

Credible Board Governance



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4 keys to effective board leadership for your ministry.

By Tom Okarma

SOME MIGHT THINK IT IS EASY FOR MINISTRY BOARDS to provide authentic leadership to their organizations. We all work for the same owner: God. We all share the same ultimate purpose: building God's kingdom here on earth for all eternity. And we all operate under the same set of values: the Bible. Seemingly, once one ministry board determines how to lead effectively, other ministries could simply adopt those practices and be on their way. But life doesn't work that way.

For example, one ministry that called me for advice had a very informal leadership style resulting in financial losses, significant credit card debt, and resignations by its best directors. Their board meetings were informally run — meaning last minute agendas, no pre-board meeting materials for directors to review in advance, and little follow through on prior month's decisions. There was no board leadership, just periodic board activity. No accountability, no strategy. Eventually, its largest supporter refused additional donations. The board didn't realize its weak leadership had trickled down and infected the ministry itself.

This story simply illustrates what we all know: In the real world — even with the best of intentions and dedication — issues tend to be fuzzy and complex as we devotedly carry out our respective organizations' missions. Then you throw in conflicting individual personalities to get in the way.

To combat this, leaders should address four specific areas to insure their board's leadership remains authentic and effective. They are: consistency, communication, execution, and accountability.

1. KEYS TO CONSISTENCY

- **Develop a Board Policy Manual** — Ministry boards lead with consistency when they rely upon their self-developed rules of the road, usually compiled and maintained in a Board Policy Manual (BPM). More detailed than by-laws, a BPM is a living reference tool providing guidance to the board by compiling key procedural documents the board created previously, and includes new ones adopted along the way. Typical documents include: by-laws; strategic plan; policy statements; board job descriptions; protocols for identifying, recruiting, and training directors; guidelines for executive parameters; and so forth. This manual also offers guidance and historical perspective during difficult situations. The BPM is a valuable tool for consistent leadership, decision-making, and enforcement.
- **Promote Consistency Through Board Make-Up** — Another key to leading with consistency is having directors with a

consistent mix of desired strategic skills serving on the board. This insures the board always has properly equipped directors available to provide consistent expertise about the ministry's work and its business operations.

- **Follow Your Strategic Plan** — A consistent board has a plan, and sticks to it. A formalized strategy enhances ministry discussions and makes decision-making and consistency (not to mention communication) much easier.

Action Exercises:

- Review and update your strategic plan. If it is up-to-date, confirm that your board is actually following it. One valuable resource to develop a plan is Joe Calhoun's excellent book, *The 1 Hour Plan for Growth* (Wiley, 2010). This book will get you working quickly and effectively on your strategic plan.
- Update your Board Policy Manual if you have one. If not, set a goal to create one over the next six months by asking two or three directors to take on this task. Often, this is just a matter of pulling together existing documents and then adding others as new policies and protocols are developed.

2. KEYS TO COMMUNICATION

- **Maintain "High-Touch" Communication Between Chairman and CEO** — The board and the CEO/Executive Director need an open communications channel. A high-touch communication style between the two promotes shared meaning so misunderstandings can be identified and addressed quickly.
- **Conduct Board Training Sessions** — Periodic board-training sessions reinforce a team approach and keep everyone focused on the ministry's mission, vision, and values.
- **Shoot for Clarity in Board Responsibilities** — Board members also lead well when there is clarity between board oversight committee work and ministry working committees. Board members can't lead when they become bogged down by detailed internal working committee activities.

Action Exercise:

- Make "authentic leadership" a verb. Ask your directors to describe what authentic leadership behaviors would look like in your ministry, how directors can recognize it when they see it, and how they can encourage it and reward it. Then, set a goal for everyone to practice at least one of the identified behaviors over the next 30 days.

