

THESE MATERIALS WERE USED IN CONJUNCTION WITH

SEMINARS FOR
EXCELLENCE IN
Nonprofit
MANAGEMENT

Techniques for Building
an Effective Board

Presented by Kate Busch

Supported by the Professional Development Fund of
Berkshire Taconic Community Foundation

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Berkshire Taconic Community Foundation

Techniques for Building an Effective Board

Friday, April 26, 2002

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Agenda

- I. Introduction
- II. An Excellent Organization
 - Public Benefit
 - Well-defined, articulated mission
 - Effective, mission-driven programs
 - Continuous quality improvement
 - Quality, responsibility, accountability
 - Act in best interests of achieving mission
- III. An Effective Board
 - Committed to the organization's mission
 - Determines mission, strategic direction, future programming
 - Nurtures adequate human and financial resources
 - Evaluates CEO
 - Evaluates service and financial results
 - Implement policies
 - Prevent conflict of interest
- IV. Tools for building an effective Board
 - Strategic Plan
 - Governance Committee
 - Committed, skillful Chair
 - Effective Board meetings
 - Yearly Board plan of work
 - Development plan, Development committee
 - Board self-evaluation
 - Succession plan
 - Effective communication
 - Board training
 - Task forces
- V. Group Strategies

Strategic Planing

- When the Board participates in the development of the plan, and helps to define the strategic issues, it is easier for the Board to focus on these issues.
- When the CEO describes the most important issues, it provides the Board with opportunities to ask difficult questions about these important issues — and to become more enlightened about them — and engaged in the organization
- A timetable exists for accomplishing goals. This helps the Board to focus on the “Big Picture” without getting nervous that all goals are not yet accomplished.
- The CEO and Board can use the Strategic Plan as a tool for Board meetings and structure by:
- Creating Board task forces around each Strategic Goal: i.e.: increasing enrollment at the school, or communicating the progress made toward fighting this disease.
- Linking each issue before the Board to the plan. This approach makes clear the Board’s reason to be interested in each issue it addresses. It helps things stay on track.
- The Strategic Plan, with its measurable goals, helps the organization to evaluate its progress against objective criteria, and to correct the course while there is still time

Outline of Strategic Plan

- I. Introduction (History and Business of the organization)
- II. Vision (What will you be? How will the world be different because you are in it?)
 - a. (Lenscrafters helps people see better)
- III. Mission (What will you do?)
- IV. Values
- V. Customer
 - a. Whom does the organization exist to serve?
 - b. What are the needs of the Customer?
- VI. Strategies
 - a. Key Strategies
 - b. Strategic Outcomes (what will have happened?)
 - c. Critical Success Factors (early warning system – what must “go right”?)
- VII. Goals & Objectives
 - a. Institutional
 - b. Programmatic (specific goals and objectives for each program or department or division of the organization)
 - c. Governance
 - d. Financial/Resources/Facilities
- VIII. Action steps
 - a. What specific, measurable actions will you take to implement your goals and objectives in order to achieve your vision?
 - b. What will you do?
 - c. When will it be done? (Specific time table of actions and dates)
 - d. Who will do it?
 - e. What do you need to acquire in order to achieve your goals?
 - f. What partners will be engaged, how and when?
 - g. What is the funding strategy for the next 3-5 years for the organization as a whole as well as for each program?
- IX. Evaluation
 - a. What mechanisms and systems will be in place to continually assess the effectiveness of the organization, its plans, and programs?
 - b. How will you modify the plan to accommodate changing circumstances?
 - c. How will you make sure you renew the planning process when the time frame it covers is over?

MacMillan Matrix

A Competitive Analysis for nonprofit organizations

Nonprofits have not traditionally been thought of as organizations that need to be competitively oriented. Unlike for-profit businesses, which compete for customers and whose very survival depends on providing services or products to satisfied, paying "clients," many nonprofit organizations operate in a non-market, or grants, economy - one in which services may not be commercially viable. In other words, the marketplace may not supply sufficient resources to support an adequate, ongoing provider base. Moreover, the customer (client) does not decide which provider gets adequate, ongoing funding. (In fact, many nonprofits are considered "sole-source," the only place to get the service, so there is not necessarily any choice in which provider receives funding even if the client does have some say). Consequently, nonprofit organizations have not necessarily had an incentive to question the status quo, to assess whether client needs were being met, or to examine the cost-effectiveness or quality of available services.

The competitive environment has changed, however: funders and clients, alike, are beginning to demand more accountability; sole-sourced nonprofits are finding that their very success is encouraging others to enter the field and compete for grants; and grant money and contributions are getting harder to come by, even as need and demand increase. This last trend - increasing demand for a smaller pool of resources, requires today's nonprofits to rethink how they do business, to compete where appropriate, to avoid duplicating existing comparable services, and to increase collaboration, when possible.

