

BBB Governance Review

Governance Review of the Better Business Bureau of Mainland BC

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Executive Summary

Introduction

Nonprofits offer important social and economic value to the communities they serve (Murray, 2006, p. V), and operate for various purposes (social welfare, civic improvement, recreation, etc.) other than for-profit (Canada Revenue Agency, 2012). However, there have been increasing demands for nonprofits to demonstrate accountability through effective governance practices (Holland T. P., 2002, p. 409). The literature suggests that nonprofit governance is more challenging than for-profit governance, due in part to the board consisting of volunteers and the wide array of roles and responsibilities (i.e. fiscal oversight, managerial supervision, achieving organizational mission, goals and objectives) that these volunteer entities provide (Leifer & Glomb, 1997 as cited in Wright & Millesen, 2007, p. 322; Green & Griesinger, 1996, p. 399; Gill, *et al.*, 2005; Wright & Millesen, 2007, p. 323). Further, nonprofits are expected to contribute to social good and instill public trust in the conduct of their services (Gill, *et al.*, 2005).

Governance consists of the *structures* and *policies, roles* and *responsibilities*, and *processes* and *practices* that inform the board in accomplishing the mission of the organization it serves (Gill, 2001, p. 7). Good governance is concerned with causing the desired outcomes to occur by choosing the appropriate courses of action (Gill, 2001, p. 7; Renz, 2007, p. 2).

The Better Business Bureau of Mainland British Columbia (BBB herein), who serve British Columbia and the Yukon Territory, requested this review to ensure that they are governing effectively. The BBB has experienced growth since it started as a grassroots organization in 1939. The project objective is to improve BBB board performance by analyzing the organization's current state of governance and make recommendations for change based on best practices.

Methods

A detailed literature review of similar studies was conducted for three reasons: first to determine the research methods most commonly used in this type of review, secondly, to establish the governance issues that are most prevalent in the literature, and finally to determine the best practices that are applicable to the BBB (an important deliverable).

A quantitative survey was developed and distributed to those involved in BBB governance to collect perceptions about a variety of governance issues identified as best practices in the literature. This survey had a twofold purpose: firstly to provide an overall "check-up" score or rating; and, secondly, to identify problematic governance dimensions and associated factors. The key issues of concern identified in the surveys were followed-up with during semi-structured interviews with the same population. The BBB governance documents were also reviewed. Finally, the findings were discussed and analyzed in comparison to governance characteristics found in other larger studies across multiple nonprofit organizations, allowing the current strengths and weaknesses at the BBB to be identified.

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Findings

The project set out to answer the following overarching question: *Is the current governance structure of the BBB effective and efficient?* Sub-questions include:

- What issues are most commonly seen as challenging the effectiveness of the BBB of Mainland BC board?
- What opportunities for improved effectiveness and efficiency exist?
- What best practices address the identified areas of deficiency?

Governance effectiveness is defined as whether the structures and policies, roles and responsibilities, and process and practices that inform the board allow it to accomplish the desired outcomes of the organization it serves according to governance best practices (Gill, 2001, p.7; Renz, 2007, p.2). Efficient governance relates how well the board uses its time and resources to accomplish the above.

Survey Findings

The survey was scored using a 5-point scale where a higher score indicated greater satisfaction or agreement on a given governance best practice. Overall, the survey had 60.26% positive responses, and 22.19% negative responses.

The questions were analyzed by scoring the responses as follows: Strongly Agree = 4; Agree = 2; Neutral = 0; Disagree = -2; and Strongly Disagree = -4 and the mean score for each question was calculated, including the neutral score. In turn, a score between zero and two indicates a level of agreement, and a score between two and four indicates stronger agreement. In contrast, a score between zero and minus two indicates disagreement and a score between negative two and negative four indicates strong disagreement. The mean scores of individual questions were calculated in order to calculate mean scores for the categories of governance in which they were contained, allowing comparisons between governance categories. For example, the lowest rated category was *board composition, management and development* with a score of 0.24, in contrast with the *board meeting management* category which received the highest score of 1.87. The question regarding overall effectiveness and efficiency of the board received 73.68% positive satisfaction responses and 15.79% negative satisfaction responses. This indicates that the BBB board is moderately satisfied with its overall board effectiveness, but suggests that particular governance dimensions and associated categories of competency may not be fully met. The survey comments, interviews and document review generally affirmed the survey findings, indicating that overall the BBB governance is not exceptionally good or exceptionally bad, but rather is quite comparable with other nonprofits. The challenges experienced at the BBB are consistent with those in other organizations; in particular the BBB's weakest dimension of governance in the survey-*board composition, management, and development* (0.24), is a common area of concern for nonprofits. On a positive note, no other governance category as a whole scored anywhere as low, with the next lowest board category being *board culture* at 1.309. Further, the BBB's strongest dimension of governance was *board meeting management* with a score of 1.87. However, on the basis of these ratings it appears that there is room for improvement at the BBB and these are listed below.

Survey Comment and Interview Findings.

Structure and policy

There were some concerns about board size, those who indicated it may be too large explained this was a problem for two reasons: (1) it created the need to use an executive committee, giving perceptions of a two-tiered board; and (2) it contributed to an environment of dis-engagement. According to the literature, the BBB board size is within the normal range, however there is movement away from the use of executive committees in the literature (Carver Policy Governance does not use standing committees). This highlights the need to balance ideal decision making numbers with the ability to meet the wide array of responsibilities nonprofit board members have (Dorger Consulting, n.d).

The most significant governance challenge identified at the BBB was the absence of clearly defined policies and processes, which included the deficiency in clear role descriptions at multiple levels (full board, committees, individual directors etc.). Several research studies on nonprofit governance practices have indicated that *role clarity*, with written expectations about contributions and accountability are as important to effective governance and organizational effectiveness as the model of governance employed (Gill, 2001, p. 26; Herman & Renz 2000, p. 156; Green & Griesinger, 1996, p. 396). Furthermore, these studies note that *role clarity* is a characteristic used most frequently by high performing boards (Gill, 2001, p. 26; Herman & Renz 2000, p. 156; Green & Griesinger, 1996, p. 396). Also, role ambiguity adversely impacts board engagement, where the latter was also identified as an issue for the BBB (Wright & Millesen, 2007, p. 322 & 333; Bugg & Dalhoff, 2006, p. 14).

With respect to the BBB bylaws, numerous participants indicated dissatisfaction with the clarity and/or detail of the bylaws. However, upon completing this review, it seems that the challenge around role clarity and formal processes does not lie with the bylaws. Rather, the bylaws are sufficiently acting as the ‘enabling’ document for the board, designating their authority (The Governance Coach, n.d.). In fact, the literature suggests that bylaws should only contain the overarching governance components, while the policies are the appropriate place for the board to elaborate and clarify processes (Community Sector Council, n.d.). However, annual reviews of bylaws are best practice for several reasons: to ensure all board members, including new members, understand the bylaws; to identify areas requiring policies to clarify; and to ensure provisions are being followed (Foundation Group, 2010). This is supported by research on Canadian nonprofits that found that more engaged boards have “*policies* [that] provide sufficient guidance to the board to govern the organization properly, are reviewed on a more regular basis, and are publicly disclosed” (Bugg & Dalhoff, 2006, p. 14).

Board composition, management and development

It was found that board and individual director evaluation are not current practice at the BBB; however, policy documents do mention this responsibility should occur annually. Board self-evaluation is among the characteristics of high performing boards (Herman & Renz 2000, p. 156; Green & Griesinger, 1996, p. 396).

The survey scores, survey comments and interviews consistently raised succession planning and recruitment processes as needing improvement. More specifically, the recruitment

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process relies heavily on key individuals. The importance of recruitment and orientation is highlighted by research findings “that efforts to change board dissatisfaction with the board’s role and responsibilities, committee structures, relationships with management, and meeting dynamics’ (Brudney and Murray 1998, p. 333 as cited by Gill, *et al*, 2005) were more amenable to improvement than having the wrong people on the board” (Gill, *et al.*, 2005, p. 289).

It was also noted that there was no formal process to develop or train existing members beyond basic orientation and there was a belief that this could be improved. Studies have found that “boards of effective organizations were more actively engaged in training new members, ... than were less effective organizations” and concluded that board training and development have potential for high payoff for nonprofits (Green & Griesinger, 1996, p. 396 & 399).

Planning for the future

There was a perception by some participants that the board is too focused on operational issues. Numerous studies have indicated that engagement in policy formation, short-term strategic planning and long-term strategic planning are also characteristics of more effective boards (Green & Griesinger, 1996, p. 395 & 398; Gill, 2001, p. 26; Carver, 1990; Herman and Heimovics, 1991 as cited by Bradshaw, *et al.*, 1992, p. 232).

Board culture

With respect to *board culture*, there was a perception that a core group does the majority of the work. More specifically, speculation about the reasons for this ranged from having skill deficits among the board, role ambiguity and a lack of performance expectations, no accountability process and a general lack of commitment and accountability to the BBB board. These issues represent an assortment of challenges, spanning several governance dimensions.

