A Rose By Any Other Name: Using Board Development to Achieve Board Reform

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Board development has taken on some urgency within the voluntary sector over the last few years. As a long-time board member of numerous nonprofit organizations and as a management consultant specializing in the voluntary sector I have been experiencing a noticeable increase in demand for board development services. Board members and chief executive officers are wondering whether their boards can meet their legal and fiduciary responsibilities within a changing and complex environment.

Nonprofit organizations are becoming more sophisticated in their management structures and strategies. In the last decade we have seen a proliferation of nonprofit management courses, conferences and publications. Executive directors have contributed to the building of ever-larger organizations and bureaucracies. Many now think of themselves as chief executive officers (often referred to as an executive director or administrator in the voluntary sector) overseeing complex multi-program systems. Strategic planning, operational reviews and organizational change have contributed to the improved skill levels of senior managers and to concurrent higher expectations from their board partners.

Management's increased competence has sometimes made it difficult for boards to keep abreast of the information they require to engage in fruitful discussions in board committees which parallel such management functions as programs or service, personnel and finance. Staff members may find themselves in the position of educating their board members at the committee level so that these members can make informed reports and recommendations to the full board. Common sense would suggest that there are redundancies in this way of doing business.

This scenario is more common in larger organizations where budgets allow for staff members, other than the CEO, who can provide administrative functions (e.g., accounting/bookkeeping, office management, human resource management, fund raising). In smaller organizations, there is often a need for operational assistance in some skilled areas. Traditionally these gaps in skills have been filled by board members who volunteer to do the work. The board that actually "manages" an organization fulfils a necessary but different role from a governing board. A management board takes on the dual responsibility of hands-on management and policy-making. Many of our voluntary organiza-

tions started with management boards which were very involved in the day-to-day operations. When the organization finds it necessary to develop a more sophisticated management the hands-on board often experiences great difficulty in transforming itself into a governing board.

Two points must be mentioned if that transformation is to be successful. First, a governing board can only be effective if there is a strong and capable CEO in place. In order for boards and CEOs to carry out their specific and separate roles and responsibilities in a partnership, each must have the capabilities required. Second, there is often a continued need for some additional operational skills that are not found within the staff of an organization. This situation might exist because of budgetary limitations or because the required skill is only needed occasionally (e.g., labour relations, legal counsel or even stuffing envelopes). To fill these needs, CEOs might rightly look to their boards for some help and directors may properly offer to contribute such skills, not as board members, but as volunteers under the authority of the CEO.

If board members are no longer needed to oversee management activities, what should their role be? As volunteers with busy full-time work schedules (gone are the days of large numbers of full-time professional volunteers), board members now need to make a useful contribution within their time limitations. Chief executive officers (CEOs) are simultaneously feeling more confident about their abilities to manage and are identifying new functions for their boards.

The quest for a reasonable and relevant role for the voluntary sector board produced some appealing answers in the model of board governance described by John Carver in his 1990 book *Boards That Make a Difference*. In this model, Carver reiterates what we all know to be true—that governing boards should be involved in policy making and not in operations. Boards need to concern themselves with operations only to the extent of establishing workable policies and monitoring their implementation.

The attraction for boards and CEOs who are experimenting with applying this model to their own organizations lies in the recognition that it is difficult to remain at the governing level when board structures and discussions focus primarily on management concerns. Every time there is a meeting of the personnel committee or the program committee, boards run the risk of dabbling in operations, the responsibility of the CEO.

Carver talks of leadership by the board through results-oriented policy-making activities. Boards and CEOs sometimes share a feeling that boards are inadequate policy makers, even though board members have a wealth of networks and a knowledge of the external environment that can inform their policy making. Rather than feeding our boards with an overwhelming amount of information about the internal workings of the organization and a monthly

series of reports from every committee, we must encourage our directors to focus on the external environment, on articulating the values of the organization, and on developing relations with the community, other organizations, and governments. These activities are critical for responding to current pressures to collaborate and adopt a systems view of our complicated environment.

These pressures have mobilized a number of CEOs and board members to consider board reform. CEOs are wearying of the time-consuming activity of spoon feeding boards with little return on their investment. Board members are frustrated that they are not able to contribute all they had hoped. CEOs generally recognize that they do have specific needs which must be fulfilled by their boards. Board members are wondering what role they should be playing.

