

## Five questions every board should ask

by Sam Pettway

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While selecting the 2006 BoardWalk Governance Fellows to attend Harvard Business School's course on "Governing for Nonprofit Excellence," my colleagues and I were reflecting on the wealth of information this year's nine recipients are about to receive. Joined by trustees from some 60 or 70 nonprofits from around the world, they will be led in stimulating and provocative discussions by some of Harvard's leading faculty from several of its world-class graduate schools.

Anyone interested in better board governance has lots of sources available at far less than what Harvard charges. Bookstores are full of weighty tomes on the topic, some of the best of which we cite in the [Resources](#) section of our own website. A quick check via Google for best practices in nonprofit board governance yields nearly 4.5 *million* hits, give or take a few hundred thousand. It's all a bit overwhelming.

Nevertheless, our day-to-day experience with nonprofit boards has taught us that the key questions every board member should ask are really quite simple. Here are five questions we believe every trustee of a nonprofit or foundation should ask, early and often, as well as our thoughts on how you can utilize the answers to maximum advantage:

- 1. Why are we here?**
- 2. How do we define success?**
- 3. How can the board—*this* board—be of most value to the organization?**
- 4. What behavior are we settling for?**
- 5. What five things should we track as a board?**

## **1. Why are we here?**

At the most fundamental level, what’s the point? Why bother? These questions need to be asked on at least three levels, that of the organization, that of the board and that of the individual director.

Keep the considerations basic: What would be the impact on our community if it (the organization) ceased to operate, if we (the board) were inattentive, or if I (the individual director) resigned? What would be the impact if it/we/I were two or three times as effective as now?

## **2. How do we define success?**

In the board retreats we conduct for our clients, we frequently invite participants to take a long view (say, 20 years out), an intermediate view (5-10 years) and a short view (one year) of their aspirations for the organization. If your nonprofit or foundation were maximally effective, what would success look like—*specifically*, not just theoretically—in 20 years? Ten years? Next year?

If the board can agree on the big success targets that reach beyond the likely term of any trustee currently at the table, it will be in a much better position to understand what needs to happen *this year* to put the organization on track to realize those targets. With such an understanding in hand, the board can then frame its annual expectations of management.

One happy side-effect: Given consensus around targets and expectations, the board will also be more likely to get out of management’s way as those short-term goals are pursued.

## **3. How can the board—this board—be of most value to the organization?**

Despite common perceptions, the answer to this question is rarely “More money.” As Roxanne Spillett, the CEO of Boys & Girls Clubs of America has noted, “Fundraising is not the purpose of a good board; it is the *by-product* of a good board.” In our view, money is not an organization’s scarcest resource; the scarcest resource is intentional time. Waste my money, and you can raise more. Waste my time, and it’s gone forever.

So the challenge becomes, how does an organization make the best use of the time, wisdom and energy that board members could provide? The more thoughtful

the examination of this question, the less likely a board will deteriorate into micromanagement, dysfunctionality and mediocrity.

Here’s one idea we have seen work extraordinarily well: Ask the staff for its wish list of things the board could provide *other than more money*. We bet you will be surprised at the creativity, clarity and potential impact of the staff’s suggestions.<sup>1</sup> If the board adopts two or three of the staff’s ideas as priorities for the coming year, the yield could be enormous, and the working respect between board and staff members will have been enhanced considerably.

The point may be obvious, but it’s worth repeating: If the organization and its mission are true priorities for its board members, the money will follow. Good ideas rarely fail for lack of money; they usually fail for lack of leadership.

#### **4. What behavior are we settling for?**

Boards are like families: Their disease is in their secrets, and every board (like every family) has its norms and protocols for dealing with—or denying or avoiding—the tough issues.

If you have a serious concern that is not being addressed openly within your board, the odds are high that at least one or three other directors have a similar concern, oblivious to your shared discomfort. Providing a safe framework for surfacing the unspoken issues is an ongoing challenge, but the attendant benefits can be extraordinary.<sup>2</sup>

“Settling for less” is a common board malady, and the gravitational pull towards mediocrity can be insidious. As any school teacher will confirm, students rise or fall to meet expectations. We find the same to be true of boards. Articulating specific expectations of board service, board protocols and director commitment can be a wonderfully freeing experience, and the exercise reinforces a collective spirit of accountability.

#### **5. What five things should we track as a board?**

Every organization has a handful of key metrics that are critical to its own success. The problem is, the list of such metrics has a way of growing over time,

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<sup>1</sup> You may also be surprised at how externally focused the staff’s wishes are; typically, they want board members to be advocates and ambassadors for the organization and its mission, not overseers of staff efforts or work product.

<sup>2</sup> For one approach, see “How Dysfunctional is Your Board?” in the [Templates & Tools](#) section of our website.

usually in response to requests by one well intentioned board member or another, to the point that the list loses relevance to what’s really important. Further, most such metrics, especially the financial and operational ones, focus on things that have already happened. They often pay scant attention to an organization’s progress towards future goals.

We challenge you to figure out for your board (or just for yourself—after all, it’s a beginning) the *five* essential indicators you need to know in order to measure progress towards agreed-upon strategic goals, and then track them religiously. The specific issues and measurements will vary from board to board, but common targets for short-form board reporting include indicators of

- operational excellence;
- fiscal health and sustainability;
- bridge-building via external relationships, outreach and collaboration;
- staff development; and
- board enhancement.

The point here is to identify **one metric** for each category, and then track that metric over time. The list will not be perfect and will certainly need to be adjusted as experience dictates, but a short list that’s used is far better than a long list that’s ignored.

Given the five categories suggested above, your board’s new focus will reinforce a balanced understanding of the organization’s *accomplishments* and its *aspirations*. The goal here is not to replace the more detailed reports and analyses that board committees and staff members will need, but rather to provide everyone in the boardroom a dashboard that reflects progress against overall strategic objectives.

## 6. Bonus questions: *Who else? What else?*

As a group, boards are comforted by the familiar—familiar routines, familiar causes, familiar people, familiar challenges. In the spirit of keeping board deliberations stimulating, we suggest you add “Who else?” and “What else?” to every board member’s list of key questions to address.

**Who else?** can have many interpretations, among them

- Who else should we be serving?
- Who else should we be collaborating with?
- Who else should we be courting as potential board members or supporters?
- Who else should we *know*?

**What else?** has similarly broad applications:

- What else should we be doing for the constituents we are already serving?
- What else should we be asking, focusing on, worrying about or celebrating?
- What else should we consider as alternative sources of revenue or support?
- What else should we be *asking*?

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In summary, the questions above—

- **Why are we here?**
- **How do we define success?**
- **How can the board—*this* board—be of most value to the organization?**
- **What behavior are we settling for?**
- **What five things we should track as a board?**
- **Who else?**
- **What else?**

—can be the catalyst for some marvelously useful board-level discussions, focusing the entire organization on the critical intersection of governance, leadership, mission and strategy. The payoff can be huge.

And don't forget—if you're unhappy with the results, you can always go back to Google for one of those 4.4 million websites on best practices in nonprofit board governance!

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