

Boardroom Bearings

Navigating to Board Excellence

December 10, 2014



Series on Board Responsibilities

This issue of *Boardroom Bearings* is the second in a new 10-part series on the basic responsibilities of a nonprofit board.

As part of its **responsibility to set organizational direction**, the board determines the organization's mission (see the [November issue here](#)).

Another other aspect of setting organizational direction is to **ensure effective planning**.

Responsibility: ensure effective planning

"Planning" nowadays for most organizations means "strategic planning." Boards must actively participate in an overall planning process, help implement the plan, and monitor goal achievement.

There is no one "right way" for an organization to plan - each organization must determine its own approach, based on the organization's particular needs and life cycle. What is most important is that planning occurs and that the board participates.

According to the *Handbook of Nonprofit Governance*, "The board's responsibilities are to:

- Insist that comprehensive organizational planning occurs
- Participate with staff in the planning process
- Assess the merits of the process and its results
- Approve the agreed-upon outcomes
- Use the goals as a guide for budgeting and other priorities
- Track the plan's implementation and the organization's progress" (pg. 34).

As John Galsworthy, English novelist and playwright, wrote, "If you do not think about the future, you cannot have one."

Benefits of strategic planning

There are many good reasons to devote energy and time to planning - here are a few:

In This Issue

Responsibility: ensure effective planning

Benefits of strategic planning

Planning is a cycle

How to keep your plan off the dreaded SHELF

How to encourage strategic thinking

Worth watching. And discussing.

How do you treat past board members?

Question of the month: What's the difference between an advisory board and a board of directors?

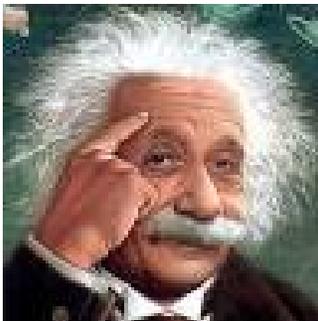
- The planning process clarifies the mission and re-focuses it, if change is needed.
- Planning sets an organization's direction - "Do we go here or do we go there?"
- The board is better able to govern when it has participated in making choices.
- Planning opens the door to blue sky thinking.
- The plan establishes a framework that guides decision-making about programs, services, and finances.
- Funders, and some donors, require a strategic plan.



Planning is a cycle

As the speed of change has increased, the planning horizon has shrunk. Other than for major capital or infrastructure projects, it is no longer feasible to talk in terms of ten-year plans or even five-year plans. Most organizations now adhere to a three-year planning cycle.

And even within the three-year cycle, the board and staff must adjust the plan's goals and objectives continuously - at least quarterly. The operating environment can change so fast that goals thought important six months ago may need to be modified. And new opportunities may develop quickly and need to be added to the plan.



Think Einstein. The story goes that when Albert Einstein was teaching at Princeton, there was a young man in the class who had taken the course the previous year. At the final exam, he looked at the test and said, "These are the same questions you asked last year." Einstein replied, "Yes, but the answers are different."

How to keep your plan off the dreaded SHELF

Ugh. It's an old and worn out expression but sadly too often true: "Our plan sat on the shelf gathering dust." Here are some suggestions that will erase that expression from your board's vocabulary:

- Structure board agendas so the central strategies (goals or initiatives or directions) of the strategic plan are discussed. Focus the agenda on the strategies.
- Create and use a scorecard to monitor progress on each strategy. [Here](#) is a web page that discusses scorecards and dashboards; just do a Google search to find more.
- Use the [consent agenda](#) to handle routine business and reports more efficiently and save time for truly strategic discussions.
- Keep a tight rein on committee reports. Send the reports as part of the board packet. Expect board members to read them. Only recommendations that require board approval should be on the agenda. Do not spend valuable meeting time "looking in the rearview mirror."
- Foster generative conversations that promote strategic thinking. Ask the big questions. Examine complex and provocative issues. **B**oard meetings will no longer



be boring!

How to encourage strategic thinking

Move the board out of the doldrums and into productive, satisfying discussions by using the consent agenda - making time for the board to consider questions that stimulate strategic thinking. For example, ask:

- How do we know the organization is fulfilling its mission?
- What are our major financial vulnerabilities? What are we doing to address them?
- What is the most important work the board must organize to do?
- Is our board structure helping or hindering our effectiveness?
- What would happen to the organization if our board went into hibernation for several years?
- What are we overlooking at the organization's peril?
- What external factors will most affect the organization next year?
- What is the most valuable step we could take to be a better board?
- If we could successfully take over another organization, which one would we choose and why?

Those are just random ideas; you will be able to craft truly strategic questions for your own organization's board.

Worth watching. And discussing.



[Here is a TED talk](#) called "Passion alone cannot create a great board." It is by Chris Grundner, CEO of the Delaware Alliance for Nonprofit Advancement.

Consider asking your board to watch the video (14 minutes on their own time) and then discuss it at a board meeting for 14 minutes to foster conversation about improving board performance!

How do you treat past board members?

Reading this terrific *Nonprofit Quarterly* article will open your eyes and perhaps make you realize you might not have done your best when it comes to the way you treat past board members. The article includes 12 easy and concrete suggestions for improving your practice.

"[Don't You Love Me Anymore?](#) The Critical Care of Past Board Members," written by Simone Joyaux.



Question of the Month



Q: What's the difference between an advisory board and a board of directors?

A: A nonprofit is required to have a board of directors that serves as the ultimate governing body of the corporation. The board is legally responsible for the organization and directors are fiduciaries subject to the Duty of Care, Duty of Loyalty, and Duty of Obedience.

Sometimes organizations also have advisory boards - often composed of past directors, important donors, and other VIPs. Advisory boards are NOT, however, the same as the board of directors. They do not have the legal responsibilities and fiduciary duties and do not have the same authority.

While an advisory board may be useful, perhaps for prestige and attention, much confusion results from the use of the word "board." Consider an alternative such as "Advisory Council" or "Advisory Committee."

See this excellent article by Jan Masaoka, "What is an Advisory Board and Should We Have One?" <http://www.blueavocado.org/content/what-advisory-board-and-should-we-have-one>

Please remember: you are invited to submit questions simply by emailing them to kdw@centerpointinstitute.com. And if you have a troubling governance issue and need someone to talk with, confidentially, call 815-545-1300 or send an email.

Boardroom Bearings...

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