Summary of findings and Governance Implications

Issue or Concern	Potential Board Governance Implications
<p><i>Board Structures and Policies</i></p> <ul style="list-style-type: none"> • Absence of clearly defined policies and processes • Absence of detailed role descriptions • Lack of effective communication of above (calendar and/or policy manual) • Documents are not easily accessible and up-to-date • Absence of formally scheduled by-law and policy review • Dependence on corporate/institutional memory 	<ul style="list-style-type: none"> • Role ambiguity • Reduced engagement • Reduced accountability and performance measures (performance assessments) • Confusion and conflict between CEO and board, and among board about responsibilities • Reduced understanding of bylaws and policies, missed opportunities to engage in dialogue potential amendments to policies and procedures
<p><i>Setting the Direction</i></p> <ul style="list-style-type: none"> • Focus on operational issues • No allotted time for strategic and generative thinking 	<ul style="list-style-type: none"> • “Governance as Leadership” is not achieved • Board does not elevate its questions to provide alternative view to management • More effective organizations engage in policy formation, short-term strategic planning and long-term strategic planning.
<p><i>Board Composition and Development</i></p> <ul style="list-style-type: none"> • Board and individual performance not assessed • Orientation is limited 	<ul style="list-style-type: none"> • Board composition issues often involve having the “wrong” people on the board and are the least amenable to change providing support for sound recruitment and development practices

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<ul style="list-style-type: none"> • Training and development is not a common practice • A lack of clear succession planning and recruitment processes • Dependence on corporate/institutional memory and key individuals 	<ul style="list-style-type: none"> • Individuals do not have the ability to understand their accountabilities and gain feedback on their performance • The board is unable to address lack of performance • New board members are unable to contribute fully if orientation is not comprehensive • Opportunities to promote engagement and identify succession planning opportunities are missed. • Board performance is evaluated in more effective organizations • Inconsistent processes used • Inhibits ability of newer members to engage in work Inefficient time spent determining processes • Transparency and integrity of processes is compromised • Missed opportunities to engage members and identify leadership potential
<p>Board Culture</p> <ul style="list-style-type: none"> • Absenteeism is a concern • Lack of effort and/or poor engagement by some • Perception that majority of work done by a small group 	<ul style="list-style-type: none"> • Creates conflict and/tension among the board • Board does not benefit from range of skills and experience it recruited for • Issues related to board composition, management and development, and structure and process problem

Recommendations

Short-term priority recommendations

1. Develop clear role descriptions for the board, individual board members, and the CEO with expectations about giving and soliciting contributions
2. Develop detailed committee charters
3. Clarify and expand attendance policy for board and for committee meetings
4. Review and develop shared vision for the organization at the board level
5. Create, review and use board policies to elaborate on the bylaws, providing details about *how to conduct work*
6. Establish sound recruitment process

Long-term priority recommendations

7. Create a comprehensive board policy manual
8. Create a board planning calendar.
9. Modernize availability of information via online access to documents
10. Aim for more strategic and generative approach
11. Improve orientation and engage in ongoing training (retreats, reviews, etc.) to promote board member engagement
12. Implement annual collective board self-assessment and individual director self-assessment.

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1.0 Introduction

Nonprofits have taken on important social and economic roles in the communities they serve (Murray, 2006, p. V), and on this basis nonprofit accountability has become a major issue among nonprofits and their stakeholders (Holland T. P., 2002, p. 409). A nonprofit organization is a “club, society or association that’s organized and operated solely for: social welfare, civic improvement, pleasure or recreation, or any other purpose except profit (Canada Revenue Agency, 2012). In British Columbia, the *Society Act* (1996) allows the organization to be recognized by the legal system, giving it rights and responsibilities (Corporation Centre, n.d.). While this status is not mandatory, it provides advantages such as expanding funding sources. Therefore, while nonprofits face increasing service demands, they also face increasing expectations to demonstrate effective governance.

This project sought to conduct a governance review for the Better Business Bureau of Mainland British Columbia (BBB herein), and provide useful and practical recommendations. A detailed literature review of similar studies was conducted to meet a three-fold purpose: first to determine the research methods most commonly used in this type of review; secondly, to establish the governance trends or issues that are most prevalent in the literature, and thirdly, to determine governance best practices that could help address the challenges at the BBB. Finally, the governance results of this study are discussed and analyzed in comparison to governance characteristics found in other larger studies across multiple nonprofit organizations, allowing the current strengths and weaknesses of the BBB to be identified.

The first method used was a survey to collect data about two governance dimensions: the *structures and policies* (the ‘operating parameters’), and *board process characteristics* which examines awareness and engagement in various essential board *roles and responsibilities* (the ‘what’); as well as interrelated factors that can impact board dynamics or *culture* (the ‘how’) (Gill, 2001, p. 12; Bradshaw, *et al.*, 1992, pp. 230-231). The data collected from the survey was then used to narrow the interview topics, allowing participants to elaborate on their perceptions about the governance of the BBB.

1.1 Defining the Problem

Nonprofits in Canada have a long history of delivering important social programs, however these voluntary and nonprofit organizations face numerous challenges brought by changing social and economic realities, such as competition for scarce resources and reductions in government funding (Green & Griesinger, 1996, p. 399), along with continued, if not, increased service and accountability expectations (Gill, 2001, p. 5). Further, the role of the volunteer board is unique in that all board members are expected to have a fiduciary responsibility to provide fiscal oversight and managerial supervision, as well as ensure the organization is functioning according to its mission, goals and objectives (Leifer & Glomb, 1997 as cited in Wright & Millesen, 2007, p. 322). In contrast, the fiduciary responsibilities of their for-profit counterparts are often focused on increasing shareholder wealth and acting as delegates of their beneficiaries (Wright & Millesen, 2007, p. 322; Green & Griesinger, 1996, p. 382). Therefore, at times board members may not realize that their responsibilities are equally, if not more important than for-profit sectors, as part of their fiduciary responsibility includes the task of representing social good and instilling public trust in their decisions and activities, an important nonmonetary measure (Green & Griesinger, 1996, p. 399; Gill, *et al.*, 2005; Wright &

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Millesen, 2007, p. 323). The importance of good governance practices for nonprofits has been highlighted over the last few decades where highly publicized cases of governance failures have eroded public trust and resulted in a demand for increased transparency and public accountability by nonprofits (Gill, 2001, p. 6; Broadbent, 1999, p. 22). Therefore, while the nonprofit sector is applauded for the considerable growth and responsibility it has gained, this growth has brought several challenges, with one of the most important issues being the managing and engaging of volunteer boards (Green & Griesinger, 1996, p. 399; Gill, *et al.*, 2005

While it is clear that nonprofit boards have an important role, nonprofit board management is a challenge, as evidenced by dissatisfaction with board performance by many chief executives and board members (Holland, 2002; as cited by Wright & Millesen, 2007, p. 323). Dissatisfaction and public criticism of board performance of governance functions has resulted in demands for nonprofit boards to evaluate and reform themselves, and become more effective (Brudney & Murray, 1998, p. 333; Gill, 2001, p. 3; Herman, 2005 as cited by Wright & Millesen, 2007, p. 322). As a result, a plethora of normative literature on “best practices” and several empirical research studies focusing on nonprofit boards has evolved. Some of these studies demonstrate a relationship between nonprofit board performance and nonprofit organizational performance, providing support for attention to board performance (Bradshaw, *et al.*, 1992; Green & Griesinger, 1996; Jackson & Holland, 1998; Herman & Renz, 2000; as cited by Wright & Millesen, 2007, p. 323).

In response to poor governance performance and to achieve governance reform, there has been advocacy for applying governance models to nonprofits (Gill, 2001, p. 3). One such model that has dominated governance conversations is the John Carver “*Policy Governance*” model, which claims to achieve public accountability, and be applicable in all sectors of organizations, (Gill, 2001, p. 3). The Carver model, however, has been critiqued for its “one size fits all” approach that can be especially challenging to apply in small nonprofits (Gill, 2001, p. 3). Moreover, there is disagreement if this model, among others, actually has the ability to improve board performance (Holland, 2002 as cited by Wright & Millesen, 2007, p. 323; Nobbie and Brudney 2002 as cited in Gill, *et al.*, 2005. P. 289; Brudney & Murray, 1998, p. 346). Of note, it has been found that energy focused on models of governance may be less important to improving board effectiveness than a board’s awareness of its governance practices (Nobbie and Brudney 2002 as cited in Gill, *et al.*, 2005. p. 289).

Therefore, this project seeks to determine the governance best practices that are occurring at the BBB, which the literature suggests can assist boards in assessing their own performance by bringing awareness to their strengths and weaknesses (Gill, *et al.*, 2005, p. 272). As noted above this is important and relevant to the BBB’s ability to achieve its mission, while instilling public trust and being accountable to its stakeholders.