The MacMillan Matrix for Competitive Analysis of Programs

The MacMillan Matrix is an extraordinarily valuable tool that was specifically designed to help nonprofits assess their programs in that light. The matrix is based on the assumption that duplication of existing comparable services (unnecessary competition) among nonprofit organizations can fragment the limited resources available, leaving all providers too weak to increase the quality and cost-effectiveness of client services. The matrix also assumes that trying to be all things to all people can result in mediocre or low-quality service; instead, nonprofits should focus on delivering higher-quality service in a more focused (and perhaps limited) way. The matrix therefore helps organizations think about some very pragmatic questions:

- * Are we the best organization to provide this service?
- * Is competition good for our clients?
- * Are we spreading ourselves too thin, without the capacity to sustain ourselves?
- * Should we work cooperatively with another organization to provide services?

Using the MacMillan Matrix is a fairly straightforward process of assessing each current (or prospective) program according to four criteria, described below.

1. Fit

Fit is the degree to which a program "belongs" or fits within an organization. Criteria for "good fit" include:

- * congruence with the purpose and mission of the organization;
- * ability to draw on existing skills in the organization; and
- * ability to share resources and coordinate activities with programs.

2. Program Attractiveness

Program attractiveness is the degree to which a program is attractive to the organization from an economic perspective, as an investment of current and future resources (i.e., whether the program easily attracts resources). Any program that does not have high congruence with the organization's purpose should be classified as unattractive. No program should be classified as highly attractive unless it is ranked as attractive on a substantial majority of the criteria below:

- * high appeal to groups capable of providing current and future support
- * stable funding
- * market demand from a large client base
- * appeal to volunteers
- * measurable, reportable program results
- * focus on prevention, rather than cure
- * able to discontinue with relative ease, if necessary (i.e., low exit barriers)
- * low client resistance to program services
- * intended to promote the self-sufficiency or self-rehabilitation of client base

3. Alternative Coverage

Alternative coverage is the extent to which similar services are provided. If there are no other large, or very few small, comparable programs being provided in the same region, the program is classified as "low coverage." Otherwise, the coverage is "high."

4. Competitive Position

Competitive position is the degree to which the organization has a stronger capability and potential to deliver the program than other agencies - a combination of the organization's effectiveness, quality, credibility, and market share or dominance. Probably no program can be classified as being in a strong competitive position unless it has some clear basis for declaring superiority over all competitors in that program category. Criteria for a strong competitive position include:

- * good location and logistical delivery system;
- * large reservoir of client, community, or support group loyalty;
- * past success securing funding;
- * superior track record (or image) of service delivery;
- * large market share of the target clientele currently served;
- * gaining momentum or growing in relation to competitors;
- * better quality service and/or service delivery than competitors;
- * ability to raise funds, particularly for this type of program;
- * superior skill at advocacy;
- * superiority of technical skills needed for the program;
- * superior organizational skills;
- * superior local contacts;
- * ability to conduct needed research into the program and/or properly monitor program performance;
- * superior ability to communicate to stakeholders; and
- * most cost effective delivery of service.

After each program is assessed in relation to the above four criteria, each is placed in the MacMillan matrix, as follows. For example, a program that is a good fit, is deemed attractive and strong competitively, but for which there is a high alternative coverage would be assigned to Cell No. 1, Aggressive Competition.

		High Program Attractiveness "Easy" Program		Low Program Attractiveness "Difficult" Program	
		Alternative Coverage <i>High</i>	Alternative Coverage <i>Low</i>	Alternative Coverage <i>High</i>	Alternative Coverage <i>Low</i>
Good Fit	Strong Competitive Position	1. Aggressive Competition	2. Aggressive Growth	5. Build up the Best Competitor	6. "Soul of the Agency"
	Weak Competitive Position	3. Aggressive Divestment	4. Build Strength or Get Out	7. Orderly Divestment	8. "Foreign Aid" or Joint Venture
Poor Fit		9. Aggressive Divestment		10. Orderly Divestment	

Once all programs have been placed in the appropriate positions on the matrix, an organization can review its mix of programs, sometimes called a "program portfolio," and decide if any adjustments need to be made. Ideally, an organization would have only two types of programs. The first would be attractive programs (programs that attract resources easily), in areas that the organization performs well and can compete aggressively for a dominant position.

