Firing Lousy Board Members

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Ballroom 20A, San Diego Convention Center

Session overview
Yes, your organization should fire non-performing board members. Of course, that means you have to define what is good and not so good. And you need ways to fire them that don't cause pain – to them or your organization. Join this workshop to learn the secrets to this tricky business.
And please! Do not decide to "just stick it out" till someone's term expires!

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Agenda, notes and resources

Agenda and Notes	Resources | Notes
Beginning at the beginning	
1. Who is the governance expert? Who is in charge? a. Who leads and guides good governance? b. How good a fundraiser are you if you don't understand corporate governance? 2. How are you positioned with your organization – to lead good governance, to partner with others to lead?	You and me in this room – CEO or fundraiser – lead and guide good governance. We in this room help convince everyone else that "firing the lousies" is good governance…if you've done everything else, first.
Why does doing any of this matter?	
1. Scandals anyone? Care to name a few? a. Enron, Adelphia, WorldCom, Tyco, BP, Penn State, Smithsonian, United Ways, and on and on and… b. From for-profits to nonprofits, scandals abound. Instead of holding management alone accountable, as yourself: Where was the board? How did the board not know? What did the board not do in order to know? 2. Nonprofits deserve competent board members. 3. Society deserves competent nonprofits. 4. Sector credibility isn't doing as well as it could and should be.	Subscribe to my e-news and blog. Visit the Free Download Library on my website at www.simonejoyaux.com. See my web column at www.nonprofitquarterly.com. I regularly write about destroying executive committees, firing lousy board members, board members and fundraising, etc.
How do we actually do this – the firing thing?	
1. Do not "just wait" until the individual's term ends!!	Would you do that with staff?
2. Defining what "lousy" means – beginning with good a. Recognize that board service does not make someone an expert in governance. b. Understand the distinction between the board (the group/collective) and the individual board member. c. Know (and accept) the body of knowledge in corporate governance. Avoid personal opinions that aren't aligned. d. Establish governance standards with body of knowledge. e. Ensure that the standards become norms. f. Understand group dynamics and group process. g. Ask the essential – and then cage rattling – questions. h. Engage in meaningful conversation. Decide and take action.	See page 4: Job description of board of directors See page 5: Performance expectations Use the governance self-assessment in the Free Download Library to get some ideas about how board members should behave. Visit www.simonejoyaux.com. See the resource list at the end of this handout, page 10.
3. Defining what "firing" means – enforcing standards a. Distinguishing between "enhancing attrition" and "firing" b. Don't get seduced by personal opinions, political realities	Would you support the "firing" of a board member who is a big donor?

Agenda and Notes	Resources
How do we actually do this – the firing thing? …continued…	

4. Having the conversation with the board member
   a. Make sure this is handled professionally and graciously.
 	
   b. Keep the volunteer committed to your organization. Help people save face.
 	
   c. Who has the conversation? Usually <u>not</u> a staff person!
 	
   d. What's the structure and flow of the conversation?
	Aim for enhancing attrition first.
	
	Revert to "firing" if attrition doesn't work. I actually call this "thank and release." Yes, you ask them to resign.

You can't do any of this unless you explain it all to people – in advance!	

1. Communicating all this in advance
   a. Conduct screening interviews with candidates.
      i. Communicate board role and individual board member expected behaviors and performance requirements.
 	
      ii. Describe the regular performance appraisal process.
 	
   b. Welcome board members with a good orientation – reminding them of standards and policies, expectations and consequences.
 	
   c. Enable them effectively. (And ask yourself if you, the staff, are adequately meeting board member expectations.)
	Visit the Free Download Library on my website. See the *Inventory of Skills for Board Members,* and *Recruitment and Screening.*
	
	But what does enabling mean? Are <u>you</u> a good enabler? See handout on pages 8 – 9. See details in *Strategic Fund Development, 3rd edition.*

2. But wait: who does this?
   a. Role of the board
 	
   b. Role of the CEO
 	
   c. Role of the governance committee – or you can call it board development committee or committee on trusteeship or… But don't call it a "nominating committee."
	See pages 6 – 7: *Role of the Governance Committee*
	
	Do you know how to design and facilitate the best board meetings? Do you use conversation as a core business practice? See resources on my website.