1.2 Project Client

The project client is the BBB of Mainland British Columbia, which serves British Columbia and the Yukon Territory. The BBB was incorporated under the *Society Act* in 1939. The BBB’s mission “is to be the leader in advancing marketplace trust and their vision is “an ethical marketplace where buyers and sellers can trust each other” (full version in Appendix A) (BBB, n.d.). The BBB promotes this by providing a single reference point for national and local consumer related information, online and in person, allowing consumers to make informed

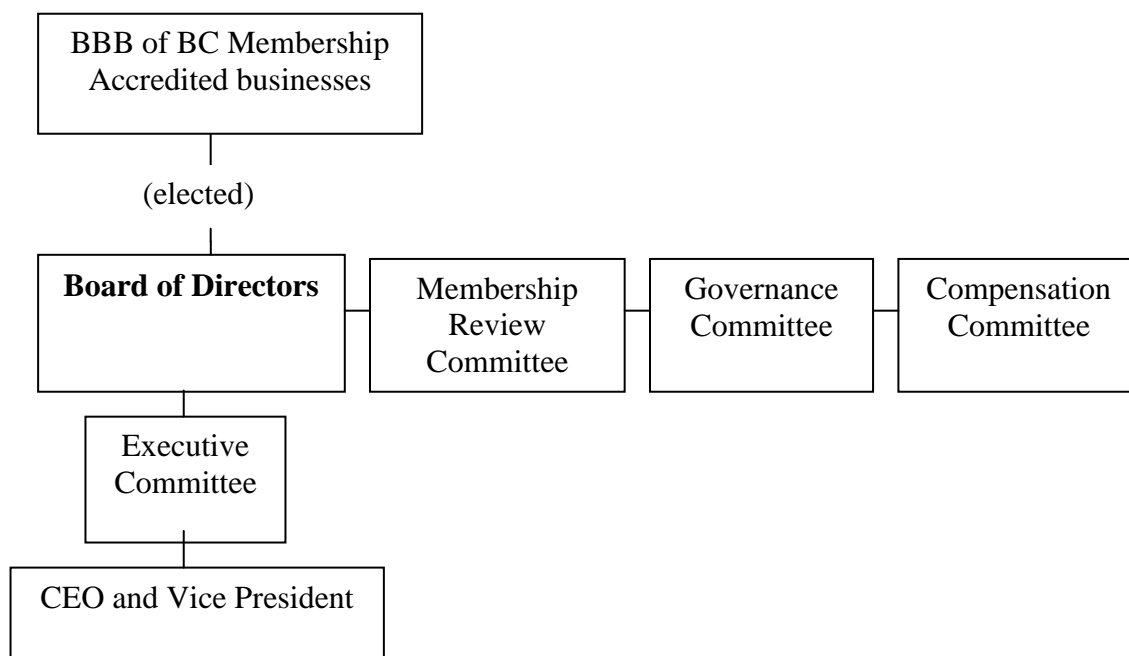
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decisions (BBB, n.d.). The BBB of BC originated as a grassroots organization, however over the years the organizational structure has shifted, and it has evolved into a large nonprofit organization working in a dynamic business environment. As a result of this growth and evolution, the BBB has identified a need to review their governance structures and processes to ensure effective and efficient governance. Recently the board, through its governance committee has been working to build its governance by developing board recruitment practices, examining the functions of committees, and requesting this governance review project. The following outlines some areas the BBB of BC governance committee is concerned with: committee structures, bylaws, board member recruitment, and representing diversity and geography on the board.

This organization uses a traditional model of governance, characterized by the board delegating responsibility for management of the day-to-day operations to the CEO, with various committees to oversee these operations. The CEO sits on the board as a non-voting member and is depended on to guide strategic planning and additional ad hoc task forces. Despite being a traditional board, where the board generally focuses on governance and policy-making, the BBB board is described as being more focused on the operations of the organization than planning for the future. The volunteer board members are nominated by the nomination committee and then elected by BBB accredited member businesses at the AGM. The BBB membership consists of approximately 3558 business from across BC and the Yukon. Figure 1 illustrates the organizational structure of the BBB. The BBB has a long history of working with businesses in the Lower mainland and Yukon, and has a strong reputation with its members and the public. The BBB revenues for that last year were \$2.6 million in 2014. Revenues are generated through the sale of memberships to businesses that wish to become accredited. As the BBB is funded in part by the sale of BBB accreditation memberships; therefore the board is accountable to not only these members, but also consumers at large. The BBB has 29 staff members and 6 contract staff.

Figure 1:

BBB Organizational Structure



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1.3 Project Objectives

The project objective is to improve board performance of the BBB of Mainland BC by analyzing the organization's current governance structure. Specific objectives are as follows:

1. To examine current governance practices and identify specific concerns or issues related to governance
2. To review current governance documents
3. To assess opportunities for addressing the identified issues
4. To make recommendations about nonprofit governance best practices.

The overarching question stands: is the current governance structure of the BBB effective and efficient? Sub-questions include:

- What issues are most commonly seen as challenging the effectiveness of the BBB of Mainland BC board?
- What opportunities for improved effectiveness and efficiency exist?
- What best practices address the identified areas of deficiency?

1.4 Background

The BBB reports on businesses through the freedom of expression rights protected under the Canadian Charter of Rights and Freedoms, where information of public interest is communicated in order to promote an ethical marketplace with trust between buyers and sellers (BBB, n.d.). The Council of BBBs (CBBB herein) acts as the hub across Canada and the US, where new BBBs must apply to the Council for membership and comply with the Operating Standards for Better Business Bureaus in order to benefit from the BBB name (CBBB, n.d.; Council of Better Business Bureaus, 2014, p. 2). While the Member BBBs are required to be in compliance with the CBBB bylaws, they must be separately incorporated and independently financed nonprofit organizations (Council of Better Business Bureaus, 2014). Further, each member BBB has the authority to govern and operate themselves free of CBBB intervention (Council of Better Business Bureaus, 2014, p. 2 & 11). The BBB has advanced their mission of promoting marketplace trust through “[c]reating a community of trustworthy businesses, [s]etting standards for marketplace trust, [e]ncouraging and supporting best practices, [c]elebrating marketplace role models, and [d]enouncing substandard marketplace behavior (BBB, n.d.). The BBB identifies trust by two factors; integrity and performance, where businesses, if they desire, can become accredited by meeting the BBB's set standards of trust (BBB, n.d.). However, the BBB prepares reports on both accredited and non-accredited business, and in turn makes this information available to the public (BBB, n.d.). Although the BBB of BC is a member of the Council of BBBs, it operates independently; therefore this project only focuses on the governance of the BBB of Mainland BC in order to understand its unique governance challenges.

1.5 Organization of Report

This report will first outline the academic and normative literature on nonprofit governance evaluation and review. The purpose of the literature review is threefold. Firstly, it seeks to identify the methods that have been used to evaluate governance practices of nonprofit organizations in order to guide the methods used in this report. Secondly, the literature review documents the findings of other studies, providing data to compare with the results of this study. And finally, it provides nonprofit governance best practices that may assist the BBB in addressing their governance challenges. This comparison will provide the ability to gauge the overall health of the BBB governance processes, in addition to establish specific areas of strength and weakness relative to other nonprofits. The literature review also provides a theoretical framework to guide this project. The methods section provides details about how data was collected using a quantitative survey and qualitative interviews. The findings will be described in detail in the results section, and the discussion section will outline the key findings and highlight important comparisons in the literature on nonprofit governance. Finally, the recommendation section will outline best practices that seek to address the governance challenges faced by the BBB.

2.0 Literature Review

2.1 Governance Models

Nonprofits operate in a complex and dynamic environment that, overtime, has demanded increased service delivery and accountability (Gill, 2001, p. 5). The increased attention to nonprofit transparency and accountability resulted in the popularity of governance models and governance best practices. In the early 1990's, John Carver published a book outlining his "Policy Governance" model, which has been widely promoted as a comprehensive model that is applicable to private, public and voluntary boards (Cagney, 2010, p.74; Gill, 2001, p.74). It was designed to address typical problems facing boards such as structural, strategic and communication challenges, however to be effective, Carver indicated it must be adopted in its entirety (Cagney, 2010, p.74). The Policy Governance model establishes clear job descriptions, emphasizing the role of creating broad strategic goals for the organization and avoiding involvement in management issues (e.g. fundraising, budgeting, hiring and firing) (Cagney, 2010, p.74). While this model has been highly regarded by some, a small percentage of nonprofits have actually adopted it (Cagney, 2010, p.74). More specifically, the model has been criticised for being too complex to implement, requiring substantial time and training, distancing the board and the organization too much, and eroding board control and accountability (Gill, 2001, p. 8; Cagney, 2010, p. 74).

Therefore, while the Policy Governance model has been useful for drawing attention to governance, there have been concerns that it promotes a "one size fits all" approach which is not necessarily the best strategy, especially for grassroots organizations and small nonprofits (Gill, 2001, p. 8; Brudney, Jeffrey L; Nobbie, Patricia Dautel, 2002, p. 389). The aforementioned concerns highlight the importance of considering the uniqueness of the organization and whether the policy governance model or another model is most appropriate (Gill, 2001, p. 8). These challenges have resulted in the emergence of new governance typologies and contingency approaches (Bradshaw, et al., 1992, p. 227). Gill (2001) compares six other models with the

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policy governance model that have discreet characteristics from one another (Gill, 2001, p. 10). These are listed in Table 1.

Table 1:

Governance Models and their Discreet Characteristics

Model	Characteristics
Operational	The Board does the work of the organization as well as governs it. This is typical of a board in the 'founding' stage and organizations, such as service clubs, that have no staff and must rely largely on board members and other volunteers to achieve their aims.
Collective	The Board and staff are involved in 'single team' decision-making about governance and the work of the organization; board members may be involved in some of the work either in services or management functions.
Management	The Board manages operations but may have a staff coordinator. Board members actively manage finances, personnel, service delivery, etc.
Traditional	The Board governs and oversees operations through committees but delegates the management functions to the CEO. Committees are used to process information for the board and sometimes do the work of the board. The CEO may have a primary reporting relationship to the Board through the Chair.
Policy Governance (Carver)	The Board governs through policies that establish organizational aims (ENDS), governance approach, management limitations and define the Board/CEO relationship. It does not use committees. The CEO reports to the full board
Corporate	The CEO is a non-voting member of the Board, carries substantial influence over policy-making, is viewed as a full partner with the board and has a relatively free hand at managing to achieve objectives established by the Board. Committees are used for monitoring/auditing performance of the board, CEO and organization. Board members are selected for community profile, capacity to 'open doors' for the organization and may be used for selected tasks in their area of expertise.
Constituent Representational	An approach used by publicly elected officials, federations or other constituency elected boards whose primary responsibility is to balance the interests of their constituents against the best interests of the overall organization. They may, and in the case of publicly elected officials do, carry grievance resolution/ombudsman functions. They may, as in the case of school boards, have prescribed responsibilities for public consultation and human resources.

