

MANAGEMENT OVERSIGHT

TOPICS

Build a Healthy Partnership between the Governing Body and the Management Team

Oversee without Micromanaging

Invest in Management and Leadership Development

Earn Mutual Trust

Celebrate the Results of Collaboration

This section presents practical ways to assess and continuously enhance the working relationships between the governing body and senior administrative and clinical leaders within your health services program or institution.

THE CHALLENGE

You are the chairperson of the governing body of the Central Medical Store responsible for the supply and distribution of essential medicines in South Africa. The management team for the Central Medical Store has given you a report that the costs of some medicines are exceeding budget targets; some are not getting out to district health posts on time and at the right quality. Some medicines may have been stolen and resold in the private sector. How should the governing body help management address these challenges, without micromanaging? What are the problems with micromanagement? How can the governing body and managers best establish mutual trust as they carry out their respective responsibilities to ensure effective management of the supply of essential medicines?

BUILD A HEALTHY PARTNERSHIP BETWEEN THE GOVERNING BODY AND THE MANAGEMENT TEAM

In theory, governing bodies govern and the management team manages. In other words, governing bodies set policy and strategic objectives and monitor the progress toward accomplishment of those objectives, while the management team is responsible for implementation of policies and strategies. In practice, however, governing bodies and management teams have both governance and management responsibilities. The two must work in partnership, governing and managing, to achieve the mission and goals of the organization, with the governing body focusing primarily on governance, including management oversight, and the management team focusing on managing day-to-day operations.

The challenge for the governing body is to ensure that it provides management oversight while avoiding micromanagement. It must focus on the “the big picture” rather than too much on details. Examples of micromanagement on the part of governing bodies might include:

- approving the choice of major equipment or software to be purchased;
- participating in preparing job descriptions for management team members (other than the chief executive);
- selecting and interviewing members for the management team (other than the chief executive);
- approving individual staff salaries (applicable particularly to civil society organizations);
- recommending or approving specific vendors;
- making recommendations about the promotion of specific staff members.

To further understand the differences between the governance responsibilities of the governing body and the management responsibilities of the management team, complete the checklist in Table 16.1 and compare your answers to the recommended ones.

TABLE 16.1 Management vs. governance sample checklist

Overall direction (mission, vision, values)	Gov	Mgmt	Both	Recommended
Revise mission, vision, values				Governance
Determine annual goals				Governance
Monitor progress on goals				Governance
Determine strategies to achieve goals				Both
Recommend policy				Management
Approve policy				Governance
Implement policy				Management
Change bylaws				Governance
Employ outside consultants (counsel, financial, etc.)				Both
Ensure compliance with regulations				Both
Strategic planning				
Develop strategic plan				Both
Approve strategic plan				Governance
Approve strategic plan budget				Governance
Approve deviations from strategic plan				Governance
Finance				
Approve annual operating budget				Governance
Approve capital budget				Governance
Approve deviations from operating budget				Governance
Approve deviations from capital budget				Governance
Approve senior management travel budget				Management
Governing body effectiveness				
Prepare and administer a governing body self-assessment program				Governance
Prepare and approve a governing body orientation program				Both
Recommend changes in governing body composition				Governance
Recruit new board members				Both
Quality of care				
Recommend criteria for credentialing				Management
Approve criteria for credentialing				Governance
Recommend quality indicators				Management
Approve quality indicators				Governance
Establish standards for quality of care				Governance
Monitor quality improvement program				Both

Source: Sean Patrick Murphy and Anne D. Mullaney, *Intentional Governance: Advancing Boards beyond the Conventional* (San Diego, CA: The Governance Institute, 2010).

If the main function of governing bodies is governance, why do they tend to get more involved in direct management than oversight of management? Here are a few reasons.