These attractive programs can be used to support the second program type: the unattractive program with low coverage. The unattractive program is considered unattractive by funders, with low alternative coverage, but makes a special, unique contribution and in which the organization is particularly well-qualified. These programs typically fall under Cell No. 6, the soul of the agency. These programs are known as the "soul of the agency" because the organization is committed to delivering the program even at the cost of subsidizing it from other programs. An organization cannot afford to fund unlimited "souls," and it might have to face some difficult decisions about how to develop a mix of programs that ensure organizational viability as well as high-quality service to clients.

For example, five years ago there was little funding for case management by AIDS Service Organizations. Unwilling to let clients fend for themselves in getting the help they needed, many organizations devoted staff time to this service. At the time this was a "soul of the agency" program. These days, this program is more attractive (i.e., fundable) though there is also growing alternative coverage. Therefore, organizations in a strong position to serve the clients well, with cultural competence and program expertise, should aggressively compete: those in a weak competitive position should get out of the business.

Articulating Previous Strategies

Most organizations operate within the guidelines of certain program and organizational strategies, although often these have neither been recognized or articulated as actual strategies. Once an organization is in the process of strategic planning, however, it is time to make explicit these unspoken strategies and incorporate them into this deliberate consideration of the organization's future directions. This should happen as part of the situation assessment: look for past patterns of operation or allocation of resources -- these are your previous strategies; analyze whether those strategies were effective, and why; and consider whether or not they should be held as strategies for the future.

Identification of Critical Issues

Upon completion of the situation assessment, a planning committee should be in a position to identify all of the critical issues, or fundamental problems or choices, facing the organization, and then begin to address those issues and identify priorities. A first attempt will probably result in a very long list of "critical" issues. Some might indeed be critical, but require no action at present and should, therefore, be monitored; some will require immediate attention, and as such should be dealt with accordingly; and some will be of critical importance to the long-term viability and success of the organization. Those are the issues (usually no more than six to eight issues qualify) that become the framework for the decisions that must be made next: decisions regarding strategies, long-range goals and objectives, and financial requirements.

To arrive at this final list of true critical issues, the planning committee should brainstorm a list of issues that might qualify and then assess each issue by asking: Why is it an issue? What are the consequences of not responding to this issue in the near future? Why does the issue need immediate attention? Why is it a critical issue? Again, the final list should include no more than six to eight items; beyond that, the organization is in danger of losing focus and sabotaging its own best intentions.

Finally, additional research may be needed, in order to gather specific information about new opportunities which can be pursued. This might include: description of new target markets and their needs; description of new products and/or services with descriptions of start-up costs, competitor analysis, long-term financial projections, and break-even analysis.

The Nominating Committee

The nominating committee is the most important committee of the Board. Make sure there is a strong leader on this committee

Helps the organization get where it's going.

- Year-round process
- Identifies priority areas for new board recruitment
- Develops criteria for board members
- Identifies and selects new board members
- Trains Board
- Identifies officers
- Bylaws and other governance
- Evaluates Board
- Manages other committees

Recruiting Board Members

Nominating Committee
 (date)

Board of Directors Skills/Interest (Per class year)

	A	B	C	D	E	F	G	H	I	J	K	L	M
Management													
Public Relations													
Marketing													
Training													
Accounting													
Fiscal Planning													
Fund Dev.													
Law													
Board Leadership													
Other													
Community													
Media													
Political													
Education													
Government													
Corporate													
Community org.													
Volunteer													
Sector													
Psychiatrist													
MSW													
Licensing Official													
Demographic													
Gender													
Ethnicity													
Age													
Geographic													
Issues													
Donates													
Solicits													
Influential locally													
Committed to Org													
Political													
Volunteer													
Leadership													

Sample Board Application Form

Written by Carter McNamara, PhD

The sample document should be reviewed and modified by the organization according to its nature and needs.

Name _____ Phone _____

Address _____

Relevant Experience and/or Employment (attach a resume if relevant) _____

Why are you interested in our organization? _____

Area(s) of expertise/Contribution you feel you can make _____

Other volunteer commitments _____

For Board Use

___ Nominee has had a personal meeting with either chief executive, board chair, or other board member. Date _____

___ Nominee reviewed by the committee. Date _____

___ Nominee attended a board meeting. Date _____

___ Nominee interviewed by the board. Date _____

Action taken by the board _____

Board Chair

The following descriptions are taken largely from Kenneth N. Dayton's *Governance is Governance*, published by Independent Sector (1828 L Street NW, Washington DC, 20036, 202/223-8100).

Position Title: Chairperson of the Board

Function:

- As Chairperson of the Board, assure that the Board of Trustees fulfills its responsibilities for the governance of the Institution.
- Be a partner to the CEO, helping him/her to achieve the mission of the Institution.
- Optimize the relationship between the board and management.

