Measuring Board Effectiveness: Developing an Assessment Tool

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Why Assess and How?

Board self-assessment provides board members with an opportunity to:

• Reflect on their individual and corporate responsibilities.
• Identify different perceptions and opinions among board members.
• Point to questions that need attention.
• Use the results as a springboard for board improvement.
Why Assess and How?

• Increase the level of board teamwork.
• Clarify mutual board/staff expectations.
• Demonstrate that accountability is a serious organizational value.
• Provide credibility with stakeholders and other external audiences.
• Look internally to see how well it discharges its actual functions of governance: setting direction, monitoring results, creating an effective Board/Chief relationship.
What to measure – broad categories – FTSE 100 Approach
How often should boards engage in self-assessment?

• Board self-assessment is too comprehensive of a process to be carried out every year.
• Every two or three years is usually sufficient for a stable board.
• Performance assessment can be particularly useful just before the board engages in strategic planning, after a major change (such as amalgamation), or when a certain complacency has settled in the board and an invigorating impulse would be welcome.
What topics does the Self-Assessment of the Board cover?

• Board understanding of the Police Service’s Mission
• Does the Board have the right governance in place: structure, policies and rules
• Stewardship: does the board carry out its financial and organizational responsibilities effectively?
• Do Board members understand their roles, receive adequate training and are informed of legislative and police changes?
What topics does the Self-Assessment of the Board cover?

• Does the Board work effectively as a group?
• Does the Chair provide direction and strategic leadership?
• Are meetings well organized and effective?
• Is there a clear understanding of the relationship of the Board to the Chief?
What topics does the Self-Assessment of the Board cover?

- Is there a clear understanding of the relationship of the Board to other stakeholders?
- Are these relationships effective?
- Do Board members perceive that they have public support, are understood and supported in their role?
- Does the Board have procedures such as strategic planning, risk assessment, performance information and evaluative information it needs to make decisions?
- How do individual Board members rate their own effectiveness?
What topics does the Self-Assessment of the Board cover?

- Does the Board effectively carry out its responsibilities for succession planning in the Service?
- Does the Board effectively evaluate the Chief?
- What areas need improvement?
- What can be done to make improvement?
- Are the governing and policy documents up to date?
What topics does the Self-Assessment of the Board cover?

• Are there a sufficient number of board meetings to take care of the organization’s business?
• Is the current committee structure adequate to handle the work of the board efficiently?
• Are board meetings conducted effectively?
• Do meeting agendas cover policy issues rather than administration?
What topics does the Self-Assessment of the Board cover?

• How can the value of the meetings be enhanced”
• Is there sufficient opportunity for the board to hear about minority opinions before recommendations are presented to the board for consideration?
• Is the majority to the board involved in making the board’s decisions?
Understand the Risks

• Unless we really understand why we should, and are, undertaking an evaluation of the board and its directors, we risk causing division among participants and inappropriate use of results.

• This fear is perhaps the biggest reason that most boards (approx. 60%) and individual directors (approx. 80%) do not have formal written evaluations despite the fact that most directors (approx. 90%) support them.

_Self-Assessment for Nonprofit Governing Boards_. BoardSource, 1999
Potential Benefits

- An accountability mechanism to ensure the board and directors are fulfilling their legal and governance responsibilities
- An audit of the Board’s governance practices and effectiveness
- An assurance to be able to give to members and stakeholders
- A tangible means to observe the strengths and weaknesses of the board
- A way for all members of the board to fully understand what is being asked of them
- Standards are raised through the clarification of a functional tool based on performance versus expectation
- Identification of skills gaps and therefore training and development opportunities.
Potential Benefits

- Promotion of personal and corporate growth
- Input to board succession and renewal process
- Opens up lines of communication among directors and with management, building unity and trust
- An understanding of what the board has accomplished, and what yet needs to be completed
- A commitment from all directors towards the priorities and effectiveness of the board
- An idea of the board/directors's own sense of their worth
- A proper evaluation promotes positive change and builds a road map to success for the whole organization

… all governance practices should contribute to the accomplishment of the mission/mandate.
Who Should Lead This Process?

Options:

– **External consultant/professional:** particularly for the design and initial implementation stages, a consultant can bring ideas, rigour, experience, objectivity and peer benchmarks to the process.

