

Board Governance – 6 Keys to Successful Oversight

Source: Alyson H Ball, www.BoardsThatExcel.com

There are many definitions of Board Governance – most of which are broad and theoretical. But when I consult with boards who are interested in improving their ability to govern, I like to use a more practical definition that includes 6 key areas of focus. Additionally, I provide a few examples of actions or evidence that supports each of the six focus areas. This list, with its qualifiers, helps board members see how to work more effectively with their CEO and staff, and implement good board governance.

Below are the 6 focus areas of good board governance – and some examples of actions or evidence against which you can measure your ability to govern and lead.

- 1. Ensure that the organization is adhering to its mission.**
 - a. There's a crisp, clear one-sentence mission statement for the organization.
 - b. All projects that are not within the scope of this mission statement are eliminated.
 - c. If any potential funding or programs fall outside of the mission, they are discussed thoroughly and need to be approved by the board.
- 2. Approve and follow a strategy for the organization.**
 - a. Be sure the organization has a strategy (a minimum of 3 years out).
 - b. Know how the organization is evolving and why.
 - c. Agree on the key milestones that are expected to be achieved and their due dates.
 - d. Debate thoroughly all funding, programs, or projects that fall outside of this strategy.
 - e. Any changes to the strategy require board approval.
- 3. Maintain a financially sound organization.**
 - a. Establish an annual expense budget and an annual fundraising budget.
 - b. Ask the CEO to present the actual vs. budget (both expenses and fundraising) at every meeting – at last quarterly. Make sure the entire board understands these reports.
 - c. Create financial policies for the organization (cash handling, rainy-day funds, and investments) and be sure they are followed.
 - d. Hire an outside auditor annually.
- 4. Approve all policies and be sure they are being followed.**
 - a. These minimum policies are in place: conflict of interest, ethics policy, values statements.
 - b. These organizational policies need to be approved by the entire board: Financial Policies, Human Resource Policies, Donor Policies, Operations Policies.
- 5. Inspire and manage the CEO.**
 - a. Set up annual objectives (of accomplishments) for the CEO.
 - b. Make sure the Chair of the Board reviews the CEO annually. (written and verbal)
 - c. Insist on training and development for the CEO (and all staff members) each year.

- d. Talk about the career path of the CEO each year – make sure you're on track.
- 6. Create board sustainability.**
- a. Create meaningful committees that work closely with the staff and provides both oversight (governance) and organizational support.
 - b. For each board committee, create a brief, annual action plan for the work that will be achieved by that committee.
 - c. Know what skills are required on your board.
 - d. Create an annual system of recruitment and orientation that replenishes the skills of the board members whose terms are expiring at the end of each year.
 - e. Conduct a board self-evaluation annually.
 - f. Create a strong, supportive team that enjoys working together.

If your board meetings are not focused on the decisions required to govern properly, you should encourage your board to make some changes now. Not only is the board legally responsible to address these key areas of an organization, but it makes sense that the leaders of the organization focus their time and attention on these 6 key issues.

Send this article to your Board Chair today. Sit down and discuss how you can work together to create a board that governs wisely and thoroughly.

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