"Reform" as a popular concept pursues the correction of imperfections. Billed as "new and improved", it denigrates the efforts of those who have been committed and loyal in "old" ways even if they seem to have worked.

Not surprisingly, individuals and organizations seem more comfortable arranging for "board development" rather than "board reform". The concept of "development" supports current sector values of growth and evolution. To develop is to progress, to become more mature and to build on history, not to deny or diminish its importance. These are ideas that are attractive and motivating. A definition of "reform" that sits more easily is literally to "re-form" or come together in a new shape and it is this goal of "re-form" that we will pursue in this article.

On closer examination of "development", we can see the wisdom of using it as a strategy or vehicle for board reform. To embark on developing new and different skills in board members in the initial stages of change ensures their participation in their own board reforms. The resulting feeling of ownership in the "new and improved" or "re-formed" model of board leadership facilitates change. Furthermore, board members can use their existing skills and knowledge to modify and adapt models such as Carver's to reflect the unique needs and culture of their own organizations.

Two major questions become crucial for CEOs: 1) How do we convince a board of directors that they need development? and 2) What skills and knowledge should we be developing in our board members to meet the new responsibilities of a "re-formed" board?

Convincing the Board

The simple answer to the first question is: "You don't!" The board must convince itself that it needs and wants development. As a CEO, board president, or board member, your role must be to raise the awareness of the board

to the fact that change is needed and assist its members to make informed choices of strategies and programs that will bring it about.

Board presidents or chairs have the best opportunity to create awareness of the need for change. One of their roles is to evaluate board processes and functions. At a basic level, they can explore individual board members' understanding of their roles on the board and their level of satisfaction with the work they are doing. This discussion can take place with small groups of board members or at a full board gathering. In a more formal approach, questionnaires and surveys can collect information from board members and permit an analysis of the current situation. The analysis can then provide the basis for a discussion of the need for change.

I have always been surprised at the number of directors who have served many years on the same board who admit that they do not fully understand their responsibilities. Directors are often quite forthcoming when invited to comment on the effectiveness of the board and to offer suggestions for improvement.

Individual board members interested in the continued evolution and development of their voluntary boards might consider several strategies. Conversations with fellow board members can plant seeds. Suggestions for board-development workshops might be appealing to life-long learners on the board. Initiating an invitation to a board member or president from another organization to describe its board-development program could spark the necessary interest.

The CEO might find it more appropriate to work through either the president or other board members. The CEO's role is to alert the board to some of the changes, pressures, or trends in board functioning which would be of interest and to suggest appropriate workshops, speakers, books, courses, etc. which may help the board to "re-form".

Despite human nature's resistance to change, many of us can, and do, embrace lifelong learning, especially if we are in control of its form and timing. In fact many people join boards as a form of advanced "learning". Even those who resist change may be won over quite easily since the board is seldom their major activity and the prospect of change is not, therefore, particularly threatening.

What Knowledge and Skills?
How does the board determine what knowledge and skills it needs? If we start with an analysis of the knowledge and skills board members have currently, and decide what would be needed in a re-formed board, we can identify the gaps.

First, we must separate processes from content. Any board must work as a group, since the whole board is responsible and accountable for the governance

of the organization. Effective group functioning requires process skills within the group, including: group problem-solving and decision-making, leadership of meetings, understanding and facilitating group dynamics, critical thinking and analysis, interpersonal skills, and communications.

Content, knowledge and skills are also essential and the board must ensure that collectively it has the skills it needs to meet its goals. Necessary knowledge and skills include: knowledge of the community, clients, board functioning, networks, current political and social policy issues, strategic planning, government relations, advocacy, financial skills, and fund raising. Within the board, several members should have an understanding of the specific sector in which the organization operates.

Experience has shown that those who design their own learning programs will be more successful in acquiring new knowledge and skills. Learning styles vary from individual to individual so that a varied approach to a skill-development program would be most effective. Learning programs can take the form of documents/books, seminars/workshops, videos, case studies, courses, modelling behaviours, learning-by-doing, presentations, manuals, and guided exercises.

