

# Overcoming the Fear of Board Assessments

## The Question:

*Should we be conducting board assessments in our not-for-profit organization? How do we overcome reluctance on the part of directors?*

## The Answer:

The term 'board assessment' refers to an evaluation of the performance of the board of directors. It may also include evaluation of the performance of board committees and individual directors. While these evaluations are now common among corporate boards, the practice of conducting formal board assessments is less widespread in the not-for-profit sector.

There are a number of possible reasons for this. The first is simply that there are no regulations making board assessment mandatory in the not-for-profit sector. The second is the fact that the vast majority of directors of not-for-profit organizations serve as volunteers, which can lead to reluctance to subject their performance to criticism. Thirdly, many boards are simply so busy with issues of funding, risk management and other pressing matters that board assessment does not rate as a priority item and gets put off for a future date 'when things calm down'.

This is unfortunate because board assessment conveys important benefits, both in terms of accountability to members and stakeholders, and also in terms of improved board performance and increased director satisfaction. Imagine Canada has recognized board assessment as a key element of good governance and has recommended in its draft Standards of Excellence that, as a minimum, the board review its performance annually.

In terms of accountability, boards that demonstrate dedication to their own improvement enhance the reputation and credibility of their organizations by setting the right tone at the top and by sending a message to the organization and its stakeholders that the board takes its responsibilities seriously and holds itself accountable for achieving them.

In terms of improved board performance and director satisfaction, regular board assessment is an invaluable way of surfacing governance issues that might otherwise have gone unaddressed. It is also an effective way to address potential problems relating to director performance and satisfaction levels before the point where they become critical.

Governance issues which can be uncovered via board assessment include:

- Strategic or mission disconnect
- Lack of clarity regarding role, mandates and accountabilities
- Information asymmetries
- Low board engagement or inability to address key issues
- Problems relating to donation / funding stewardship
- Weak oversight of risk, financial reporting or other areas
- Board leadership and succession planning
- Ineffective committee structure

Director performance issues which can be surfaced and addressed via board assessment include:

- Conflicts of interest
- Lack of participation
- Undue influence of a particular individual or group
- Chair performance

### **Getting Buy-In from the Board**

The idea of evaluating the performance of the board may strike some people as intimidating or potentially unpleasant. Directors may have concerns and reservations about the process – which may be based in concerns about their own performance or in a reluctance to critique their colleagues. Before conducting the first board assessment, it is important to give directors the opportunity to ask questions, express their views, and receive assurance about the process.

While the board has overall responsibility for governance assessments, it is the chair of the governance committee who should be responsible for leading the assessment process. Directors participate in the assessment by providing input and opinions and then by responding to the feedback generated and identifying and acting on opportunities for improvement. The process should be discussed and agreed upon by the board at the outset to increase the comfort level of directors.

There are several ways to minimize director anxiety about the assessment process.

***Remind them that they're probably already doing it.*** Most not-for-profit boards undertake some level of board assessment without realizing that they're doing it. Board performance and challenges are frequently discussed at board retreats or when responding to specific problems. Director performance is often discussed during the re-nomination process, and senior board members provide informal feedback and mentoring to newer members. Board members are in fact already familiar with many of the issues. Undertaking a formal board assessment should be seen as the next progressive step, and as an improvement on informal methods as it provides much greater accountability and transparency.

***Start with the full board assessment.*** Most directors are much more comfortable with the idea of assessing the performance of the board as a whole rather than that of individual directors. So in order to reduce anxiety, boards may begin with a full board assessment before evaluating individual directors. An evaluation of the full board involves assessing the board's performance against its mandate to confirm that responsibilities are addressed and that its process is effective. It may address issues of board culture and operations such as the quality of discussion, information flow and agenda-setting, committee structure, access to and use of resources, the board's relationship with senior staff and oversight of stakeholder relationships.

***Start individual director assessments with self-assessment.*** An easy way to help directors increase their comfort level with the idea of individual performance assessments is to start with simple self-evaluation questionnaires. Rather than critiquing colleagues, each director reviews his or her performance against position descriptions and expectations. Ideally, this self-assessment is then reviewed with the chair of the governance committee or board chair in order to address any issues and identify opportunities for further director education, mentoring etc.

There are many more complex methods of board evaluation, including committee and chair assessments, peer assessments by directors, interviews involving the use of outside consultants etc. Many of these are very useful and are goals which a board can move towards. However, the simple steps above will provide a useful starting point and a means of easing directors into the process of board assessment.

### ***Following Through and Planning Ahead***

In order for any assessment process to be effective, it must be followed through. Opportunities for improvement should be identified, prioritized, and a plan made to address them. Progress should be reviewed at set intervals. Follow-up actions could include director education, mandate revisions, changes to board or committee structure, and director rotation, retirement or recruitment. Following through on the results of board assessments can lead to improved performance by boards and individual directors, as well as increased levels of director satisfaction, participation and commitment.

Further information on board evaluation for not-for-profit organizations can be found in the CICA publication *20 Questions Directors of Not-for-Profit Organizations Should Ask about Board Recruitment, Development and Assessment*, authored by Dr. Richard Leblanc, LLM and Hugh Lindsay, CA . Much of this discussion is based on that publication.

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