Challenges to doing this work	
1. Afraid of treating volunteers like you would treat a professional 2. Unwilling to hold volunteers – e.g., board members – accountable for their behaviors and performance 3. Lack of knowledge about what corporate governance is – and this is a staff responsibility, not a board responsibility 4. Failure to expect staff to know what corporate governance is – and then following staff expertise 5. Thinking personal opinion matters – when it's the body of knowledge that matters first 6. Poor enabling by staff – and this is pretty much the biggest problem	How do you help board members do good governance (and good fundraising)? See "Enabling Functions," on pages 8 – 9. See details about my concept of enabling, described in *Strategic Fund Development: Building Profitable Relationships That Last, 3rd edition.*

There's not much difference between for-profit and nonprofit corporate governance. There's no difference due to type or size of nonprofit. And don't confuse corporate governance – the work of the board – with board members acting as volunteers in fund development or program or operations or whatever…

Role of the Board of Directors

Role of the Board[1]

The Board of Directors is legally and morally (ethically) accountable for the health and effectiveness of the XYZ Organization. The Board ensures that the organization achieves its mission in an ethical, transparent, accountable, and prudent manner.

The Board's job is corporate governance, the ongoing process of due diligence whereby the Board operates as a collective to assure corporate health and effectiveness. And corporate governance only happens when the board is together, e.g., at board meetings. Specifically, the Board is accountable for the functions described below.

The Board operates in a manner outlined in its policies. The Board works in partnership with its CEO as articulated in various policies. The CEO provides leadership and support, enabling the Board to carry out its governance responsibility. *(And that means that the CEO must know the body of knowledge related to corporate governance!)*

Board Functions | Scope of Authority

All of the work described here is accomplished as a group – at board meetings – through review of information, strategic questioning, dialogue, and decision-making. (Yes, board committees help prepare the board to fulfill its governance obligations. Committees cannot usurp board authority; neither can the board delegate its ultimate authorities to committees.

1. Articulate **values and mission**, and set **standards, controls, and policies**. Ensure that all the organization's programs, activities, and operations adhere to these policies.

2. Ensure that the organization is **relevant** to the community through processes that monitor the external environment and **define vision, direction, and strategy.**

3. Define and monitor key **areas of performance** compared to short- and long-range strategy / plans, assess **results**, and assure that steps are taken for continuous quality improvement in all areas.

4. Ensure that the **financial structure** is adequate for current priorities, long-range strategy, sustainability, and intergenerational equity.

5. Ensure that adequate **risk management** is in place, e.g., safety and security, insurance, data back up, CEO succession, etc.

6. Determine eligibility for **Board membership**, assure proper recruitment of candidates, elect members and officers, and assure proper orientation and mentoring of Board members.

7. Define and enforce **parameters of the Board's work** including its committees / task forces and the role and performance of the **individual Board member**. Assess effectiveness.

8. Hire the organization's **chief executive officer**. Appraise his/her performance and set compensation; reward competence, or if necessary, replace the individual.

9. Ensure **compliance with relevant laws and regulations** affecting the organization.

10. Ensure **effectiveness of management**, without intruding in management's role and authority.

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[1] Inspired by Ken Dayton *Governance is Governance*, an Independent Sector monograph, www.independentsector.org

Performance expectations of the individual as a board member

Each Board member of our organization affirms the expectations outlined here and strives to perform accordingly. We treat all Board members the same when it comes to these expectations.

We communicate these expectations during the recruitment process. We accept the candidate as a nominee or appointee only after s/he has agreed to fulfill these expectations. By accepting nomination or appointment, the individual confirms that this board service is one of his / her top volunteer and giving commitments.

