

...coming together is a beginning;
keeping together is progress; working
together is success...ö

Henry Ford

Governance Perspectives

A board reference tool.
NOVEMBER 30, 2012

Is your nonprofit board beginning a relationship with a new president?

Ten Tips for Success

How should the Board of Trustees ensure that a new president is successful, and that a productive and effective relationship develops?



Welcome í

How do we write a great next chapter?

A new president will want to tap into the board's skills and knowledge and trustees will be anxious to share their expertise. Both want the organization to grow and flourish; but building trust takes work. And trust is a crucial element in promoting the transparency and accountability that is essential in an effective board environment. Without it, there are gaps in oversight and information í and decision-making failure can result.

To increase trust and maximize board effectiveness, the board might consider these tips.

1. The board has a responsibility to ensure that the right mechanisms are in place to help the president and the trustees to fully realize the benefits of their unique contributions to the organization's success.

This is a good time for the board to review how it operates. And, ask how it might operate more effectively.

2. A new president will want to take time to understand the board's personalities, protocols and how the relationship between his office and the board can best work together as a team. This is

a good time for the president and each trustee to enjoy a private lunch.

3. The president and the board share responsibility for the organization's leadership, but they fulfill this responsibility in different ways. While the board has fiduciary duties, and ultimate power, the president's power is more immediate, involving day-to-day influence. It is important that both the board and the president are fully aware of where their roles begin and end. Confusion leads quickly to conflict and inefficiency.

4. Think about how the board communicates with the president, the management team, staff, clients and other stakeholders. Ask if communication is transparent, clear, respectful, trustworthy and fair. Ask the same questions about communications to the board.



Key Takeaways

- ✓ Trustees have clear fiduciary duties and oversight responsibilities
- ö presidents manage operations.
- ✓ Communications must be clear, transparent, respectful, trustworthy and fair.
- ✓ Start succession planning for the next president today.

The Governance Solutions Group is a board advisory practice. We help directors increase board effectiveness by bringing an independent perspective to the board evaluation process, mentoring new directors, developing orientation and education plans, assisting with succession and leadership development plans, and enhancing board/C-Suite dynamics. GSG's mission is to help directors establish governance processes that uniquely fit their company structure and allow the board to better carry-out its fiduciary responsibilities. Clients include public company boards, nonprofit boards and private company owners considering their first advisory board or family council.



Ten Tips for Success

5. The Freeh Report made several recommendations for college boards, but the principles are applicable to most nonprofit boards. Review these recommendations together.

6. Think about how the board continues its education, how it stays informed and how it deals with information overload.

7. Ensure the board and the president are in agreement on the president's performance plan. Be clear on performance metrics.

8. Start thinking today about succession planning for the next president. Good boards plan for natural retirement and emergency succession. Leadership development

is an important piece of succession planning.

9. A public company board is required to annually assess its performance. It is best practice for nonprofit boards. Ask when the last time the board reviewed its own performance and consider whether an annual review is appropriate. This can be done internally or externally, using a variety of tools. Best practice is to mix up the tools and the methodology from year-to-year.

10. If the president is a new nonprofit president, consider whether or not she would benefit from some board coaching and whether or not the board would benefit from an independent perspective of its board operations and effectiveness.

“...The test of our worth is the service we render...”

Theodore Roosevelt

| Public Company Board Responsibilities | | | Nonprofits (add) |
|--|--|--|---|
| Corporate | Strategic | Oversight | |
| <ul style="list-style-type: none"> • Hire the CEO • Review CEO's performance • Ensure 3 succession plans • Establish line-of-sight into exec ranks | <ul style="list-style-type: none"> • Approve mission • Approve annual operating plan • Approve long-term strategy | <ul style="list-style-type: none"> • Operations • Financial • Compliance • <u>ERM</u> • Ethics • Alignment with LT strategy • Tone at top | <ul style="list-style-type: none"> • Ambassadors • Advocates • Community Relations • Fundraising • Foundation • Investments |
| <p>The board itself is responsible for ensuring the effectiveness of its own operations</p> <p><i>Nominate director candidates</i> ★ <i>Assess board performance</i></p> | | | |