Responsibilities:

- Chair meetings of the Board. See that it functions effectively, interacts with management optimally, and fulfills all of its duties. With the CEO develop agendas.
- With the CEO recommend composition of the Board Committees. Recommend committee chairperson with an eye to future succession.
- Assist the CEO in recruiting Board and other talent for whatever volunteer assignments are needed.
- Reflect any concerns management has in regard to the role of the Board of Trustees or individual trustees. Reflect to the CEO the concerns of the Board of Trustees and other constituencies.
- Present to the Board an evaluation of the pace, direction, and organizational strength of the Institution.
- Prepare a review of the CEO and recommend salary for consideration by the appropriate committee.
- Annually focus the Board's attention on matters of institutional governance that relate to its own structure, role, and relationship to management. Be assured that the Board is satisfied it has fulfilled all of its responsibilities.
- Act as an additional set of eyes and ears.
- Serve as an alternate spokesperson.
- Fulfill such other assignments as the Chairman and CEO agree are appropriate and desirable for the Chairman to perform.

Checklist for Success As a Board Chair **by Betsy Rosenblatt**

There are board chairs. And there are great board chairs. Being a conscientious board member is one thing: in itself a challenging, time-consuming job. But becoming the chair of the board means a lot more responsibility. As the top volunteer at a nonprofit, the chair must have a commitment to the success of an organization and a vision for its future. A chair must be able to handle people with skill and diplomacy as he or she works with the chief executive, other board members, and funders, community members, and other outsiders. A chair must be able to lead, solve problems, chart new territory, and act in the best interest of the organization. If you are a board chair or are considering becoming a board chair, these steps will help you make a positive impact on your organization.

LEARN THE JOB. Know what you're getting into before you agree to be board chair. Talk to former chairs and other board members about what has worked for the board and what you might try in the future. If there is anything you don't understand about the organization and how it works, find out now. Talk to staff, donors, members, clients, and anyone else who cares about your organization.

While the job of board chair is more than just running meetings, the ability to run a good meeting is one key to success. Good meetings keep people interested and motivated. Learn how to write and stick to a solid agenda, how to encourage participation from everyone on the board, how to facilitate lively but non-contentious debate, how to resolve conflict, and the other skills needed to keep a meeting running smoothly. Read books, talk with a coach or consultant, or ask advice from an accomplished board chair in your community.

KNOW YOUR PEOPLE. The chief executive is accountable to the board, but you also need to be there for the chief executive. Become his confidante. Understand her dreams, goals, concerns, and fears. Make the chief executive feel comfortable coming to you about anything, and establish a regular way to work together. Get to know at least some of the staff, and make sure staff knows you—you might even speak at a staff meeting. Schedule lunch or coffee with everyone on your board, individually or in groups, to get to know them and what unique strengths and talents they bring to the board. They will feel more comfortable contributing ideas and asking questions when they know you're interested in their opinions. Listen especially carefully to people who are a different race or have a different background from yourself or from the majority of the board members, and discuss how best to bring their perspective into discussions in a meaningful way. Introduce yourself to major funders and friends of the organization. Visit the organization's facilities a few times to see people in action.

BUILD A TEAM. Make sure the chief executive and staff know that you and the board are trying to accomplish the same mission they are. Don't try to protect your board or the staff by keeping secrets if there is bad news or by hiding failure. Make sure adequate information is reaching the board from the chief executive and staff. Be a good listener. Keep your cool and objectivity. Sure you have opinions, but as board chair you have to be able to be rational and neutral in heated debates. The board and chief executive must be confident that decisions that are best for the organization will be made. You hold that trust. If you are just too passionate about an issue, find a mediator or outsider to conduct a particular discussion. Your responsibility is to facilitate the board's search for consensus.

SHOW UP. Make your presence known in the community. Play up your role as ambassador to the community. Your credibility as the chief officer of the board, and as a volunteer willing to dedicate time and energy to an important cause, is high. Take advantage of that potential for publicity by speaking, appearing, or just talking up your organization whenever you have a chance. Go on funder visits. Use your contacts. Make new contacts. Get out there.

LOOK AHEAD. As soon as you take office, think about who will succeed you. If there isn't one already, create a governance committee that is charged with recruitment and orientation of new board members. If you don't have any good (and willing) candidates on the board for future officers and for chair, find new people from

outside who will be able to learn the organization and also have the skills to lead. Provide training opportunities for future officers and chairs. Your job is to put (or keep) the organization in great shape for the next person who comes along.