- Legal requirements dictate that the governing body manages certain areas. Examples include discussions of leases and contracts that require governing body approval, decisions on signature authorizations, and discussion and selection of auditors.
- Operational responsibilities may lead the governing body to get involved in some area of management. Examples include recruitment and evaluation of the chief executive, raising money, or influencing public policy.
- Lack of staff may cause governing bodies to take responsibility for management functions.
- Understaffed organizations may require more governing body management.
- The governing body loses confidence in the chief executive of the management team.
- The governing body is structured along management lines.
- The governing body has more meetings than is necessary.
- Most of the members of the governing body work daily as managers.
- Governing body members who are recruited for their professional skills perform staff roles pro bono.
- Governing body members enjoy the immediate sense of accomplishment that comes with management.

Issues with the management team's chief executive may also lead the governing body to engage in managing. Issues might include the following.

- The chief executive invites the governing body into management issues.
- The chief executive does not readily provide information the governing body needs.
- The chief executive's behavior or performance prompts the governing body to deal with management issues.

These circumstances illustrate how easy it can be for the governing body to become involved in day-to-day operations and management instead of focusing on management oversight.

The key to keeping the governing body focused on management oversight and the management team on management is a healthy partnership between the two entities. To support this partnership, the governing body should make sure that both it and the chief executive of the management team:

- have clear terms of reference that delineate their respective governance and management responsibilities (see sample terms of reference for the govern-

ing body and chief executive in [Appendix 16.1](#) and [Appendix 16.2](#), respectively);

- have annual performance objectives;
- review strategic and annual operational plans to identify areas to be addressed during the year and determine whether they will be addressed only by management, only by the governing body, or by both;
- maintain continuous and open conversation between the head of the governing body and the chief executive of the management team to assess the governing body's performance in carrying out its governance function and support the management team in carrying out its management function.

The quality of the relationship between the governing body chair and chief executive is vital to a successful partnership and should be based on the following three principles: (1) mutual respect, trust, and support for each other and the partnership; (2) reciprocal communications; and (3) shared purpose and commitment to the mission. Each individual's personal and professional biases and preferences are primary challenges in building this partnership. The key is for the two to maintain a balance between being too rigid or too relaxed as they work together on their shared and separate tasks related to the management and governance of the organization. They should identify their shared tasks, as well as a plan for implementing them, so that they both understand their roles in carrying out the tasks. This is particularly needed for fundraising and resource mobilization, where tasks are commonly shared. Avoid making assumptions about who should do what based on past experiences or perceptions.

The partnership of the chief executive and governing body chair provides the structure for a process for accomplishing tasks whereby governance and management complement and support each other through different perspectives and actions. Each entity needs to know what the other is doing. The partnership is critical for sharing information, addressing issues, and planning next steps appropriate to governance's and management's separate and collective responsibilities (see [Appendix 1.3](#)).

OVERSEE WITHOUT MICROMANAGING

Members of governing bodies should see themselves as overseers, not implementers. When governing bodies overstep the line between governance and management, they can easily become micromanagers. If you suspect that your governing body might be overstepping, ask yourself these questions:

- Would you engage in this level of detail if you were on a corporate board?
- Is the issue related to policy and strategy?
- Are you a disinterested party or motivated by personal concerns?
- Is this an issue of execution or does it raise matters of values?

If the governing body is focusing too much on short-term management issues, try taking these steps to remedy the situation.

CLARIFY EXPECTATIONS FOR THE GOVERNING BODY

- Review governing body expectations with body members, emphasizing that the governing body is responsible for governance and assuring that the organization pursues and accomplishes its mission and that it sustains itself over the long run.
- Develop work plans for the governing body that are directly linked to the organization's strategic plan and priorities.
- Assign activities to specific governing body committees that relate to policy and strategy in the strategic plan.

CLARIFY EXPECTATIONS FOR THE CHIEF EXECUTIVE

- Require that the chief executive produce information for the governing body that will stimulate strategic discussions and decision-making. Such information could include: executive summaries for action items; discussion questions; annual memoranda dealing with strategy; and institutional performance indicators.
- Require that the chief executive's performance evaluation includes assessment of his/her ability to present strategic questions and complex problems to the governing body in a way that facilitates governing body action.
- Discourage the chief executive from providing reports on operational matters to the governing body.
- Establish an "executive hour," which is a specific time that allows the chief executive to discuss critical governing body-level issues with governing body members that are not easily incorporated into the governing body meeting agenda or committee structure. This time also affords governing body members opportunities to collaborate at the highest level of the organization.

