What Makes Great Boards Great

The Idea in Brief

The meltdowns of once-great companies like Enron, Tyco, and WorldCom have riveted attention on their boards. Were the directors asleep at the wheel? In cahoots with corrupt management teams? Out-and-out criminals themselves?

None of the above. And that's what's so scary: Like most boards, those of the fallen giants followed all the rules. Members attended meetings regularly, had lots of personal money invested in the company, and weren't too old, young, or numerous. These boards even had audit committees, compensation committees, and ethics codes.

Yet great boards do far more than just follow good-governance rules. They're robust **social systems**: Their members know how to ferret out the truth, challenge one another, and even have a good fight now and then.

The Idea in Practice

To build better boards, CEOs, lead directors, and board members themselves can work to:

CREATE A CLIMATE OF TRUST AND CANDOR

If you're CEO, share important and difficult information with directors in time for them to digest it—not the night before a meeting. If you're a member, insist on *receiving* adequate information. To discourage members from creating back channels to line managers in pursuit of political agendas, give them access to company personnel and sites—then trust them not to meddle in day-to-day operations.

FOSTER OPEN DISSENT

The willingness to challenge one another's assumptions and beliefs may be *the* most important characteristic of great boards—indicating bonds strong enough to withstand clashing viewpoints. Don't punish dissenters or forbid discussion of any subject. Probe silent board members for their opinions and the thinking behind their positions.

If you're asked to join a board, say no if you detect pressure to conform. Blind obedience puts your—and your company's—wealth and reputation at risk. An ideal board member, Home Depot chairman Bernie Marcus has said, "I don't think you want me on your board. I am contentious. I ask a lot of questions, and if I don't get the answers, I won't sit down."

USE A FLUID PORTFOLIO OF ROLES

Don't let directors get trapped in typecast positions—the peacemaker, the damn-the-details big-picture person, the ruthless cost-cutter. Push everyone—including the CEO—to challenge his or her roles and assumptions. Require a big-picture person to dig deeply into the details of a particular business, or a peacemaker to play devil's advocate. Results? Wider views of the business and its available alternatives.

ENSURE INDIVIDUAL ACCOUNTABILITY

The most effective enforcement mechanism is peer pressure. Give directors tasks—for example, meeting with customers, suppliers, and distributors, or visiting plants or stores in the field—and require them to inform the rest of the board about the company's strategic and operational issues.

EVALUATE BOARD PERFORMANCE

No group's performance is assessed less rigorously than boards—yet no group learns without feedback. To conduct a full board review, a governance committee can evaluate the board's understanding and development of strategy, the quality of board meeting discussions, the level of candor and use of conflict, and the credibility of reports. It can evaluate individuals by examining initiative, preparation for and participation in discussions, and energy levels.

Good Governance 12 Principles

1. Constructive Partnership
Exceptional boards govern in constructive partnership with the chief executive, recognizing that the effectiveness of the board and chief executive are interdependent.

2. Mission Driven
Exceptional boards shape and uphold the mission, articulate a compelling vision, and ensure the congruence between decisions and core values.

3. Strategic Thinking
Exceptional boards, allocate time to what matters most and continuously engage in strategic thinking to hone the organization's direction.

4. Culture of Inquiry
Exceptional boards institutionalize a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision making.

5. Independent-Mindedness
Exceptional boards are independent-minded. When making decisions, board members put the interests of the organization above all else.

6. Ethos of Transparency
Exceptional boards promote an ethos of transparency by ensuring that donors, stakeholders, and interested members of the public have access to appropriate and accurate information regarding finances, operations, and results.

7. Compliance with Integrity
Exceptional boards promote strong ethical values and disciplined compliance by establishing appropriate mechanisms for active oversight.

8. Sustaining Resources
Exceptional boards link bold visions and ambitions plans to financial support, expertise, and networks of influence.

9. Results-Orientated
Exceptional boards are results-oriented. They measure the organization's advancement towards mission and evaluate the performance of major programs and services.

10. Intentional Board Practices
Exceptional board intentionally structure themselves to fulfill essential governance duties and to support organizational priorities.

11. Continuous Learning
Exceptional boards embrace the qualities of a continuous learning organization, evaluating their own performance and assessing the value they add to the organization.

