

# **BEST PRACTICES IN BOARD LEADERSHIP AND ASSOCIATION GOVERNANCE**

**A GUIDE FOR ASSOCIATION BOARD MEMBERS AND LEADERS**

**2017**

## **Program Purpose**

To share best practices for association governance and industry leadership for both seasoned and incoming Board members resulting in better operational, economic and decision making outcomes for each respective organization.

## **Executive Summary: Key Agreements and Strategy**

In summary, the leaders in attendance had two key initiatives that emerged across all association lines. These served as the fundamental building blocks of progress now and in the future. As follows;

1. The leaders in attendance agreed that the most important thing that they and the association can do from a practical, strategic and resource standpoint is to create and support a culture of positive change. This includes internally with leaders, for the members and with stakeholders such as unions.
2. The key to creating this momentum is cultivation and engagement of the membership. This needs to be built by a focused and determined effort by the staff; Board of Directors, Chairs and any future Nominations or Contractor Council.

## **Governance: Leading Effectively in the Non-Profit World**

The need for good governance and decision making is critical to the success of an organization and industry. The pressures to be pro-active rather than re-active have never been more challenging to meet for individual companies and organizational leaders.

Some of the critical challenges that the Board members in attendance anticipate having to deal with include the following:

- Change in workforce composition
- Increase in competition
- More technology challenges
- Greater need for soft skills by leaders
- Harder to compete for small firms
- Need for more training and certifications

- Difficulty engaging others in joining organizational mission
- Successorship in organizations and across the industry
- Addressing the resistance to change inherent in a traditional industry

## **Principles of Good Governance and Board Service**

The leaders in attendance indicated that the following elements constitute best practices for good governance in Board leadership:

- Don't wear your company self-interest hat when participating
- Respect the group process and input
- Be focused on positive outcomes
- Be ethical and leave gossip and conflict at the door
- Participate with a significant level of commitment
- Do not go along with the status quo or the consensus if you do not agree
- Be prepared

## **Best Practices of Governance: Roles and Responsibilities**

President / Chairman: The President and Chairman role is chiefly that of facilitator. It is not the role of participant. In the event the leader gets caught up in participation, no one is left in charge of process. The President or team leader is in charge of that process from beginning to end. This includes the following:

- Keeping people on track
- Keeping to the agenda and focused on policy, not details
- Avoiding rabbit trails
- Promoting uniform participation
- Moderating dominant personalities
- Creating / prompting decisions

CEO / Executive: The CEO is in charge of operations and policy execution. They are not there to lead the group or enable the group to defer to them. They are responsible for the strategy development and execution in order to serve the policy needs of the organization.

Board / CEO Differential: The difference between Board policy decision making and CEO operational management decisions is what makes for a healthy balance and appropriate apportionment of responsibility. This also includes a clear

understanding of the organizational Decision Making Matrix that clearly delineates the policy, financial and staffing decision making authority of Board and staff.

## **Board Meeting Best Practices**

Agendas: agreed that using a consent agenda consolidating repetitive content allows for a faster and more efficient Board meeting. President and CEO should pre-plan the time sequences for each agenda item to keep the Board on track.

Strategic vs Day to Day: agreed that the Board should not get down into the weeds with details that bog down the “big picture” orientation of the group.

Minutes and Policy Issue Analysis Model: agreed that a uniform methodology should be used to evaluate Board decisions that have significant impact on the organization. No random, rapid or impulsive Board decision making allowed. (see attached for Policy Issue Analysis Sample)

## **Organizational Success and Metrics**

Organizational Success and Metrics: best practices for organizational success measures include the following:

- Net Promoter Score
- Member Satisfaction Survey Results
- Engagement / active percent utilization of association services
- Financial performance

Evaluation of CEO and staff: best practice is that CEO reviews staff and Board should not have direct oversight of staff to keep alignment disciplined and proper. CEO recommends compensation policy for staff to a Compensation Sub-Committee. Board reviews CEO aligned with metrics and goals achievement. If bonus structure is provided for staff, consider giving CEO discretion to distribute in order to provide direct link of economics to their direct supervisor.

## **Future Association Leader Development**

Nomination Committee: best practice require that a body is created and maintained to evaluate and cultivate future talent.

Nominations Process & Elections and Terms: no clear guidelines work for every organization for nominations and terms, but the following issues need to be kept in mind:

- Some form of succession needs to be provided for in order to bring in new ideas and perspectives as well as generational input
- Do not create a Board model where the members perceive it as only the “in” crowd can participate. A model of exclusion detracts from member engagement.
- Consider using Past Presidents as a Steering Committee with an annual event dedicated to coaching the incoming president and getting input on strategic direction.
- Diversity in size, type and style of leader helps contribute to healthy Board interaction and decision making.
- Need to make sure that those that have the most at-risk are participating.
- Long standing Board members need to balance their desire to retain the role long term, and to provide access and opportunity for others who may be ready and able to contribute.

## **McKinsey Consulting Association Assessment**

The respective Boards completed the McKinsey non-profit organizational Assessment instrument. The results of this have been tallied and evaluated. A scoring system has been used to determine the most positive attributes of the organization and the most pressing challenges or priorities for the organization to take on for improvement.

The results are a summarized analysis of the key issues that Board members feel serve as high performance measures and also areas for prospective improvement.

Please see the attachment for your specific Board and organizational scoring of the top and bottom three attributes as identified by the leader survey results.

# McKinsey Consulting Association Assessment - Results

## NCGMA

### Best Performance Measures

1. Leadership Relationship CEO to Board is excellent
2. Influencing others in the industry related to reputation and effectiveness of the organization is being pursued well
3. Experience available on the Board is extensive

### Areas for Improvement

1. Orientation of New Board Members needs to improve
2. Process of reviewing the Mission and Vision of the organization vs. goals needs to be a priority
3. Board role in financial planning needs to be improved
4. Plan for Improving Board Performance needs to be created and monitored

## NCAT

### Best Performance Measures

1. Effective Goal Setting is in place
2. Understanding and an acceptance of accountability as a Board member is present among leaders. Noted that the relationship between NCAT and other organizations need to be more defined and better under
3. Fiduciary and regulatory compliance of the organization is tight

### Areas for Improvement

1. Quality of the Strategic Plan is not high enough
2. Mission and vision need to be used more in policy decision making

## NCPFC

### Best Performance Measures

1. There is a strong understanding and application of mission and vision
2. Differentiating between Board and Management decision making is understood and embraced
3. Understanding the role of Board members enhancing the reputation of the organization in the industry is being pursued

### Areas for Improvement

1. Focus better in the future on linking Board performance to goals achieved
2. Develop a better method of CEO / staff evaluation