Source: Adapted from Gill, M. (2001). Governance Dos and Don'ts: Lessons from Case Studies on Twenty Canadian Non-profits. Final Report. *The Institute on Governance*. 1-49.

While these models provide some insight into how boards operate, research findings indicate that the model used is of less importance than a board's awareness of its governance processes in relation to the effectiveness of the board and the organization (Brudney & Nobbie, 2002 as cited by Gill, *et al.*, 2005; Gill. 2001, p. 26). Therefore, this research does not focus on applying a single governance model, but rather seeks to understand the good governance *practices* that the literature has linked to effective organizational performance, and in turn use these best practices to develop the research methods used in this study and the recommendations that follow (Gill, 2001, p. 6)

2.2 Defining Governance

The definition of Governance in the voluntary sector has been described as “the processes and structures that an organization uses to direct and manage its general operations and program activities” (Broadbent Report as cited by Gill, 2001, p. 7). More specifically, governance is made up of the the structures and policies, roles and responsibilities, and processes and practices that inform the board in accomplishing the mission of the organization it serves (Gill, 2001, p. 7). Good or effective governance is concerned with causing the desired outcomes to occur by choosing the appropriate courses of actions (Gill, 2001, p. 7; Renz, 2007, p. 2). Gill (2001) draws from the normative literature to define good governance with the following acronym VDRMA:

- *Vision* (planning for the future),
- *Destination* (setting goals and providing a general ‘road map’),
- *Resources* (securing the resources necessary to achieve the goals or reach the destination),
- *Monitoring* (periodically ensuring that the organizational vehicle is well-maintained and progressing, within legal limits, towards its destination), and
- *Accountability* (ensuring efficient use of resources; reporting progress and detours to stakeholders)” (Gill, 2001, p. 7).

Gill (2001) asserts that this must be distinguished from *management*, which involves the actual steering of the organizational vehicle (p. 8). Therefore, this definition will help guide this project in examining governance as it exists at the BBB.

However, determining how to distinguish good or effective governance and its associated practices is the next step needed. For example, “obvious drains on board effectiveness” result from ineffective habits and practices such as “disproportionate attention to trivia, preoccupations with the past rather than the future, reacting to or approving staff actions rather than generating board-directed action, ineffective relations between board and CEO, and loosely defined authority” (Brudney, Nobbie, & Dautel, 2002, p. 389). In contrast, more effective boards and more effective organizations are described in the literature as having “low levels of conflict, board involvement in strategic planning, a shared vision of the organization at the board level, members’ willingness to spend a lot of time on board-related activities, and board meetings that follow recommended how-to-run-a-meeting guidelines” (Carver, 1990; Herman and Heimovics, 1991 as cited by Bradshaw, *et al.*, 1992, p. 232). When discussing efficient governance, this relates to how well the board uses its time and resources to accomplish the mission of the organization it serves.

2.3 Board and Organizational Effectiveness

Bradshaw, Murray and Wolpin, (1992) examined organizational and board effectiveness and whether these are linked to board structure and process dynamics (p.1). At the time of their research, the literature revealed that the characteristics of effective boards were beginning to be identified, and that support for the use of contingency approaches were gaining popularity, with movement away from the “one-size fits all” model promoted by Carver (Bradshaw, *et al.*, 1992, p. 227). They found that the board competencies outlined in the normative literature appeared to support the ability of boards to directly impact organizational effectiveness in the organization they govern, however noted that empirical research studies of board and organizational effectiveness were fragmented, but beginning to take place (p. 228). Following this, Bradshaw *et*

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al. (1992) further examined the impacts of nonprofit boards and organizational effectiveness by conducting a survey from a cross section of Canadian nonprofits (Bradshaw, et al., 1992, p. 228).

The survey used two measures of board performance; the first asked about satisfaction with overall board performance, and the second collected ratings on board functions deemed to be most important, which were drawn from the literature (Bradshaw, et al., 1992, p. 245). They concluded that boards are capable of creating a perception of effectiveness through several activities. Specifically, they found that the strongest predictors of effectiveness and organizational performance were board involvement in strategic planning, ensuring a common vision and good meeting management (Bradshaw, et al., 1992, p. 245). Emphasis on strategic planning was the most strongly correlated process characteristic with a perception of effectiveness, and the authors note that this is consistent with Carver's advocacy of strategic planning as an indispensable characteristic of an effective board (Carver, 1990 as cited by Bradshaw, *et al.*, 1992, p. 245). In contrast, to common best practices, they found that willingness to be involved in the day-to-day operations was associated with effectiveness, however they caution that this "involvement" needs to be better understood (Bradshaw, et al., 1992, pp. 247-248).

Green and Griesinger (1996) measured board effectiveness by conducting surveys and interviews with board members and CEOs of 16 nonprofit organizations (p. 381). They examined the relationship between board performance and organizational effectiveness by evaluating 33 activities which were categorized into nine areas of board responsibility (Green & Griesinger, 1996, p. 381). The findings indicated that there is a significant relationship between board performance and organizational performance, and that specific board activities impact organizational effectiveness (Green & Griesinger, 1996, p. 381). The board activities with significant correlations between board performance and organizational effectiveness were policy formulation, strategic planning, program monitoring, board development, resource development, financial planning and control, and dispute resolution (Green & Griesinger, 1996, p. 398). The finding related to strategic planning is consistent with the work of Bradshaw, *et al.*, (1992) noted above. Green and Griesinger (1996) also note that board training and development was an area believed to have high payoff (p. 399).

Herman, Renz, and Heimovic (1997) found that when boards are assessed by a range of stakeholders, the organizations found to be highly effective were those with more effective boards, and that more effective boards exhibited a greater number of accepted best practices (as cited by Gill, *et al.*, 2005, p. 273). Later, Herman and Renz (2000) focused on a subset of their larger sample, where they compared the practices of especially effective and less effective nonprofit organizations. The prescribed board practices they examined are listed in Table 2.

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Table 2:

Herman and Renz (2000) Prescribed Board Practices in Study

Source: Adapted from Herman, R., & Renz, D. (2000). Board Practices of Especially Effective

- Nominating or board development committee
- Board profile used in recruiting new members
- Nominees interviewed
- Written selection criteria for board members
- Board manual
- Orientation for new members
- Written policy about attendance at board and committee meetings
- Written policy on dismissal for absenteeism
- Absenteeism policy enforced
- All board members have office or committee responsibility
- Agenda distributed prior to meetings
- Annual board retreat
- Executive committee of board
- Written policy specifying roles and powers of executive committee
- Collective board self-evaluation
- Board self-evaluation used
- Evaluation of individual board members
- Members receive feedback from individual evaluations
- Written expectations about giving and soliciting
- Board meets expectations about giving and soliciting
- Board process for CEO performance appraisal
- Limit on number of consecutive terms for members
- Recognition of retiring board members for their service
- Board uses consensus decision-making process (number always/usually)
- CEO role in board nominations (number with extensive participation)

and Less Effective Local Nonprofit Organizations. *The American Review of Public Administration*, 30 (2), 146-160

Data was collected by conducting document reviews, distributing questionnaires and conducting interviews with CEOs, board members, funders, senior managers, and other experts in 46 nonprofit organizations (Herman & Renz, 2000, pp. 151-152). They found that the top 10 most effective nonprofit organizations used an average of 68 percent of the recommended board practices, compared to only 56 percent of the practices being used by the bottom 10 least effective organizations in their sample (Herman & Renz, 2000 as cited by Herman & Renz, 2004, p. 696). They also found strong correlations between board and organizational effectiveness (Herman Renz, 2000 as cited by Herman & Renz, 2004, p. 696). More specifically, they found that the following three practices were more frequently occurring in especially effective organizations: (a) board self-evaluation, (b) written expectations about giving and soliciting contributions, and (c) the CEO's role in board nominations (Herman & Renz, 2000, p. 156). They posit that role clarity and expectations are needed to guide boards in their duties, while board self-evaluations enable a board to examine their performance in light of these (Herman & Renz, 2000, pp. 156-157). Further, the involvement of CEOs in board nominations of effective boards is supported by previous research studies (Herman & Heimovic,

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1990 as cited by Herman & Renz, 2000) that concluded that effective nonprofit CEOs were characterized by providing facilitative leadership to their boards (Herman & Renz, 2000, p. 157).

With respect to attaining effective governance, Herman and Renz (2000) highlight that board governance research clearly documents evidence that often management and governance responsibilities are not fully met (Brudney & Murray 1998; Jackson & Holland, 1998; Herman & Renz, 1999 as cited by Herman & Renz, 2000) and that research results support the use of intentional efforts to improve board performance (Herman & Renz, 2000, p. 158). It would appear that engaging in intentional improvement efforts has the ability to highlight how duties are completed and allow boards to more fully harness the skills of their members, which may contribute to improving overall organizational effectiveness (Herman & Renz, 2000, p. 158). Herman and Renz (2000) indicate that while there is no consensus in the literature on a single best practice or model of governance guaranteed to make effective boards, there is clear support for making intentional change based on performance review. This change is based on discussion and dissemination of the review information where the board may choose to adopt the recommended best practices that both enhance the skills of the board, and assist the board in meeting their responsibilities (Herman & Renz, 2000, p. 158).

