

Board Forum

Achieving Healthy
Partnerships:
Board and CEO



THE FORAKER GROUP

Core Purpose: Strengthen nonprofits

Core Values: Strategic, Collaboration, Urban-Rural-
Native-NonNative, Sustainability

4 lines of business to serve Alaska nonprofits and tribes:

1. Educational Opportunities (*online and in-person*)
2. Organizational Development (*consulting, facilitation*)
3. Shared Services (*back-room services*)
4. State Association (*advocacy, research, statewide initiatives*)

THE BOOK

Take your organization on the road to a thriving future—this book shows you the way.

"As the number of nonprofits continues to grow, it is critical that they successfully practice sustainability. Dennis McMillian's new book, *Focus on Sustainability: A Nonprofit's Journey*, provides a compelling argument for why sustainability is so important, especially during a time of increased demand for services. He argues that organizations can no longer survive if they totally depend on the next 'grant' or the never-ending search for a 'White Knight' to sustain themselves.

This book covers both strategies and practical applications for why and how to build the necessary elements to move toward sustainability. It should be in everyone's professional library."

— Mary Stewart Hall, Ph.D., founder of the Master of Nonprofit Leadership program at Seattle University and noted author and lecturer

"Dennis McMillian, founder of The Foraker Group in Anchorage, Alaska, has been leading and training nonprofits for more than 30 years. He brings a rock-solid base of knowledge into this book. McMillian is a pragmatist as well as a visionary. He understands the day-to-day workings of nonprofits and uses this insight to make *Focus on Sustainability: A Nonprofit's Journey* a book that will be read again and again by leaders in the sector.

Through McMillian's advocacy for the creative management methods so clearly described in this book, nonprofits are successfully embracing and practicing sustainability—it has become their mantra. **This book will help you and your organization to a more productive and effective future."**

— Edward C. Schumacher, faculty member, the Fund Raising School at Indiana University and author of *Building Your Endowment*



McMILLIAN

Strategic decision-making
to move your organization forward

FOCUS ON SUSTAINABILITY

FOCUS ON SUSTAINABILITY

A Nonprofit's Journey

DENNIS G. McMILLIAN
The Foraker Group

UNDERSTANDING THE CEO-BOARD RELATIONSHIP

“Lack of board support or board problems “first or second reason why nonprofit CEOs resigning in record numbers.”

Timothy Wolfred, *Leadership Lost: A Study on Executive Director Tenure*, March 1999

“Several studies showing boards are increasingly unhappy with their CEOs because they won’t share power and/or only want boards to do menial tasks, or just fundraise.”

Board Source

BOARD AND CEO RELATIONS

- The most important issue to “get right”
- Must be worked and renewed
- Board delegation to CEO, consistent over time?
- Board provides CEO clear expectations
- Joint responsibility for relationship to work

4 STEP RELATIONSHIP PROCESS

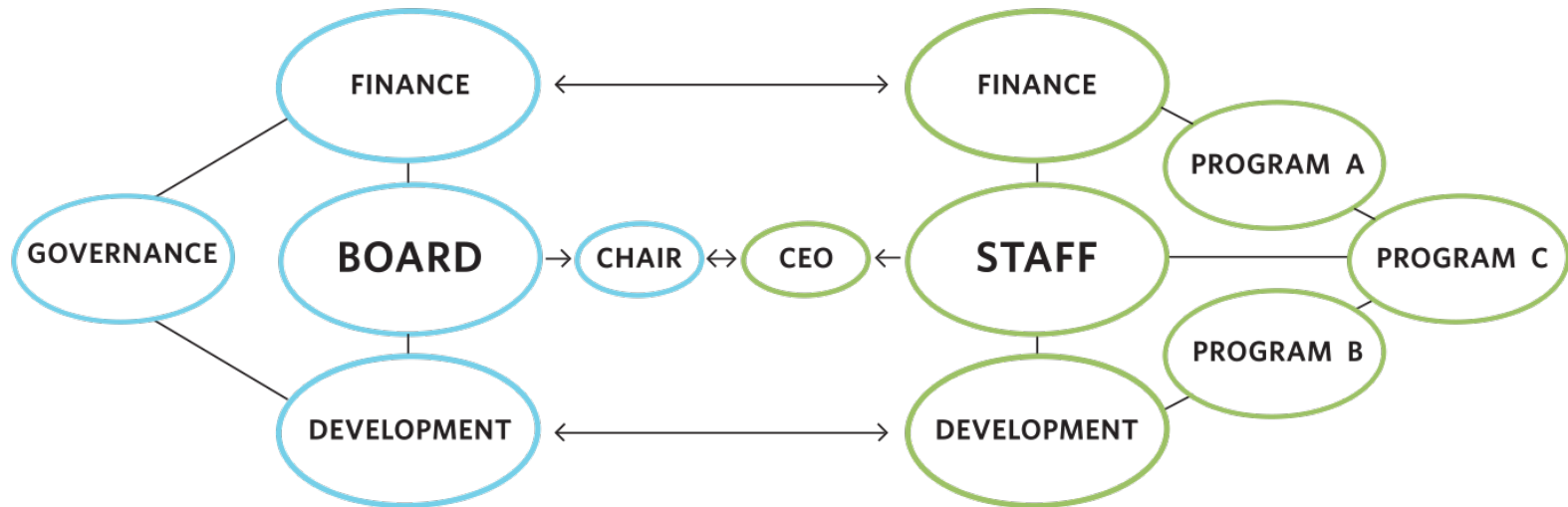
- First use tools to manage relationship
- CEO should be first to change dynamics
- CEO or Chair could ask Vice-Chair or Past Chair for help or for outside mediation
- Board must decide who should step down

