

Change Leadership Snapshot

Developing a Strategic Board of Directors

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A Board of Directors, Board of Trustees, or an Advisory Board all have overseer function for the organization whether it is for-profit or non-profit. Those serving on these boards often are chosen for their executive role in the organization, their connections to resources, or involvement with partner organizations. Yet these people are expected to help craft a strategic future for the organization that pushes toward mission fulfillment while adapting to changes in the operating environment. The purpose of this short paper is to identify ways board members can be brought into strategic alignment with the needs of the organization and thereby provide valuable advice to guide the organization.

Board Roles & Responsibilities

BoardSource (2009) identifies a number of responsibilities that directly relate the Board's strategic role. These include:

- Determine the mission (purpose) for the organization and clearly communicate that mission to those responsible for directing daily operations. Components of this statement include organizational goals, values to be embedded in the operation, and stakeholders who are to be involved. While this statement is fairly static over time, it should still be reviewed periodically for alignment to current conditions and opportunities.
- Select the Chief Executive who will be responsible for implementing the strategic mission and overseeing daily operations. This role expands to monitoring this individual's performance and providing performance improvement advice as needed.
- Work with the executive leadership team to craft a compelling vision that will focus and motivate all organizational members toward fulfilling the mission.
- Provide the executive the moral and professional support as needed to lead the organization forward.
- Ensuring that the planning function is operating effectively and integrated into routine performance reporting processes. Components of the planning activity include the mission and vision statements that are widely communicated, the strategic framework for developing the operating plan, and the mechanism by which the operating plan is put into action and tracked for performance.
- Ensure that the necessary resources are available to execute the mission.

Alignment between the Board and Top Leadership

Moving further into the crafting of a strategic future for the organization, the Board and Top Leadership have intertwined roles. At the core level, the Board is responsible to see that a strategic plan is developed, put in place, and tracked during implementation. In this oversight role, the Board sets guidelines, clarifies assumptions, and monitors work done by the Top Leadership Team. The following table illustrates specific points of interface between the Top Leadership Team and the Board as the Strategic Plan is developed and implemented.

Board responsibilities	Top Leadership Team responsibilities
<ul style="list-style-type: none"> • Clarify the organization's mission and a vision for the future • Monitor the Top Leadership Team to confirm that the strategic planning <i>process</i> is in fact in place and being done • Ensure someone is accountable for each part of the strategic planning process • Review plan assumptions and provide feedback for improvement • Review strategic options and challenge them adding perspective • Approve the Plan • Monitor the implementation as a Board oversight function • Risk assessment 	<ul style="list-style-type: none"> • Analyze the gap between the current capabilities and what is required to fulfill the mission and reach the vision • Prepare the strategic planning document including the required analysis, strategic formulation, and implementation plan • Organize the work necessary to gain full organizational involvement & commitment • Evaluate alternate scenarios and determine what core competencies exist and which might be developed • Determine how the organization might best meet its mission • Execute the Plan • Push the agreed upon plan down into the organization's budget and daily work tasks • Risk management

Planning Horizon

While it may be nice to have a long-range plan, the volatile, global environment today limits most organizations to a two to five year window for opportunity. Anything less than a year is insufficient to really do the important things necessary to develop an adaptive organization capable of meeting the challenges ahead. If the planning horizon gets much beyond five

years, it is likely there will have to be significant change later to account for what is unseen and unknowable now. Naturally, some capital projects will require longer time periods and the focus will have to be mission specific with built-in flexibility in the project to permit fine-tuning later as more is known. The time horizon must also be short enough that successes can be accomplished to keep organization members excited about the vision and their role in moving toward that objective.

Components of a Strategic Plan

At a high level, there are a number of core components of a strategic plan, each integrated with all the other components. These include:

- External analysis – What is happening in the global economy? More importantly, what are the trends and what is driving them? Who are your competitors for revenue (or funding if a non-profit)? What are the emerging opportunities? Threats?
- Internal analysis – What are the organization's strengths and weaknesses? Do core competencies exist? What competencies might be developed to yield competitive advantage?
- Guiding statements – mission, vision, and values that drive the organization and how it operates.
- Objectives & goals – Objectives frame what the future will look like in a tangible and objective manner. Goals are intermediate points that permit the tracking of progress toward the objective, possibly through tactical planning efforts.
- Strategic alternatives – What are the possible strategic directions that might be taken to align capabilities (or what might be possible) with the guiding statements?
- Collective agreement on direction – What is the decision-making process by which the organization decides its future? How will everyone be involved in this decision so commitment and individual job alignment arises?
- Implementation – How will the strategic plan be pushed down into operational planning (the tactical side) to get things accomplished?
- Performance tracking – How will progress be tracked, both toward intermediate goals involved with the tactical plan and those used to evaluate strategic movement?
- Contingency planning – What might go wrong? What may need to be done? How will it be known that a trigger point has been reached for taking action?

While the sequence above is common, the actual sequence through the process depends on where the organization faces its most severe problems and what strategic thinking has been done in the past. As a rule-of-thumb, start where the organization is, do as much as can be done quickly, and integrate all

components as new parts are developed. Note that it is common to loop back to previous work as more is learned and as new questions arise. The key is to *get started!*

Risk Identification and Mitigation

The process of setting strategic direction cannot be finished without taking some time to identify possible risk arising from invalid assumptions or changing situations outside the organization's control. The focus will need to be on mitigation, how might decisions be made now to eliminate or reduce the possible impact if the risk were to be realized. Note that this view of risk recognizes disruptive change occurring outside the organization as well as succession issues required for normal, daily operations. This risk mitigation involves establishing contingency plans and trigger points for when those plans might be initiated. Such triggers for action need to be incorporated into routine environmental monitoring and performance tracking.

Document vs. Process

One complaint about strategic planning is that the resulting document is put on the shelf and not used. Technically, this is not a problem if the strategic planning process was successfully accomplished and everyone in the organization has internalized what the plan means to them and their role in the organization. It is through involvement that people get committed to the plan and the document itself is only needed for reference.

Related Change Leadership Snapshots

- Strategic Readiness

Learning more & references used above

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