading not-for-profits are \$344 million, with an average of 2668 employees. Respondents to the leading not-for-profits survey have an average board size of 37.

The not-for-profit survey asked 60 questions probing governance issues in six main areas: leading issues, transparency, independence, compensation, fundraising, and risk oversight.

Here are some highlights of areas of strength among the leading not-for-profits surveyed:

- 100 percent carry director and officer liability insurance.
- 98 percent have a written conflict of interest policy.
- 98 percent ensure accuracy of key disclosure (form 990).
- 92 percent engage in fundraising. Of the organizations that engage in fundraising:
 - Nine in 10 require board members to contribute to the organization.
 - Seven in 10 have a documented fundraising strategy, and specify expectations for trustees, including (in half of fundraising organizations) fostering greater donor engagement.
- 86 percent have a code of ethics.
- 86 percent educate new directors.
- 85 percent have governance guidelines for their boards.
- 85 percent have charters for some or all of their key committees.
- 81 percent have a governance committee.



Not surprisingly, 90 percent of respondents called governance “extremely important” or “very important.” Not-for-profits do have some opportunities to strengthen their governance.

- Only 70 percent have an entirely independent compensation committee, or have a policy for avoiding unreasonable compensation. Also, only 61 percent said they considered compensation “extremely important” or “very important” as an issue. Yet executive compensation is a key focus for regulatory reformers and can be a source of scandal for inattentive boards.

- Executive sessions without the CEO present are not a common practice in leading not-for-profits. Thirty percent did not meet without the CEO present and another 30 percent met only once. So only 60 percent met twice or more in a true executive session.

- Only 23 percent have a formal CEO succession plan. Significantly, when asked about important issues, only 63 percent of respondents considered this one extremely important or very important, and 10 percent called it not important at all.

- Also, there seems to be a gap between expectations that boards have for trustees (for example, making personal contributions and fostering greater donor engagement) and trustee knowledge of these expectations. Fewer than 70 percent of organizations document what they expect from their boards.

Finally, leading not-for-profits do not always communicate their governance strengths. Although, as mentioned, a majority (85 percent) have governance guidelines for their boards and charters for their committees, only about half disclose their guidelines, and fewer than half disclose their committee charters.

Top Issues

Asked to identify the importance of board issues, leading not-for-profits identified the following topics as primary: 1) corporate and executive performance, 2) corporate governance, and 3) board-CEO relations. (Strategic planning and other topics ranked of lesser importance.)

Not-for-profit trustees (on average) tended to give their boards high marks for effectiveness in addressing the top issues. The most effective areas were regulatory compliance, board-CEO relations, and corporate governance. Survey respondents identified CEO succession as an area of weakness for their boards.

Board Practices

Executive sessions. Leading not-for-profit organizations average two executive sessions per year, which is less than the five sessions typical of public company directors. In this area, leading not-for-profits may need to con-

Caught in the same tidal wave of scandals and reforms as their for-profit peers, not-for-profits are feeling pressures to change.

sider a more contemporary approach to executive sessions.

Evaluation. The typical not-for-profit board, based on this survey, conducts full board evaluations in about six out of 10 cases. This compares to eight out of 10 for public companies.

Codes of ethics. Typically nine out of 10 leading not-for-profits have a code of ethics while eight out of 10 have adopted governance guidelines

Director compensation. Only one in 10 of the leading not-for-profit organizations pay compensation to their trustees. Furthermore, the typical respondent in this group sets limits on trustee expenses.

Board committees. Most leading not-for-profit institutions have an audit committee (nine in 10), compensation committee (eight in 10), and governance/nominating committee (eight in 10).

Risk oversight. Leading not-for-profit respondents were asked how their boards oversee risk management. One fourth make this a board responsibility, four in 10 give it to the audit committee, and two in 10 give it to another committee or have the board work jointly with other senior officers assigned to risk management. Other write-in responses included: the executive committee, legal committee, general counsel, working with the senior manager of internal audit, outlining parameters for the CEO (setting limitations and requiring reports to the board), and the executive committee.

A Common Cause

These findings give an overview of the current trends on not-for-profit boards today. Soon the NACD will be releasing a survey that includes more data about respondents to NACD’s general governance survey, including data that will allow us to compare these practices to public-company practices. It will be interesting to see how these practices align as the convergence of the for-profit and not-for-profit worlds continues. ■

Roger Raber is president and CEO of NACD, **Charles Gould** is president and CEO of Volunteers of America, and **George Ruotolo** is chairman and CEO of Ruotolo Associates. To find out more about the survey, contact the editor at dj davidson@nacdonline.org.

Sample Board Self Assessment Survey

Satisfied **Not Satisfied** **Not Sure**
1 2 3 4 5

1. Have a good working relationship with other board members and Chief Executive?

2. Are knowledgeable about organization's major programs and services?

3. Follow trends and important developments in the organizations' substantive field of interest?

4. Assist in fund raising by, for example, identifying prospective donors, personally asking others to make a contribution, or signing thank-you letters to contributors?

5. Give significant annual gift to the organization commensurate with your personal circumstances?

6. Read and understand the organization's financial statements?

7. Act Knowledgeably and prudently when making recommendations about how the organizations' funds should be invested or spent?

8. Focus your attention on long-term and significant policy issues rather than short-term administrative matters?

9. Recommend qualified individuals with relevant skills and experiences as possible nominees for the board?

Satisfied **Not Satisfied** **Not Sure**
1 2 3 4 5

10. Prepare for and participate at board and committee meetings, as well as other activities of the organization?

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11. Willingly volunteer and use your special skills to further the organization's mission?

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12. Take advantage of opportunities to enhance the organization's public image by periodically speaking to leaders in the community about the work of the organization?

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13. Respect the confidentiality of the board's executive decisions?

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14. Speak for the board or organization only when authorized to do so?

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15. Suggest agenda items for future board and committee meetings?

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16. Advise and assist the Chief Executive when your help is requested?

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17. Avoid burdening the staff with requests and special favors?

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18. Ensure that any communication with the staff below the chief executive does not undermine the relationship between the chief executive and his or her staff?

