# Highly Effective Boards of Directors

It is recognized that the board of directors plays an important role in nonprofit organizations. Given the increasing pressures facing nonprofits, the need for boards to be informed, engaged, and effective is critical. From research produced by ASU's Center for Nonprofit Leadership & Management, insights about what makes for highly effective boards is revealed.

The ability to effectively locate and secure highly capable volunteer board members is an ongoing challenge experienced by many in the nonprofit field. In the nonprofit board governance literature much has been written in regards to recruiting, training, and evaluating boards and board members.

The belief is that board development practices help agencies obtain competent board members and in turn having competent board members leads to improved board performance.   Board development is considered to have three components: the recruitment process, training, and evaluation. There are several key board development practices within each component that can help nonprofit organizations secure highly capable board members. This idea is shown in the diagram below:
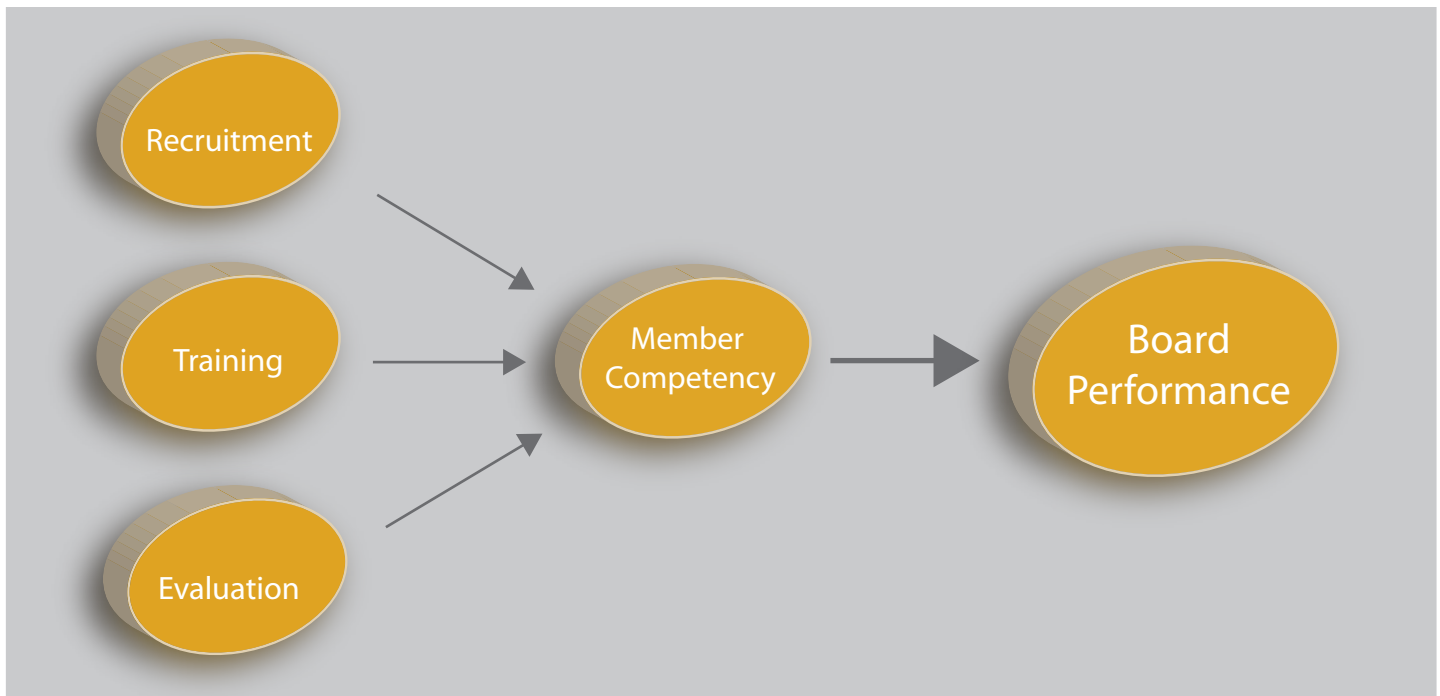
Recruitment