Designating a board member who will be responsible for board development goes a long way towards establishing credibility for this activity. This person can serve as a "champion", i.e., as someone who is a strong advocate for a particular cause or idea and is persistent in arguing for that cause. A champion might achieve a momentum for board development activity by helping board members to identify the collective skills needed and to decide how to acquire those skills.

The Resistant Board
When the board is convinced that all is well it is difficult to persuade it to abandon the status quo, however urgently the CEO sees the need for change. In such a case the president might engage in some lobbying to persuade powerful members to support board development. If possible, the president could begin to influence the choice of board members through the nominating process. New members might be sought for their views on, or skills in, board development.

An alert president might take advantage of an organizational situation to suggest board development as an option in addressing a current problem. Examples of problem situations could include: a board in financial distress, a CEO who was fired or resigned, rapid board turnover, poor attendance at board meetings, tensions and arguments among board members, negative feedback from funders or clients. During crisis situations we are all more receptive to considering new possibilities.

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An individual board member pushing for change might need some patience and a persistent strategy. Identifying some allies on the board would be a positive step, as would planting seeds during board meetings, influencing the nominating process, continuing to bring information into the board to justify the need for board development, and generally acting as a champion of the cause of board development. This can be a lonely position with few rewards until there is some sign of success.

CEOs can also lobby and form alliances to support board development. A stream of information might eventually find a receptive supporter. A risky and more extreme strategy would be to create a crisis at the board level by withdrawing the expected support CEOs generally provide to the board. This can be a dangerous strategy because the board might regard this as a cause for dismissal rather than a comment on its own ability to govern.

Allies and Champions

Allies united for a certain purpose have more power than individual champions. An individual with a "cause" might heighten resistance if the individual is perceived negatively by the rest of the board.

On the other hand an individual champion who possess good interpersonal skills and occupies a position of respect will have considerable credibility within the organization. If the champion is not an expert on board development, other skills such as the ability to mobilize, educate, organize and communicate, can compensate.

Stages of Board Development

It would be naive to think of board development as a linear activity. In reality it is a messy process of trial and error, frustration and experimentation, resistance and excitement, and surprises.

I will, however, identify and examine six stages of board development using two case studies of organizations that have recently embarked on the journey of reform through development.

Stages of Board Development:

1. Awareness
2. Information Gathering and Analysis
3. Educational Workshops
4. Identifying and Training Champions
5. Development of Continuing Board-Development Programs
6. Evaluation.

The Victorian Order of Nurses (VON) (Ontario) and Family Services Association of Metropolitan Toronto (FSA) each took a different route through the various stages of board development.

VON (Ontario), the provincial level of a national voluntary health-care organization, delivers community-based nursing and other health-care and support services to patients living at home. Within Ontario there are 33 VON branches overseen by local boards of directors.

FSA provides programs to help people in distress strengthen and enhance close personal or familial relationships to improve their ability to cope with day-to-day living. In addition, FSA actively advocates changes in the community and in government legislation to enhance the welfare, health, and social functioning of those served by the agency. FSA is governed by a voluntary board of directors.

A study of the progress of these organizations through the various stages of board development offers useful insights.

1. *Awareness of Problem or Need*

I sometimes wonder at myself whenever I forget the basic lesson that people are more receptive to considering any change or to learning when they can recognize a problem or a gap in their own knowledge.

VON: The identification of the problem began with the provincial board and its senior management staff. Margaret Purkis, president of the provincial board and the CEO, Gale Murray, both took an active interest in furthering a board-development program as a response to the problem: the need to strengthen local boards in their ability to deal with an increasingly competitive and hostile environment. The increased competition from private sector companies delivering home-care services and the heightened vulnerability of operating budgets within the local VON branches required some degree of "re-forming" to ensure continued organizational health.

Local boards would have to take on a more active leadership role if they were to assist the local and provincial levels to determine the most effective ways of dealing with the changed circumstances.

FSA: The awareness of the problem by the newly appointed CEO (two years ago), Paul Zarnke, grew out of conversations with individual board members who identified some concerns: a number of members were feeling marginalized by the board's structure and processes; a strong executive committee had pre-empted much of the board's decision-making; and differing perceptions of board roles emphasized a lack of clarity.