Related Board Cafe article: "Job Descriptions for Board Officers," on the Board Cafe's website at <http://www.boardcafe.org/bc1198.html>. For additional information about the role of board chair, "The Board Chair Handbook" by William M. Dietel and Linda R. Dietel includes diskette with sample forms. Available from NCNB at 800-883-6262 or <http://www.ncnb.org>. 36 pages, \$22.50 for NCNB members, \$30 for non-members.

You are reading the BOARD CAFÉ, published monthly by CompassPoint Nonprofit Services (formerly the Support Center for Nonprofit Management) and the National Center for Nonprofit Boards. CompassPoint: 706 Mission Street, 5th Floor, San Francisco, CA 94103; (phone) 415-541-9000; (fax) 415-541-7708; Silicon Valley office: 1922 The Alameda, San Jose, CA 95126; (phone) 408-248-9505; (fax) 408-248-9504; (e-mail) boardcafe@compasspoint.org, (website) <http://www.compasspoint.org>. National Center for Nonprofit Boards: 1828 L Street NW, Ste. 900, Washington, D.C. 202-452-6262 email info@ncnb.org; website <http://www.ncnb.org> We welcome your comments and contributions to the BOARD CAFÉ.

Board Meetings

Use Board Meetings Wisely

- Always ask these questions about every meeting: “What is the purpose of this meeting?” “What will have to have happened at the end of this meeting in order to consider it a success?” and “How can we organize to fulfill the purpose of the meeting?”
- Focus on strategic issues at the Board meeting
- Board members should do most of the talking. Where appropriate and consistent with the character of the organization, staff should attend to enhance their professional development and to provide expertise and information when requested
- Provide opportunity for small-group interaction, so all Board members can express their views on important matters
- Utilize a consent agenda for routine matters so they don’t dominate meetings
- Prioritize the agenda with most important information first
- Consider having Board executive sessions without CEO at the beginning of every meeting to help the Board take responsibility and feel comfortable in their roles
- Invite guest speakers to engage the Board in key issues facing the organization
- Do a full-year calendar of Board meeting topics that relates to the work of the organization
- Mail information two weeks prior to each Board meeting. Include committee reports and a one-page CEO report of key issues (what is keeping you up at night?)

Be Clear About Each Issue the Board Is Asked to Address

- Why is this issue on the agenda? How does it relate to the strategic plan?
- What Board action is required? Don’t have meetings just to inform the Board — make sure there is work for them to do.
- Send out Board materials well in advance of the meeting. Highlight the important issues so Board members have time to prepare for the meeting. They will feel and be — well-informed and able to address complex, substantive issues

Sample Board Operations Calendar

Written by Carter McNamara, MBA, PhD | Applies to nonprofits and for-profits unless noted

The following calendar can be reviewed by an organization to modify according to their own nature and needs. The following calendar should be updated yearly and provided to each board member and the chief executive.

NOTE: There are also certain activities that recur in each regular board meeting. Regular board meetings might be held once a month, every two months, once every three months, etc.

NOTE : The timing for each of the following activities should be relative to the timing of the beginning of the fiscal year. In the following sample table, the fiscal year begins January 1.

	Regular Board Activity	Approximate Date
1.	Fiscal year begins	January (fiscal-year timing is often specified in the Bylaws)
2.	Conduct <u>Board Self-Evaluation</u> (do once a year and in preparation for first board retreat (there are 2 per year))	March-April (do shortly before evaluating chief executive)
3.	<u>Evaluate Chief Executive</u> (by referencing his or her progress towards last fiscal year's goals and his or her job description)	April-May (do shortly after completion of last fiscal year)
4.	Review and update <u>board policies</u> and <u>personnel policies</u>	April-June (do concurrent to board and chief evaluations)
5.	Conduct first <u>board retreat</u> (address board self-evaluation results, team building, begin strategic planning, etc.)	April
6.	Begin <u>recruiting</u> new board members	April-May (in time for June/July elections)
7.	Conduct <u>strategic planning</u> to produce organizational goals and resources need to reach goals	May-June-July (start planning in time for setting mission, vision, values, issues, goals, strategies, resource needs, funding needs (<i>nonprofit-specific</i>), and time for getting funds before beginning of next fiscal year)
8.	Elect new board members	June-July (per By-Laws)
9.	Establish chief executive's <u>goals</u> for next year (as produced from strategic planning)	August (as organizational goals are realized from planning)
10.	Hold annual meeting	July (per By-Laws)
11.	Draft next year's <u>budget</u> (based on resources needed to reach new strategic goals)	July-August-September
12.	Develop <u>fundraising plan</u> (<i>nonprofit-specific</i>) (with primary goals to get funds needed for budget)	July-August-September
13.	Conduct second <u>board retreat</u> (address board orientation/training, re-organize or form new committees based on goals from strategic plan, develop work plans, update board operations calendar, review planning status, etc.)	August (in time to orient new board members soon after they join the board)
14.	Conduct <u>fundraising plan</u> (<i>nonprofit-specific</i>) (primarily to meet fundraising goals)	August-December

The Board and Fundraising

How can we get board members to help with fundraising solicitations when they've never done it before, or had a negative experience fundraising in the past?

