

BUILDING AND SUSTAINING AN EFFECTIVE BOARD ---CONSIDERATIONS FOR NGO BOARD COMPOSITION

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Understanding the What & How of Board Composition

Q : What is the “Ideal” Board Composition ?

A : Do not have the RIGHT thing,
Just Do the things RIGHT

Q : How to find the “right” Board Member ?

A : How to make right the organization so to
attract, engage and commit the person ?

Understanding the What & How of Board Composition

Normative Approach + Analytic Approach*



Classic rational
process &
structure



Contextual, history,
relational & group
culture

- **What is it that attract, engage & commit ?**
 - **How to do it better ?**

• *H. K. Anheier (2014)

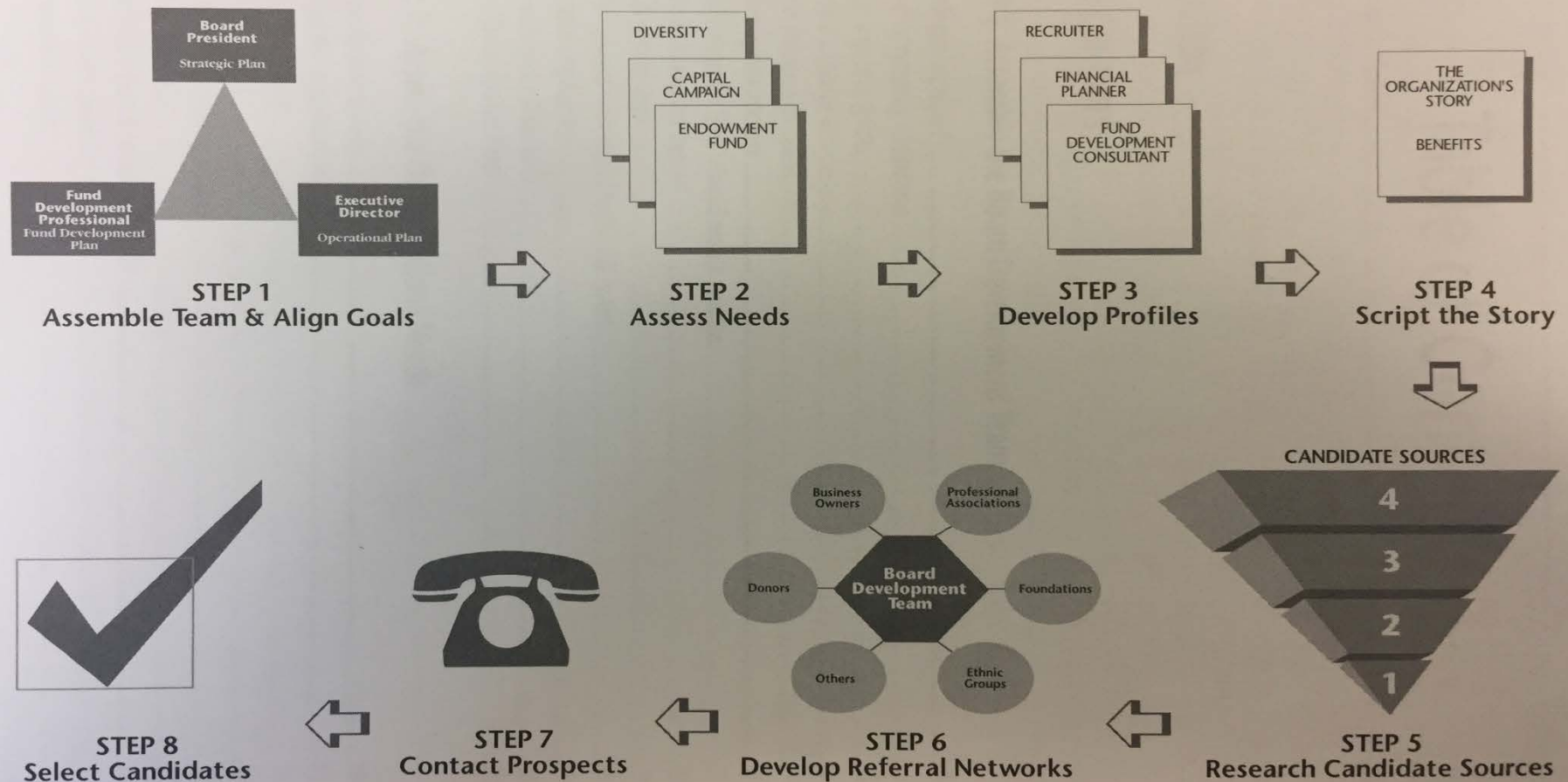
The Normative Approach

Rational Process & Structure :

- Identify – Representation + Expertise + Resource criteria (diversity & mandate)
 - Recruit – Formal process + Referrals + the Invitation
 - Orientate – Induction + Placing
 - Engage – Develop shared leadership & accountability
