7 Practices of a Thriving Board

In a landscape where effective governance is the linchpin of an organization's success or failure, the roles of both CEOs and Board Chairs have never been more critical. As a CEO or Board Chair, you recognize that your leadership and the performance of your board directly influence the trajectory of your organization. The strategic thought paper "7 Practices of a Thriving Board" offers insights that are not merely theoretical but are grounded in decades of hands-on experience across multiple continents and industries.

This thought paper distills the essence of what makes a board truly exceptional, moving beyond the basics of governance to explore the deeper, often unspoken dynamics that drive excellence. Whether you're navigating the complexities of board-CEO relationships, ensuring clarity of roles, or steering through the challenges of risk and stewardship, these practices are designed to elevate your board's effectiveness.

For CEOs, these practices provide a roadmap to not just meet, but exceed your board's expectations, ensuring your organization is positioned for long-term success. For Board Chairs, this paper equips you with the tools and strategies needed to lead your board with confidence and to foster an environment where both the board and the CEO thrive. By embracing these practices, you can collaboratively steer your organization toward a future of sustained success and governance excellence.

1. A Passionate Commitment

Nothing is more important to the effectiveness of a governing board than the composition, competency, and commitment of the members. Board governance should fulfill a deep desire to contribute and build capacity in the organization enabling it to achieve its purpose and vision. Committed board members might be identified as “CASTLES.” They are Courageous, Authentic, Servants, Trustworthy, Loving, Effective, and Selfless. Excellent boards strategically and intentionally recruit, build, assess, and encourage trustees to this noble calling.

- **Core Idea**: The effectiveness of a board hinges on the commitment and competency of its members.
- **Key Takeaways**: Board members should embody characteristics such as Courage, Authenticity, and Selflessness. These traits are essential for building the capacity needed to fulfill the organization's mission.
- **Action Steps**: Regularly assess and cultivate these attributes within your board through strategic recruitment and continuous development.

2. Fidelity to the Organization's Identity

In a world that is fluid in social, political, cultural, and economic change, there must be an anchor of consistency for the organization, its DNA, or its Organizational Identity. Regardless of what change or disruption occurs, the organization's identity is what keeps it rooted to its "non-negotiables" – important for the organization and the board in difficult decision making. The Organization's identity are the central, enduring, and distinguishing attributes of the organization. Generally manifested publicly in the organization's vision, purpose statement (central), organizational values (enduring), and the organization's non-negotiable "principal" statements (differentiating). Boards governing any organization must be intentional, be true, and stay faithful to this identity. Fidelity is considered as being faithful to a person, a cause, or a belief, demonstrated by continuing loyalty and support in all its deliberations and decisions. Fidelity to the organization's identity, staying true and faithful to the central, enduring, and differentiating principles of the organization is the first requirement of any governing board's responsibilities. The board is the ultimate guardian of the mission/purpose of the organization.

Core Idea: In a world of constant change, the organization's identity serves as a critical anchor.

Key Takeaways: The board must remain steadfast in upholding the organization's core values and principles, ensuring that decisions are aligned with the organization's mission and identity.

Action Steps: Ensure all board decisions reflect the enduring and distinguishing attributes of the organization.

3. Guardians of the Mission

Seldom do organizations begin with a clear and articulated printed vision. However, all organizations are birthed with a clear, sometimes explicit, mission or purpose. Purpose is the core reason the organization exists, generally communicated in the mission statement. The Purpose Statement clearly (1) identifies what the product or service is; (2) describes to whom the mission is targeted; and (3) identifies the anticipated impact, or how success of the purpose will be measured. These three criteria should be on the checklist of every strategy or decision made by the board. An essential practice of the board is to guard against drift or dilution of the purpose. Board members serve as trustees, or guardians of the mission. Excellent boards intentionally focus on the purpose of the organization and govern strategically in curating a sustainable future through their decisions and actions toward that purpose.

Core Idea: The board acts as the guardian of the organization's purpose, preventing mission drift.

Key Takeaways: The board should consistently focus on the mission when making strategic decisions.

Action Steps: Incorporate mission alignment checks in all board discussions and decisions.

4. Strategic Thinking

Boards are essentially accountable (and generally hold the CEO responsible) for three organizational achievements: strategy, stewardship, and sustainability. Strategic thinking is the board's willingness to learn, reflect, and interpret the context within which the organization operates primarily through the lens of opportunities and threats, and then with these insights discern the advantages to be gained in utilizing these insights. The acceleration of change in politics, economics, social attitudes, and technology demands that excellent boards review the context of the organization on a regular basis (annually), and then articulate the advantages to be gained in a strategic plan or directions document. Strategic Planning is in current times a process, not an event. The board is expected to be competent in guiding the organization in its capacity, capability, and competences to pivot intentionally and proactively in a changing world. This is no longer the singular role of the CEO; this is now the expected standard expected of both the board and the CEO. However, to be successful in this dynamic environment requires proactive thinking on the rules of engagement between the CEO and Board, with clear roles and relationships being agreed and formally defined.

Core Idea: Strategic thinking is crucial for navigating the complexities of today's business environment.

Key Takeaways: The board must be proactive in interpreting the external environment and positioning the organization to leverage opportunities.

Action Steps: Regularly review and update the strategic plan, ensuring it reflects current realities and future possibilities.