1. HEALTHY BOUNDARIES

- Know board responsibilities
- Chairs job
- CEO job

Board Staff Balance =

Trust, Transparency, Communication,
Accountability, Responsibility



CHAIR RESPONSIBILITIES

- Board focused on what matters most.
- Define board's boundaries- what board is expected/not expected to do.
- Monitor board discussion, ensure meeting is effective
 - create ad hoc committees to propose options on difficult issues.
- Ensure no board member dominates discussion
 - work as team.

THE ROLE OF THE BOARD CHAIR CONTINUED...

- Contribute without dominating or over-influencing
- Open channels of communication
- Board members clear about commitments
- Board efforts documented and available
- Move away from the “Culture of Good News.”

CEO RESPONSIBILITIES

- Communicate purpose and values to community
- Align staff and board effort
- Work through Chair to keep board informed
- Do not surprise Chair/board

Board/ Staff Boundaries

BOARD


- Govern
- What
- Ends
- Decisions that effects organization
- Approves budget

CEO/Executive Director

- Manage
- How
- Means
- Decisions that effects individuals
- Staff manages budget

2. LOOK WITHIN, ASK FOR INSIGHT

- Assess own social skills
- How are you perceived?

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- INDEPENDENT “360 EVALUATION”
 - BOARD EVALUATIONS
 - ANNUAL PERFORMANCE REVIEW
 - OTHER?



3. DON'T ASSUME– COME TO AGREEMENT-DISCUSS THE IMPORTANT ISSUES FIRST

MAIN REASONS BOARD AND CEO DON'T GET ALONG

- Mission
- Core values
- Judging success for organization/CEO
- Agreement, who does what

TRUST, TRANSPARENCY, COMMUNICATION ESSENTIAL FOR GOOD RELATIONSHIP

- Shared values
 - Core values of organization/leadership in alignment
 - Values enhance publics' confidence
 - Core Values = good choices: people, programs, planning
- Clear expectations
- Transparent communications and decisions
 - No surprises
 - Not an “ask for forgiveness” culture
- Mutual respect for intent and competence
- Learning environment
 - Risk taking
 - Shared power
 - Building on assets



4. DIRECT COMMUNICATION NO TRIANGULATION

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2002

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COMMUNICATION

- The best approach: direct, candid and face to face.
- If such communication does not work
 - Look to other board leaders for assistance
 - Vice-Chair
 - Past Chair
 - Board Development Committee
 - Seek outside mediation
- This works both directions, CEO to Chair, Chair to CEO



5. SUCCESSION PLANNING

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SUCCESSION PLANNING

Three transitions to plan for:
Board
Chair
CEO

FIRST WHO, THEN WHAT

- Hire (recruit) the right people, don't focus just on the needed skills
- Work to get right people in right seats
- Once it is understood that someone is not the right person, ask them to leave; work to not burn bridges
- Learn from people mistakes.

BOARD TRANSITION

- Board development process
- Committee focused on managing and improving board
 - Board Job description
 - Strategic recruitment, every seat has succession plan

CHAIR TRANSITION

- Chair must have accurate job description
- Have process to select best possible Chair
 - Past Chairs?
 - Committee process?
 - CEO involvement?
- Chair has two major duties
 - Facilitate meetings
 - Support CEO

CEO TRANSITION

- Board's biggest job-selection of and relationship with CEO
- Board and CEO work as team, develop plan
- Tools to Use:
 - Contracts, with an end date for review
 - During every performance evaluation ask out loud “how long are you going to stay in this job?”
 - A formal transition plan for expected and unexpected transitions

TOOLS FOR YOUR TOOLBOX: SUMMARY

1. Understand healthy boundaries
2. Look within for change
3. Don't assume— discuss important issues
4. Direct communication
5. Succession planning

4 STEPS FOR ADDRESSING CONFLICTS BOARD-CHAIR-CEO RELATIONS

1. Use tools to build right relationship
2. It's CEO's responsibility to change first
 - Remember Chair is a volunteer; CEO is paid to lead organization
3. When CEO-Chair communications problems persist, then:
 - CEO can speak to Vice-Chair or Past Chair for advise or assistance, or
 - CEO works through Board Development Committee
 - NEVER TRIANGULATE
 - If those fail, ask for outside mediation (Foraker provides)
4. The Last Resort, board should decide if Chair or CEO is asked to leave, or
 - Chair resigns, or CEO resigns

QUESTIONS– EVALUATIONS WRAP-UP

Thank YOU

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