First, we don't agree with the conventional wisdom that all board members on all boards should raise money. Each board needs to determine an appropriate role for itself in the organization's overall strategy. Even if fundraising solicitations are a part of that strategy, it may not be appropriate for every board member to be involved.

But if your board has decided that all board members should help raise money, then it's to everyone's advantage to ensure positive experiences. If we think about fundraising solicitation as door-to-door sales, it may well be unappealing to most folks. When properly managed, fundraising means simple explaining to another why the organization's work is important, and personally meaningful. Whether or not the request results in a substantial gift, the organization will have a new friend.

Find out more about what negative experiences board members have had previously. Perhaps they were sent to speak to a hostile or cold prospect. Perhaps they didn't have the information to answer questions, or perhaps they were the wrong individuals to have asked those prospects. Perhaps they simply didn't have the preparation or practice time to learn to ask successfully for money.

In our experiences training board members in fundraising, we've found that if staff can provide the proper support in prospect selection and solicitor training, most board members can have successful experiences. Not only does this give the board member a euphoric feeling, but seeing the impact of, say \$5,000, on the organization's services strongly reinforces the connection between the agency's goals and the act of seeking support for those goals.

If the board has agreed that every board member needs to be involved in solicitation, and some individuals feel uncomfortable with solicitations, it may be appropriate to suggest that they reconsider, without stigma, their participation on the board. Such individuals can contribute in other important ways to the organization. If fundraising is a central responsibility for the board, new board members should be recruited with the experience, contacts, or willingness to learn that will be helpful in the future.

This FAQ was written by Kat Rosqueta, Program Director of Board Match Plus.

Development Plan

I. Purpose of Development Program

- The Development Program of the NONPROFIT ORGANIZATION will advance the organization's mission and strategic plan through an ongoing, organized program of coordinated activities which:
- Establish and maintain positive relationships with a broad range of constituencies, especially women, throughout the Greater Hartford community.
- Lead to the acquisition of contributed funds, goods and services.

II. Audit, Assessment and Evaluation of Past Development Activities

A. Description of Past and Current Development Activities

- Prepare a brief, narrative summary description of each development activity conducted during the past three years with a summary analysis of each activity's major strengths, weaknesses, successes, failures, benefits to the organization, reasons to continue/discontinue and goals for the next 3 years. (See Exhibit A for suggested format.)

B. Statistical Data

- Collect and report statistical data on the results of the last three years (FY'90-FY'92) of development activities. Reports to include:
 - 1) Donor Category Summary
 - 2) Gift Source Summary
 - 3) Gift Size Summary
 - 4) Geographic Gift Summary
 - 5) Restricted vs Unrestricted Gift Income by Category
 - 6) Major In-Kind Gifts of Goods and Services
- Based on the results of the Summary Reports, compilation of more detailed reports may be advisable.
- Analyze and report findings from statistical data.

C. Development Program Expenses

- Collect detailed cost breakdowns for all expenses incurred in relation to all development activities conducted in the past three years. Include all costs such as estimated staff time, stationery, postage, printing, food, facility rental, etc. If real costs are not available use "best estimates."
- Compile information into a detailed, line item budget for the current and next two years. (See Exhibit C for suggested format.)

D. Board of Directors and Senior Staff Perceptions and Expectations

- Conduct brief interviews with a representative sampling of members of the Board to determine their:
 1. perceptions of the organization's past and current development activities (strengths, weaknesses, etc.)
 2. understanding of the role contributed income plays in the organization's overall financial plan.
 3. expectations about their involvement in development activities.
 4. expectations about how the establishment of a development department and addition of development staff will effect fund raising results.
- Conduct more in-depth interviews with representative sampling of staff members to determine all of the above as well as their perception of the position and role of the development/marketing department vis-a-vis other departments.
- Identify and articulate existing and/or potential issues which could lead to confusion, conflict, misunderstanding, unrealistic expectations, etc. Develop and implement strategies to address them.
- Articulate relationship between development/marketing and other organizational departments and functions.