 - Rotate – Term limits + Keep the Board fresh
-
- Available guidelines, templates & benchmarks for reference
 - Systematic & on-going process – set up a governance development or nominating committee
 - Role of Chair & CEO in the process

“Strategic Board Recruitment :The Not-for-Profit Model”, Kile, R.W. & Loscavio, J.M., An ASPEN publication

VISUAL SUMMARY: THE EIGHT-STEP RECRUITMENT PROCESS



The Analytic Approach

Understanding the group context, history, culture & relationships :

1. Cycle of Organization / Board Development
2. Internal Relational Dynamics & Group Culture
3. External Perception & Branding
4. Board – Management Interactive relationships

Need to identify the **Enablers & Barriers** to actively manage board recruitment, composition and engagement for high board performance

1. Board Development Cycle & Board Composition

Key Issues :

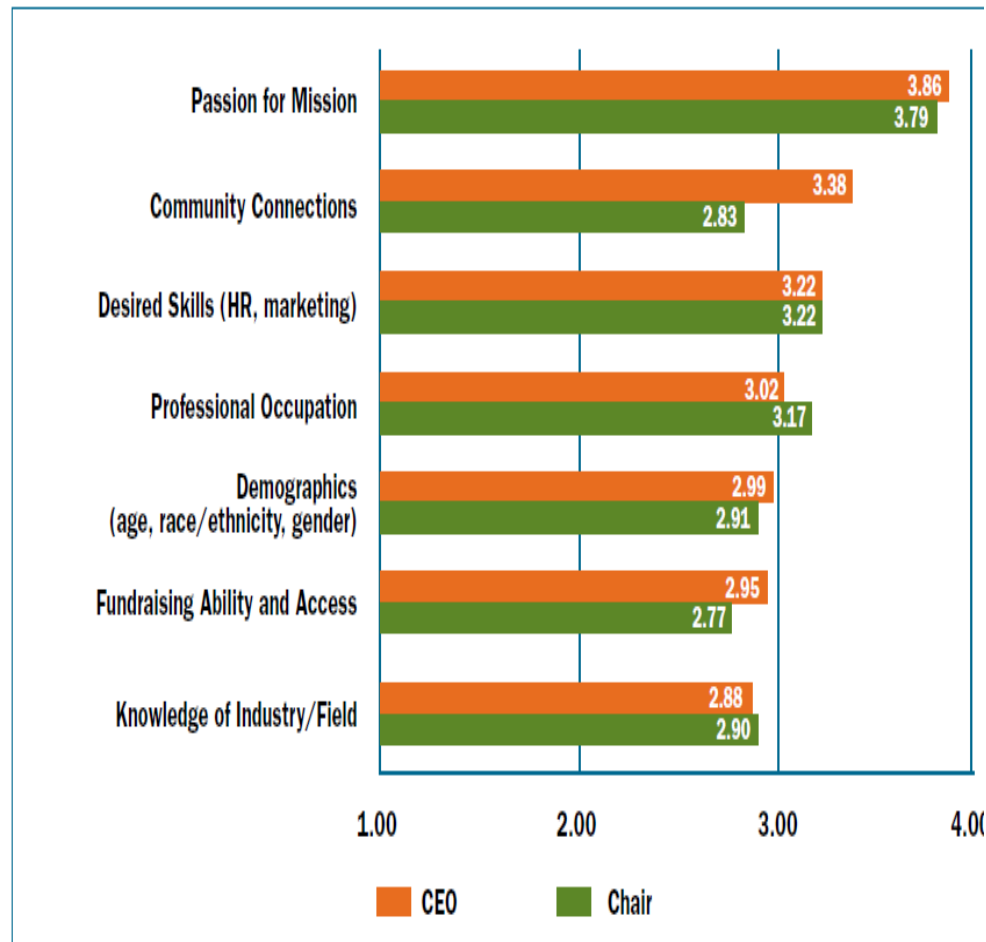
- The NGO Development life stage and organization needs
- Founder & 1st Generation Board influence + legacy
- 2nd Generation mentality + edge