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19. Avoid, in fact and in perception, conflicts of interest that might embarrass the board or organization, and disclose to the board in a timely manner any possible conflicts?

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Satisfied **Not Satisfied** **Not Sure**
1 2 3 4 5

20. Are heard and considered when you give your opinions and views?

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21. Find serving on the board to be satisfying and rewarding experience?

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***Self-Assessment for Nonprofit Governing Boards. Washington, DC:
National Center for Nonprofit Boards, 1995***

BOARD EXCELLENCE MEASUREMENT TOOL

What is the purpose of this tool?

This tool is designed to help board leaders measure their board's performance on specific organizational activities associated with effective governance. Its items are based on current standards of good practice for nonprofit boards of trustees. The tool enables the board to be "graded" quantitatively, to identify potential areas which need improvement, and to outline plans that will lead to higher scores in the future. By assigning scores to each desired action, the tool offers a baseline of the board's current practice and helps track progress over time.

Who should use this tool?

The tool will be useful only for an independent board that has been in operation for several years. It is meant to be used annually by a small number of key board leaders who already have a good understanding of desirable governance principles and the specific board activities associated with them. These include the Board Chair and the Chair of the Committee on Trustees (often called Board Governance Committee) in consultation with the Head of School. Ideally an outside board consultant or coach will guide the process.

How does this tool differ from other board assessments?

The tool supplements but does not take the place of a self-assessment designed to be completed by the whole board. Whole-board self-assessments are based on principles of good board practice and guide trustees to reflect on and judge to what degree their board endorses and fulfills these general principles. In contrast, this tool requires a few board leaders to "grade" their board on specific activities that show evidence of good organization. While there is surely some overlap between the two types of assessment, this tool looks much more at the behavioral underpinnings of board practice and often calls for specific information some trustees would not know. Both kinds of assessment are important and together they will provide a balanced view of a board striving for excellence.

Instructions and scoring

Items are organized into the following three sections:

- Section 1: Board Basics – the ABC's of board organizational structures and board policies
- Section 2: The Board as an Evolving Body – activities that upgrade board structure and operations and improve the governance performance of individual trustees
- Section 3: Governance/Strategic Action – activities that keep a board focused on strategic, long-term, policy-oriented issues

The tool is meant to give a few seasoned board leaders a useful sense of where their board organization is strong and where it needs to improve. The scoring is not designed to meet standards of statistical validity or reliability, nor are there plans to formalize in that way.

A suggestion is for the two or three people completing the tool to score it individually, without prior consultation. Then they can meet to compare answers, discuss divergent scores, and come to agreement on a final score. Next they can develop action steps that will lead to higher scores in specific areas and set a date for the next time they will use the tool.



This instrument was developed in cooperation with the Grinspoon Institute for Jewish Philanthropy. Please contact Cheryl R. Finkel, PEJE Senior Consultant, with questions or feedback: cheryl@peje.org

BOARD EXCELLENCE MEASUREMENT TOOL

Note on Scoring: For the items labeled Yes/No enter the letter Y or N in the answer block, and the spreadsheet will automatically enter a numerical score (4 for Yes, 0 for N. Zeroes may not show up.) For other items enter a number (1,2,3,4) in the answer block.

Section 1: Board Basics

To be focused and effective in its functioning, a board of trustees needs to have in place several basic organizational structures and board policies.

	Choices	Answer	Score	Action Steps
1. Trustees sign an agreement to take on the duties listed in a written job description that includes expectations on roles and responsibilities, attendance, committee participation, and personal donation policy.	Yes (Y) No (N)			
2. There is an established process for the orientation of new trustees which includes an in-person meeting and a packet of organizational material.	Yes (Y) No (N)			
3. There is a regular calendar of meetings.	Yes (Y) No (N)			
4. Staff and committee reports, past meeting minutes, agenda, and support material for key decisions are all sent to trustees at least one week ahead of meetings.	Yes (Y) No (N)			
5. Trustees are presented with financial reports at least quarterly.	Yes (Y) No (N)			
6. Trustees are presented with regular program reports.	Yes (Y) No (N)			
7. Board meetings begin and end on time.	1 = hardly ever 2 =sometimes 3 = usually 4 = always			
8. Trustees have solid attendance at meetings.	1 = hardly ever 2 =sometimes 3 = usually 4 = always			
9. Trustees sign a conflict of interest policy.	Yes (Y) No (N)			
10. Trustees sign a confidentiality policy.	Yes (Y) No (N)			
11. Organizational by-laws are reviewed and have been updated in the past five years; these by-laws provide for trustee and officer term limits.	Yes (Y) No (N)			
12. Day-to-day issues and hiring/supervision/evaluation of staff are the responsibility of the Head of School and not the board of trustees. The board clearly understands that the Head of School is the board's <i>only</i> employee.	1 = hardly ever 2 =sometimes 3 = usually 4 = always			
13. There is a clearly understood and established process to annually evaluate and support the Head of School.	Yes (Y) No (N)			
14. The board approves the annual budget.	Yes (Y) No (N)			
15. If the school's budget is over \$1M, the board ensures that an annual audit is performed by a professional outside auditor. If the budget is under \$1M the board ensures that there is an annual financial review by a third party.	Yes (Y) No (N)			
16. The board, or the finance committee of the board, reviews and approves the IRS Form 990 on an annual basis.	Yes (Y) No (N)			
17. The percentage of trustees who make annual gifts that are meaningful relative to their personal wealth is:	1 = below 50% 2 = 50 - 75% 3 = 75 - 90% 4 = 90 - 100%			
18. The percentage of trustees actively engaged in some type of fundraising and "friend-raising" activities is:	1 = below 50% 2 = 50 - 75% 3 = 75 - 90% 4 = 90 - 100%			
19. The percentage of trustees actively engaged in committee work is:	1 = below 50% 2 = 50 - 75% 3 = 75 - 90% 4 = 90 - 100%			
Section 1 Total				

Section 1 - SCORING

57 - 76 = Your Board has got the basics down!