Herman and Renz (2004) used questionnaires and interviews to examine whether board effectiveness and overall organizational effectiveness are the direct result of the implementation of “best practices”, and their results highlighted that “[f]inding the right fit among practices is more important than doing things the ‘right way’”, which does not necessarily guarantee effectiveness (p. 694 & 701). They caution that the best practice approach assumes that a process or technique that works well in one organization can be applied to a different organization without taking account of the different norms and/or practices that it may contradict (Herman & Renz, p. 701 & 702). Rather, they emphasize that organizations who seek to improve effectiveness should do so within the context of the organization, meaning it is advisable to discover and improve their practices, but in a way that is consistent with their structure, values, mission and stakeholders (Herman & Renz, 2004, p. 702).

Jackson and Holland (1998) gathered data about six board competencies that had been previously identified as characterizing highly effective boards (contextual, educational, interpersonal, analytical, political, and strategic) (Jackson & Holland, 1998, p. 159; Gill, *et al.*, 2005, p. 273). These six areas of competency are based on practices that were identified by a panel of experts on board development, and were used to capture the essential elements of effective board governance (Gill, *et al.*, 2005, p. 273) using their Board Self-Assessment Questionnaire (BSAQ herein) from thirty-four nonprofit organizations (Gill, *et al.*, 2005, p. 273). The BSAQ instrument contains 65 questions about board practices which are evaluated within the aforementioned six categories of board competency (Gill, *et al.*, 2005, p.272.). The findings indicated that board performance and organizational performance are linked, where improvements in board effectiveness appear to be related to the gains in the organizations they govern (Gill, *et al.*, 2005, p. 272). More specifically, they found that board development self-improvement activities increased board performance when compared with a comparison group that did not, whereby the research provides support for board development efforts and monitoring of these efforts (Jackson & Holland, 1998, p. 177) . They did caution, however, that to have an ongoing impact these activities need to be regularly incorporated into the board’s activities (Holland & Jackson, 1998, as cited by Gill, *et al.*, 2005, p. 289).

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Based on a determination that CEOs are “highly proficient in observing and rating board performance,” Brudney and Murray (1998) examined a large sample of Canadian nonprofits by distributing a survey questionnaire to CEO’s of the organization (p.335). They discussed which governance issues were more amenable to planned change through activities such as training, task forces and other board development activities (Brudney & Murray, 1998, p. 340). They found that the problems most commonly addressed by planned change were dissatisfaction with the board’s roles and responsibilities, committee structures, relationships with management and meeting dynamics, and that the change process ranged from moderately to totally successful in improving board performance (Brudney & Murray, 1998, p. 345). However, they caution that certain presenting problems such as those related to board composition are more difficult to address and less amenable to change (Brudney & Murray, 1998, p. 345). With respect to board composition, Brudney and Murray (1998) noted that boards that had higher scores on board composition problems (absenteeism, lack of effort, wrong skills etc.) were least likely to achieve successful resolution of the problem through change (p. 340). More specifically, that the board composition factor was the least amenable to change activities because this problem represents having the “wrong” people on the board (Brudney & Murray, 1998, p. 340). In contrast, structure and process problems (problems with committees, meetings etc.) that are exemplified by confusion over the content and appropriateness of discussion of topics at committee versus board level were the most amenable to change (Brudney & Murray, 1998, p. 340 & 341). Further, their results indicated that no single governance model or combination of models was more successful than the other, whereby success is not guaranteed by following a specific process, but rather taking into account the unique nature of the organization (Brudney & Murray, 1998, p. 343 & 346; Brudney & Nobie, 2002 as cited by Gill, *et al.*, 2005).

Gill, Flynn and Reissing (2005) developed the Governance Self-Assessment Checklist (GSAC herein), a self-assessment tool to identify stronger and weaker governance practices, and effective organizational performance in nonprofit organizations (p. 271). The GSAC consists of 144 items organized into twelve subscales that identify between stronger and weaker governance practices (Gill, *et al.*, 2005, p. 271 & 288). This allowed nonprofit organizations to thoroughly examine their governance practices, and improve their governance through education (Gill, *et al.*, 2005, p. 271 & 288). The GSAC survey found that the board functions rated as least effective (lowest means) were *mission and planning*, *performance monitoring*, *risk management*, *human resources stewardship*, and *board development* (Gill, *et al.*, 2005, p. 277). In particular, their findings indicated that board development was especially weak considering its important relationship with improving board effectiveness (Gill, *et al.*, 2005, p. 276). The areas of the GSAC that were consistently rated as needing more improvement were *board development* practices (e.g., recruitment and orientation of board members, team building, and board self-assessment). This is consistent with Brudney and Murray (1998 as cited by Gill *et al.*, 2005), who found that a program of board development had the ability to improve board governance (p.289). The importance of recruitment is highlighted as change to the board’s roles and responsibilities, committee structure, meeting processes and management relationships was able to change dissatisfaction and result in improvement, however these changes have less impact if the wrong people are on the board to begin with (Gill, *et al.*, 2005, p. 289). Ultimately the board’s culture is impacted by the types of people involved in the board and therefore good board development practices have the ability to impact the board’s performance (Gill, *et al.*, 2005, p. 289).

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Gill's (2001) assessment of the governance practices of 20 Canadian nonprofits, resulted in a list of "keys to success" (Table 3) and "signs of a board in trouble" (Table 4), which the author encourages nonprofits to disseminate, and use to identify and ameliorate governance challenges.

Table 3:

"Keys to Success" (And Exemplary Practices)

- Strong board and Staff leadership
- A positive working relationship between the executive director and the board characterized by:
 - Mutual respect;
 - Intellectual flexibility;
 - Willingness to ask and answer tough questions
 - Clear understanding and respect of the boundaries between staff and board roles; and/or
 - A constructive process for dealing with areas of overlap
- Clarity in the respective roles, relationships and expectation of the Board, individual board members and the CEO. Note: Clarity of roles and the expectations and motivation that board members bring to the appeared to be at least as important to good governance and organizational effectiveness as the particular governance model employed.
- A high level of key stakeholder agreement on organizational values, mission and objectives.
- Respect for organization norms and board decisions; playing by the rules and as a team.
- Good board development practices (orientation, training, team-building, sound board member recruitment practices, and good meeting management).
- Consensus or near-consensus decision-making rather than majority rule
- A high level of trust and teamwork & a low level of (interpersonal/role) conflict.
- Constructive confrontation/resolution of conflicts within the board, between the board and CEO and conflicts of interest on the part of board members.
- A good balance between organization stability and adaptation to a constantly changing environment
- Effective management of meetings and board work (a board work plan, agendas circulated sufficiently in advance of meetings, board members well prepared, effective chairing, respect for rules of order, fact-based consensus or 'near consensus' decision-making)

Source: Adapted from Gill, M. (2001). Governance Dos and Don'ts: Lessons from Case Studies on Twenty Canadian Non-profits. Final Report. *The Institute on Governance*. 1-49.

Table 4:

"Signs a Board May Be In Trouble"

Human Resources:

- Rapid turnover of CEO's (this was an unmistakable sign in four cases)
- Major turnover of board members
- Difficulty recruiting or retaining credible board members

Financial and Organizational Performance:

- Chronic unplanned and/or unmanaged deficits
- Rapid depletion of reserve funds
- Call for outside audit or operational review by funders or other key stakeholders
- Persistent failure to meet individual or organizational performance targets

Meetings:

- Poor attendance at board and committee meetings
- Low level of participation in discussions at meetings
- Meetings poorly managed; lack of focus, agendas circulated late, members unprepared

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Board Culture:

- Underground communications. Lots of ‘corridor talk’ and political maneuvering outside the meetings
- Distrust among board members or between the board and CEO not being addressed
- Poor communication between the CEO and board chair or the full board
- Unresolved conflicts within the board
- Conflict of interest issues not being confronted
- Board members feeling too far removed from ‘what’s going on in the organization’
- Insiders and outsiders; board dividing into factions
- Growing minority of disaffected board members

Decision-Making:

- Regular ‘rubber-stamping’ of CEO recommendations without meaningful debate
- Preoccupation with operational detail rather than ‘big picture’ issues
- Board interference in operational detail...particularly personnel and collective bargaining
- Poor communication with key stakeholders
- Decision deadlock or paralysis
- Board members ignoring or circumventing Board policies and decisions
- CEO ignoring or circumventing Board policies and decisions

Source: Adapted from Gill, M. (2001). Governance Dos and Don'ts: Lessons from Case Studies on Twenty Canadian Non-profits. Final Report. *The Institute on Governance*. 1-49.

With respect to governance models, Gill *et al.* (2005) found that the majority of boards reported using a hybrid of governance models, with the combination of policy governance and a traditional model being the most common (Gill, *et al.*, 2005, p. 288). Interestingly, they found no relationship between board or organizational effectiveness and the model of governance used, which is consistent with previous findings by Nobbie and Brudney (2002 as cited in Gill, *et al.*, 2005) where the model of governance was less important than the boards awareness of its governance practices (Gill, *et al.*, 2005, p. 289). Further, their research findings indicate that effectiveness was not significantly correlated with the size of the organizations board, budget or staff (Gill, *et al.*, 2005, p. 287).