PROVIDE MEETING MATERIALS AND STRUCTURE MEETINGS TO DIRECT THE GOVERNING BODY'S ATTENTION TO MATTERS OF POLICY AND STRATEGY

- Provide governing body members with the agenda and materials for the governing body meeting (governing body packet) 10-14 days before the meeting and state the strategic importance of each agenda item included in the packet.
- Indicate which materials in the packet must be read in advance.
- Make sure that governing body meeting agendas include questions on issues of strategic importance for discussion and that governing body members receive the questions in advance in order to prepare for discussion.

- Prioritize agenda items so that the most critical issues are discussed first, ensuring that governing body members are fresh, alert, and better able to pay attention.
- Assign time intervals for discussion of governing body items so that sufficient time is dedicated to items involving policy and strategy.
- Use a consent agenda (see Box 16.1) to vote on routine agenda items, thereby lessening the opportunity for discussion of routine operations.

BOX 16.1 What is a consent agenda?

A consent agenda is the set of routine actions that require governing body approval by tradition, statute, or bylaws. The consent agenda might include approval of the minutes from the previous governing body meeting, matters related to property or contracts, personnel actions, and minor program changes. The governing body chair and the chief executive decide what to include in the consent agenda, and governing body members receive a brief explanation of each item in the information packet sent before the meeting. When the governing body meets, any member can request that an item be removed from the consent agenda for further discussion. The items remaining in the consent agenda are voted on together and without discussion.

ENABLE GOVERNING BODY MEMBERS TO MONITOR ORGANIZATIONAL PERFORMANCE AND PROGRESS

- Develop key indicators for the governing body to monitor organizational performance and ensure that the chief executive and his/her team report periodically to the governing body on the indicators. The governing body's time should be spent discussing the reasons for downward trends or low performance and actions to be taken to improve performance.

CONTINUOUSLY ASSESS THE GOVERNING BODY'S PERFORMANCE

This should include assessment of the extent to which the body maintains a focus on governance, not management. Such an assessment does not need to be complicated and can be done at the conclusion of each governing body meeting. The following questions can help with the assessment:

- At the end of each meeting ask governing body members to rate the following aspects of the meeting on a scale from 1 to 5 and discuss the results.
 - The issues covered today were
Trivial 1 2 3 4 5 Essential
 - The materials provided were
Worthless 1 2 3 4 5 Indispensable
 - Today's discussions concerned primarily
Operations 1 2 3 4 5 Strategy

- Ask governing body members to answer questions on a card or form at the end of each meeting, for example:
 - What might we have done differently to improve our meeting today?
 - In light of today’s meeting, what topics/issues should we address at the next meeting?
 - As a governing body, what was the most valuable contribution we made today to our organization?

The governing body chair and the chief executive should compile and analyze the responses and provide them as feedback to the governing body at the next body meeting. Continuous feedback provides warning signs when the governing body begins to slip into the process of meddling in day-to-day management operations so that corrective action can be taken. As governing body members become more and more accustomed to assessing their performance at the end of each governing body meeting, these mini-assessments can be done verbally.

In addition to doing assessments at the end of each meeting, governing bodies can also assess their governance performance periodically, as follows:

- Every one or two years, prepare a review of the minutes of governing body meetings and conduct a survey of body members to determine the issue(s) on which the body spent the most time throughout the year(s). Examine the issues and whether they were related to strategic directions, values and principles, and scope and quality of services, or whether they focused on rules, regulations, normal operations, routine transactions, and minor policies. Determine how much of the time was used to focus on operational versus strategic and policy issues. Depending on the results, include a governing body objective for the coming year that redirects the body’s time to governance issues, as opposed to day-to-day management.
- Conduct an annual governing body self-assessment and discuss the findings at a governing body meeting. (See [Appendix 16.3](#) for a sample governing body assessment form.) Consider what the body can do to improve and convert the actions into governing body objectives.
- Periodically supplement the governing body self-assessment with an external assessment (conducted by those who are not body members) to obtain the opinions of senior staff and other stakeholders about the governing body’s strengths and weaknesses, the value the body adds, and the costs it generates, as well as what more the governing body can do to ensure that it governs the organization effectively.