38 - 56 = Your Board is pretty solid, but needs some fine-tuning.

BOARD EXCELLENCE MEASUREMENT TOOL

20 - 37 = Your Board needs to do some work.

below 20 = Your Board needs to implement more structure and discipline.

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Section 2: The Board as an Evolving Body

An effective board continually challenges itself to upgrade its structure and operations as a governing body and strives to improve the governance performance of its individual trustees.

	Choices	Answer	Value	Action Steps
1. Each meeting of the full board has as its focus one major action item requiring a vote or a discussion to reach consensus.	1 = hardly ever 2 = sometimes 3 = usually 4 = always			
2. The board handles differences of opinion and conflict in a mature and constructive fashion.	1 = hardly ever 2 = sometimes 3 = usually 4 = always			
3. The board conducts an annual self-evaluation of its performance and the performance of its individual trustees.	1 = hardly ever 2 = sometimes 3 = usually 4 = always			
4. There is a Committee on Trustees (or Board Governance Committee) that meets regularly throughout the year to identify, cultivate, and recruit new trustees and to ensure that current trustees are engaged.	Yes (Y) No (N)			
5. The Committee on Trustees (or Board Governance Committee) has created a board profile that matches characteristics and skills of trustees to the strategic plan and that cultivates prospective trustees based on these characteristics.	Yes (Y) No (N)			
6. The board provides training for trustees that helps them become more effective; trustees are expected to participate in these educational opportunities.	1= no training 2= infrequent and ad-hoc 3= occasional, but planned 4= ample and designed			
7. In case of an emergency or an organizational crisis, the board has an established plan with designated procedures and board/staff roles.	Yes (Y) No (N)			
8. The board has adopted, or has considered, policies on major topics such as: Human Resources (personnel policy, whistle-blower), Fiscal (donation acceptance, investment, risk-management), Organizational (board officers/directors liability insurance).	1 = none of have been considered 2 = some have been reviewed 3 = many have been adapted 4 = most have been adopted			
9. Board policy provides oversight of decision-making responsibility and clear communication channels to important stakeholder groups such as a parent or alumni organization.	Yes (Y) No (N)			
10. Board committees are active, relevant to the strategic plan, and work with annual committee charges/agenda.	1 = hardly ever 2 = sometimes 3 = usually 4 = always			
11. Membership on committees and chair assignments are reviewed; and the committees tap the expertise of non-trustees (including former trustees), using them as committee members, committee guests, or unofficial consultants.	1 = hardly ever 2 = sometimes 3 = every few years 4 = annually			
12. The board has organized a major gifts program and trustees are involved in continuously cultivating potential major donors, whether there is a current capital/endowment campaign or not.	Yes (Y) No (N)			
13. There is a succession plan in place for the Head of School.	Yes (Y) No (N)			
14. There is a succession plan in place for board leadership.	Yes (Y) No (N)			
Section 2 Total				

Section 2 - SCORING

- 38 - 56 = Your board is evolving to a high level.
- 18 - 37 = Your board could use some more structure.
- below 18 = Your board needs some serious work to improve its own operations and processes.

BOARD EXCELLENCE MEASUREMENT TOOL

Section 3: Governance / Strategic Action

Effective boards strive to differentiate between management (day-to-day, operational and programmatic issues) and governance (long-term, policy-oriented and strategic).

	Choices	Answer	Score	Action Steps
1. The relationship between the Head of School and the board is clear, respectful and effective.	1 = hardly ever 2 =sometimes 3 = usually 4 = always			
2. Trustees appropriately act as advocates and representatives of the school in the community.	1 = hardly ever 2 =sometimes 3 = usually 4 = always			
3. Agenda for meetings of the full board are designed to discuss strategic, governing issues; not operational or administrative issues.	1 = hardly ever 2 =sometimes 3 = usually 4 = always			
4. The organization's mission has been reviewed and updated within the past five years.	Yes (Y) No (N)			
5. Within the last three years the board has developed a written strategic plan setting out goals that must be met to realize the school's vision; the plan addresses financial implications of these goals, a time frame for their completion, and assigns responsibilities to specific persons and committees for achieving the goals.	Yes (Y) No (N)			
6. When discussing an issue or making a decision, the board considers its relevance to the approved mission and the long-term strategic impact of its actions.	1 = hardly ever 2 =sometimes 3 = usually 4 = always			
7. The strategic plan is aligned with a multi-year budget, kept current using input from regular financial reports.	Yes (Y) No (N)			
8. The board's annual agenda is established by reviewing the strategic plan and targeting the appropriate goals.	Yes (Y) No (N)			
9. The board reviews, endorses, and accepts responsibility for implementing a multi-year fundraising plan to fulfill the strategic plan.	Yes (Y) No (N)			
10. The board has a process to ensure that the current school program is effectively fulfilling the mission.	Yes (Y) No (N)			

Section 3 Total

Section 3 - SCORING

- 30 - 40 = Your board is governing with strategic focus.
- 15 - 29 = Your board could be more proactive in its governance and strategy.
- below 15 = Your board needs some serious work to improve its role in governance and strategic action.

Total for all sections

SCORING TOTAL

- 129 - 172 = Your board is working on high level.
- 85 - 128 = Your board could work on several issues to be stronger.
- 40 - 84 = Your board should pay attention to its own development.
- below 40 = Your board needs some serious re-structuring.

Today's Date:

Planning -- next date to use this tool:

Dealing with resistance to board self-assessment

By: BoardSource

The objective of board self-assessment is to help the board improve its own work. Its purpose is to allow board members to better understand their own roles and responsibilities and how they can more effectively fulfill their obligations. The process can develop the board's team building skills, provide structure for problem solving, and increase accountability within the organization.

Performance evaluation often is conceived as a threatening exercise. This is not true only with employee performance evaluations but equally applies to a board's self-assessment. Resistance to evaluation is often tied to a fear of negative judgment, apprehension about the process and ultimate consequences, and unease with change. Individual board members may fear a loss of confidentiality and being unfavorably compared to peers. This happens when the purpose of assessment is not understood. Self-evaluation can have a negative undertone when it is not used to build positive outcomes.