Wright and Millesen (2007) surveyed CEOs and board members, and found that board role ambiguity often exists due to a lack of communication and adversely impacts board engagement (p. 322 & 333). This ambiguity occurs when board members either do not know and/or do not understand their performance expectations (Wright & Millesen, 2007, p. 333). The authors highlight the importance of effective communication of role information, as a lack of this communication can result in board members wrongly believing they understand their roles and/or divergent views between the CEO and between members of said governance expectations (Wright & Millesen, 2007, p. 333). As noted in other studies, this research found that training and performance feedback have the ability to decrease role ambiguity, however that boards often receive little of either for various reasons (e.g. time constraints, fiscal restraints, concerns over volunteer efficiency, sensitivity of volunteers to criticism etc.) (S.E Jackson & Schuler, 1985; Green & Griesinger, 1996; Holland, 2002; Weaver & Inglis, 1999, as cited by Wright & Millesen, 2007, p. 334). Open communication, shared expectations and periodic performance reviews not only establish the board directions and expectations, but also continue dialogue about the board's actions and allow clarification and guidance to be raised (Wright & Millesen, 2007, p. 334).

Further, Wright and Millesen's (2007) study found a strong relationship between role ambiguity and board engagement, highlighting role clarity as a means to improve board

engagement (Wright & Millesen, 2007, p. 334). The findings emphasize two important activities; firstly, that nonprofit board leadership (chair and CEO) establish clear role expectations for individual members and the full board, allowing board members to focus and evaluate and/or adjust their performance as necessary (Wright & Millesen, 2007, p. 334). And secondly, that effective communication is essential to managing and engaging boards, where it is not enough to simply develop clear role expectations, but rather this must be combined with continued communication (performance evaluation, training, etc.) about *what* the expectations are and *how* they can be achieved (Wright & Millesen, 2007, p. 334). While CEOs and board chairs may find that efforts to go beyond providing role expectations, through activities such as board training and/or evaluation, is a daunting task to add to the busy schedules of board members, it is an investment in long-term board development (Wright & Millesen, 2007, pp. 334-335). It is suggested that a focus on “efficiency” related to use of time (ensuring efficient meeting processes, agendas etc.) can distract from also determining how to effectively engage the board such as ensuring a shared understanding of the goals and roles of the board which has the potential to more fully harness the skills of the board (Wright & Millesen, 2007, p. 335).

The literature review supports the cautionary note made by several researchers, that there is no single “best way” of doing things in nonprofit governance (Herman & Renz, 2004, p. 694 & 701). In particular, that applying a specific governance model does not guarantee a board will be effective, but rather that by examining the governance *activities* of the board there is an opportunity to raise awareness and understanding of these activities, which may promote engagement in planned change that is consistent with the unique nature of that organization (Herman & Renz, 2004, p. 702; Gill, *et al.*, 2005, p. 289; Brudney & Nobbie, 2002 as cited by Gill, *et al.*, 2005, p. 289). More specifically, there is a large amount of evidence suggesting that more effective boards and more effective organizations engage in a larger number of best practices activities (Gill, *et al.*, 2005, p. 273; Herman & Renz, 2000 as cited by Herman & Renz, 2004, p. 696), with the following characteristics highlighted: strategic planning and policy formulation, a shared vision, good meeting management, low levels of conflict, role clarity through written role descriptions, board development, board self-evaluations and high levels of board member commitment (Carver, 19990; Herman and Heimovics, 1991 as cited by Bradshaw, *et al.*, 1992, p. 232; Herman & Renz, 2000, p. 156; Green & Griesinger, 1996, p. 398). Therefore, the literature review provides support for board development and monitoring efforts, as well as engaging in planned change as a means to improve board effectiveness (Jackson & Holland, 1998, p. 177; Brudney & Murray, 1998, p. 338 & 346).

2.4 Theoretical Framework

The theoretical framework used to guide this project was created based on previous research on nonprofit governance. More specifically, Gill (2001), Gill *et al.*(2005) and Bradshaw *et al.*(1992) explored board effectiveness and determined it was necessary to look at a number of interrelated factors or major sets of variables existing in the governance literature to create a simple theoretical framework (Gill, 2001, p. 12; Bradshaw, *et al.*, 1992, p. 230). This project used a similar set of variables to determine whether the BBB board exhibits effective governance. According to this framework, at the board level there are the *board structures and policies* (the “form” or “operating parameters”), which include factors such as board size, number and type of committees, presence of role descriptions, policy manuals addressing board member terms, conflict of interest policies, meeting attendance policies etc. (Bradshaw, *et al.*,

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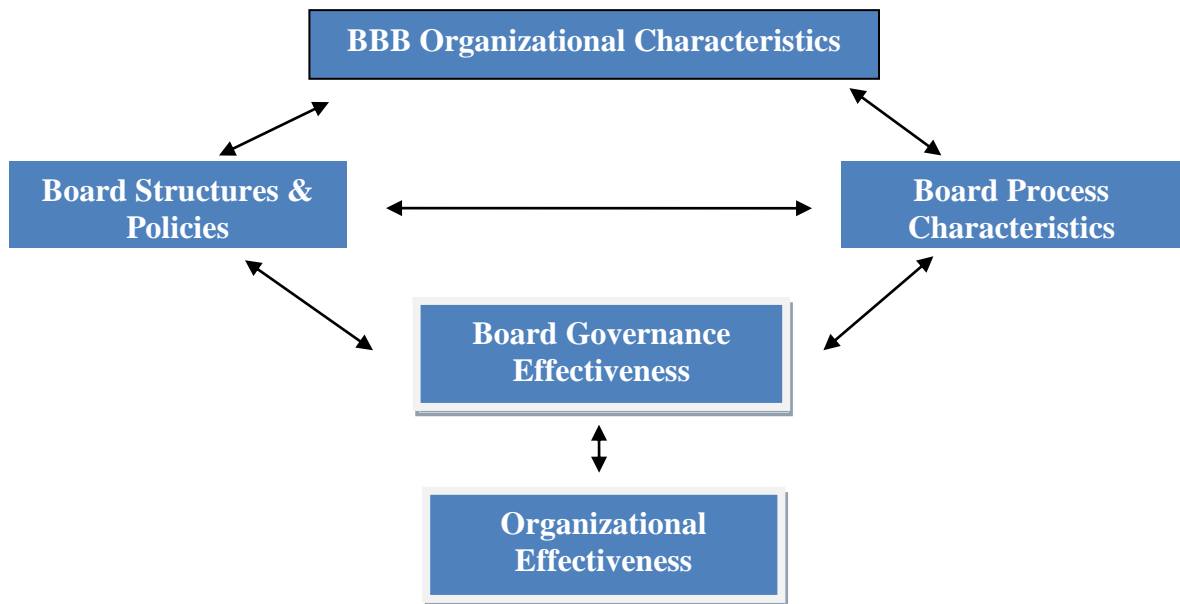
1992, p. 230; Gill, 2001, p. 12). The board structures and policies constrain the board processes and activities that flow from them (Bradshaw, *et al.*, 1992, p. 230). Thereby, the second major set of variables are the board *process characteristics* which include the activities of the board such as the board's *roles and responsibilities* (the "what" of governance) and the board's culture (containing the "how" governance processes occur and board dynamics) (Gill, 2001, p. 12). Board *process characteristics* encompass the following: degree of strategic planning, board meeting practices, focus of the board, decision-making styles used, presence of conflict among the board and/or between staff, presence of recruitment and succession planning practices, commitment to doing work and so on (Bradshaw, *et al.*, 1992, p. 230). However, it is important to note that both of these dimensions of board governance are ultimately impacted by the unique characteristics of a given nonprofit (Bradshaw, *et al.*, 1992, p. 231). For example, the size, maturity, mandate, and funding of an organization can impact the aforementioned dimensions of governance (Bradshaw, *et al.*, 1992, p. 231).

As previously noted, board effectiveness relates to whether the *board structures and policies*, and *board process characteristics* that inform the board allow it to accomplish the desired outcomes of the organization it serves (Gill, 2001, p.7; Renz, 2007, p.2). According to this framework board effectiveness can be achieved when there is an appropriate combination of each of these characteristics present, and in turn this can contribute to organizational effectiveness (Bradshaw, *et al.*, 1992, p. 231).

For the purpose of this project, the research focused on understanding the BBB's organizational characteristics, but with an emphasis on evaluation of the *board structures and policies* and the *board process characteristic* and how they impact board effectiveness. Determining appropriate structural and process characteristics is guided by the literature on nonprofit governance that posits that more effective boards exhibit a larger number of recommended board best practices (Gill, *et al.*, 2005, p. 273). Further, the review examined whether the board was engaged in efficient governance, which relates to how well the board uses its time and resources to accomplish the desired outcomes of the organization it serves (Gill, 2001, p.7; Renz, 2007, p.2). In turn, by identifying problematic areas of governance for the BBB, the organization may choose to undergo planned change to these areas, which the literature has associated with improving board effectiveness (Brudney & Murray, 1998, p. 338).

Figure 2:

Theoretical Framework



Source: Adapted from Bradshaw, *et al.*(1992). Do Nonprofit Boards Make a Difference? An Exploration of the Relationships Among Board Structure, Process, and Effectiveness. *Nonprofit and Voluntary Sector Quarterly* , 21 (3), 227-249.

3.0 Methodology and Methods

A review of the literature on nonprofit governance provided not only the foundation for this project, but also a deliverable for the BBB on governance best practices. Further, consistent with the approach taken by other researchers (Gill, 2001), a governance self-assessment survey and case study methodology was used to examine current governance practices at the BBB. A mixed-method approach, using a qualitative case study approach is appropriate as case studies provide the added benefit of capturing the complexity of the object of study [governance] through several sources of information (Stake, 1995 as cited by Hyett, Kenny, & Dickson-Swift, 2014; O'Sullivan, Rassel, & Berner, 2008, pp. 40-41). This approach allows the survey findings to be elaborated through interviews, a governance document review and analyzing the literature for common themes.