Research available from Creating the Future about why governing bodies become engaged in micromanagement sheds additional light on what to do about it.¹

1. Hildy Gottlieb, “Why Boards Micro-Manage and How to Get Them to Stop” (ReSolve, Inc., 2001). Available at: http://www.help4nonprofits.com/NP_Bd_MicroManage_Art.htm

INVEST IN MANAGEMENT AND LEADERSHIP DEVELOPMENT

Since the role of the chief executive is to manage the organization, it is the governing body's responsibility to ensure that he/she has the management skills to do the job well. The governing body has four opportunities to identify the chief executive's need for management and leadership development:

- when the chief executive is interviewed for the position and his/her strengths and weaknesses as a manager are identified
- as the chief executive carries out his/her duties and the governing body is able to observe management and leadership skills in which he/she needs further development
- when the organization embarks upon a new initiative that requires specific management and leadership skills that may not be the chief executive's strongest
- during the chief executive's annual performance review, when both the governing body chair (or executive committee) and the chief executive together review the chief executive's performance and identify management and leadership skills that need strengthening

Performance Assessment of the Chief Executive

Like any other staff member, the chief executive should participate in a performance assessment. However, unlike other staff members, he/she participates in a review conducted by the governing body (usually the executive committee or an ad hoc board committee formed for purposes of the performance assessment), led by the body chair. Box 16.2 presents principles to guide this process. See [Appendix 16.4](#) for a sample form for assessing the performance of the chief executive.

BOX 16.2 Principles of performance assessment of the chief executive

Performance reviews of the chief executive (whether annual and less formal, or less frequent but more formal and comprehensive) work best when guided by these four principles:

1. The primary purpose of the performance review is to help the chief executive perform more effectively. To keep the process healthy and constructive, compensation and contractual renewal decisions should not be considered the sole or primary purpose for conducting the review.
2. The chief executive should be consulted on the process to be used for the performance review.
3. The chief executive's and governing body's performance are interdependent. The governing body should also assess its own performance.
4. The governing body is responsible for conducting the performance review of the chief executive, while the chief executive is responsible for the performance review of senior staff.

Source: Cathy A. Trower, Govern More, *Manage Less: Harnessing the Power of Your Nonprofit Board*. Second edition (Washington, DC: BoardSource, 2010).

Once the governing body has identified the chief executive's management and leadership areas or skills that need strengthening, it can put together a performance improvement plan for the chief executive. The plan should include activities to develop the chief executive's management and leadership capacity. The costs of the activities are included in the annual budget.

Management and leadership development of the chief executive may take two forms—training and coaching—as described below.

Training the chief executive. The chief executive can obtain training through short-term courses, in person or online. Areas in which the chief executive might need to strengthen his/her skills include fundraising, working with the governing body, and specific leadership skills. BoardSource² offers a number of online courses and webinars for chief executives (as well as board members) related to their governance responsibilities.

Coaching the chief executive. As part of the governing body's responsibility to support the chief executive, the body chair should continually coach him/her. Governing body members with coaching skills and specific expertise can be assigned to coach the chief executive in areas that need strengthening. The governing body can hire professional coaches to provide management and leadership development support. The case study in Box 16.3 tells how a professional coach was used to improve the performance of the Executive Secretary of a Country Coordinating Mechanism for the Global Fund to Fight AIDS, Tuberculosis and Malaria.

2. BoardSource, Trainings (Washington, DC: BoardSource, 2015). <https://www.boardsource.org/eweb/dynamicpage.aspx?webcode=TrainingandEvents>

BOX 16.3 Coaching to improve the performance of the leadership of a Country Coordinating Mechanism

The Country Coordinating Mechanism (CCM) of a country in Latin America was experiencing difficulties in carrying out CCM functions and requested technical assistance (TA) to overcome them. One of the challenges the CCM was facing, and particularly the CCM Chair, was the difficult relationship between the CCM Chair and the CCM Executive Secretary, as well as the Executive Secretary and the CCM's government sector. The Executive Secretary's poor relationship with the Chair and government sector affected the quality of communication with CCM members, Principal Recipients and the Global Fund, the proper functioning of the CCM, and, ultimately, management of grants in which the government was the Principal Recipient.