Obstacles

Without addressing the real or perceived obstacles to the self-assessment process, it may never get off the ground or become a constructive exercise. Here are some common barriers that prevent the board from seeing the benefits of self-evaluation.

- Board members do not understand the purpose of the activity. They do not see the link between their collective performance and the performance of the organization.
- There is no consensus among board members on the necessity or the method of carrying out this activity.
- Board members feel that they are already doing a great job. Evaluation would be an unnecessary waste of time.
- Board members fear upsetting the present balance and conviviality.
- There is a dilemma between wanting to know how the board is doing while not wanting to be blamed for poor performance.
- The board does not know how to do it.
- The cost seems prohibitive.
- It is difficult to find the time from busy schedules to fill out the questionnaires and to attend a retreat afterwards.
- The board is struggling with a crisis that demands its full attention. The timing is not good for another big project.
- The board has done it before and nothing seemed to change.

How to make it work

Planning and understanding the benefits of self-assessment are keys to its success. Here are some strategies for defeating obstacles.

Commitment — Get each board member's buy-in in order to make this a true group effort. Without a consensus, the board simply won't participate. Members should be ensured that their answers to the questionnaire will remain confidential and that the objective of the exercise is not to be punitive but to improve the board's future performance.

Process — The board should research the different self-assessment tools available and determine together which one is acceptable. Together the members can fine-tune the tool to address issues and questions that are important to the board. In addition, the board should determine how individual board member evaluation is included for the purposes of self-reflection. In any event, the board needs to address the board's general resistance to change. Change does not have to mean that everything from the past will be judged unacceptable.

Planning — Adequate time should be devoted to planning, starting well ahead of time in order to ensure that board members may have the proper time set aside to complete the assessment. A date should also be agreed upon for a board retreat to discuss the results.

Competency — If this is the board's first self-assessment effort, a task force should be formed to explore how others have done it. Members should learn how to give constructive feedback, and when possible, bring in an outside facilitator to help with the discussions and aid in the administration of the self-assessment process.

Cost — For some boards, the cost for self-assessment can be prohibitive. To cover the costs involved the board can research foundations that fund board development activities. The expenses should be included in the organization's budget.

Follow-up — The board should ensure that the final recommendations that come from the board retreat discussions will be implemented by creating proper follow-up procedures. Board members should be provided with possibilities for self-improvement and their expectations and overall duties clarified. Lastly, the board should commit to repeat the process every 3-4 years.

References

- BoardSource, [Board Self-Assessment: Assess to Advance](#) (BoardSource 2009).
- Mary K. Totten and James E. Orlikoff, "Evaluating Trustee Performance: Issues, Trends, and Process" *Trustee* (January 2002).

Enhancing Board Performance through Dynamic Board Development

Posted by Jeffrey Stein, King & Spalding LLP, on Tuesday April 20, 2010 at [9:21 am](#)

Editor's Note: [Jeffrey Stein](#) is a partner in the Corporate Practice Group at King & Spalding LLP. This post is based on an article by Mr. Stein and Susan E. Wolf that originally appeared in *The Metropolitan Corporate Counsel*; it is reprinted by permission of the publisher.

Recent events have placed increased demands on the boards of public companies, and investors, regulators and lawmakers are calling on boards to improve their performance in key areas such as strategy, oversight of risk management, succession planning and the nomination process. Rather than seeking to address each of the current challenges in isolation, leading public company boards – and company officers who support public company boards – seek to make enhancements that best address the unique priorities and circumstances of a particular board and company.

Effective boards use a holistic approach, by choosing enhancements that are synergistic and will produce the greatest benefits to overall board processes. Through such a holistic approach to board development, a board will not only position itself to respond to today's challenges, but will be well prepared for future challenges. This article will consider important board processes, not only for the sake of improving each of these processes, but also for enhancing the board's performance in all its endeavors.

Board Needs; Director Qualifications

There has been increased focus on the qualification of directors to serve on boards, with the SEC requiring companies to describe the experience and qualifications of all nominees and incumbents, as well as their skills and attributes. While there may be some tendency to focus on the biographies of individual directors, a board should begin with an assessment of its needs and skills, in the aggregate. Formally or informally, many boards develop a “matrix” or map of skills, through which they identify the most important capabilities that will contribute to the performance of the company. As the board proceeds to describe the qualifications of its members, the board can get a better perspective on where it is strong and any areas that require improvement. Just as a sports team prepares for the draft by prioritizing its needs at various positions, an effective board will always have a clear vision of the skills that its next draft choice should bring to the team.

Search and Nomination Process

Having reached consensus on the skills that the board will seek in adding members, the board will face the challenge of finding the right persons to fill these needs. While the search for the right new directors typically begins with current board members and senior officers discussing their own business contacts, many boards expand their reach through the use of a professional search firm.

The best professional advisors take time to understand the company, its industry, its strategy, and the culture and composition of the board, as well as the qualifications that the board is seeking in potential candidates. It is critical to have a detailed, prioritized description of the various qualifications and characteristics sought by the board before the board considers particular candidates. This description of candidate qualifications may also be useful in responding to questions as to how or why a nominee was selected.

As the nominating committee and board begin to meet with candidates, and as consensus builds around a candidate, the focus of the recruiting process usually shifts from a focus on objective criteria to a focus on intangible matters, such as chemistry and cultural fit. Since boards function as a collective body, one-on-one time with the chairman, lead director and other directors will be particularly valuable as directors assess how a prospective director will contribute to the board's work.

The board must also view the process from the candidate's perspective and be prepared to supply information for purposes of the prospective candidate's due diligence. Such information would typically describe the most difficult challenges the company and board are facing, as well as the company's approach to insurance coverage and protecting its directors.

Orientation Of New Directors

A comprehensive orientation process will provide new directors with a solid framework to begin adding value to board deliberations and is comprised of three parts – information, social integration and follow-up.