Personal Attributes Desired in Recruiting New Board Members HKCSS + BoardSource: 2015 National Index survey of Nonprofit Board Practices

HKCSS Board Survey R

Commitment to the vision and mission of the organization	93%
Professional knowledge	72%
Knowledge of the organization and its services	57%
Experience in or knowledge of the social service sector	29%
Networks with stakeholder groups	21%
Experience as board members of other NGOs	7%
Social status	6%
Others	6%

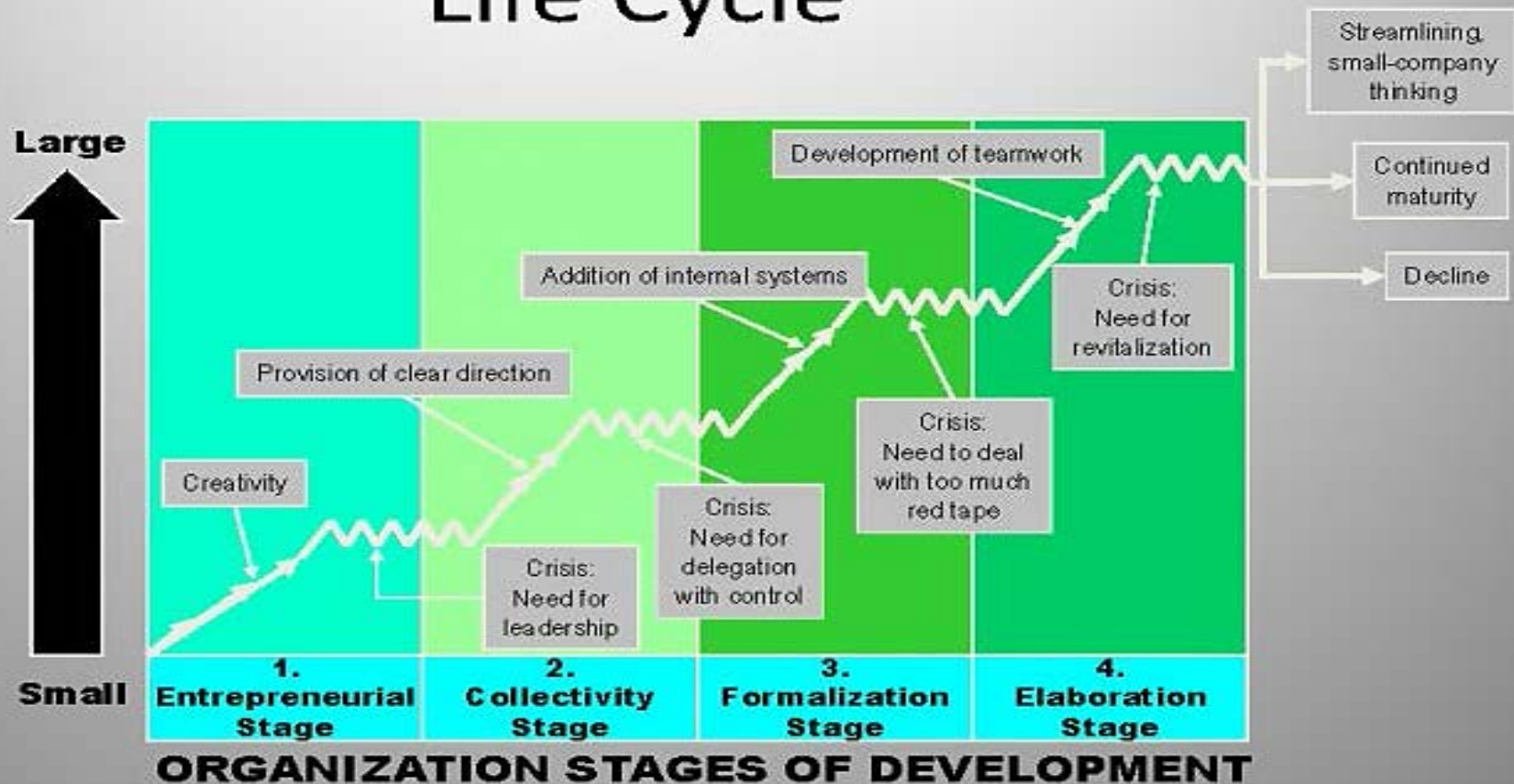
Figure 10. Importance of Criteria for Recruiting Board Members (Q4.3 CEO; Q2.3 Chair)