After separate interviews with the CCM Chair and the Executive Secretary, the TA team suggested to the Chair that the Executive Secretary be coached by one of the team members, who was a professional coach accredited by the International Coach Federation. The Chair concurred, and the Executive Secretary readily agreed to being coached.

The methodology used was based on coaching conversations, using a model that focuses on aspirations, realities, alternatives, and actions. Coaching of the Executive Secretary took place over a six-month period, during 10 individual face-to-face or virtual sessions.

In the first session, which lasted two hours, the Executive Secretary was introduced to the coaching process and code of ethics, particularly in regard to the confidentiality of the process. All aspects of the Executive Secretary's life, and particularly the Executive Secretary's relationship with work (the CCM), were reviewed so that the Executive Secretary could identify objectives for the coaching and the expected results. The Executive Secretary decided to focus on improving communication between the CCM Secretariat and the CCM Executive Committee, particularly the CCM Chair. The remaining coaching sessions each focused on a specific aspect of the objective identified during the first session. Each session ended with an action plan (tasks and targets) that the Executive Secretary would carry out.

From the coach's viewpoint, the coaching process was very successful. The Executive Secretary showed enthusiasm during the coaching sessions and kept commitments (tasks and targets) for the following session. The CCM Executive Secretary also viewed the coaching process as successful, commenting: "Once I realized that the role of the CCM Secretariat is to advise rather than direct the Chair, our communication became easier and our relationship became one of mutual trust and acceptance. The impact of having received coaching has also made it possible for me to continue to work with ease and self-assurance with successive Executive Committees, now that I am aware of the pitfalls of the Chair-Executive Secretary relationship."

From the viewpoint of the CCM Chair, the coaching process was also a success. The Executive Secretary's communication with the Chair improved greatly as a result of coaching.

EARN MUTUAL TRUST

The relationship between the governing body and the chief executive is one of mutual trust and respect that must be earned and sustained. The two must work together, maintaining open communication about their mutual expectations, and understanding of the distinction between the governing body's primary function of governance and the chief executive's duty to manage the organization.

Candid conversation about the performance of the chief executive should take place throughout the year, rather than only during the annual performance review. The gov-

erning body chair plays an important role in ensuring constant and open communication, since he/she is usually the spokesperson for the body in matters relating to the chief executive's performance.

The governing body chair provides both good and bad news to the chief executive, and vice versa. In fact, an agreement of “no surprises” between the two is a smart practice and helps to deal with performance and organizational problems before they become crises.

The governing body chair and chief executive respect each other's complementary responsibilities. Yet they also have shared responsibilities, such as preparation of meeting agendas, committee assignments and activities, governing body member cultivation and recruitment, governing body retreat planning, and other governing body undertakings.

One of the governing body's main responsibilities is to support the chief executive (see Box 16.4). In fact, the governing body, starting with its top leader, is the chief executive's most significant source of support. Moreover, the quality of the relationship between the chair and chief executive is paramount to a high-performing governing body and retention of the chief executive, and it affects the relationship with the entire body.

BOX 16.4 How the chair of the governing body can support the chief executive

The chair of the governing body can support the chief executive by:

- being predictable when reacting to and addressing challenges;
- encouraging the chief executive to be decisive;
- standing by the chief executive when constituencies are opposed to certain decisions;
- providing encouragement when needed;
- responding to requests for help.