First, the new director will need comprehensive information about the company, its industry and its shareholder base. In addition to basic information about the company, new directors will need to understand the company's strengths/weaknesses compared to its competitors, the key drivers of financial performance, the structure of executive compensation programs, and the process for succession planning. Directors should also be briefed on applicable fiduciary standards and any unusual state law provisions. The orientation process for any new director should be customized to take into account the particular areas in which the director is expected to be active, as well as the director's own background.

Integrating the new director into the social fiber of the board is a critical aspect of the orientation process. Informal interactions will be important in building social bonds and conveying board culture and expectations. Finally, new directors will want to meet with the executive leadership team and those who support the board and its committees.

The last stage of orientation for the new director will be follow-up. The new director should meet with the chairman or lead director and relevant committee chairs several times over the first year in order to have an opportunity for feedback and questions. During this period, it will be important for the corporate secretary to ask if additional orientation would be helpful.

Ongoing Education Of The Board

In recent years, boards have moved from more formal, episodic educational sessions (for example, annual sessions on internal controls or strategy), to an approach under which the board receives briefings about critical issues on an ongoing basis. Rather than board education following a set calendar, boards now seek to make progress on their most significant issues at every meeting.

An effective educational program will include the right mix of presentations by company employees and outside experts, so that directors will benefit from a variety of perspectives on key matters. Directors may also benefit from peer-to-peer discussions with directors from other companies, at roundtable sessions or directors' institutes.

When directors participate in programs outside the company, it is helpful for the company's general counsel or secretary to get a sense of what the directors heard during the session. Management will occasionally join the director at these programs; in other instances, management may be able to review written materials and have conversations with presenters. Such interactions will maximize the value of what one director has learned to other directors and those who support the board.

Keeping the Board Informed

Given the accelerated pace of the business world and new ways of communicating, the process of keeping directors informed has moved from the periodic distribution of "board packages" to ongoing dialog between management and directors. Many board leaders report that they have multiple conversations with senior management between meetings, and management often provides updates on current issues through informal board briefings.

Those who support the board have become proactive in distributing relevant information between board meetings. At a minimum, material developments (both positive and negative) should be promptly communicated, if possible, before there are media reports of these developments. In addition, boards often appreciate receiving regular batches of key analyst reports and media reports about the company.

Access To Management

A new trend is emerging with respect to the board's access to and discussions with management, as directors are seeking ongoing contact with an increasing number of members of management, at a variety of levels. Directors may want access to several levels of the company's organizational chart in certain critical areas (such as strategic development or financial reporting). Effective access to the right members of management creates a win-win-win situation for the company as it provides the board with valuable information, promotes a sense of contribution among employees, and supports the board's succession planning process.

Appropriate "gate-keeping" controls will improve the process for both directors and management. For example, if one director schedules an in-depth session with the controller, and asks for a breakdown of profits that is different from what is regularly reported at board meetings

(for example, organized by different geographic areas or different product groupings), it is helpful to send the data to all directors, so that all directors have access to the same information. Having the corporate secretary educate management as to the information that is already available to the board will also make the interaction more effective. The “gatekeeper” function, however, should not get in the way of directors having the ability to assess potential leaders in one-on-one and informal settings.

Board Evaluations

There are a number of effective formats and processes for board evaluations, including evaluating the board as a whole or individual directors; using an outside facilitator, one of the board members or a member of management to conduct the process; and using a written questionnaire, one-on-one interviews or a group discussion. The most effective process may change from year-to-year for a particular board, depending on whether it is seeking comprehensive information (for example, after several new directors have joined the board) or merely a “bring down” of the prior year’s process. Accordingly, it is critical that the governance committee take time to evaluate the best format and process as it plans the evaluation process each year.

In order to maximize the benefits of the evaluation process, there must be time for the board, as a whole, to digest the results and then agree on follow-up steps or changes that are most likely to enhance board effectiveness. It is also critical for the evaluation process to feed into the nomination process, as the output of an effective evaluation process provides a map of the skills needed by a board at a given time, as well as suggestions for the board to improve its operations. Finally, the process provides an opportunity for feedback from board leadership to a director who might contribute more by improving his/her attendance or participation style.

Director Succession Planning

Recently, there has been intense focus on succession planning for management, however, succession planning for directors and board and committee leadership is equally important. In addition to considering the board’s current needs, the board must ask itself how it will be composed in the next five or ten years, which should be driven by expectations as to what the company will look like in that timeframe.

Board succession planning should also cover planning for emergencies. This includes depth of critical skills and attributes so that the board continues to function optimally even when a board leader leaves the board unexpectedly, which can occur for a variety of reasons ranging from political appointments to death.

Part of effective board evaluation and succession planning processes involves helping a director realize when it might be time to leave the board. The reasons vary, from a lack of interest or time, to physical incapacity or a controversy that impairs the director’s ability to add value at a given time. For some boards, a mandatory retirement age or a term limit has been a workable

process, while other boards have found these led to the loss of a particular skill or attribute at a time that was not optimal for the board.

Supporting Board Development

Corporate secretaries, governance officers, in-house and outside counsel, financial advisors and investor relations managers can greatly contribute to the development and operations of the board. They may add the most value when they are able to view the board from some distance, which can help the board with its own sense of perspective and self-awareness. Rather than being passive and responding to requests from the board, those individuals who support the board should be proactive and regularly contribute to better board operations. Over time, trusted personnel may add the most value to the board when they effectively challenge existing processes and bring fresh approaches to the board.

Effective support will facilitate the board being well-informed and having a “360-degree” vision, particularly in bringing visibility to emerging issues. Those who support the board must stay up-to-date on matters such as shareholder priorities and emerging issues among institutional investors; SEC staff interpretations as well as rule changes; the views of RiskMetrics, Glass Lewis, the Corporate Library, Governance Metrics, and the governance arms at S&P and Moody’s; and the practices and trends of other companies in their industry. Key inputs into these matters will include benchmarking with peers and outside experts, conversations with representatives of institutional investors, and staying current through educational programs and periodicals that focus on board matters.