1 = Not a priority, 2 = Low priority, 3 = Medium priority, 4 = High priority

THE "BEST FIT" CANDIDATE

Organizational Life Cycle



Source: Adapted from Robert E. Quinn and Kim Cameron, "Organizational Life Cycles and Shifting Criteria of Effectiveness: Some Preliminary Evidence," *Management Science* 29 (1983): 33-51; and Larry E. Greiner, "Evolution and Revolution as Organizations Grow," *Harvard Business Review* 50 (July-August 1972): 37-46.

➤ Board should change and grow with the organization

1. Board Development Cycle & Board Composition

Learning :

- All-time good criteria has to be aligned with developmental stages & timely priorities of the organization
- Alert of the Founder / 1st Gen legacy on the board functionality & decision making
- Aware of perception & feeling of prospects and new-comer

2. Internal Relational Dynamics & Group Culture

- “Long-standing friendship ties and obligations among members may stand in the way of full stewardship of the organizations “
- “noisy constitutional boards make decision making difficult”
- “strong ties to high-status members are conflict-averse and do not engage in discussions concerning controversial organizational issues”

Middleton 1987

2. Internal Relational Dynamics & Group Culture

Key Questions :

- Are the group dynamics and culture conducive for members to voice & participate in board discussions & decision making ?
- Do members feel that they are contributing ?
- Is their “board within board” or social closed groups that make new members feel excluded and difficult to mix in ?
- Is the Board inviting and cultivates a sense of belonging & identity among new members ?

