

## **Strategies to Create a More Strategic Board**

By Bud Crouch

One of the most frequently asked questions by CEOs and managers of not-for-profit organizations today is, “What can I do to get my Board to employ a more strategic outlook and focus?” This continues to be a growing challenge. The evolving environment in which governance Boards will have to operate demands a more strategic approach to sustain success because of the following mega trends:

- Not-for-profits are being impacted by world-wide threats and opportunities (e.g. the worldwide impact of recent economic challenges is a perfect example). The pace of change is becoming more rapid and unpredictable.
- The not-for-profit world will experience increased competition from the for-profit sector for products, programs and services. This will lead to more economic uncertainty.
- Members are demanding that their not-for-profit organizations become recognized as a key voice in shaping a favourable environment for their industry, profession or cause.
- Keeping up with the technology used by members in their workplace and at home will be challenging. The explosive growth of social networking (Web 2.0) is impacting how we communicate and share information and knowledge.
- As life becomes busier and more complex, people will have even less time to volunteer (the core of not-for-profit leadership and work force).
- Finally, not-for-profit Boards who fail to address the above challenges will have their organization viewed by members as less relevant and dispensable. The Board needs to define the “positive brand” for their organization for a successful future.

Developing a more strategically focused Board is not a one-time fix. Rather, it involves examining the Board’s infrastructure. Infrastructure includes Board structure and Board processes, functions and behaviour. What we’re talking about here is a fundamental shift in Board culture. The best strategy for achieving the goal of a more strategic Board is to:

- change the Board’s processes to be more strategic, which will begin to change their behaviour, and
- if the behavioural change is sustained over time, it will alter the Board’s culture.

The following are key strategies for changing the Board’s processes to becoming more strategic:

- Strategy one: Develop a strategic direction and plan.
- Strategy two: Redefine the Board agenda and meeting process.
- Strategy three: Institute a knowledge-based decision process.
- Strategy four: Develop an effective new Board member orientation process.
- Strategy five: Improve organizational leadership through succession planning processes.
- Strategy six: Develop a Board job description (board policy).
- Strategy seven: Develop Board values.

### **STRATEGY ONE: STRATEGIC DIRECTION AND PLAN**

It is almost impossible for a Board to maintain a strategic focus if it doesn't have a valid strategic direction and plan. The leadership team (the Board and senior staff) must come to consensus on what will constitute success for the organization over a period of time. A true strategic plan is not an operational one year plan that indicates what the organization should continue to do and maintain (e.g. current programs, services and products). Successful not-for-profits have a good one year operational or business plan. The strategic plan, however, responds to different questions:

- What are we doing today as an organization that we need to be doing differently in the future to sustain success?
- What are we not doing today that we need to be doing in the future to sustain success?

The strategic plan is, therefore, about change. This separates it from the operational plan. The organization needs to have both an excellent and well thought out strategic and operational plan.

The strategic direction and plan assists a strategic Board in two significant areas:

1. It defines a limited (3-5) number of outcomes/goals that the organization wants to achieve in the future. The key is the limited number of outcomes which brings leadership and the organization focus. There is always more that a not-for-profit could do for its members than it has resources to accomplish. So, how does the leadership team make the "tough choices" on what it is going to say yes or no to (not trying to be all things to all people)? The strategic plan is the guide. It defines a limited number of goals over the next three to five years that the leadership team came to consensus on and wants to achieve.
2. Consensus on the strategic plan also means that Board members are "on the same page" concerning where they want to take the organization in the future. Board time is spent in insuring that the agreed upon direction is achieved as opposed to arguing about whose perceived individual direction for the organization is correct.

## **STRATEGY TWO: REDEFINE THE BOARD AGENDA AND MEETING PROCESS**

Probably one of the fastest and most effective ways to create a more strategic Board focus is to redesign the Board's meeting agenda. If you want the Board to have a more strategic focus, change the items on the agenda to be more strategic. The power and effectiveness of this is that you do not have to change the bylaws or governance policy to change the agenda – just change the agenda! The Executive Committee or Officers need to take the lead here and work with the Board and staff to make the appropriate changes. A strategic Board agenda should not be riddled with:

- redundant and FYI reporting (during the Board meeting it is not the Board's role to take in information via live reports – rather, it should be discussing and making decisions on background information it has received and considered prior to the Board session);
- reviewing and discussing current committee work that is underway; and
- focusing on work that is already in progress or work that has already been completed.

The following agenda model has been successfully utilized by Boards to create a more strategic focus. The agenda is divided into four key sections.

**Section One:** First on the agenda is discussion/dialogue on a significant strategic/mega issue facing the organization in the future. The intent is to develop solutions on how to address the strategic issue. Strategic issues are framed in the form of a question that cannot be answered by a yes or no. These are issues the Board wants to decide (not delegate) because of the significance and implication of the issue for the organization. Examples:

- How does the organization drive and gain brand awareness and recognition?
- What are the organization's clear and compelling cause, mission and goals?
- In what way can the organization best define, fund, communicate and nurture diverse members who fit and support the mission in many different ways?
- How does the organization collaborate with other organizations and build coalitions to achieve its policy objectives?