1. Believe in and be an active advocate and ambassador for the organization's values, mission, vision.

2. Act in a way that contributes to effective operation of the Board. Work with fellow Board members and staff to assure that the Board functions well, e.g.:
    a. Focus on the good of the organization, independent of personal agenda, self-interest, or the influence of others.
    b. Maintain confidentiality of committee, board, and agency work unless authorized otherwise.
    c. Support Board decisions once these are made.
    d. Participate in appraisal of own performance and other appraisal as requested.
    e. Support the organization's policies and procedures for conducting business.

3. Regularly attend Board and committee meetings. Prepare through advance review. Bring materials to meetings. Use conversation as a core business practice, asking strategic questions and participating in dialogue.

4. Keep informed about the organization, its issues, and its connection to the community through active participation within the organization and outreach outside the organization.

5. Help support the charitable contributions operation of the organization. Specifically:
    a. Reach into diverse communities and help identify and cultivate relationships to support the organization as donors, volunteers, and advocates.
    b. Give an annual financial contribution to the best of personal ability[2]. If the organization launches a special campaign, give to that, too.
    c. Participate in fund development by doing various tasks tailored to your comfort and skills.

6. As appropriate, use personal and professional contacts and expertise[3] to benefit the organization, without compromising ethics or trespassing on relationships.

7. Be available to serve as a committee/taskforce chair or member. Be a prepared and active participant.

8. Inform the Board of any potential conflicts of interest, whether real or perceived, and abide by the decision of the Board related to the situation.

9. Respect the authority of the chief executive officer and staff; and, adhere to the limitations of the Board, its committees and individual Board members.

10. Agree to step down from Board position if unable to fulfill these expectations.

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[2] Some organizations make this type of statement: "Consider this organization one of your top 2 – 3 charitable commitments." What do you think of that? Why would an organization include that statement?

[3] Each candidate is invited to join the Board in order to provide specific expertise to the governance process. The individual is informed of this need – and agrees – prior to nomination or appointment.

Scope of work for the Governance Committee[4]

This is a process, lead by a board committee, which expands the traditional nominations process and nominating committee role. It is useful for the committee to have approximately 5 members, at least 2 of whom are not board members.

Purpose of the Process

Monitor and facilitate healthy development and operation of the board, its committees, and the individual board members. To this end, the process helps build community relationships, recruit volunteers for roles within the organization, provide for development and training of volunteers, evaluate performance of the board and the board members.

Purpose of the Committee

Draft policies to support the process including: board and committee job descriptions and limitations. Lead and guide the process; encourage board understanding and participation. Monitor performance and facilitate change.

Scope of Authority
1. **Policy Role**

As necessary, review policies relative to board and committee jobs and limitations. Articulate performance expectations common to all board members. Recommend policies regarding operations of the board.

As requested by the board, develop alternatives for policy modification and present with their respective implications to the board for decision.

2. **Cultivation**

Work with board, staff and other appropriate committees to identify candidates for involvement in the organization and develop cultivation strategies to strengthen relationship with these individuals.

3. **Identifying Organizational Needs**

Work with board, staff and committees to identify volunteer needs and the requisite skills, personal qualities, and diversity screens. Create necessary support materials to communicate this information.

Develop a process for going out into the community to identify, interview, qualify, recruit and place individuals within the organization.

4. **Assessment Role**

Develop and carry out board and board member assessment processes. Draft an assessment tool for the board as a whole – a governance self-assessment – and create the mechanism for using it on a regular (perhaps every two years) with the board. Draft an assessment tool for evaluation of incumbent board members, for use on an annual basis.

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[4] Often called the Nominating Committee. However, this expanded vision benefits from a new committee name. Consider: Governance Committee, Board Development Committee, Governance Committee, etc.

5. Recommend Committee Chairs

During its reviewing and interviewing processes, the Committee gets to know leadership volunteers. This Committee can then make annual recommendations to the board president concerning candidates for chairs for committees.

6. Board and Committee Orientation and Development

The Committee is responsible for designing an annual orientation for the full board (both new and incumbent), committee chairs and committee members. It is recommended that the board orientation be scheduled as the first meeting after the election. This allows new board members to feel welcome right away.