III. Determine the Role of Contributed Income in the Overall Funding Plan

A. Current Income Sources

- Briefly describe the major sources of income currently supporting the organization, what they support, anticipated changes (increases, decreases, changed requirements, etc.) and the impact changes are expected to have on the development program. Include contributed income, goods and services.
- Describe what, if any, role the development program will have in securing funds from existing income sources.

B. Contributed Income

- Describe the primary use(s) of contributed income. For example, enhance general operating support, start new programs, expand and/or enhance existing programs, acquire equipment, build endowment, renovate facilities, etc.
- Describe things for which contributed income will not be used. For example, core operating expenses, salaries, core program costs, deficit or debt reduction, budget balancing, etc.

IV. Case for Support

- Write a brief (one or two paragraphs) statement which describes why the organization needs and "deserves" contributions. Language and style should be forthright, compelling and inspiring.
- Share statement with the Board of Directors, staff and other key constituencies likely to be involved in the development program.

V. Specific Uses for Contributed Income, Goods and Services

A. Current and Anticipated Organizational Needs for Which Contributed Income Will be Sought

- Identify and write a brief, summary description of the major purposes for which contributed income will be sought in the next 3-5 years. Describe the purpose, its current status and estimated cost. Be specific.
- Note: Make sure objectives are consistent with those included in the strategic plan.

VI. Sources of Contributed Income, Goods and Services

A. Current and Past Donors and New Prospects

- Identify, research, screen and rate major donors and prospects in all categories. Research and identify new prospects according to identified organizational needs.
- Collect and organize systematically, such information as their giving history to the organization and other organizations, fields of interest, financial capacity, relationships with people at the organization, etc.
- Match prospects with needs, rate, set \$\$ goals and priorities.
- Develop approach strategies, plans and time lines.
- Set up system to gather, organize, manage and monitor information.

B. Development Methods, Materials and Techniques

- For each development activity/donor category, establish very specific goals, strategies, time lines and budgets. For example:

Membership:

- In FY1993, increase the overall number of members by XX% from ## to ## and membership income by XX% from \$\$ to \$\$\$. Increase the number of individual members who are [target constituency] by XX% from ## to ##. Increase members in XXX category by XX% from ## to ##. Increase recognition of members.
- Conduct a spring and fall membership drive.Cost:\$\$\$
- Offer member premiums.Cost:\$\$\$
- Establish a quarterly newsletter for members.Cost:\$\$\$
- Publish annual report of giving.Cost:\$\$\$
- Solicit membership at civic group meetings.Cost:\$\$\$

VII. "Infrastructure"

- Computer
- Files
- Research systems
- Reporting systems
- Monitoring and tracking systems
- Interagency communication

Evaluating the Effectiveness of the Nonprofit Board of Directors

The effectiveness of the nonprofit Board of Directors can be enhanced by regular assessment of its activities and performance. An assessment process can help board members to understand their role, and encourage fulfillment of board responsibilities. The process need not be complicated; it can be placed on the agenda of a board meeting, or occur regularly within board meeting discussions through questions that serve to refocus the board on larger issues.

For example, a useful strategy is to conclude board meetings by asking board members to rate the meeting on an index card:

- Were the issues covered today significant?
- Did the materials you received prior to the meeting adequately prepare you to participate in the discussion?
- Did the board conduct matters of management or policy?
- Overall, was the meeting worth your time?

A steady stream of feedback created by these responses and used by the board chair and executive director can greatly improve the value of board meetings.

An annual board assessment gives each board member the opportunity to evaluate the board's overall effectiveness at accomplishing its goals in a variety of activity areas. It can be scheduled to occur during a board meeting, or completed by board members on their own time and returned to the agency. Results of the evaluation can be shared at the next board meeting, and appropriate follow-up then determined. A ranking system reflecting the level of accomplishment within each task may be useful (1= effective performance, 2=adequate performance, 3=inadequate performance, U= uncertain), and activities can be grouped into the following categories:

- * Knowledge of board financial, legal and public responsibilities
- * Representation to the public by the board
- * Understanding and communication of the organization's mission
- * Organization's compliance with legal regulations, licensing and other standards
- * Effectiveness of board practice: Bylaws, committees, procedures
- * Approval of outside counsel (legal, accounting, managerial)
- * Relationship with the Executive Director
- * Hiring, evaluating, managing, and compensating the Executive Director
- * Strategic planning
- * Policy development and approval
- * Oversight of organizational financial structure and activity, including income, expenses, borrowing, insurance coverage, audits, bank relations, fund-raising, and other financial procedures
- * Board performance: meeting attendance, discussion participation
- * Board succession and nomination process
- * New board member orientation

For further information, see, among others, *Doing Good Better!*, by Edgar Stoesz and Chester Raber, published in 1994 by Good Books, Intercourse, PA., and other listings in the *Board Member Resource Catalog* available from the National Center for Nonprofit Boards (800/883-6262).