After the governing body chair, the body executive committee (or the body's elected officers) is the second line of support for the chief executive. They look after the chief executive, identifying ways in which the governing body can support him/her, understanding issues of concern, and monitoring his/her morale. Use the following checklist to ensure that the chief executive³

- receives frequent, substantive, and constructive feedback (not just at the time of the annual performance review)
- receives proper compensation as recognition of good performance
- has confidence that the governing body chair will intervene with any governing body members who may misunderstand or abuse their positions
- believes that on-the-job performance is being assessed fairly and appropriately

3. Adapted with permission from *Ten Basic Responsibilities of Nonprofit Boards* by Richard T. Ingram, a publication of BoardSource. For more information about BoardSource, call +1 800-883-6262 or visit www.boardsource.org. BoardSource ©2009. Content may not be reproduced or used for any purpose other than that which is specifically requested without written permission from BoardSource.

- is introduced by governing body members to key community leaders who can assist and support the organization
- is invited to speak at significant or high-profile functions
- receives compliments for exceptional initiatives
- is encouraged to use professional and personal leave time for rest, relaxation, and renewal
- feels that the governing body chair is aware of and sensitive to any personal situation or needs and respects the confidentiality of their private conversations

In the same way that the governing body chair and the chief executive agree to “no surprises,” the full governing body also abides by this guideline. The chief executive should be the first to know about governing body dissatisfaction with executive management or leadership, before hearing about it from outsiders. Similarly, the body chair and the full governing body should be the first to hear about organizational problems, before hearing them from others or reading about them in the news. Open communication in this manner gives the chief executive the opportunity to correct problems and make improvements before they negatively impact the organization.

CELEBRATE THE RESULTS OF COLLABORATION

Celebrate successful collaboration between the governing body and the chief executive. Every chief executive enjoys hearing compliments from the governing body on a job well done. Similarly, body members want to hear from the chief executive that their contributions make a difference to the organization. In the same way that the governing body and chief executive are candid with each other about problems and issues that might arise, they should also joyfully recognize successes and results obtained. Opportunities to celebrate might include:

- the launch of the organization’s strategic plan in which governing body and staff participated;
- dissemination of the organization’s annual report that demonstrates results achieved;
- completion of the chief executive’s annual performance review of the good work accomplished;
- announcement of a significant new funding source or revenue stream for the organization that the governing body played a significant role in developing;
- completion of the governing body chair’s term of service and recognition of his/her efforts.

Working together, the governing body and the chief executive can ensure that the governing body focuses on governance while providing oversight to management. In organizations where the body governs and monitors management, governing body discussions will be more meaningful, governing body and committee meetings will be more interesting,

and governing body members will contribute more and be more satisfied. The enhanced engagement of body members will lead to better decision-making and greater commitment, including increased moral and financial support, and a healthier organization.

In regard to management oversight, discuss the following actions with governing body leaders to adapt them to your unique realities.

- If your governing body tends to micromanage, discuss with the body and with the chief executive what body members perceive as the responsibilities of the governing body and the responsibilities of management. Clarify expectations.
- Routinely evaluate governing body meetings to assess to what extent the meetings focus on issues that are strategic to the organization versus operations.
- Conduct an annual governing body assessment.
- Establish performance objectives for the chief executive and schedule a performance assessment. Use the performance assessment to identify needs for management development of the chief executive. Consider training or coaching for the chief executive.
- If your governing body is having difficulty working with the chief executive, discuss what the body can do and what the chair can do specifically, to better support the chief executive.
- Identify a particular achievement of the governing body working successfully with the chief executive. Celebrate the achievement!

APPENDIX 16.1

Terms of Reference for a Governing Body (sample)

(See also [Appendix 1.1](#))

Responsibilities

- Approve the organization's mission and review management's performance in achieving it.
- Annually assess the ever-changing environment and approve the organization's strategy to be responsive.
- Annually review and approve the organization's funding plans.
- Review and approve the annual financial goals.
- Annually review and approve the organization's budget.
- Approve major policies.

Organization

- Elect, monitor, appraise, advise, stimulate, support, reward, and, if deemed necessary or desirable, change top management. Regularly discuss with the chief executive matters that are of concern to that person or to the body.
- Annually approve the performance review of the chief executive and establish compensation based on recommendations of the executive committee and governing body chair.
- Ensure that management succession is properly planned.
- Ensure that the organizational strength and employee base can substantiate long-range goals.
- Approve appropriate compensation and benefit policies and practices.
- Propose a slate of prospective trustees to members and fill vacancies as needed.
- Determine eligibility for and appoint members to governing body committees in response to recommendations of the executive committee.
- Annually review the performance of the governing body (including its composition, organization, and responsibilities) and take steps to improve its performance.