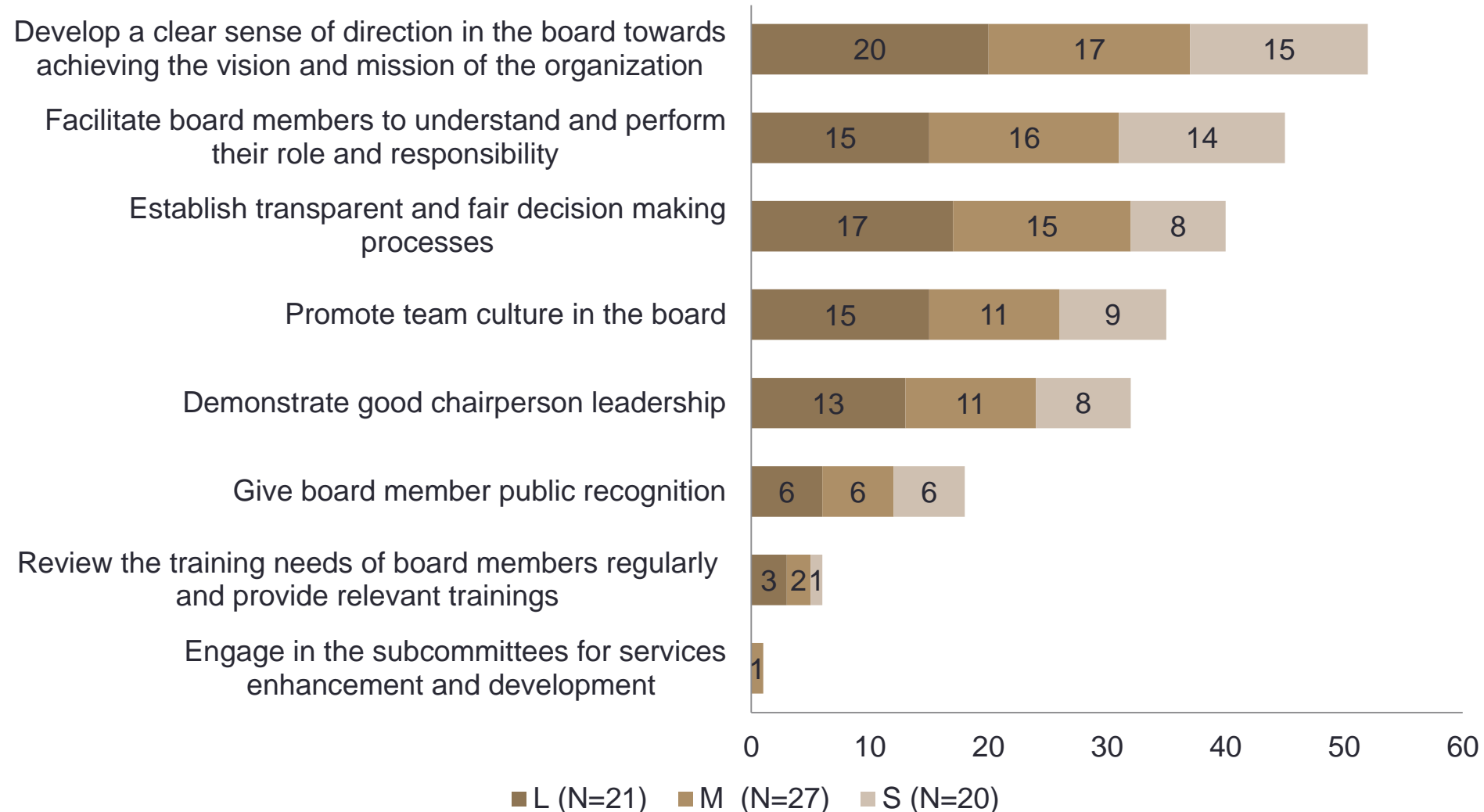
BoardSource Survey 2015

Figure 29. Board Dynamics: Indicators of Shared Leadership and Board Engagement

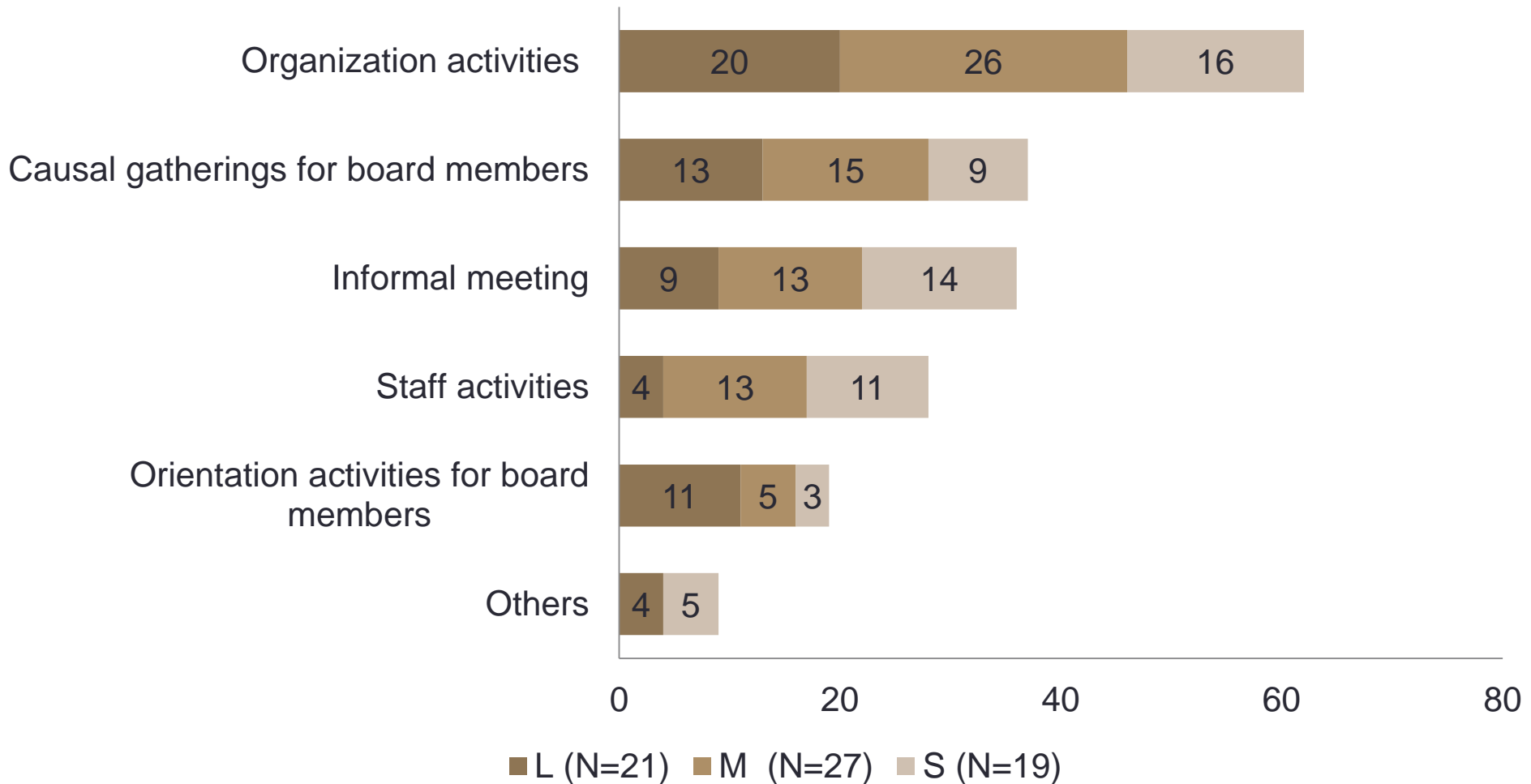
(Q9.1, 9.2 CEO; Q5.1, 5.2 Chair)

	Strongly Disagree	Disagree	Agree	Strongly Agree
Board members listen attentively to each other.	0%	6%	55%	39%
Each board member contributes unique perspectives to issues under consideration.	1%	12%	61%	26%
At board meetings, different individuals take the lead on topics or issues.	1%	17%	58%	24%
The majority of board members are actively engaged in overseeing and governing the organization.	2%	20%	60%	19%
Generally, all board members participate in discussions versus conversations dominated by a few or the same individuals.	1%	25%	56%	17%
Board members help develop each other's strengths.	2%	35%	49%	14%