BOARD SELF-EVALUATION

Published by Ginsler & Associates Inc. 21

Just as with program evaluation, the Board has a responsibility to evaluate its own performance. The following is a sample of a tool that a Board can use to evaluate how well it is doing.

Very Well	Well	O.K.	Poorly	Not
5	4	3	2	1

Periodically, staff and Board review their objectives, accomplishments and methods.

Staff and Board keep each other fully informed.

Staff and Board spend adequate time evaluating what they are doing.

Key decisions and how they are made are reviewed to identify needed changes in decision-making practices.

Periodically, staff and Board review the strengths and weaknesses in the way that they are working together.

Staff and Board accept responsibility of evaluating programs and methods.

Every year, the Board reviews the previous year's objectives, accomplishments and methods to identify needed change.

Each year, the Board reviews what each Board member and each key staff person did in the previous 12 months to assess strengths and weaknesses in what was done and how it was done.

Each sub-group of the organization (committee, program groups, etc.) evaluated past activities.

The strengths and weaknesses of meetings are regularly evaluated.

Keeping Board Members Informed

Designing a Board Information System

Good governance depends on enlightened decision making. Board members in turn need to be knowledgeable about the organization's status and needs if they are to make sound decisions that advance its mission. But boards often say that the information they receive hinders rather than facilitates good governance and strong leadership. They protest that they are overwhelmed with large quantities of irrelevant information, that they don't get enough information, or that they receive material too late to devote serious attention to it. An effective board information system should focus decision making, stimulate participation, and support an appropriate balance of responsibility between board and staff.

Types of board information

Management consultant John Carver describes three types of board information:

- Decision information is used to make decisions, such as establishing selection criteria for the chief staff executive. It looks to the future and is not designed to measure performance.
- Monitoring information enables the board to assess whether its policy directions are being met. It looks to the past and provides a specific survey of performance against criteria. An example is an annual review of an organization's strategic plan.
- Incidental information is for the general information of the board and not related to board action. Committee reports are frequently in this category.

Too often, board information is primarily incidental information. Although such material is useful for maintaining an overall impression of the administration of the organization, it is not usually specific or substantive enough to help board members make decisions or monitor the organization's success at carrying out its mission.

Establishing a system

Establishing and maintaining a board information system is the joint responsibility of the board chairperson, board members, the chief staff executive, and staff who work with the board. The board should discuss:

- * what information it needs to do its job
- * how often it wants this information
- * in what form it needs the information

Given this board feedback, the staff can establish the content, format, and frequency of information they will provide the board.

Characteristics of good board information

Barry S. Bader, a consultant and author specializing in hospital governance, identifies seven guidelines for developing effective board information:

- **Concise.**-- Is the information communicated as quickly or as briefly as possible?
- **Meaningful.**-- Is the information presented in relationship to a significant factor, such as a goal set by the board, past performance, or comparative data?
- **Timely.** -- Is the information relevant to the current agenda?
- **Relevant to responsibilities.**-- Does the information help the board or board committee discharge its responsibilities?
- **Best available.** -- Is the information the best available indicator of the situation or condition being described? Can better information be provided?
- **Context.** -- Is it clear why this information is important?
- **Graphic presentation.** -- Could the information be presented better graphically than in words?

Basic ingredients of a board information system

Every board must decide for itself exactly what information it needs. For most organizations, however, the following checklist is a starting point.

At least two weeks before each board meeting:

- Agenda
- Information about issues for discussion, when appropriate
- Financial information
- Committee reports

At least two weeks before the board meeting at which it is discussed:

- Annual budget
- Audit report
- Strategic plan

After each board meeting:

- Minutes
- Notice of next meeting

Monthly:

- Financial report
- Significant published articles about the organization

Quarterly:

- * Financial report

Regularly, when appropriate:

- Memo from chief staff executive summarizing current activities, accomplishments, and needs
- Updated material for board handbook
- Advance copies of publications, brochures, or promotional material
- Annual report

Provide the Board with the Information it Needs to Govern Effectively

- Make experts in the field available — as part of a semi-annual panel discussion, or by compiling “white papers” on topics — or commissioning “white papers.”
- Provide the Board with access to the people your organization exists to serve.
- Add professionals from your field to the Board — either experienced Board members who know your field, or other current or former Executive Directors who can provide guidance to the Board from within.
- Provide the structure for the Board to create limited-time Task Forces to research and recommend strategies to address major issues