Recruitment involves the processes for identifying and recruiting board members. Recruitment includes first identifying what skills and talents an organization needs on the board, secondly determining what procedure/s can be used to help identify and select people with those desired skills, and finally, attracting those people to participate on the board. Examples of effective recruitment practices include:

- Having a nomination committee that works year round to identify a wide variety of potential candidates
- Having strategies in place to ensure diversity of new board members
- Developing competency and skill profiles and using them to nominate new members

Training

Training involves the ways in which an organization prepares its board members to able to address the many issues they will be facing as board members for that particular organization. Training may include such activities as an initial orientation that provides basic information to members and/or ongoing educational opportunities that respond to the needs of the board and to the changing environment in which they and the organization operates. Examples of effective training practices include:

- Providing orientation for new board members
- Having a process for preparing new board members for their roles and responsibilities
- Having a plan for strengthening the board

Evaluation

Evaluation is viewed as one way to insure the continued effectiveness of the board's performance. Evaluation can be carried out through assessments of the overall board's performance or the performance of individual board members. Examples of effective evaluation practices include:

- Developing and utilizing a process to evaluate individual board member's performance
- Developing and utilizing a process to evaluate overall board performance
- Having policies or strategies in place to remove or replace low performing members

Member Competency

Highly capable board members are ones who:

- Have appropriate skills to understand the complexities of the work or the organization
- Understand and contribute constructively to issues being discussed
- Contribute to making the board function effectively
- Commit sufficient time to perform their responsibilities
- Come to meetings prepared
- Have needed experience and background to be effective

Board Performance

Effective board performance is made up of several key functions and processes including:

- Evaluating and selecting the senior executive
- Serving member interests and needs
- Marketing and promoting the organization
- Setting mission, policies, and long-range strategy
- Ensuring consistency and high quality leadership
- Providing financial oversight

Connecting nonprofit sector research and leadership

In order to examine the assumptions that board development practices have an affect on board member's capabilities and the way the board functions, a survey was conducted with 1,051 CEOs and board chairs of 713 credit unions. Credit unions are member-benefit nonprofit organizations and rely almost exclusively on voluntary board members in an oversight capacity. This survey looks at the ways in which these organizations locate and retain board members and suggests answers to the following questions:

1. Do best practice recruitment strategies lead to highly capable board members?
2. Do best practice training and orientation lead to highly capable board members?
3. Does performance evaluation lead to highly capable board members?
4. Do highly capable board members lead to improved overall board performance?

If used well, recruitment practices can improve the make-up of board members. Unfortunately, implementing effective recruitment is often a challenge for many nonprofit organizations. For example, it is recognized that informal networks of people are often helpful in locating potential new members however if those referrals are limited or only a few people provide them, then the benefits are lost. Additionally, although one of the most important things an organization can do is be aware of what they are looking for in a board member and having clear selection criteria based on that, few organizations have such strategies in place.

A second component of board development, training, was also shown to have a direct influence on the perception of board member competencies and overall board performance. This is understandable given that most board development training focuses on educating board members on the roles and functions of a board. What this means is that these trainings may serve to refocus board member's efforts on the appropriate activities of a board member without actually changing the individual member's capabilities.

Upon analysis, the research shows that certain board development practices *do* lead to more capable board members and these talented board members *are* a significant predictor of overall board performance.

About the Researcher
William A. Brown is an Assistant Professor in the School of Community Resources & Development and an affiliated faculty of the Center for Nonprofit Leadership and Management at ASU. He coordinates the graduate certificate program in nonprofit leadership and teaches classes in Program Evaluation and Human Resources. His research focuses on boards of directors, leadership, and organizational effectiveness in nonprofit organizations. He regularly consults with nonprofit organizations to improve board and organizational performance. This monograph is an overview of research conducted by Dr. Brown, "Board Development Practices and Competent Board Members: Implications for Performance." The full article is forthcoming in the Journal of Nonprofit Management & Leadership, published by Jossey-Bass. The study was sponsored by the Filene Research Institute of Madison, Wisconsin. (www.filene.org)

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Contact: Board Project Manager, Andrew Ortiz | (480) 965-7593 DIRECT | (480) 965-0607 MAIN | andrew.ortiz@asu.edu

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