Criteria for Board Evaluation

Every Board has ultimate responsibility for the following areas:

- 1) Strategic Planning
- 2) Institutional Financing
- 3) Quality Assurance
- 4) Compliance
- 5) Relationships with the Medical Staff
- 6) Relationships with the Administrative Staff
- 7) Board Functioning
- 8) Individual Board Member Self-Assessment

Board Self-Evaluation Questionnaire

The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) requires that Boards implement a mechanism to evaluate their own performance. The most common tool used by Governing Boards to meet this accreditation requirement is the circulation and tabulation of a questionnaire which becomes the subject of a formal summary and appropriate follow up discussion. The officers of the Board can then use the results in their task assignments, structuring of committees and planning.

Please read each statement and complete the questions below. Your comments under each heading are welcome and encouraged.

SUMMARY OF RESULTS

1. Strategic Planning

Every organization shapes its course and character by undertaking planning in some fashion. “Strategic planning” is an educational process based upon a common understanding among trustees, physicians and administration. It differs from “long-range planning” by viewing the organization in an external environment that is both threatening and beneficial to it. The aim is to develop a strategy that is based upon analysis of the organization’s strengths and weaknesses while preserving the institution’s basic values. A challenging element of a strategic plan is the development of an understanding among physicians of their stake in advancing the interests of the organization. Trustees play a major role in strategic planning because it is central to everything the Board does, particularly in balancing the hospital’s economic viability against social needs of the community.

Question #1: How well do you feel you understand the external competitive environment in which the organization operates? (circle one)

1 a. How well do you understand now?

	1	2	3	4	5
Total Respondents	Poor	Less than Average	About Right	Better than Average	Excellent

1 b. How would you like your understanding to be?

	1	2	3	4	5
Total Respondents	Poor	Less than Average	About Right	Better than Average	Excellent

Question #2: How would you rank the level of common understanding among the Board of Directors, Medical Staff and Administration about the strategic direction the organization is taking in the new competitive environment of health care?

	1	2	3	4	5
Total Respondents	Poor	Below Average	Acceptable	Good	Excellent

Question #3: To what extent do you feel the organization’s basic values, character and tradition of community service are threatened by the present competitive health care environment?

	1	2	3	4	5
Total Respondents	No Problem	To a Small Extent	To Some Extent	To a Great Extent	A Real Problem

SUMMARY OF RESULTS

Question #4: How well does the organization's strategic plan balance the institution's financial needs against the needs of the community we serve?

	1	2	3	4	5
Total Respondents	Poorly	Below my Expectation	Acceptable	Above my Expectation	Excellent

Question #5: How would you rank the Board of Directors' performance in formulating the strategic plan and carrying out its implementation?

	1	2	3	4	5
Total Respondents	Poor	Below Average	Acceptable	Good	Excellent

Question #6: How important do you feel it is to revisit the organization's strategic plan, update its conclusions and/or formulate new strategies to address the health care environment between now and 2003?

	1	2	3	4	5
Total Respondents	Very Unimportant	Unimportant	Neutral	Important	Very Important

Question #7 for CHHC and CHSD: The Mission Statement of CHSD reads as follows: "The mission of CHHC is to restore, sustain and enhance the health and developmental potential of children."

7 a. Is the statement sufficiently clear to serve as a guide to the Board, Medical Staff and Administration?

	1	2	3
Total Respondents	Yes	No	Don't Know

7 b. To what degree to you feel the hospital lives up to the stated mission?

	1	2	3	4	5
Total Respondents	Not Well	Below Expectation	Acceptable	Well	Very Well

Other comments regarding strategic planning:

- "Considered one of the best in the country."
- "Need review when times are as unsettled as they currently are, but that doesn't mean we need a change in direction."

SUMMARY OF RESULTS

- "A/R has somewhat gotten out of control."
- "Investment policy should be reviewed carefully."
- "Unfortunate economic/political climate results in crisis management."
- "A re-visit of our strategic planning will most likely be necessary after THG's recommendations."

2. Institutional Financing

By definition, a Trustee is a fiduciary agent responsible for holding in trust the assets of the organization for the benefit of the community. Because health care economics and physicians' decisions typically affect the costs associated with providing patient care, hospital trustees have had little control over these costs. Such conditions, therefore, make more necessary the trustees' control over the utilization of resources. This control is being made more progressively difficult by governmental actions to control the costs of their social programs and by increasing competition among providers.

Question #1: How would you rank the Board of Directors' performance in formulating financial controls, in their management of investments, and in carrying out their overall stewardship to oversee institutional finances in the past?

	1	2	3	4	5
Total Respondents	Poor	Below Average	Acceptable	Good	Excellent

Question #2: How would you rank the Board of Directors' level of involvement in reviewing the assumptions and projections in the annual budgeting process and evaluating capital expenditures?

	1	2	3	4	5
Total Respondents	Poor	Below Average	Adequate	Good	Excellent

Question #3: How would you rank the effectiveness and usefulness to you of the Board's reviews and discussions of the annual audit in assessing the financial condition of the organization?

	1	2	3	4	5
Total Respondents	Poor	Below Average	Adequate	Good	Excellent

SUMMARY OF RESULTS

Question #4: How would you rank the performance of the Board of Directors in establishing and overseeing the charity policies of the organization and sufficiently reviewing management's performance in controlling accounts receivable?

	1	2	3	4	5
Total Respondents	Very Uncomfortable	Somewhat Uncomfortable	Comfortable	Quite Comfortable	Very Comfortable

Other comments regarding institutional financing:

- "We recognized problem and are taking steps to correct."
- "The current financial issues and deficits should have been predicted/attended to much sooner than they were, particularly the billing and accounts receivable situation."
- "I have not been on the Board long enough to comment on the above (Institutional Financing Section)."
- "I've not witnessed board involvement in charity policies."

3. Quality Assurance

Meeting its responsibility for the quality of patient care is the Board's most difficult task because its members are not experts in medicine for hospital care delivery. The Board is, however, ultimately liable for the quality of patient care in the institution. Hospital Boards delegate this responsibility to self-governing medical staffs. The oversight of Quality Assurance systems and processes is delegated to the CEO and on to the administrative staff for quality in nursing care and ancillary services. Physicians who serve as directors of hospital-based services have portions of this administrative oversight through their contractual agreements with the hospital.