12. Revitalization
Exceptional boards energize themselves through planned turnover thoughtful recruitment, and inclusiveness.

Agile and Efficient: Board Committees and Committee Structures that Work

By Todd Wallace
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The use of committees by boards is ubiquitous—as it should be, considering a small group's agility when compared to a whole board. Unfortunately, boards often end up with unwieldy committee structures, groups that take up time and resources with little to show for it, or committee participants who feel burnt out and overworked.

To avoid these undesirable results, consider the following suggestions when utilizing committees to support your work.

What and why

Understand the basics of why committees are helpful to the board in the first place. A board committee is a small working group assembled by the board, consisting of board members or in some situations, nonboard members, for the purpose of supporting the board's work. Boards might have committees that are either standing or working, also known as ad hoc. Standing committees do work on an ongoing basis; their scope, purpose, and personnel are usually described in a committee charter or similar document. Ad hoc committees are created by the board to fulfill a specific task or objective and are dissolved when that task is completed.

Board committees are useful because their smaller size and relatively informal processes can be more agile and efficient than the whole board's. However, board committees do their work on behalf of the board and in support of the board's overall mission and objectives, not to achieve a purpose of their own.

Ensure that committees take on the appropriate kinds of tasks. Committees can be helpful due to their agility, but they also create some specific challenges. They have no authority by themselves, since legal and moral authority exists with the full board, and their work, because it takes place apart from the board's regular meeting space, often occurs without the awareness or investment of non-committee members. These traits make committee work most appropriate for detail-oriented labor that does not require full board participation.

When you must do deep thinking, consider abstract questions, or make a deeply impactful decision, a committee would likely be inappropriate. For example, an elections committee is well-suited to take on the busy work of organizing an elections process but is less appropriate for exploring deep questions about how democracy should articulate itself in the co-op. See the difference? One is best considered in the context of a smaller, more agile group. The other really needs to be deeply understood and considered by the whole board.

Use committees for: detail-oriented planning and research; organizing a specific event or short-term process; writing and editing; or crafting a proposal or set of options for the whole board to consider.

State it and follow it

Be clear about the purpose and expectations of the board's general use of committees and of the specific committees themselves. Boards should have any expectations about their own use of committees clearly articulated in board policy. It can be helpful for a board to state that its own use of committees should not undermine either the authority of the main group or the ability of the board to communicate holistically, in a unified way. Also, its use of committees should not impair role clarity in the organization, or who is responsible for specific job duties or decision-making. (For an example of these policies, see the Co-op Board Leadership Development Policy Register Template, Policy Title: C7—Board Committee Principles).

In addition, the board should describe in a committee charter for each standing committee its key information, such as the group's specific purpose or product, personnel, or reporting requirements. If the charter is not clear, or does not exist, then it's time for the board to act, rather than for the committee to do this work on its own.

Create transparency about the board's committees' work. As noted, committee work often occurs apart from the whole group, inadvertently leaving non-committee members in the dark. To avoid confusion, have processes in the board's life that allow this work to be described to the board and/or management and integrated into the board's long-term plan.

The details of ad hoc committees, such as who is responsible, what is being produced, and the expected due date of completion, should show up on a board's monthly commitment list to be included in the board packet for each meeting. Finally, assuming the board has policies that govern its own use of committees (see above), boards should take the time to regularly review these policies and the committee charters themselves.

Obey your own rules. It is possible that the co-op's bylaws may dictate how board committees are to be handled: stating who may serve, or who may chair a committee, for example. Know these policies and follow them, or change them as needed.

Self-assess: How do we add value?

Finally, do some self-assessment. Review your committee structure regularly. Avoid the (often well-meaning) tendency for committees to create extra work to justify their own existence or create their own purpose when the board has failed to do so. Examine your systems with an eye towards continual improvement and simplification. Remember, these committees exist to support the board, not the other way around—if a committee is not adding value to the board's work, it should be altered or eliminated

When considering the formation of a new committee, ask yourself: why is it necessary to create a subgroup? How will the subgroup communicate the substance and progress of its work to the board? How will our board hold it -accountable?

For your existing committees, ask: do we have policies that provide guidelines for the use of committees? If so, are we following our own policies? How do our existing committees support

the board's long-term plans and goals? How do our processes create awareness and investment about our committees' purpose and work?