HKCSS Board Survey - Strategies for Engaging Board Members



HKCSS Survey - Major Types of Channel or Activities of Board Member Engagement



BoardSource Survey – Role of the Board Chair

Figure 30: Board Chair Report Card from CEOs (Q9.3 CEO)

How would you grade the leadership of the current board chair in the following areas?	Grade			
	A	B	C	D/F
Cultivates a productive, constructive partnership with the CEO	55%	24%	14%	7%
Fosters an environment that builds trust	42%	33%	19%	6%
Is able to resolve conflict, build consensus, and reach compromise	33%	33%	25%	9%
Encourages board to frame and discuss strategic questions	34%	29%	25%	12%
Establishes clear expectations of board service	23%	34%	27%	15%

2. Internal Relational Dynamics & Group Culture

Learning :

- Identify the barriers to engagement
- Conscious engagement efforts are necessary
- Role model of Chair

3. External Factors – Image & Branding of Board

Key Questions :

- Do Board members **feel proud being seen associated** with the NGO ?
- The **socio-economic status** & the **political affiliations** of existing Board members may be an attraction and deterrence for new members
- Presence of **charismatic and “high connectivity” character** in the Board

Learning :

- **Board deserves to be appreciated**
- **People have choice**

4. Board-Management Relationships

- HKCSS survey – 38% NGOs replied “being nominated by CEO” as major channels of board recruitment
- Delicate paradoxical relationship between Board & Executive :

Board	Executive
<ul style="list-style-type: none">• Hires, fires and supervises the Executive• Holds final decision	<ul style="list-style-type: none">• Knows more, serve as educator of the Board• Holds functional authority
<ul style="list-style-type: none">➤ Strong Board not to dominate the Executive	<ul style="list-style-type: none">➤ Strong CEO not to capture Board

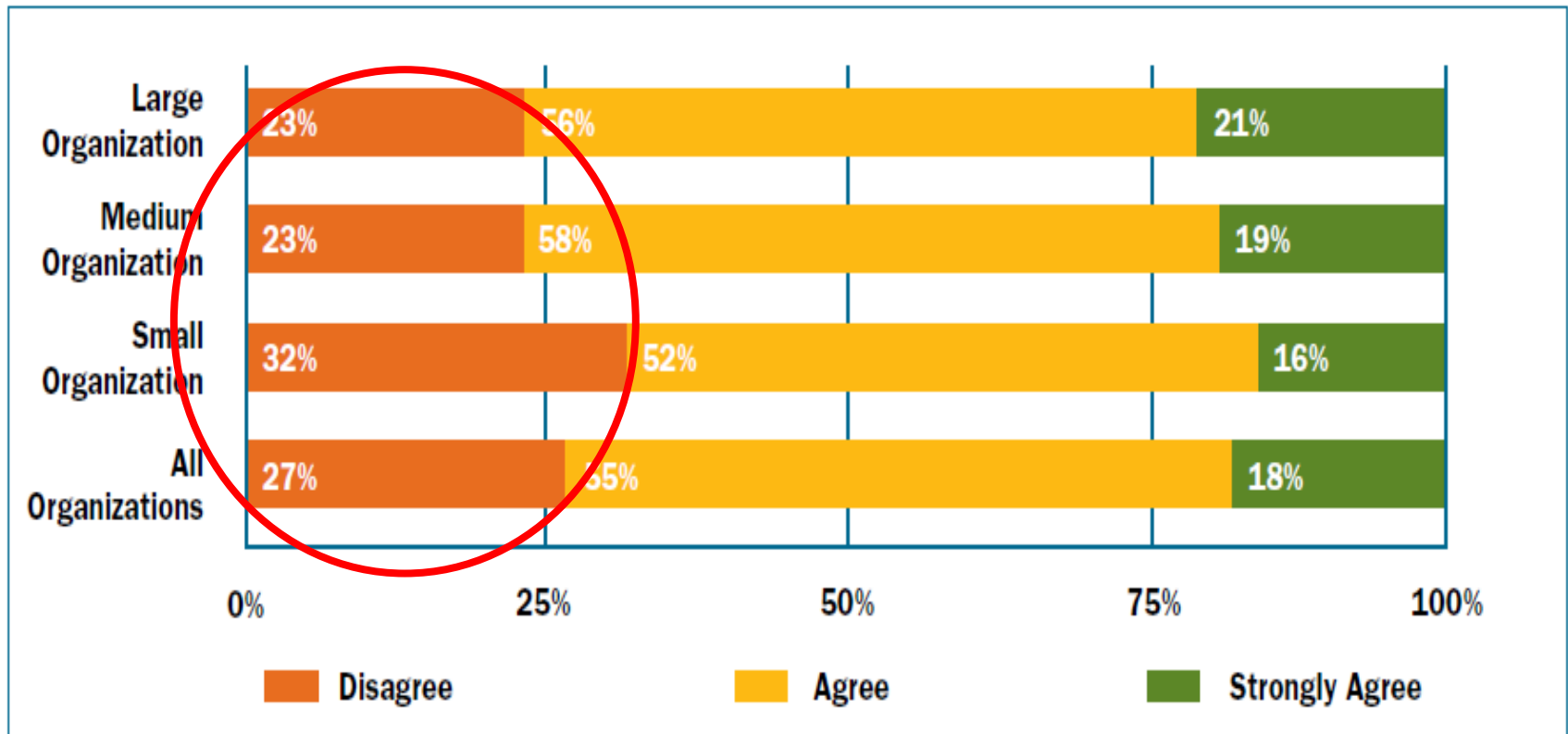
- Issues of Role Clarity, Trust and Communication
- Caution : not to stifle initiative & dampen performance for both sides