3.1 Development of the Survey

Jackson and Holland's (1998) BSAQ and Gill *et al.*'s (2005) GSAC provided examples of surveys that used both research and consensus based governance best practices to assess board and organizational effectiveness (Gill p.274). The BSAQ used practices that were identified as either very effective or ineffective by a panel of experts on board development to obtain board scores on six areas of competency (Gill, *et al.*, 2005, p. 273). Appendix B contains the BSAQ, illustrating the types of questions used by that tool and adapted to the current project. The developers of the GSAC used research and consensus based governance best practices to help

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boards identify their strengths and weaknesses in various governance dimensions (Gill, *et al.*, 2005, p. 275). Gill *et al.* (2005) administered both their own tool in addition to the BSAQ, and found that the mean scores of the two were roughly comparable (Gill, *et al.*, 2005, p. 290). They noted that the mean scores ranged from 65% to 75% of the maximum possible score on the BSAQ, and a range of 68% to 83% of the maximum possible score on the GSAC. Like the GSAC created by Gill *et al.* (2005, p. 275), this survey examined a variety of board structure and policy characteristics and board process characteristics that have been identified in the normative and academic literature as associated with board effectiveness (Bradshaw, *et al.*, 1992, p. 232). For example, the aforementioned literature suggest that more effective boards and more effective organizations have boards who are involved in strategic planning, have a shared vision for the organization's activities, and use good meeting management (Carver, 1999; Herman and Heimovics, 1991 as cited by Bradshaw, *et al.*, 1992, p. 232).

Therefore, consistent with the approach used in the GSAC, the focus of this survey was to examine the governance structures and processes at the BBB, in addition to the presence or absence of best practices, as this is what has been correlated with effective governance, across governance models (Gill, *et al.*, 2005, p. 289).

The survey was designed to collect perceptions about the strengths and weaknesses of the board as they relate to the use of governance best practices and for participants to share their perceptions about those practices. This survey had a twofold purpose, firstly to provide an overall "check-up" score or rating and secondly, to identify areas that were poorly rated, and to determine important governance dimensions, and the associated board practices, that require improvement and discussion relative to the governance literature.

Sample.

The sample consisted of twenty-two (22) individual respondents that the BBB governance committee identified to the researcher as being directly involved in the BBB's governance. Consistent with the case study approach, purposive sampling was used to determine "why particular people (or groups) feel particular ways, the processes by which these attitudes are constructed and the role they play in the dynamic processes within the organization" (Given, 2008, as cited by Palys, n.d.). More specifically, individuals with recent and/or current experience working with the BBB of BC board in a governance capacity were selected. These individuals were also selected based on being stakeholders who not only had an impact on the subject matter being reviewed, but would also be affected by any changes stemming from the review (Given, 2008, as cited by Palys, n.d.). It is recognized that this represents a sampling bias, whereby the results cannot be generalized. Additionally, given the small sample size and the status of the respondents as "stakeholders" in the BBB governance, there is a risk of response bias. More specifically, that respondents were aware of the nature of the governance review and may have consciously, or subconsciously provided responses that they believed were being sought. Further, respondents were currently involved in BBB governance and therefore may have been concerned with how the findings would reflect on their own involvement and/or performance.

However, it is believed that this sampling technique provided access to information-rich cases, with the potential to reveal governance weaknesses that could be improved at the BBB of BC, which was the focus of the research question. This project sought to identify the governance

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issues within this targeted population, and therefore respondents adequately represent the group of interest. This sample contained the BBB CEO, the BBB vice president, thirteen board members, five non-voting governors, and two non-voting consultants. The above sampling criteria were also used for selection of interview participants which is discussed in the next section.

The survey was sent by email to the participants with an internet link to the online survey program called Fluid Surveys. The response rate was 86%, for a total of nineteen (19) completed surveys. The sample represented an even distribution of board experience, with 52.6 % of participants ranging from 0-6 years of experience, and 47.4 % of participants having 7 or more years of experience. Among the 19 respondents, the mean amount of time spent on BBB board work was approximately 5 hours per month, however individual responses ranged from 1 to 12 hours per month.

Survey content and structure.

The survey contained topics that are believed to relate to the board structure characteristics and board process characteristics linked to good governance, specifically the governance structures in place, the roles and responsibilities of board members and the presence of good governance practices. The topics and questions used were drawn from the research and normative literature on nonprofit governance. The 56 question survey format (Appendix C) was designed to be completed in approximately fifteen to thirty minutes, dependent if participants elaborated their responses by including a written comment for each question. Fluid Surveys created a frequency distribution report for each question and allowed the raw data to be downloaded into Excel.

The survey used the board *structure characteristics* and board *process characteristics* that are associated with good governance in the literature to gauge the BBB's engagement in best practices. These elements are contained within two overarching board governance dimensions: *Board Structures and Policies* and *Board Process-Board Roles and Responsibilities*. Within the latter dimension, there are the following categories of board responsibility: *Planning for the future*, *Performance assessment*, *Board meeting management*, *Board Composition*, *Management and development*, *Board Culture*, and *Board Leadership and CEO oversight*. Each category of board responsibility represents a collection of individual board best practices. This resulted in individual perceptions of two measures, the performance of the board on important best practice functions and satisfaction with the board's overall effectiveness (Bradshaw, et al., 1992, p. 232). Within each category there were specific questions worded as positive statements to illicit perceptions about the governance practices of the BBB. In general, the questions asked were on a subject matter that most participants should be able to speak to regardless of expertise on governance, as they relate to the roles and responsibilities of the board and/or the board's dynamics. There were a total of 56 questions on the survey, with 51 questions relating to the board structure characteristics and the board process characteristics. There was one question related to overall satisfaction with the board's effectiveness and four questions relating to respondent demographics. The positive statements about best practices had the following response options: Strongly Agree; Agree; Neutral; Disagree; and Strongly Disagree.

The following summarizes the two governance dimensions and the associated board competency categories:

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- A. *Board Structures and Policies*: to determine whether the board has clear governance structures, including bylaws, policies and defined role descriptions. To assess the board size and distribution of work.
- B. *Board Roles and Responsibilities*: Consists of six subcategories that represent the board activities related to governance.
 - I. *Setting the Direction*: to determine the level of engagement in setting the direction and risk management (policy and bylaw review) for the organization.
 - II. *Performance Assessment and Accountability*: to determine the level of understanding and engagement in a performance monitoring, and the board's accountability to stakeholders.
 - III. *Board Meeting Management*: to assess the level of engagement in effective meeting best practices.
 - IV. *Board Composition, Management and Development*: to determine practices related to recruitment, training, developing and managing the succession of its members. To assesses the diversity of the board. To evaluate how the board conducts self-assessments.
 - V. *Board Culture*: to ascertain the informal process and practices of the board such as communication styles, members level of commitment, decision making practices, and camaraderie.
 - VI. *Board Leadership and CEO oversight*: to determine the processes used to recruit, evaluate, develop and promote leadership among the board and with the CEO.
- C. *About you*: to obtain information about individual's years of experience, age, gender and hours of work dedicated to the board per month.

The survey also included a question on overall board effectiveness where individuals were asked to rate their overall level of satisfaction using a five-point scale ranging from extremely satisfied to extremely dissatisfied, where a higher score indicated a perception of a more effective board. This structure allowed mean participant scores to be calculated for each dimension and the six subcategories falling under roles and responsibilities. In addition, it provided information about the areas and/or responsibilities that had the lowest ratings (board weaknesses) versus those that had the highest ratings (board strengths).

3.2 Interviews

The sample consisted of the same twenty-two (22) individuals originally identified by the BBB Governance Committee, with seven (7) participants completing the interviews, a 32% participation rate. These people were sent an invitation to participate by email and asked to contact the researcher to schedule an interview. One individual initially agreed to participate, but later was not available to schedule an interview. In another case, following completion of the interview and analysis period, an individual indicated they would have participated but that there was confusion about scheduling the interview. The remaining individuals did not respond to the interview invitation. It is believed that the low interview response rate was in part due to participants already completing the detailed survey which provided them the opportunity to share their perceptions. The interview was semi-structured and based on the governance dimensions and/or questions in the survey that were most negatively rated. The content and structure of the semi-structured interview can be seen in Appendix D, which outlines the areas of focus in the interviews. The interviews took place in November 2014 and were conducted over the telephone and lasted between 20-50 minutes. The purpose of the interviews was to obtain detailed

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information about the governance of the BBB of BC from participants who had a role with the board and were identified to the researcher by the BBB. The participants had a range of experience and backgrounds.

3.3 Governance Document Review

The document review entailed examining the BBB website, governance documents and board manual. This was conducted in order to analyze and understand the current state of BBB governance.

3.4 Analysis of Literature

As part of the literature review, the key findings and trends in the governance literature were analyzed for common themes on nonprofit best practices. The findings were then compiled to represent the common best practices across the literature.