Committee chairs are not recruited until after the election. As soon as they are appointed and have recruited their committees, consider having an orientation when all the committee members get together to learn about the organization and its new goals. Remember, committees should always include non-board members.

As the year progresses, it may be come apparent that additional development opportunities would be a good idea. Perhaps the board would like a workshop - at a regular board meeting - to discuss fund-raising. The Committee could recruit a presenter and plan this session. The Committee might also recommend that board members attend community workshops.

7. Annual Board Election Process

Set the context: Review job descriptions, performance expectations of board members and traits of a useful trustee.

Identify Needs: Given where the organization is at this point in time, identify the necessary skills and representation to help get you there. Review this list with the board to gain concurrence. Compare incumbents to requirements and identify any gaps. Prioritize this list and review with board.

Evaluate: Evaluate incumbent directors based on performance assessment tool. Identify individuals who are not meeting expectations. If their terms are expiring, determine if you wish to renominate them or thank them for their contribution and release them. If you wish to renominate an individual whose performance has been weak, talk to them first. It is important you that you re-communicate expectations and find out why the individual has been unable to do this currently.

Target and Interview: Target individuals to fill the gaps in skills and identify ways to access the individuals. Convene a meeting/interview with each candidate and a representative of the Committee. It is also best to include the executive director in the interview. Conduct the interview in accordance with the draft "script."

Evaluate: With the full Committee, evaluate the results of the candidate interviews. Select those candidates for election to the board. Select the slate of officers.

Invite and Confirm: Contact the candidates and confirm their willingness to serve, adhering to the specified performance expectations. Reiterate the responsibilities. Specify the term of election. Send a confirmation letter specifying the election date, date of the board orientation, and regular board meeting dates.

Nominate and Elect: Present the slate of officers and board members for election. Elect.

<u>What volunteers should expect of staff</u>

Darn good enabling
And what staff is obligated to provide!

Introduction
One of my biggest concerns for the nonprofit sector is the lack of effective enabling by staff. I deeply believe that it is the job of staff to effectively enable fundraising volunteers and governance volunteers.

We professionals cannot expect that board members (or other volunteers) will acquire the body of knowledge and expertise in fundraising or governance. Professionals must acquire the body of knowledge and expertise – and then enable volunteers to do that work.

I first wrote about my concept of enabling in the mid 1990s. Then I explored this concept in my first book, *Strategic Fund Development: Building Profitable Relationships That Last*. Over the years, I've expanded the concept from fundraising into governance. And I've added enabling functions based on conversations with colleagues around the world.

Use these enabling functions to strengthen your fund development and governance. Use these enabling functions with your own staff, too.

Enabling <u>functions</u>
1. Transmit the organization's values.

2. Engage volunteers in the meaning of your organization.

3. Articulate expectations and clarify roles and relationships.

4. Respect and use the skills, expertise, experience and insights of volunteers.

5. Engage volunteers in process as well as tasks.

6. Provide direction and resources. Explain why not just how. Identify and remove barriers, and help develop skills.

7. Coach and mentor people to succeed.

8. Transmit the body of knowledge and best practice, helping others anticipate next practice. (And this includes helping people distinguish between unqualified personal opinion and the body of knowledge.)

9. Communicate – which includes helping people transform information into knowledge and learning.

10. Encourage people to question organizational and personal assumptions and ask strategic and cage-rattling questions.

11. Engage people in meaningful conversation that produces learning and change.

12. Ensure quality decision-making.

13. Anticipate conflicts and facilitate resolution.

14. Encourage volunteers to use their power, practice their authority, and accept their responsibility.

15. Model behavior.

16. Manage

17. Create opportunities / strategies to buy more time to think things through. (Cohort 14, Saint Mary's University Philanthropy and Development Program)

18. Enhance attrition (and facilitate thank and release, if necessary).

19. Monitor, evaluate, and enhance enabling.

Enablers have the right <u>attitude</u>. Enablers:
1. respect and trust others;

2. are trustworthy themselves;

3. are comfortable with diversity and complexity;

4. welcome divergent opinions;

5. are flexible and comfortable with change;

6. commit to process as well as outcome;

7. appreciate conversation and disagreement;

8. share responsibility for success;

9. acknowledge responsibility for failure;

10. balance personal ego with egos of others;

11. persevere; and,

12. are patient.