Shortly thereafter, Paul Zarnke attended a workshop on board governance conducted by John Carver, who provided a conceptual framework for examining the role of a governing board.

Carver's model of board governance highlights the policy-making aspects of board governance with clear role distinctions between board and CEO. At a practical level, everyone within an organization is involved in making policies. For example, a policy that required "informing the receptionist when staff leave the building" would be developed at a staff level. The board on the other hand needs to be involved in making policies about "ends" or the results of organizational activities. Boards develop policies designed to achieve the results the organization desires and decides for whom and at what cost. These policies describe the values of the organization that underlie its actions.

Furthermore, the model emphasizes the need for board members to work together as a committee of the whole when making decisions. Strong executive committees can become obstacles to this process.

Problem identification became more specific, moving from the questions of how to improve the effectiveness of the board to how to develop the board's effectiveness using Carver's policy-governance model.

2. *Information Gathering and Analysis*

To begin solving a problem in a rational way, information on the problem is collected and analyzed to provide a foundation on which to develop strategies. At this stage, the results of the analysis should be released to board members so that they can use the data to come to their own conclusions.

VON: VON engaged me as a consultant to develop a board-development program for all 33 branches and the provincial board. We surveyed the executive directors and the board presidents to identify current activities and perceptions of the two major players (presidents and executive directors) within the local branches. The results of the survey were analyzed and presented at an all-branch meeting.

FSA: Paul Zarnke, in collaboration with Charles Cutts, his board president at the time, informally surveyed the individual board members to get a reading on their level of satisfaction with the current state of board functioning. A majority of board members expressed some dissatisfaction openly for the first time. The

president and the CEO had created an environment which allowed members to reflect on, and articulate, their feelings.

3. *Educational Workshops*
After problem identification and analysis, people can begin to define the tools they need to address issues.

VON: A series of one-day interactive workshops for board members and executive directors across the province introduced the Carver model of board governance. A number of participants in the workshops enthusiastically embraced the model and returned to their branches to begin the process of change.

FSA: The board of directors brought John Carver in for a one-day workshop which explored his model of board governance. Board members agreed to proceed with Carver's policy-governance model.

4. *Identifying and Training Champions*
The identification of champions must consider the interests of the individual, his or her credibility, and relevant skills. The champion must come from the board itself since board development is a board activity and should be supported by a director.

Training then becomes a design challenge. The board and the champion must take into account the resources available, the champion's learning style, and any gaps in skills. An analysis of these factors will lead to appropriate training.

VON: Each of the 33 local boards and the provincial board named a board member who would take on the role of champion for the local/provincial organization. A training session was organized to assist the champions to develop a customized board-development program.

At the training session, participants were shown how to develop and implement a board-development program. As the day progressed, the champions had the opportunity to work with their colleagues in small groups and to design and develop their own programs. At the end of the day most participants were able to take with them a blueprint of an appropriate board-development program which they could begin to implement.

FSA: Both the board president and the CEO adopted the role of champion. They were trained in a workshop led by John Carver. The board as a whole then decided that all members should be involved in the planning of an effective board-development program.

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John Carver himself spent one and a half days working with the board to assist their discussions and policy-making.

5. *Continuing Board Development*

Once an organization and its board have decided to pursue a board-development program, the wise champion and board will make sure they have a continuing program.

Continuing board development can be incorporated into the organization through the establishment of a board-development committee to carry out board recruitment, orientation of new board members, educational programs, and other activities as required by the board. New directors will be informed of the expectation that all board members will participate in the board-development program on a continuing basis.

Allocating a portion of the agenda to board development is another strong signal that education and board renewal are a valued part of the way a board carries out its responsibilities.

VON: The training and design of board-development programs supported the notion of the value of continuing education. Strategies such as the ones described above were discussed and encouraged. The idea of having a board committee dedicated to continuous board development was promoted and generally accepted as a feasible and appealing strategy.

FSA: Board development within FSA follows a "learning-by-doing" philosophy. Since the board has agreed to adopt Carver's policy-governance model, it is developing its skills and expertise through implementation of that model.