Question #1: How comfortable are you that the medical staff at the hospital is providing the quality of patient care it should?

	1	2	3	4	5
Total Respondents	Uncomfortable	Less than Comfortable	Comfortable	Quite Comfortable	Very Comfortable

Question 2: How comfortable are you that the hospital's nursing staff and other patient care areas are providing the quality and level of patient care they should?

	1	2	3	4	5
Total Respondents	Uncomfortable	Less than Comfortable	Comfortable	Quite Comfortable	Very Comfortable

SUMMARY OF RESULTS

Question #3: How comfortable are you with the level of involvement of the Board of Directors in the granting and renewing of clinical privileges to physicians who will provide patient care in the hospital?

	1	2	3	4	5
Total Respondents	Uncomfortable	Less than Comfortable	Comfortable	Quite Comfortable	Very Comfortable

Question #4: How familiar are you with the Quality Assurance Plan’s activities and mechanisms (a) for evaluating the quality of patient care, (b) for identifying and solving problems, and (c) for identifying opportunities for improved patient care?

	1	2	3	4
Total Respondents	Not Familiar	Slightly Familiar	Familiar	Very Familiar

Question #5: Do you feel it would be helpful to Trustees in their oversight role to have representatives present at the meetings of the Quality Assurance Committee of the Medical Staff?

	1	2	3
Total Respondents	Yes	No	Don't Know

Comment :

- “We would need to be clear about purpose of board member presence.”

4. Compliance

The formal adoption of a compliance program and management’s support of that program is essential to the operations of a health care organization. The compliance program fosters a compliance culture, encouraging the organization’s employees and agents to conduct their activities and responsibilities in accordance with ethical standards and applicable law. The organization benefits from the adoption and implementation of an effective compliance program because it establishes mechanisms to detect, correct and ultimately prevent improper or unlawful conduct. The Board of Directors is responsible for approving the implementation of a compliance program that governs all of the operations of the organization. The Board appoints a compliance officer who has responsibility for promoting awareness of the compliance program, positive ethical principles, behavior consistent with the organization’s mission and compliance with applicable law. The Board also establishes a compliance committee to assist the compliance officer in supervising the compliance program. The Board has the duty to monitor the compliance program and should receive reports on a regular basis from the compliance officer.

SUMMARY OF RESULTS

Question #1: How would you rank the Board of Directors' understanding of the organization's compliance program?

	1	2	3	4	5
Total Respondents	Poor	Limited	Acceptable	Good	Excellent

Question #2: Has the Board received and reviewed periodic reports regarding the performance of the compliance program?

	1	2	3
Total Respondents	Yes	No	Don't Know

Comment:

- "Not sure we have discussed it at Board meeting."

Question #3: How comfortable are you that the organization has an effective compliance program to detect, correct and prevent improper and unlawful conduct?

	1	2	3	4	5
Total Respondents	Uncomfortable	Less than Comfortable	Comfortable	Quite Comfortable	Very Comfortable

Question #4: Are you familiar with the Board's responsibilities with respect to the organization's compliance program?

	1	2	3	4
Total Respondents	Not Familiar	Slightly Familiar	Familiar	Very Familiar

Question #5: Are you familiar with the compliance program standards and policies and procedures that are applicable specifically to Board members?

	1	2	3	4
Total Respondents	Not Familiar	Slightly Familiar	Familiar	Very Familiar

SUMMARY OF RESULTS

Question #6: How familiar are you with the organization's compliance program manual, code of conduct and policies and procedures that have been approved by the compliance committee?

	1	2	3	4
Total Respondents	Not Familiar	Slightly Familiar	Familiar	Very Familiar

Question #7: How familiar are you with the various lines of business that comprise the organization's total operations?

	1	2	3	4
Total Respondents	Not Familiar	Slightly Familiar	Familiar	Very Familiar

Question #8: Do you feel it is necessary to have an understanding about the organization's lines of business in order to appropriately monitor and oversee the compliance program?

	1	2	3
Total Respondents	Yes	No	Don't Know

5. Relationships with the Medical Staff

The Board of Directors delegates three areas of responsibility to the medical staff: (1) review of credentials for membership on the medical staff, (2) self governance through peer review committees to supervise, protect due process rights, and discipline physicians whose patient care and/or ability to get along well with others may be found wanting, and (3) direction of medical staff quality assurance mechanisms. The Board delegates responsibility but not ultimate liability for these important functions, and therefore, must work with the medical staff and see to it that proper processes are followed.

Question #1: How would you assess the relationship between the Board of Directors and the Medical Staff?

1 a. How was it in the past?

	1	2	3	4	5
Total Respondents	Poor	Could be Improved	Acceptable	Good	Excellent

SUMMARY OF RESULTS

Comments:

- "I do not know because of brief time on the Board."
- "Don't know"

1 b. How is it now?

	1	2	3	4	5
Total Respondents	Poor	Could be Improved	Acceptable	Good	Excellent

Question #2: How confident do you feel that the medical staff officers and committees can carry out the duties of credentialing new physicians, handling staff discipline and effectively supervising quality medical care through peer review mechanisms?

	1	2	3	4	5
Total Respondents	Very Doubtful	Have Some Doubts	Confident	Quite Confident	Very Confident

Comment:

- "I am not familiar enough with the processes and procedures used. Is it a 'standard peer review'? A higher standard?"

Other comments regarding medical staff relations:

- "Excellent relationship has always been present and supported."
- "Can't comment on the above (Relationships with the Medical Staff.)"

6. Relationships with the Administrative Staff

The Board of Directors delegates responsibility to the administrative staff for institutional leadership, financial management, planning, community relations, crisis resolution, organization of hospital staff, quality assurance oversight and relationships with accrediting bodies and government agencies. All of these duties are performed directly on behalf of the Board.

Question #1: How would you assess the relationship between the Board of Directors and the Administrative Staff?

