Performance Reviews for Policy Governance Boards

By Dwight Barratt, CAE

CEO performance is easy to evaluate – it must be, since everyone (clients, staff, Board, and total strangers) seems to be able to do it. But CEO performance is only half of the story.

Board performance (governance) and CEO performance (operations) are complementary. For an association to perform at a high level, both need to do their job and do it well. While CEO performance is usually the subject of endless scrutiny and comment, Board performance, especially poor Board performance, is rarely addressed.

If we collect several CEO's, promise them anonymity, and ask them what the five biggest problems in their world might be, issues with their Board will almost always make the list. The response to questions like "How does your Board deal with …?," is often a grimace, with the reply, "Not very well." And CEO's generally have a difficult time bringing the issue of poor Board performance to the Boardroom table.

In the policy governance world this is ironic. Most Boards have, as part of their policy structure, at least one policy requiring the CEO to inform the Board when they are in violation of their own policies. This should be an accepted part of the CEO's duties – but it isn't. Most CEO's are reluctant to go there, some have raised issues and "paid the price", and there are even cases where CEO's have raised Board performance issues with their Board or Chair, and wound up outside the association, wondering what happened. Clearly, commenting on Board performance is tricky – it's no wonder that this issue is discussed rarely, if at all.

How do we deal with this? We can hope or pretend that this is not an issue for our association. Alternatively, we can start by examining what it is that Boards are supposed to be doing.

In the Policy Governance (PG) world, the Board of Directors has five separate jobs – but the principles apply to all governance models. Those five jobs are:

1. *Linking with the Moral Ownership* – this is PG talk for the responsibility the Board members have to talk to those they represent. If it was a "for profit" company, these would be the shareholders. In the PG world they are the people who are supposed to benefit from the fact that the association exists, and Board members need to connect with them.

2. *Long Term Planning and Strategy* – in the PG world this is achieved through the wording of the Ends Policy, which explains what the association is supposed to achieve. The classic language is "what good, for whom, at what cost", and that explains why the association exists. This needs to be the focus of constant, ongoing, critical and relentless discussion at the Board level. It is hard work, and some Boards never resolve this question.

3. *Supervision of the CEO* – under the PG model, the Board has only one employee, and that employee is the CEO, who supervises all the rest. So, the Board is supposed to handle all of the

supervision, coaching, performance reviews, encouragement, professional development, mentoring and support for that one staff member – the CEO.

4. *Board Renewal* – most associations have a rotating Board, where some Board members leave and are replaced with new members every year. The Board must manage this if they are to ensure that the Board includes members with skills in all of the areas in which it must be competent, and to ensure that all of the moral ownership is represented.

5. *Board Performance* – the Board of Directors, in the PG world, are supposed to review their own performance as a part of every meeting, and are supposed to keep themselves on track. Philosophically, this is difficult, and in practice, it is rarely done adequately. Hence, this article.

These are the five jobs that Boards have, but they are not equally important. That means that they should not get the same time allocation in, and between, Board meetings. In terms of importance to the success of the association, the top two are linking and long term planning.

Each Board meeting should include a section on Board member (not staff member) linking. Each Board member should have something to say about input they have received from clients or members since the last Board meeting. Directors must seek regular, direct input from the members – without it, all of their information is coming from or through the staff. Check the Board minutes – if they don't include evidence that Board members are reporting on linking at each Board meeting, your Board is not doing its job.

The other top job is long term planning which produces a clearly articulated and well understood Ends Policy. Does the monitoring report on the Ends Policy come in different formats for each meeting, with different information presented each time? Is data just being thrown at the Board? That suggests that the Board has not given clear guidelines on what is to be measured and reported. Can the various deliverables in the Ends Policy actually be measured, or is the CEO being asked to guess, or infer? If you haven't told your CEO, through the Ends Policy, what defines success and exactly how to measure it, your Board has not done its job.

Each of the above activities should take up about 30% of the Board meeting, since organizational success depends upon a good discussion in those areas. Job number three, supervision of the CEO, may take up to 20% of the time, and much of it will be accomplished during the discussion of the Ends Policy –measuring progress toward the association's goals. CEO performance – whether or not the association is achieving its goals - should be obvious after each Board meeting. If the Board and the CEO can not agree upon exactly what the association is trying to achieve, how that is measured in precise terms, and what progress has been made, the Board has not done its job.

Some PG Boards try to absent themselves from any discussion of "operational issues", as this is often considered to be a hallmark of the PG model – the Board does governance (determines the "what") while the CEO does operations (determines the "how"). PG boards need to find the right balance between leaving the operational control with the CEO while keeping themselves informed about operational issues. If Board members plug their ears every time an operational issue comes up, they are not supporting their CEO, and they are not doing their job.

Board renewal, although fourth on our list of Board jobs, cannot just wait until the last meeting before the Annual Meeting of members, when the Nominating Committee scrambles to pull a slate together. Boards need to know, a year ahead of time, who will be leaving and what skills they need to look for in new Board members. Board renewal is a year round activity, and there should be a report from the Nominating Committee at each Board meeting. If the Board brings a surprise slate to the meeting of voting members, or relies on the CEO to find likely candidates, the Board is not doing its job.

Board performance, the fifth job and least important to the success of the association, should be quick checks to see if the Board is generally in agreement that it is functioning properly. Some Boards turn this into a major production, with written reports, but that is useless navel-gazing. A twenty minute discussion of whether or not the Chair is encouraging all Board members to participate, for example, can be accomplished over dinner, and is a waste of valuable Board time. A Board which is setting clear goals and re-examining them in the light of stakeholder input, monitoring the performance of the association through ongoing discussion with the CEO about his or her performance, and keeping the Board fresh with the skills and talents the association needs, is doing the right things – and that beats doing the wrong things, even if they are done perfectly.

Much more can be written on each of the five Board jobs. When the Board is doing its job well, the CEO has a much better chance of being successful. Both the Board and the CEO need to do their jobs, and they need to have confidence in each other.

Associations can fail to achieve their goals. If they fail, it can be due to poor performance on the part of the CEO or the Board of Directors. However, just like in the professional sports world, Boards never fire themselves, even when they should. The CEO, not the Board, will pay the price for poor association performance. Before deciding that a new CEO is the answer to poor association performance, have a look at your Board performance in the five key areas over the last few years. If the Board is not doing its job, a new CEO isn't likely to improve the situation.

We need highly performing associations in Canada. That means we need excellent Boards that know their job, and do their job. Great Boards hire, empower, and support great CEOs. In fact, a great Board can create a great CEO. Being a member of a highly performing Board is not easy work, and it's not for everybody – but if you are called to serve on a Board, then learn your job and do your job. Your CEO will perform better, and your members will see the results.