BoardSource Leading with Intent Survey 2015

Sharing leadership is a delicate balancing act. Understanding, defining, and adhering to the respective roles of the board and chief executive in nonprofit governance is no small feat. And, it looks different depending on where you sit. **65%** of board chairs, compared to **42%** of CEOs, strongly agree that the CEO involves the board in leading the organization.

BoardSource: Leading with Intent – 2015 National Index survey of Nonprofit Board Practices

Figure 9. The Right Board Members for Oversight and Governance (Q9.1d CEO)



Large = \$10 million or more operating budget, Medium = \$1 million - \$9.9 million budget, Small = Less than \$1 million budget

- >1 in 4 CEOs do not agree that they have the right board members to oversee & govern their organization is an issue of concern

BoardSource : Board- CEO Constructive Partnership Practices

- The Skills & Mentality of the CEO are critical to Board Composition & Engagement

Figure 31. Constructive Partnership (Q9.1, 9.2 CEO; Q5.1, 5.2 Chair)

	CEO	Chair
Communication between the CEO and board is open and honest.	3.56	3.61
There is effective collaboration between the CEO and board on major decisions.	3.49	3.62
The CEO actively involves the board in leading the organization.	3.37	3.60
The board openly discusses and challenges recommendations made by the CEO.	3.33	3.48
I can share and discuss my mistakes with the board without fear they will hold them against me.	3.28	3.46
Board members help develop each other's strengths.	2.76	3.09

1 = Strongly disagree, 2 = Disagree, 3 = Agree, 4 = Strongly agree

4. Board-Management Constructive Partnership

Learning : Enabling Actions by CEO (or Chair) as Board organizer, facilitator and developer :

- Managing the group dynamics to allow and support members participation
- Developing group identity, shared goals & ownership
- Attention to the individual, understanding expectations, strength in contributions and board career planning
- Group and individual leadership development

“BOARD MEMBERSHIP IS A
LABOUR OF LOVE”

McKinsey & Co

THANK YOU