This session may take 1 to 2 hours.

**Section Two:** This section focuses on the review of the strategic plan in two areas:

1. Is the Board satisfied with the progress that is being made toward each one of its goals/outcome areas defined in the plan? This discussion is much more effective if the plan has milestones or objectives for each of its goals to measure progress.
2. Updating the plan as necessary based on continuous external scanning (the evolving environment of the organizations member's profession, industry or cause and internal scanning defining members evolving wants and needs). The plan will be reviewed at during every Board meeting.

**Section Three:** Identification and development of internal and/or external policy as required and needed.

**Section Four:** Attending to "routine business" using a "consent agenda" process (approving minutes, routine reports) thus reducing time spent on FYI live reporting and other routine business.

## **STRATEGY THREE: INSTITUTE A KNOWLEDGE-BASED DECISION PROCESS**

A "knowledge based decision process" should be used by the Board as it develops recommendations and solutions to address strategic issues. This includes two key requirements:

- Developing legitimate background information concerning the strategic/mega issue prior to the Board session when the issue will be decided. We find that the following four questions are a very good format in which to develop this information:

1. What do we know about the current realities and evolving dynamics of our members' environment that is relevant to this decision?
2. What do we know about the capacity and strategic position of our organization to deal with this mega issue?
3. What do we know about our members' and stakeholders' needs, wants and preferences that are relevant to this decision?
4. What are the ethical implications of our choices?

There may be other questions that can be added. The information is typically displayed in 5–10 bullet points under each question. It is important not to overdo background information. Having read the background information the leadership team (Board and senior staff) is ready to address solving the strategic/mega issue using a credible decision-making process. This consists of two parts:

1. Identifying possible solutions/strategies to address the strategic issue. Because it is a complex issue, there will generally be more than one solution.
2. Developing 4–6 bullet points under each solution defining the advantages and disadvantages of the solution.

The leadership team is now in the position to decide which solutions they are ready to commit to, which are not viable solutions, and, which solutions they will need more information on before deciding on the solution. At this point, the Board can use the normal parliamentary process of developing a motion for the solutions.

## **STRATEGY FOUR: IMPROVE BOARD ORIENTATION**

Critical to developing a strategic Board focus is the need to improve the orientation programs for Board members. Many existing programs focus primarily on the operational aspects of being a Board member (e.g., how to fill out an expense voucher, review of by-laws and policy). Too often there is little information that focuses on the precise role and responsibilities that fall to Board members in a not-for-profit organization. What does it mean to be a strategic focused Board? How does a strategic Board behave? What is the correct relationship between Board and staff? What is the role of the Executive Committee?

New Board member orientation should address: the organization's strategic direction (e.g. vision, mission and goals); the Board's fiduciary responsibilities; Board mission and roles; Board responsibilities; general obligations; code of conduct; Board composition; and, Officer responsibilities.

## **STRATEGY FIVE: LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING**

Not-for-profits need to review and improve their leadership development and succession planning processes. Does your not-for-profit have in place a non-political process to identify, develop and place the best possible leaders you can get on the Board on a sustainable basis? Many organizations have a nominating committee, however, nominations are only one

aspect of leadership development and succession planning. The goal is to identify and attract excellent leaders to the Board who inherently understand what it means to behave and function with a strategic focus.

## **STRATEGY SIX: DEVELOP A BOARD JOB DESCRIPTION**

Develop and put into place a set of governance policies and practices that clearly define (in simple, easy to read and understandable language) the Board's strategic roles and responsibilities. Basically this is a clear Board job description that more thoroughly defines leadership roles beyond what is provided in the by-laws. Review and discussion of this policy would be critical part of new Board member orientation.

## **STRATEGY SEVEN: BOARD VALUES**

Develop Board values (which is different from a code of conduct) that defines appropriate Board member behaviour, especially during a Board meeting. These should also be reviewed in new Board member orientation. The following are examples:

- Participants treat one another with professional courtesy, dignity and respect.
- The opinions and ideas of all participants are valued.
- Discussion focuses on the constructive debate of issues. It avoids criticism or judgment of individuals or situations.
- Participants listen attentively to the contributions of others and avoid talking while others are speaking.
- The full and active debate of issues is encouraged during Board meetings. Outside this forum, individuals demonstrate cohesion and support for Board positions or decisions.
- Confidentiality is strictly maintained on all information deemed inappropriate for broader dissemination.
- Conflicts of interest are voluntarily disclosed.

In conclusion, it requires a number of actions and steps to move a Board to a more strategic focus. It is not a one dose simple cure. Associations are complex organizations with strong leadership cultures. I hope that some of the above seven strategies will bring you closer to the ultimate goal: a strategically focused Board that earns the respect and support of your members and stakeholders.