5. Clarity of Roles and Relationships

The unfortunate reality of board meetings is that these meetings are generally time-bounded events, and normally these meetings occur only two or three times a year. Potential for board and leadership engagement does exist between meetings, but these interactions tend to be on demand, ad hoc, and reactive. To achieve a model of excellence, the board be active, engaged, and discerning fans of the CEO and the organization whether in formal meetings, or in-between. It is also essential that the board's engagement with the executive/leadership team be channeled through the CEO to avoid conflict in "who is in charge", and perhaps conflicting priorities for projects and their execution. Clarity of roles and relationships is fundamental in building support and trust between board members as peers, and between the board and the CEO, normally channeled through the Board Chair. Reality shows that Board in a disruptive world, conversations, questions, or decisions cannot always wait for the next scheduled board meeting. A publicity crisis or organizational emergency may necessitate the engagement of board members outside of the normal board meeting schedule. To avoid confusion, broken lines of authority, mixed messages, etc., it is prudent that the board and CEO agree on clear protocols regarding their respective roles and relationships. Many boards are guided by Carver's "Policy Governance" model, where the interaction of the board and the organization is primarily directed through the CEO, however it is important to remember that Board have several responsibilities that cannot be delegated (for example the performance of the CEO, and fiduciary responsibility). Codifying the protocol and processes in a board policy and practice handbook (BPPM) is a practical way to document, communicate, and execute practice, as well as exceptions. Formalizing roles and relationships mitigate confusion and embarrassing situations —both for the board and the organization. This clarification of role and responsibilities manifest themselves in structure and systems that enable boards to perform with excellence.

Core Idea: Clear delineation of roles and responsibilities between the board and the CEO is essential for effective governance.

Key Takeaways: Establishing clear protocols for board-CEO interactions prevents confusion and ensures smooth operations.

Action Steps: Formalize these protocols in a board policy manual and ensure all members understand their roles.

6. Excellence in Structure and Systems

Board members and CEOs will always transition over the life of an organization. Excellent organizations plan, thrive, and function through these transitions through effective and efficient systems. The challenge is the fine line of balancing structure, systems, and the dreaded bureaucracy. This is a complex and extensive subject, but at minimum four areas must be addressed and documented: (1) Processes and systems for board communications and information sharing, (2) systems for organizational accountability, (3) the relationship with the CEO, and stewardship oversight of critical areas of risk through board committees (finance, audit, compensation, etc.). This structure is often formalized in a board handbook, or a board policy manual that should be presented at orientation for all new board members and referenced as appropriate in board proceedings. A board handbook should include at minimum the core organizational identity documents (vision, mission, values, organization principles), board approved policies and how they are reviewed, amended, approved, board nominations process, roles and expectations of the board member, logistics such as travel and fees, committees, and their structure, and, for convenience, corporate documents such as the documents of incorporation and bylaws. These are all significant aspects of the board structure and governance that need to be systematized and accessible for consistency and continuity over time. Formalizing board governance through structure, systems, and consistency is a critical tool for stewarding time and resources, and minimizing risk.

Core Idea: A robust governance structure and efficient systems are necessary for continuity and effectiveness.

Key Takeaways: Documented processes for communication, accountability, and decision-making are crucial for sustaining board performance.

Action Steps: Develop and maintain a comprehensive board handbook that outlines these systems and structures.

7. Stewardship and Risk

This last decade has substantially increased every board member's awareness of the importance of risk, and the diligence required to be a responsible governing board. Liability in sexual harassment cases, financial fallouts, and a CEOs' irresponsible behavior are but a few of the newsworthy cases that occur on a regular basis. Stakeholders have every right to ask the question, "where was the board while this was happening?" However, just as important as governance, is the stewardship of three essential resources: financial, people, and culture. Miriam-Webster's dictionary defines stewardship as "the conducting, supervising, or managing of something; especially the careful and responsible management of something entrusted to one's care." These resources are "entrusted" and should be stewarded by the board.

However, there is always an element of risk even with well-stewarded resources, as there are many more areas of risk that need to be assessed and measured. Risk identification, assessment, and mitigation are complex but necessary aspects of board responsibility in the 21st century. Key areas for risk review and mitigation are at minimum: financial vulnerability, strategy and resourcing, political and global factors, reputation (brand), people and culture, leadership, and what is becoming more frequent, data and the digital world. Boards approach risk management using many different models. One well-used model is the balanced scorecard, collaboratively customized by the board and CEO, which generally provides an acceptable degree of confidence and diligence for the vital metrics of good stewardship and risk mitigation.

Core Idea: Effective boards are diligent stewards of the organization's resources and vigilant in managing risk.

Key Takeaways: Regular risk assessments and a focus on stewardship of financial, human, and cultural resources are essential for long-term success.

Action Steps: Implement a risk management framework that the board regularly reviews and updates.

Concluding thoughts:

These seven practices provide a good start and move the needle a little further toward excellence and thriving in the commitment to being an excellent board. Board governance is complex and governing with excellence while continually striving to improve is perhaps aspirational, however, it is worth the time and effort.

About the author:

John C. Reynolds, PhD

Chief Executive Officer – Leading2Grow
leading2grow.com

John currently (soon to be retired) provides leadership as President/CEO of Los Angeles Pacific University, a private online university located in Southern California. Reynolds earned his undergraduate and graduate degrees in computer science and information systems in South Africa, and later a PhD at Azusa Pacific University. In addition to his over 20 years of experience in higher education, which includes the founding of Los Angeles Pacific University and Pacific Educational Resources LLC, Reynolds has worked as a strategy executive in the mining industry and as global Chief Information Officer (CIO) for World Vision International, a large private international relief organization. Reynolds is the author of several books/chapters and is a regular writer of posts and blogs on social media focusing particularly in the areas of leadership and strategy. He speaks frequently at national and international conferences and is a sought-after strategic thought partner to CEOs. Reynolds serves on several governance boards, including BDI Inc. (USA), LCC International University (Lithuania), API Educational Foundation (South Africa), and Tabor Institute of Higher Education (Australia). Further professional information available at http://linkedin.com/in/jcreynolds-usa