

# Maximizing & Evaluating Board Effectiveness

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Presented by:

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## Today's Objectives

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- ❑ Define "Effective"
- ❑ Why Planning is so Important
- ❑ Delegating Responsibility
- ❑ The concept of Self-Evaluation
- ❑ Asking the Big Three Questions
- ❑ Why Boards need to be top performers
- ❑ Ways to measure and maximize performance benchmarks
- ❑ Making the most of Board meetings
- ❑ Wrap up and Questions

## What does Effective look like?

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- Webster defines “effective” in the following manner:

“Producing a decided, decisive or desired effect” also “ready for service or action”

## Is Your Board Ready for Action?

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- Decided – determine vision and mission
- Decisive – assure all objectives are in alignment with vision and mission
- Desired – do objectives – and how they get done – produce the desired outcome in the desired way?

## Effectiveness

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- Who is ultimately responsible for the performance of the Credit Union?
- How does that responsibility translate into Board Action?

## Delegating Responsibility

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- What is the most effective way for Boards to “get things done”?
- How is delegation accomplished at the Board level?
- How does the Board assure the CEO is doing what he/she is supposed to be doing?

## Measuring Effectiveness

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- Board Effectiveness can be measured by an evaluation of the CEO

### Ask:

1. What do we want to accomplish?
2. How have we delegated it to the CEO?
3. Have we supported these efforts with resources?
4. How well is the CEO doing in accomplishing these tasks?

## Measuring Effectiveness

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- The most useful and the simplest way boards have to keep themselves on track is through frequent and rigorous self-evaluation. It is an excellent way to determine if the board is “effective” – i.e. producing the desired effect or outcome.

## Self-Evaluation

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- The concept of measuring performance of one's self – or in this case – the performance of the board as a unit.
- The mechanism is less important than being explicit about expectations of the board performance and the regular review of that performance.

## Self-Evaluation

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- In order to evaluate any job performance, one must first identify the job itself.
- The best place to start is with a Board Job Description.

## Example – Job Description

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- “The job of the board is to represent the membership in determining and demanding appropriate organizational performance. To distinguish the board’s own unique job from the jobs of its staff, the board will concentrate its efforts on the following job products or outputs...”

Source: CarverGuide 8

## What’s involved?

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1. How are you chosen? What are the qualifications?
2. The process of developing policies and procedures that address “big picture” operations.
3. Determine the link between the Board and the rest of the credit union staff.

## The Big Three Questions

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1. What is our job and how will we act?
2. Are we getting our job done?
3. Are we acting the way we said we would?

## How to Answer the Big Three

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- Of course we answered question one with the detailed job description. But what about questions 2 and 3?
- Keep in mind self-evaluation is all about whether the board as a leadership body behaves and produces as it should. *In order to keep governance from deteriorating, the board must live out all of its policies with emphasis on those that set out expectations for itself.*

## Answering the Big Three

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- The board must constantly compare what really happens to what it said would happen.
- *"Self evaluation is not extraneous to the job of governing. It is an inseparable part of governing." John Carver*

## Answering the Big Three

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- How to answer questions 2 and 3 must be described in policy. Again, it is less about the *method* and more about an honest *outcome*.
- The following are some guidelines to assist with creating a board self-evaluation policy:

## Guidelines to Self-Evaluation

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### *Commit to constant self-evaluation*

- Continually refer to your policies as a measure of the appropriateness of board behavior
- Evaluation should be an integral part of the way the board governs and it should be a routine part of board agendas rather than a special, infrequent exercise.
- Plan at least a few minutes in every meeting for self-evaluation

*Evaluation less than once per meeting almost certainly results in a gradual deterioration of board leadership*

## Guidelines to Self-Evaluation

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### *Pointedly address the preestablished criteria found in board policies*

Simple rule:

If the board has said anywhere that it would or would not...check to see whether it did or did not!

## Guidelines to Self-Evaluation

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### Assign Responsibility

- Chair?
- Other?
- Whomever is chosen for this role, it is very important that all board members take a personal interest in and responsibility for the process.

Example: If the board is off track – or doing things it shouldn't – ***every board member who does not intervene to correct the situation is culpable.***

**Evaluation is EVERYBODY's Business!!**

## Pitfall?

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- What's the danger in self-evaluation?
  - Over-inflation of performance?
  - Who is hurt by that?
  - Ultimately, what would that say about the ethical foundation of the Board itself?

## Questions to Ponder

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Ask yourselves:

1. Does our Credit Union have a stated vision and mission?
2. Does the Board support the vision and mission through careful planning and budgeting?
3. Does our Board effectively delegate the tasks and stay within the parameters of the Board's job description?
4. Does our Board regularly self-evaluate in order to keep ourselves accountable for the vision and mission of the Credit Union?
5. Are we an ethical body who holds our Credit Union to the highest ethical standards?

## Why be a top performer?

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- Why would you NOT want your board to perform at it's peak?
- When the Board is performing at it's highest level, the credit union is performing at it's highest level
- Raises the bar for management performance – Lead by example should be your mantra!

## Performance Benchmarks

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- Setting Policy
  - Important
  - Drives the organization
  - Answers "how", "why", "when", "who"
  - Sets standards of performance

## Performance Benchmarks

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- Organizational Mission
  - Keep focused
  - Clarify mission
  - Sustain the mission
  - Results oriented

## Performance Benchmarks

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### □ Ethics

- Gotta have `em!
- Sets limits of behaviors
- Guides the organization to excellence
- Sets example of integrity for entire CU
- Guides us to consider the effect of decisions upon those whom we have promised to serve

## Performance Benchmarks

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### □ Strong relationships with CEOs

- Must have shared vision
- Trust must be two-way street
- Wide berth given to allow CEO to manage direct reports
- Non-interference

## Performance Benchmarks

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- Self-Evaluation
  - Ask "how are we doing"?
  - Be honest
  - Plan for improvement
  - Be responsible for itself

## Performance Benchmarks

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- Officers and Committees
  - Have specific purpose
  - Have defined roles
  - Have narrow focus and parameters
  - Should not be in place of or in authority over credit union managers hired for the same job

## Meetings that Work

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- Agenda, Agenda, Agenda!
- Consent Agendas
- Set time limits
- Expect preparedness from all members
- Stay focused on business items
- Keep small talk to a minimum or meet earlier for “happy hour”

## Meetings that Work

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- Subordination of interest
- Tie business items to the long term goals and objectives of the credit union
- Allow for dissent, but end with agreement
- Be polite and don't take it personally

## AFTER the meeting – IMPORTANT!

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- What happens in the meeting – STAYS in the meeting...
- As individual members, we allow for disagreement, differing points of view and passionately held beliefs – BUT!
- **As a BODY we SPEAK WITH ONE VOICE!**

## Take it home...*remember:*

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- The Board has the FIRST and LAST words!
- What you say will go!
- Make sure your words have *depth* and *meaning* and keep to the VISION and MISSION of your Credit Union!
- Support your words with the resources to make them reality!
- Pat yourselves on the back – you deserve it!

## Wrap Up

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- John Carver says:  
"Remember that excellence begins in the boardroom. Successful strategic leadership demands powerful engagement with trusteeship, ***obsessive*** concern over results, enthusiastic empowerment of people, bigness in embracing the farsighted view, and the commitment to take a stand for dreams of tomorrow's human condition." (Boards that Make a Difference)

## QUESTIONS?

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Thank you!