– **One outside director:** i.e. someone who is completely independent of management, who has an interest and time to lead the process, and the respect of the other board members (sometimes, but not often, this may be the Chair)

– **The Governance Committee:** or its Chair are often used to lead the evaluation process, since it is consistent with their scope
Some Leading Practices to Consider

- Take the time to get both the tool right, and to get sign-off and active support from everyone involved, down to the last director and executive who will be involved.
- Consider 360 degree feedback: where a complete circle of people in authority levels around the individual or board complete the tool (e.g. executives as well as board members complete board evaluations; all board members complete peer evaluations)
- Include a variety of performance levels: inputs, activities, and results (outputs, outcomes and impacts) in the tool
Some Leading Practices to Consider

- Include a variety of response options: yes/no answers (most useful for identifying gaps); numerical ratings (e.g. 0 to 5 is easiest for most people; most useful for comparisons and rankings) and open-ended qualitative feedback (most useful for suggesting changes.) And an opportunity to indicate "not known" or "not applicable" as well.
- Keep the tool fairly simple and straightforward, not complex or onerous
- Each question should deal with one performance or capability area only
Various Ways to Do This....

- Written responses (faxed or mailed to a central point): the simplest and easiest approach
- On-line questionnaires: a little tougher on the respondent (and technical proficiency and availability is essential - bear this in mind), but much easier on the processor!
- Face-to-face interviews: more time intensive, and requiring more tact, yet more likely to elicit deeper diagnostics and real critiques.
Plan when to evaluate

- Align the cycle of evaluation with the overall governance cycle (including the planning and performance management cycle) of the organization. This is often a multi-year strategic cycle with annual (and sometimes quarterly) rolling updates.
- Many boards often conduct an annual self-evaluation by the board and a more extensive and rigorous performance evaluation by an outside consultant every second year.
- Informal evaluations should be conducted as a supplement to more formal annual (or multi-year) evaluations; this ongoing monitoring creates a more cohesive flow of progress throughout the course of a year, identifies issues earlier, and builds confidence in the system.
So What? Adjusting Behaviour

• Perhaps the least well done of the steps, yet the most important in the long run: taking corrective actions
• These tie back to the original objectives of the program
• Simply doing an assessment and leaving it ‘unattended’ actually creates more problems – the festering wound, the failure to act
• Important for the Board to identify a ‘vital few’ actions that arise from these assessments – cannot do it all
So What? Adjusting Behaviour

- Often, the Chair takes the lead in communicating and coaching individual directors in filling identified performance gaps.
- If this was an original (agreed-upon) objective, use results to feed into the board succession and renewal process (find ways to communicate or educate those involved to be more likely to re-elect strong performers)
- If board and directors are not fulfilling their legal and governance responsibilities, institute appropriate changes especially around training
- Use results to feed into next year's planning process, objectives, priorities, even resource allocation to ensure accomplishment of what has not yet been achieved successfully
So What? Adjusting Behaviour

• If issues arise around Board/Chief or Board/Staff relations, these are important and need to involve the Chief
• Need to BF for future meetings, not leave to languish
• On the other hand, need to move on as well – too much navel gazing…….
Disclosure issues – is this private to the Board or public?

- Information access legislation may apply and has to be considered in evaluation design
- Pros in favour of openness:
  - Openness will enhance public trust in the board.
  - Board effectiveness is a topic that interests and concerns the public.
  - Public disclosure of the process will improve the responsiveness of the process.
  - Public disclosure will reinforce constructive action.

- Cons against that will affect design:
  - The media and the public are hungry for sound-bite judgments.
  - Disclosure of negative assessments may put the board on the defensive.
  - Disclosure of assessments could reflect negatively on individual board members.

**Bottom Line**: Unless this can be used by the Board to better manage itself it should not be started in the first place. Disclosure may well get in the way of other political issues, or it may not.
Some sample tools…….

- Four that are supported by academic research and are easy to use are:
  - Governance Effectiveness ‘Quick Check’ (2000), created by Mel Gill and available through the Canadian Institute On Governance web site at [www.iog.ca](http://www.iog.ca) – this is a short on-line check – not in depth
  - Governance Self-Assessment Checklist (2002), also created by Mel Gill, and distributed through his corporate web site at [www.synergyassociates.ca](http://www.synergyassociates.ca)
Concluding Tips and Cautions

• Board evaluation is best implemented iteratively
• Beginning with informal, verbal evaluations, and moving to formal, written forms,
• Beginning with the board as a whole, then to individual directors
• Self-assessment before peer evaluation
• Align with and tie into milestones and overall corporate plan
• Disclose the process publicly, to members and other stakeholders, but not the results