Operations

- Review results achieved by management as compared with the organization's mission and annual and long-range goals. Compare performance to that of similar organizations.
- Verify that the financial structure of the organization will adequately support its current needs and long-range strategy.
- Provide candid and constructive criticism, advice, and comments.

- Approve the organization's major actions, such as capital expenditures on all projects that are over authorized limits and major changes in programs and services.

Audit

- Ensure that the governing body and its committees are adequately informed of the financial condition of the organization and its operations through reports or any appropriate method.
- Ensure that published reports properly reflect the operating results and financial condition of the organization.
- Ensure that management has established appropriate policies to define and identify conflicts of interest throughout the organization and is diligent in its administration and enforcement of those policies.
- Appoint independent auditors subject to approval by governing body members.
- Review compliance with relevant material laws affecting the organization and its programs and operations.

Source: Barbara Lawrence and Outi Flynn, Role of the Board, Sample #3, in *The Nonprofit Policy Sample*, 2nd ed. (Washington, DC: BoardSource, 2006).

APPENDIX 16.2

Terms of Reference for a Chief Executive (sample)

Position Summary

The chief executive is responsible for the overall administration and management of [name of organization], including service programs, fundraising, and business operations. Areas of responsibility include planning and evaluation, policy development and administration, personnel and fiscal management, and public relations. This is a full-time position, hired by and directly accountable to the board of directors through its elected board chair.

Responsibilities

1. Management and administration
 - Develop and facilitate an active planning process.
 - Develop organizational goals and objectives consistent with the mission and vision of [XYZ].
 - Develop and administer operational policies.
 - Oversee all programs, services, and activities to ensure that program objectives are met.
 - Oversee business development.
 - Ensure compliance with funding sources and regulatory requirements.
 - Provide information for evaluation of the organization's activities.
2. Fiscal
 - Develop, recommend, and monitor annual and other budgets.
 - Ensure effective audit trails.
 - Approve expenditures.
 - Provide for proper fiscal record-keeping and reporting.
 - Submit monthly financial statements to the board of directors.
 - Prepare and submit grant applications and funding proposals as appropriate.
3. Personnel
 - Administer board-approved personnel policies.
 - Ensure proper (legal) hiring and termination procedures.
 - Oversee any and all disciplinary actions.
 - Provide for adequate supervision and evaluation of all staff and volunteers.
4. Relations with the Board
 - Assist the board chair in planning the agenda and materials for board meetings.
 - Initiate and assist in developing policy recommendations and in setting priorities.
 - Facilitate the orientation of new members of the board.
 - Work with the board to raise funds from the community.
 - Staff committees of the board as appropriate.

5. Public relations

- Serve as chief liaison with specific community groups.
- Ensure appropriate representation of [name of organization] by all employees.
- Coordinate representation of [name of organization] to legislative bodies and other groups

Adapted from BoardSource, Chief Executive Job Description 2 (Washington, DC: BoardSource, 2013. From BoardSource at 1-877-892-6273 or e-mail learningcenter@boardsource.org).

APPENDIX 16.3

Performance Assessment for a Governing Body (sample)

Instructions

Using your experience and/or involvement with the governing body, please rate each characteristic on a scale of 1 to 5. Ideally, compare responses among your governing body colleagues and use the information to help determine priorities for attention.

Strongly Agree Agree Disagree Strongly Disagree Do Not Know
5 4 3 2 1

Characteristic	Rating
1. The governing body develops and maintains a longer term vision and clear sense of direction for the organization.	
2. Governing body members ensure the prevalence of high ethical standards and understand their legal obligations.	
3. The governing body ensures effective performance through sound information.	
4. The governing body ensures financial and organizational health of the organization.	
5. The governing body recruits, sets objectives, and evaluates the performance of the chief executive.	
6. The governing body ensures sound relationships with key external bodies.	
7. The governing body ensures sound relationships with members and clients and provides opportunities for them to influence key initiatives.	
8. The governing body manages risk effectively.	
9. The governing body maintains accountability.	
10. The governing body ensures the soundness of the governance system.	
11. The governing body has effective board chairs and committee chairs.	