If you serve on a committee, ask: what is our purpose? How do we add value to the board's work? How do we share our progress with the rest of the board? What expectations does the board have of us? What expectations do we have of the board?

Creating Effective Agendas

Ontario Agriculture

An agenda is the framework that helps meetings run effectively and efficiently. It is a step-by-step outline of the topics to be covered at the meeting.

Effective agendas enhance group accomplishments.

- The agenda informs members of accomplishments and priorities.
- It ensures adequate consideration of all issues, events and projects
- It keeps the discussion focused and on track.
- It makes effective use of participants' time.

To be most effective, the chair and key participants should create the agenda prior to the meeting.

The chair plays the lead role in planning the agenda and is responsible for arranging the facilities and chairing the meeting.

- The chair and the secretary communicate the information to those who should attend the meeting.
- Committee chairs research and organize their reports and ensure someone is at the meeting to discuss the subject.
- Members should contact the chair with topics they would like discussed.

Gather Items For Agendas

- Items for the agenda will come from a variety of sources: a review of the minutes from the last meeting, new correspondence, the organization's calendar and input gathered from committee chairs and staff.
- By involving the members in this planning, you will gain more commitment for the activities of the
organization.
- An "agenda planning committee" could be set up to involve more people and distribute the workload while providing training for future leaders.
- Keep in mind that the agenda items should relate to the mandate of the organization.

Consider The Needs Of Members

The social interaction and networking that take place at meetings can make for a more effective and harmonious organization. This is often overlooked when there are many tasks to accomplish.

- Identify why members are involved and consider this when creating the agenda. Some members are involved because they want to make a contribution and be involved in the

planning of activities. Some members are there for the companionship or social interaction. Others may be looking for mental stimulation that could be fulfilled by speakers and educational programs or they may want to develop their skills by taking on leadership roles.

- Be sure to plan some time to set the climate of the meeting. Informal socializing and interaction among the participants establish a positive, constructive atmosphere.
- Consider the length of your meeting. Two to three hours is the maximum time. This provides adequate time to accomplish the meeting's goals and ensures that members leave feeling energized and productive.
- Refreshments and snacks can be included and will act as energizers when the meeting is lagging.

Agenda Items and Responsibility

When all the items are assembled, the next step is to consider what action needs to be taken for each topic. Defining the action helps members focus and move the discussion forward more quickly.

Use action words such as decide, discuss, review, select and complete. Rather than listing "fundraising report" on the agenda, consider the required decisions:

- Review the recommendations of the fundraising committee.
- Decide on the fundraising event for next year.
- Select the speaker for the next event.

Identify the resources needed for each topic. Committee chairs or persons involved with the topic should be asked to introduce the item, provide back-ground and recommendations.

Time Allocation

Assess each agenda item and assign a realistic amount of time for discussion. This is not easy, as everything may not fit into the meeting time frame You may have to establish the priority of items, delay some topics or consider other ways to handle them. Some tips related to the timing are:

- Start and finish on time. Expect that your attendees will arrive on time. If the group is not accustomed to this, give a warning beforehand.
- A group's attention span parallels a bell-shaped curve. The early part of the meeting is the most lively and creative. Discuss topics that need bright ideas and clear, alert heads when the energy level is the highest. Easier items and non-confrontational items should be placed towards the end of the meeting.
- In a tight agenda, there is a temptation to omit the social interaction activities. Try not to do this, as these activities are vital to the well-being of the group.

Approaches For Agendas

The order of the topics on your agenda depends on the approach taken.

Common Order

The following agenda outline is commonly used:

- Call to order
- Approval of agenda
- Reading and approval of minutes
- Officer reports - treasurer, president
- Business arising from the minutes
- Committee reports
- New business
- Adjournment

With this format, the most important decisions tend to be left to the time of the meeting when the participants' energy is flagging.

Information Sharing and Processing

This approach is similar to the common order, but each item that is discussed is labeled as "information sharing" or "information processing."

- Information Sharing (IS) is for information-only items. No discussion is needed, as it is a straight-forward sharing of information. Clarification questions can be asked.
- Information Processing (IP) designates topics that require debate, analysis, discussion, action planning and decision making.
- This method helps the members focus their discussion on those decisions that need to be made and move quickly through the items that are for information only.

