

Management Tip

A Look in the Boardroom Mirror

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Any nonprofit corporation — which includes most cooperatives — is required to have a governing board of directors, accountable to the membership. Board members have legal or fiduciary duties, including the duties of care, loyalty and obedience. Serving on a board is not only an opportunity to contribute to a worthwhile effort, it is also a very serious responsibility.

So, how does a board know if it is governing effectively? One of the best ways is to conduct a periodic self-assessment. This provides the board with a chance to step back and take a good, hard look at how well it is governing.

But before a board can assess itself, it should have a “job description,” or a well-defined set of roles and responsibilities. Once board members are certain of what they should be doing, they can evaluate how well they are doing.

Board job description

Members of the board are responsible for governance, leadership and fiscal stewardship. Some typical responsibilities for boards are to:

- Set the mission of the cooperative;
- Hire, support and assess the performance of the chief executive;
- Plan strategically for the co-op's future;
- Develop sufficient policies to guide the co-op consistently;
- Measure organizational progress;
- Ensure the co-op has adequate resources;
- Monitor and inform the membership on the co-op's progress;
- Enhance the image of the cooperative;
- Ensure sound governance practices.

This list provides a guideline for developing a group of job descriptions, outlining the responsibilities for board directors,

board officers, board committees (if any), the attorney, auditor and chief executive officer. When boards do not have the leadership framework specifically defined, they often experience uncertainty and inefficiency, resulting in poor leadership.



Areas to evaluate

There are many generic board evaluation tools available. Most of these include questions measuring the following areas:

- Board orientation;
- Active involvement in planning and priorities;
- Measuring CEO performance;
- Ensuring the co-op is financially sound; funds are managed effectively;
- Demonstrating an understanding of leadership roles;
- Maintaining high credibility with members;
- Operating within co-op mission and values;
- Obeying bylaws, policies, etc.;
- Maintaining a positive partnership with the CEO;
- Exhibiting conflict-resolution and decisionmaking capabilities;
- Ensuring that meetings are run efficiently.

These are all very good areas to measure, but experts in the field of performance evaluation agree that boards are more likely to find the process productive if they put together a thoughtful instrument, designed to measure specific outcomes. Although looking at other existing self-evaluation questions is a good place to start, you'll have greater success if you customize your questions to fit your own cooperative.

Individual board member assessment

In addition to the board evaluating itself as a whole, there can be value in having each board member assess his or her own expertise in governing. This could be a private undertaking and could primarily serve as a “check-up” or a reminder for the individual. It could also be included in an orientation package, preparing the individual board member for this important role.

A self-assessment could include such questions as:

- Do I understand the meaning and value of a cooperative?
- Do I fully understand my co-op's mission?
- Do I understand the co-op's financial statements?
- Do I thoroughly prepare for each board meeting?
- Do I truly understand each issue before I place my vote in a board meeting?
- Do I take advantage of educational opportunities and improve my ability to govern well?
- As a co-op leader, do I take advantage of opportunities to represent my coop in the community?
- Do I understand the confidential nature of issues discussed by the board?
- Do I leave board meetings feeling unified and prepared to support the decisions made by the board?
- Do I find serving on the board to be a satisfying and rewarding experience?

Aligning the assessment with the strategic plan

To really make the board evaluation a valuable tool, tie it directly to the goals and strategies of the organization. In today's climate, members of cooperatives and other nonprofits are seeking greater transparency and want to see evidence that board members are behaving professionally. A board evaluation tied to the strategic plan demonstrates that professionalism and accountability. The best time to develop this assessment is immediately following a strategic planning session. While the planning is fresh, simply ask yourself: "How will we know if we are doing what we anticipated?" For example, suppose one of your goals is to enhance member relations, and one of your strategies within that goal is to develop a new, "Members Only" area on your website. In this case, assessment questions might include: "Did the board monitor the progress of and provide support

for management in the development of the new website project?" Or, "Have we requested and reviewed reports from management about the use rates and member satisfaction of the new website pages? Boards that take the time to develop these strategic questions have the opportunity to measure their progress toward specific plans and goals. The process of self-assessment can result in sharper, more focused board members who are prepared to shape the future of their cooperative. It will also likely improve communication among directors.

Steps to take

The first step is for the board to reach agreement that it wants to conduct a self-evaluation and that it is committed to the process. There should be a thorough discussion about the method used and the desired outcome. The board should establish a timeframe for the process and determine if an outside facilitator will be used. Once the details of the process have been worked out, a questionnaire should be developed and administered. When everyone has completed the evaluation, someone will gather and analyze the responses. If a facilitator is being used, that person can summarize and analyze the evaluation. Otherwise, consider giving this job to someone trusted and capable to at least summarize the responses. The next step is to develop a plan of action based on the results of the self assessment. There is absolutely no reason to devote the time, energy and budget for such a process if nothing ever changes as a result. Finally, evaluate the evaluation process! The board should learn how to continuously improve this process. □

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