Enablers possess essential <u>skills</u>. Enablers are:
1. organizational development specialists

2. proficient teachers and learners

3. effective communicators (listening, informing and helping to transform information into knowledge);

4. critical thinkers (anticipating problems, identifying solutions, and redirecting volunteer energies);

5. strategists (analyzing situations, identifying barriers and opportunities, capitalizing on strengths, and ensuring action and results);

6. comfortable with conflict and resolve conflict through shared power with as many individuals as possible; and,

7. effective motivators and can focus and manage people well.

Selected resources about governance

A few books
- Bowen: *The Board Book: The Insider's Guide for Directors and Trustees*
- Carver: *Boards That Make A Difference*
- Chait, Ryan and Taylor: *Governance as Leadership: Reframing the Work of Nonprofit Boards*
- Cornell-Feist: *Board Meetings: A Guide for Charter Schools* (useful for board meetings of any type of organization)
- Dayton: *Governance is Governance* (monograph published by the Independent Sector)
- Robinson: *Great Boards for Small Groups*

Great articles from *Harvard Business Review,* www.hbr.org:
a. Herzlinger, R.E. (July-August 1994). "Effective Oversight: A Guide for Nonprofit Directors."
b. Taylor, B.E., Chait, R.P., and Holland, T.P. (September-October 1996). "The New Work of the Nonprofit Board."
c. Conger, J. A., Finegold, D., Lawler III, E.E. (January-February 1998). "Appraising Boardroom Performance."
d. McFarlan, F.W. (November-December 1999). "Working on Nonprofit Boards: Don't Assume the Shoe Fits."
e. Sonnenfeld, J.A. (September 2002). "What Makes Great Boards Great."
f. Nadler, D.A. (May 2004). "Building Better Boards."
g. Pozen, R.C. (December 2010). "The Case for Professional Boards."

Great articles from *Nonprofit Quarterly,* www.nonprofitquarterly.org:
a. Bell, J. (Spring 2011). "Beyond Financial Oversight: Expanding the Board's Role in the Pursuit of Sustainability."
b. Bradshaw, P. and Fredette, C. (Spring 2011). "The Inclusive Nonprofit Boardroom: Leveraging the Transformative Potential of Diversity."
c. Freiwirth, J. (Spring 2011). "Community-Engagement Governance: Systems-Wide Governance in Action."
d. Guo, C. (Winter 2007). "Government Funding and Community Representation on Nonprofit Boards: The Bargain We Strike."

And some of the best stuff
- See my web column and articles about boards, board members, committees, firing lousy board members, and destroying all executive committees – at www.nonprofitquarterly.org.
- See the extensive Free Download Library (and my blogs) at my website, www.simonejoyaux.com.

About me, Simone P. Joyaux, ACFRE

In 2013, I began my 26th year as a full-time consultant. Previously, I served as an executive director and a chief development officer. I'm very proud that professionals around the world describe me as one of the sector's "most thoughtful, inspirational, and provocative leaders." (I particularly like the "provocative" description. I see myself as a change agent, a questioner of the status quo, an agitator.)

Areas of expertise: fund development, board development and corporate governance, and strategic planning. Clients: all types and sizes of nonprofits. Teaching: At conferences all over the world; faculty member in the Masters Program in Philanthropy and Development Program at Saint Mary's University of MN. Recent Board Service: Planned Parenthood of Southern New England. Former Chair of CFRE International. Founder: Women's Fund of RI, a social justice organization. Books: *Strategic Fund Development* (first edition published in 1997; 3rd edition published in 2011 by John Wiley and Sons), and *Keep Your Donors* (co-authored with Tom Ahern).