	1	2	3	4	5
Total Respondents	Poor	Could be Improved	Acceptable	Good	Excellent

SUMMARY OF RESULTS

Other comments:

- "Can't comment (Relationships with the Administrative Staff Section)."
- "Again, I am not yet able to give a firm assessment because of my relatively brief time on the Board."

7. **Board Functioning**

Question #1: There is adequate preparation of material including agendas, study documents, etc. in advance of the Board meetings?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Comment:

- "Disagree - Financials, until now."

Question #2: Board meetings are characterized by free discussion, general participation, and the group thinking and working together?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Comment:

- "I'm not sure, the CHHC/UCSD merger is too new for a completely open climate, but the interaction is moving in the right direction."

Question #3: Board meetings deal primarily with policy formulation, review of plans, evaluating and monitoring the work of the organization?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Question #4: Routine matters, that is, items requiring official action but little discussion are handled effectively?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

SUMMARY OF RESULTS

Question #5: Minutes of Board and committee meetings as written adequately reflect the discussion of the Board?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Question #6: The Board spends some time on matters of community, state and nationwide concern within the appropriate field of service of the organization?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Question # 7: Does the composition of the Board provide it with the range and balance of skills needed?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Comment:

- “The composition after the merger requires more time to evaluate.”

Question #8: Does the Board’s decision-making structure work well?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Comment:

- “Not sure yet.”

Question #9: Is the orientation of new Board members comprehensive and effective?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Comment:

- “?”

SUMMARY OF RESULTS

Question #10: Do Board committees operate effectively?

	1	2	3	4	5
Total Respondents	Strongly Disagree	Disagree	About Right	Agree	Strongly Agree

Comments:

- "It is too soon for me to judge."
- "Do not know."

Other comments on Board Functions:

- "I'm new to the board and can't answer every question knowledgeably."
- "Would like to see more women on the board."

8. Individual Board Member Self-Assessment

Question #1: Do you understand your obligations and responsibilities as a Board member?

	1	2
Total Respondents	Yes	No

Question #2: Have you read and do you understand the corporation's bylaws?

	1	2
Total Respondents	Yes	No

Comments:

- "?"
- "I've read, but need to re-read to understand and remember."

Question #3: Do you read the monthly mailings in preparation for the Board meetings?

	1	2
Total Respondents	Yes	No

SUMMARY OF RESULTS

Question #4: Are you aware of the legislative issues that influence the organization?

	1	2
Total Respondents	Yes	No

Comments:

- "To some degree"
- "Somewhat!"
- "I think so"

Question #5: Do you attend or have you been given the opportunity to attend seminars and meetings that would improve your understanding of the issues affecting the organization?

	1	2
Total Respondents	Yes	No

Comments:

- "Need more emphasis in this area."
- "Yes - but not at direction of Board"

Question #6: Is the time and effort necessary to fulfill your Board responsibilities workable for you?

	1	2
Total Respondents	Yes	No

Opinions/Observations

In your opinion, what are the major areas or issues that you feel the Board of Directors should address in the year ahead:

Six Steps in the Evaluation Process

1. **Decide on the purpose of the evaluation**
 - What is the purpose of the evaluation?
 - What do we want to know? Why? How will we use the results of the evaluation?

2. **Set up an evaluation structure**

Options include...

Committee, outside evaluator, self-evaluation, combination etc.

3. **Prepare the evaluation design**

- What will be the focus of the evaluation?
- What constitutes success (and degrees of success) in the program or organization that is being evaluated?
- What external factors may affect the success of the program or organization?
- What information is needed to carry out the evaluation?
- What are the appropriate tools to gather the information needed?

4. **Gather information**

- Common techniques for information-gathering include: interviews, questionnaires, reviewing documents/databases, public surveys, media scans, focus groups etc.
- Sources of information frequently include: clients, staff, volunteers, board and the community.

5. **Analyze information**

- It is often helpful to review and analyze information during the evaluation process, and not simply at the end - this can correct gaps or problems, as well as begin to identify trends and possible conclusions.
- No final conclusions should be drawn until all information is gathered and analyzed.
- After concluding the analysis, decisions should be made about action steps in light of the evaluation.

6. **Action and implementation**

The ultimate purpose of the evaluation is to have an impact on the work of the organization. This will include the areas originally identified in the purpose of the evaluation, but there may also be other constructive uses of the information.

Board Self Evaluation		Rate on a Scale of 1 to 10 1 is Bad 10 is Good	Don't Know
1	Our board has an effective partnership with the leadership team		
2	Our board faces and resolves issues in their early stages		
3	The board ensures that there is a strong congruence between the mission and key decisions		
4	The board allocates an appropriate amount of time to strategic thinking		
5	The board stays focused on what is most important to the organization		
6	The culture of the board is one of mutual trust and constructive debate leading to sound decision making		
7	There is an openness to questions and differences of opinions in board meetings		
8	When making decisions board members place the interest of the organization above all else		
9	Board members feel free to make decisions free from undue pressure and influence		
10	There is an open and active exchange of information between the board and staff		
11	The board ensures that outside parties have access to appropriate and accurate information about the organization		
12	The board exercises disciplined compliance through appropriate monitoring and control functions		
13	Board members understand the finances of the organization		
14	Board members work to improve the organizations reputation in the community		
15	The board ensures that there is an appropriate link between the vision and the resources to accomplish the vision		
16	The board carefully monitors and measures progress toward the accomplishment of goals and objectives		
17	The board ensures that there are appropriate metrics to measure organizational performance		
18	The board is structured properly to accomplish its duties and to support the organization's goals and priorities		
19	Board meetings are productive and effective		
20	There is an effective orientation program for new board members		
21	The board is well informed about internal and external issues affecting the success of the organization		
22	The board regularly monitors and evaluates its effectiveness and performance		
23	Board members know their roles and function well as a group		
24	The board has a clear plan for turnover and recruitment of new board members		
25	Participation on our board is meaningful to all members		

Note: Based on The Source: Twelve Principles of Governance That Power Exceptional Boards
BoardSource 2005