The board has developed a series of policy guidelines that describe the principles of how it will "do business". These guidelines serve as a self-policing mechanism to check board activities against board philosophy.

An annual orientation for the board clarifies the board's role and responsibilities for new and continuing members.

6. *Evaluation*

There must be an evaluation of any board-development program so that we are assured that our allocation of resources is effective and producing the results we anticipate.

In order to carry out a fruitful evaluation, goals must be identified at the outset so that there will be recognizable indicators of success and we will know if and when our board-development program must be revised.

VON: There were plans for an evaluation of the process one year (March 1992) after the series of regional workshops. Collecting evaluation information (whether positive or negative) and disseminating the results is designed to keep the subject of board development alive in VON boardrooms. The ability of boards to renew and reform themselves will be monitored as the provincial organization and its local branches determine what changes in structures and processes are necessary to ensure the effectiveness of VON.

Evaluation results across the province will probably be uneven given the variety within the 33 local branches. Some reform has already taken place within individual boards, and anecdotal information about positive and deliberate change is heartening. Some boards have eliminated operational committees, thereby freeing up board members to do more useful policy work. Others are recruiting different skills onto their boards to strengthen their leadership role. Still others are changing agenda topics to keep the board in tune with a changing external environment.

In some branches whose progress towards change has been slow, the momentum of the provincial activity in board development and of the evaluation process is maintaining pressure for change or reform.

FSA: An exploration of how FSA's board should be structured to support its governance role has resulted in a smaller (30 down to 22 members) and more streamlined (10-12 committees down to 1-2) board. Board members are more energetic and excited about their roles on the board. The agenda is now generated by the board, not by the CEO, as it was in the past.

Evidence of focus and clarity of leadership is found in discussions about whom FSA serves, what outcomes are pursued, and how resources should be allocated according to policy directions. Agenda items include scanning the environment for trends that have implications for the organization and making decisions based on the resulting analysis.

Overall, the reformed board is focused on its leadership role through its policy activities, is clear about its expectations of staff, is able to monitor and judge the organization's accomplishments, and is confident of its worth to FSA.

Results of Board Development
Is all of this worthwhile? What difference have we made if our board development has been successful?

If the reform we are searching for in our boards is the ability and motivation to take on a true leadership role as our civic trustees, then the process whereby we accomplish this must be consistent. Our voluntary boards or directors have a variety of perspectives, cultures, skills and backgrounds. We appear to value this diversity and have confidence that these bodies can act as trustees for our community interests.

To build on this belief and ensure that our boards can provide the leadership we expect, we must invest in developing the potential of individual members as well as the abilities of the board as a whole. The process of board development is a leadership-development process. Rather than prescribe the preferred style or form that a leadership board must have, board development facilitates the skill-acquisition and decision-making required so that a particular board can "re-form" itself. This reform should be tailor-made to the particular values and culture of the organization and its community.

Enabling a board to acquire the skills of critical thinking, joint problem-solving, policy-making, and leadership prepares it to assume the leadership role it must adopt for the health of the organization. The combination of strong governing leadership from the board and management leadership from the CEO will ensure an organization's ability to find its way through a constantly changing environment and to influence that environment in ways that are advantageous to the organization.

If we can develop a critical mass of boards which have re-formed to adopt a leadership role and which can work together to shape their environments and accomplish common goals within our communities, board-development programs will have served us well.

Critical Factors for Success: A Summary

For an organization to decide to re-form itself, it must have some sense of dissatisfaction with the status quo. This sense of dissatisfaction conceivably can come from any level of the organization—board members, CEOs, funders, staff, or even the community—but must find its way eventually to a major portion of the board. Once the board chair is onside this may be easier. We have looked at a number of strategies that can be used to accomplish board development.

Moving towards board development as a strategy may be facilitated by a champion on the board or by the CEO as champion. Additional pressure may come from the successful experience of other voluntary organizations which are using board-development programs to create and maintain organizational health in the current environment of rapid change.

Whatever preliminary efforts are made towards reform through development, each step must be reinforced by evidence of successful change. Board members

and CEOs must be able to identify the impact of their decisions and activities in a positive way. The ultimate question becomes: what value have we added to our board, organization, and community through the changes we have made?

REFERENCE

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