

# The Healthy Board Notebook

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Cultivating a healthy, performance-based board of directors will help you build a top-performing organization!

*the hedgepeth group  
principle #1*

## Mission and Vision Essential for Organizational Health

When we began developing *Assessment*<sup>+</sup>™ we spent a lot of time reviewing the literature and discussing the qualities of healthy governing boards of non-profit organizations. We had a systematic design that we thought would make evaluative information accessible and usable to those of you who will engage our services. We wanted to make sure that our instrument's content reflected established principles, made use of contemporary ideas, and was attentive to best practices.

The healthy board focuses on the elements that are crucial to fulfilling its legal and ethical responsibilities while contributing to the health and productivity of the organization. Legally, your board is responsible for the governance of the organization. The board controls the creation *and* administration of policies that shape the organization and its activities. Your board also has the fiduciary responsibility for maintaining public confidence and trust in your organization.

Your governing board must fulfill its responsibilities in terms of four functional areas—executive, developmental, fiduciary, and oversight. Each of the functional areas has its own areas of responsibility.

### Executive Functions

Your governing board's executive functions guide and shape your organization, its policies, and its mission. Executive responsibilities include:

- » Organizational mission and vision
- » Strategic goals and positioning
- » Policies—including by-laws
- » Selection and management of the organization's chief executive

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## Developmental Functions

Developmental functions focus on enlisting, preparing, mobilizing, and evaluating the board, its committees, and its members.

Developmental responsibilities include:

- » Membership and succession planning
- » Organization, preparation, and deployment
- » Performance assessment

## Fiduciary Functions

Fiduciary functions concentrate on acquiring and managing the resources needed for healthy organizational operations, and building and maintaining relationships with donors. Fiduciary responsibilities include:

- » Fundraising
- » Financial/resource management
- » Donor relations and stewardship

## Oversight Functions

Oversight functions guide the effective and efficient operation of the organization, support the chief executive's management, and insure compliance with legal and ethical requirements. Oversight responsibilities include:

- » Operational planning and accountability
- » Infrastructure and human resources
- » Compliance and reporting

We then developed indicators of board health for each of these functional responsibilities. For example, under the executive responsibility for organizational mission and vision, "The healthy board embraces and regularly reviews a vital, clear mission and vision for the organization." An assessment of each indicator of health can provide you with the insight and direction to strengthen your board and enhance its contribution to the performance of your organization. **Assessment**<sup>+</sup><sup>TM</sup> provides a powerful tool for you to use in assessing the health of your board and strengthening its capacity for service to your organization.

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## The Healthy Board Notebook®

The **Healthy Board Notebook** provides a resource that can either complement your use of *the hedgepeth group's* assessment services or stand on its own to frame an ongoing discussion of best practices, trigger insights that support your organizational leadership, and share tips from other non-profit professionals. Through **The Healthy Board Notebook**, we seek to foster an ongoing conversation about creating stronger boards and, through them, top-performing non-profit organizations.

Every couple of weeks I will take one of the indicators of governing board health that we have identified and share my thoughts about it. I hope that these thoughts will stimulate your thinking, strengthen your own skills, and evoke responses that we can share in this column or on our web log.

I don't think the non-profit marketplace has ever been more competitive. I also don't think that the need for enlightened, healthy board leadership has ever been any greater. Together, I believe that we can create an ongoing dialogue that improves your personal performance, strengthens your board, and enhances your organization's capacity. In addition, I think it will help you identify and engage a new generation of board members who expect visibility, accountability, and active participation in the lives of the organizations they choose to serve.

So, let's begin.

### **The healthy governing board embraces and regularly reviews a vital, clear mission and vision for the organization.**

Somewhere along the line, we have allowed "strategic planning" to become a four letter word. The implication is that strategic planning is a prolonged exercise in developing organizational plans that will gather dust on a variety of non-profit shelves. The healthy board cuts through the management jargon of the day to make certain that the organization has:

- » a compelling mission that is important to the larger society, effectively delivered to those it serves and engaging to those who can provide funding;

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- » a strategic sense of where the organization needs to go and the competitive position that it needs to occupy in the landscape of other similar organizations;
- » a multi-year roadmap for producing the outcomes that support the mission and achieve the vision; and
- » an understanding of the core values that sustain and nourish all three.

The healthy board understands and acts on the fact that a vital, clear mission and vision is essential for organizational health.

In our next conversation, we will explore in more detail what this means for your organization.

All the best!

***Royster***