Source: Institute on Governance (IOG), *Board Self-evaluation Tool* (Ottawa: IOG, no date). Based on IOG's 11 characteristics of high-performing boards.

APPENDIX 16.4

Performance Assessment for a Chief Executive (sample)

Instructions

This questionnaire has been designed to solicit input from members of the governing body on the performance of the chief executive. Please complete Parts A and B of the questionnaire assessing the chief executive's performance. It should take you 30 to 60 minutes to complete. To encourage candor, the questionnaire does not ask for your name. Your confidential responses, along with the responses of your colleagues, will be summarized on Part C of the questionnaire and shared with the chief executive at a meeting with a small committee of the board.

The questions measure your level of satisfaction with how the chief executive is carrying out various aspects of his/her responsibilities. Indicate the degree to which you are satisfied or not satisfied with the chief executive's performance for each responsibility mentioned by circling one answer: exceptionally satisfied, satisfied, or very dissatisfied. You also have the option of answering "unable to assess." If you think a particular question is not applicable, feel free to skip it.

At the end of each section and at the conclusion of the assessment there are a number of open-ended questions. Please take the time to answer these questions, because your responses will be especially helpful when the board and chief executive look for ways to strengthen the chief executive's performance and the organization as a whole.

Part A. Organizational Responsibilities

I. Vision, Mission, & Strategy

How satisfied are you that the chief executive has a clear understanding of the mission and strategy of [NAME OF ORGANIZATION] and plays a key role in translating that mission into realistic action?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

2. Achievement of Results

How satisfied are you that the chief executive has accomplished the objectives and priorities set by the governing body for the performance period?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

3. People Management

How satisfied are you that the chief executive has selected and developed qualified staff and built morale among staff, volunteers, and clients?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

4. Program Management

How satisfied are you that the chief executive has appropriate knowledge of the organization programs and services, and provides suitable oversight for the provision of high-quality programs and services?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

5. Effectiveness in Fund Raising and Resource Development

How satisfied are you that the chief executive is an effective fundraiser, working well with all constituencies and donors to generate needed resources for the fulfillment of [NAME OF ORGANIZATION]'s mission?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

6. Fiscal Management

How satisfied are you that the chief executive is knowledgeable regarding financial matters, and has established a system that allows for accurate accounting and informed financial decision-making?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

7. Operational Management

How satisfied are you that the chief executive has ensured that the organization has suitable systems, policies, and processes for: accounting and fund management, human resources management, office space, information technology, and risk management?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

8. Governing Body / Staff Relationship

How satisfied are you that the chief executive works effectively with the board, maintaining good communications and a collegial, professional environment?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

9. Other Expectations

How satisfied are you that the chief executive has responded appropriately to unanticipated or difficult situations, and to those specific challenges associated with the unique mission of [NAME OF ORGANIZATION]?

Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Unable to Assess
5	4	3	2	1

Please comment:

Part B. Personal Leadership Qualities

1. How satisfied are you that the chief executive is knowledgeable regarding financial matters, and has established a system that allows for accurate accounting and informed financial decision-making?

Please comment:

2. What are the areas in which the chief executive would most benefit from additional development of skills or knowledge?

Please comment:

3. In what ways does the chief executive make a unique contribution to [name of organization] because of the person he/she is?

Please comment:

Part C. Overall Assessment (to be completed by the committee responsible for the assessment)

1. Narrative Summary of Performance
2. Affirmation of Strengths and Achievements
3. Discussion of Gaps
4. Suggestions for Professional Development

Source: Berkeley Development Resources, *Evaluation of the Chief Executive: A Briefing for Non-Profit Boards of Directors* (Toronto, ON: Berkeley Development Resources, no date). Adapted with permission. Available at: <http://www.bdrconsultants.com/>