3. KEYS TO EFFECTIVE EXECUTION

- **Require Active Board Members** — Boards that lead effectively have directors who are actively engaged in the board's business and, ideally, serving in some volunteer role, too. There should be little tolerance for résumé-builders or inactive directors because the weight of important board work falls on those few who probably are already overburdened.
- **Lead Meaningful Board Meetings** — Boards lead well and deliver great value to the ministry when board and committee meetings are well paced and have meaningful agendas with important ministry issues getting addressed and resolved.
- **Identify Best Practices** — Wikipedia defines best practices as "... a method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark." Organizations adopt best practices to foster continuous improvement. A board leads well by adopting best practices for both board activities and ministry operations.
- **Recruit New Board Candidates Constantly** — One area that often receives too little attention is how a ministry identifies and recruits new board candidates, and then trains them once on the board. Failing in these areas can result in delivering candidates who are poor matches or who are poorly prepared for the board and the ministry's future needs.

Action Exercises:

- Conduct a survey (online and anonymous) using a simple tool to generate unbiased and accurate feedback from all stakeholders about external issues like communication, community awareness and positioning, and performance of the nonprofit. Follow up with multiple board members meeting with each constituency group to interpret feedback. Discuss this feedback at a board meeting and research the results. ... Evaluate the board on each of the key areas.
- Develop a step-by-step process to identify board candidates and give them opportunities to serve the ministry to determine "fit".

4. KEYS FOR ACCOUNTABILITY

- **Embrace Good Governance** — Boards lead well when they take ownership of their governance role and their role as ultimate protector of the ministry's reputation, culture, and mission.
- **Foster Transparency** — One of the most powerful ways ministry boards lead with authenticity is by their commitment to transparency in their dealings, not just financial but programs, operations, and the like. This trend has been building steam for some time now and will not go away. Transparency is a powerful way to demonstrate leadership both internally and externally. Everyone wins.
- **Fuel Your Feedback Loop** — Ministry boards demonstrate authentic leadership when they periodically seek feedback from various ministry stakeholders at all levels — donors, volunteers, ministry partners, employees, prior and current directors, and so on.
- **Evaluate for Effectiveness** — Another area of leading well is periodically evaluating programs for their effectiveness. A board should be confident its programs deliver on the ministry's promises.

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• **Obsess over Metrics** — What you measure matters, so the best way to improve anything is to measure it. Some activities are difficult to measure and others can be difficult to find comparable data, but even by simply measuring against one's own previous results, metrics can make a ministry "best in class" — which goes a long way when discussing major gifts with significant donors. Using metrics wisely is a hallmark of successful ministries and effective boards.

Action Exercises:

- **Investigate CLA Membership and Participate in Board Governance Training** — Christian Leadership Alliance (CLA) offers terrific resources in best practices for effective board governance through both its conference/academy courses and its online modules (ChristianLeadershipAlliance.org).
- **Investigate ECFA Membership and Accounting Adherence** — The Evangelical Council for Financial Accountability (ECFA) is an outstanding resource on a variety of authentic board leadership issues (ECFA.org).
- **Conduct annual board and director self-assessments** — There are several tools on the market to measure how well directors individually, and as a board, are leading and adding value to the ministry. These tools also offer pathways to improved board and director performance by pinpointing areas of opportunities for specific concentration.

Because we operate in an ever-changing environment, effective board leadership is a journey, not a destination. The relatively recent emergence of IRS Form 990 and the Dodd-Frank legislation (and how they will be interpreted), along with today's economic and regulatory uncertainties, require boards to remain vigilant and proactive in their leadership style — and in accountability for their own and the non-profit's protection.

And by the way, it's not just prudent or good business to lead well. Authentic leadership was God's idea first. In Romans 12:8 he tells us that if our gift is leadership that we should "govern diligently."

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CLA ANAHEIM 2013: Tom Okarma will lead a workshop entitled "Aligning Your Strategies and Your People" at CLA Anaheim 2013, April 30–May 2 (CLAConference.org).