Priority Agendas

In this format, all items are categorized and put on the agenda by priority. There are four categories:
- urgent and important
- urgent and less important
- important and less urgent
- less important and less urgent

The agenda is planned with the most urgent and important topics scheduled early in the meeting when everyone is fresh and energized. This method allows for the time and energy necessary to make effective decisions.

Consent Agenda

In this format, the matters that do not need to be discussed or are in the less important and less urgent categories are moved to a consent agenda. This includes information items, procedural items, approval of minutes, previously approved decisions, routine matters, correspondence requiring no action, and information reports.

A consent agenda is not to be used to drive decisions through without proper discussion and debate. It contains items that are for information purposes only. It helps streamline meetings, as it allows more time to focus on the topics of higher priority. When individuals provide written

reports for the meetings, they feel compelled to speak to that report. This is not done with a consent agenda.

For a consent agenda to work well:
- All participants must receive a list of consent items, related reports and supporting materials in advance of the meeting to allow time to review.
- At the beginning of the meeting, the chair asks if any items should be removed from the consent agenda. The only time an item should be removed is when significant further discussion is needed.
- When a member requests an item be removed for discussion, it must be removed and the chair then decides where to place it on the meeting agenda.
- It is permissible to ask questions of clarification on consent agenda topics.
- The remaining consent agenda items are read out by the secretary and the chair states "if there is no objection, these items will be adopted." After a pause for late objections, the chair then says, "As there are no objections, these items can be adopted." A show of hands is not necessary.
- In the minutes, the secretary includes the reports and additional information that were adopted as part of the consent agenda.

This method can help move through the routine items quickly so that time can be spent on priority topics.

Distribution of Agendas

Distribute a tentative agenda prior to the meeting. This ensures:
- important business is not overlooked,
- people are reminded of the meeting,
- members can identify important items, focus on the issues, and be prepared to discuss them. This will help members feel they making a contribution.

Bring extra copies of the agenda or post it on a flip-chart or blackboard so that everyone is aware of it. This will help you accomplish all the items on the agenda.

At The Meeting

Review the agenda at the start of the meeting and make required additions, deletions or revisions. Agendas can be rearranged to accommodate new topics and schedules to ensure that the appropriate people are present for the discussion.

Annual Planning Calendar

An **Annual Planning Calendar** is a breakdown, by month, of the important dates of the organization. It includes items such as dates of meeting, fundraising activities, events and deadlines for funding applications. This planning calendar increases the knowledge of all members about their organization, as it makes everyone aware of key dates. It can be an excellent recruitment tool as it outlines the organization's activities for potential members. It is also a

useful part of an orientation package for new members. The annual planning calendar should be reviewed and revised regularly throughout the year.

Action Sheet

An **Action Sheet** keeps track of actions committed to at the meeting.

- This sheet is comprised of three columns: Action Required, Person(s) Responsible and Date for Completing and/or Reporting.
- A person other than the secretary is responsible for the recording of the action sheet.
- Before the meeting is adjourned, the chair reviews the action sheet and ensures the people responsible will accept their commitments.
- The action sheet becomes an agenda item for the following meeting.
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Strategies To Ensure Meetings End On Time

- Be realistic about the number of topics and decisions that can be covered in the allotted time.
- Keep the group on topic.
- Adhere to the meeting time allotments for each discussion item.
- A stopwatch or timer with an audible ring helps ensure the audience is aware of the time allocations.
- Appoint a timekeeper or meeting manager to watch the time and keep the meeting process moving.

Be Prepared For Topic Drift

As the meeting progresses, there are times when the discussion goes off on tangents related to the topic, but unrelated to the required decision. This is topic drift. This discussion is irrelevant to the meeting and wastes precious time.

- The chair needs to bring the focus back to the topic under discussion while ensuring that participants' feel their thoughts are being considered. This can be accomplished by asking:
    - Is this related to the topic under discussion?
    - Should this item be added to the agenda?
- The chair can decide to address the topic at the end of the meeting or put it on the agenda for the next meeting.
- All members need to be aware that they have a role in keeping the meeting discussion on track and on time.
- Recording these issues on a "Parking Lot" flipchart helps to maintain a visible record. Participants's ideas and concerns are not lost, and the discussion remains focused on the decision to be made. Parking Lot items are considered at the appropriate time or put on the agenda for the next meeting.