4.0 Findings

4.1 Survey Results

The survey allowed participants to rate (on a 5 point likert scale) their perceptions about a range of governance responsibilities and activities that the literature posits characterize more effective governance. The complete survey results can be found in Appendix E. Overall, including the neutral group, the survey had 60.26% positive responses, and 22.19% negative responses. The questions were analyzed by scoring the responses as follows: Strongly Agree = 4; Agree = 2; Neutral = 0; Disagree = -2; and Strongly Disagree = -4, and the mean score for each question was calculated, including the neutral score. In turn, a score between zero and two indicates a level of agreement, and score between two and four indicates stronger agreement. In contrast, a score between zero and minus two indicates disagreement and a score between negative two and negative four indicates strong disagreement. While it is recognized that this is ordinal data, where the intervals between responses are unknown, the mean scores of the individual questions were calculated in order to calculate mean scores for the categories of governance in which they were contained. Table 5 shows the mean scores in each governance category in order to highlight the governance categories requiring close examination. However, the discussion and analysis focuses on question response frequencies and highlight responses by those who had an opinion.

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Table 5:

Mean Survey Ratings by Dimension and Category

Survey Variable	Mean Score
A. Board Structures and Policies	1.550
B. Board Roles and Responsibilities	
i. Setting the Direction	1.447
ii. Performance Assessment and Accountability	1.568
iii. Board Meeting Management	1.87
iv. Board Composition, Management and Development	0.24
v. Board Culture	1.309
vi. Board Leadership and CEO Oversight	1.552
C. Satisfaction with Overall Board Effectiveness	1.083

The survey scores ranged from a high of 1.87 in the *board meeting management* category to a low of 0.24 on the *board composition, management and development* category. These two categories, and the remaining categories fell within the zero to two range, indicating that the organization in general agrees with the statements included in the survey. However, it is important to that while the *board composition, management and development* category score is positive, closer examination of the specific questions in it reveals greater disagreement and indicating this is a board category of concern to the BBB. The question regarding overall effectiveness and efficiency of the board received 73.68% positive responses and 15.79% negative responses. The latter rating indicates that the BBB board is moderately satisfied with its overall board effectiveness; however analysis of individual categories and questions provides insight about areas for improvement.

Most negatively rated categories and questions.

Table 6 provides a breakdown of the most negatively rated questions contained in each category. The table highlights the questions that had the greatest degree of disagreement.

Table 6:

Most Negatively Rated Survey Questions

Question	n	SA	A	N	D	SD	% disagree	% Agree
A. Board Structure and policies								
The committees have clear written charters that define clarify responsibilities, expectations and accountabilities.	19	10.53%	15.79%	21.05%	42.11%	10.53%	52.63%	26.32%
In practice, the board work is appropriately distributed among committees and the board.	19	5.26%	36.84%	18.42%	28.95%	10.53%	39.47 %	42.11%

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Question	n	SA	A	N	D	SD	% disagree	% Agree
The committee structure is functioning effectively (e.g. works within its authority) and does not undermine oversight of the full board.	19	15.79%	31.58%	26.32%	15.79%	10.53%	26.32 %	47.37%
Board governance responsibilities and structures are documented, and define responsibilities, expectations and accountabilities.	19	21.05%	21.05%	26.32%	31.58%	0.00%	31.58%	42.11%
B. Board Roles and Responsibilities								
• Setting the Direction								
The board focuses more attention on key priorities for the future than on current operational issues.	19	0.00%	23.68%	36.84%	39.47%	0.00%	39.47%	23.68%
The board has a process to develop, review and revise bylaws and policies to ensure risks are managed	19	5.26%	21.05%	36.84%	36.84%	0.00%	36.84%	26.32%
The board assess key components of risk and/or changes in the environment before they are urgent issues	19	5.26%	47.37%	5.26%	42.11%	0.00%	42.11%	52.63%
• Performance Assessment								
The board has a process for communicating with, and obtaining stakeholder feedback	19	15.79%	26.32%	21.05%	36.84%	0.00%	36.84%	42.11%
• Board Meeting Management								
There is adequate time for members to provide input during board meetings	19	15.79%	52.63%	10.53%	21.05%	0.00%	21.05%	68.42%
• Board composition, management and Development								
The board has a process to evaluate and gain feedback on individual director performance	19	0.00%	5.26%	26.32%	36.84%	31.58%	68.42%	5.26%
The board uses the results of performance evaluations to identify the boards strengths and weakness	19	5.26%	0.00%	26.32%	42.11%	26.32%	68.42%	5.26%
The board has a process to evaluate and gain feedback on its own performance	19	0.00%	10.53%	36.84%	31.58%	21.05%	52.63%	10.53%
The board trains and develops members for future roles and/or leadership	19	0.00%	10.53%	36.84%	31.58%	21.05%	52.63%	10.53%

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Question	n	SA	A	N	D	SD	% disagree	% Agree
• Board Culture								
All board members are committed to fulfilling board related activities and responsibilities	19	0.00%	26.32%	36.84%	26.32%	10.53%	36.84%	26.32%
• Board Leadership and CEO Oversight								
The board has a CEO succession/recruitment plan for selection of the CEO	19	0.00%	5.26%	42.11%	42.11%	10.53%	52.63%	5.26%

Board structure and policies.

In the category *board structure and policies*, the question with the most negative score was, “committees have clear written charters that define responsibilities, expectations and accountabilities where 52.63 % of the responses were negative. Interestingly, when the question “board work is appropriately distributed among committees and the board” was examined closely 42.11% of the responses were positive and 39.47% of responses were negative. This indicates that of those that had an opinion on this issue, the perception is almost evenly divided. In contrast, among those who responded in the comments of the survey there was a consensus that despite the size of the board, there is a core group conducting most of the committee work and/or board participation. This category also contained two questions that each received over 26% responses in the neutral group. More specifically, the question “board governance responsibilities and structures are documented, and define responsibilities, expectations and accountabilities” received 31.58% negative responses and 42.11% positive responses. The question “the committee structure is functioning effectively (e.g. works within its authority) and does not undermine oversight of the full board” received 26% disagreement and 47% agreement. While the latter two questions are not negatively rated overall, the high number of neutral responses is interesting.

The survey comments in this category demonstrated a degree of concern with the board size, where some believed it was too large and others that it was too small, however the common concern revolved around participation levels and absenteeism which impacted the ability to meet quorums and complete committee work, and in turn the perception that changes to board size had an impact. The comments indicated a desire for more clearly documented and readily accessible (online, a single document) board documents, outlining not only responsibilities, expectations and accountabilities, but also processes for managing performance of individuals and the board.

With respect to committee structure functioning, there was a consensus among the comments that clarity for the roles and responsibility of the board and the various committees was needed. In particular, the executive committee and its role and authority relative to the full board was raised as an area of confusion. Again, it was noted that there were no clear written charters or protocols for several of the committees.

Board roles and responsibilities.

Setting the direction.

Within the dimension of *board roles and responsibilities*, the subcategory “setting the direction” contained some areas of concern. Specifically, of those with an opinion, the question, “the board focuses more attention on key priorities for the future than on current operational issues” had 39.47% negative responses and 23.68% positive responses. It should be noted that this question contained a large number of neutral responses (36.84%). The comments clarify that meetings primarily focus on present operational issues. Of note, 36.84% of respondents disagreed that “the board has a process to develop, review and revise bylaws and policies to ensure risks are managed”, however 26.32% agreed with the statement. This question also had a large number of neutral responses (36.84%) indicating divergent views and/or confusion on this subject. Interestingly, 52.63% of respondents agreed that “the board assess key components of risk and/or changes in the environment before they are urgent issues”, again indicating some disagreement on the subject of assessing risk. However, the comments suggest that assessing risk in the environment has not been a role of this board. Further, some believe there is not enough of a clear process to allow them to know what would be needed to engage in the bylaw review process.

Board composition, management and development

The category *board composition, management and development* had the overall lowest category rating, where four of the seven survey questions received relatively low ratings. The comments indicate there may be some issues with diversity, ranging from professional and/or skill diversity to membership representation diversity, and that clear policies and processes and consistency in this application are limited. More specifically, among those with an opinion, 68.42% disagreed that “the board has a process to evaluate and gain feedback on individual director performance” and only 5.26% agreed with the statement. Further, 68.42% disagreed that “the board uses the results of performance evaluations to identify the board’s strengths and weakness”, with only 5.26% agreement. The latter questions received the most negative responses in the entire survey. Also, 52.63% disagreed that “the board has a process to evaluate and gain feedback on its own performance”, and only 10.53% agreed with this statement. The comments indicate that the board does not review its own or individual performance, and that only the CEO has a performance evaluation.

The question, “the board trains and develops members for future roles and/or leadership” received 52.63% negative responses and 10.53% agreement. The comments note that there are not clear structures in place, but rather informal peer mentorship. Further, that there is limited succession planning and/or advancement processes in place. Of note, 31.58% of respondents disagreed that “new board members are effectively oriented in order to understand their obligations and responsibilities (committee charters, role descriptions, fiduciary responsibilities, organization overview etc.)” while 42.11% agreed, indicating divergent views among respondents on this topic. Among the comments there was a consensus that training and orientation is an area that could be improved to include ongoing training and mentorship to better develop and engage the board.

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Board culture

Board culture, received only one lowly rated question, where among those with an opinion 36.84% disagreed that “all board members are committed to fulfilling board related activities and responsibilities” compared with 26.32% who agreed with the statement. Again, the comments indicate challenges with board member engagement as seen by poor meeting attendance and limited participation and commitment.

Board leadership and CEO oversight

In the category *Board leadership and CEO Oversight*, 52.63% of respondents with an opinion disagreed that “the board has a CEO succession/recruitment plan for selection of the CEO”. However, of note, this question received the largest number of neutral responses (42.11%) of any question in the survey. The comments indicate that this is an area currently under review, but that it also requires clearer board policies to guide the process.

In sum, the survey comments raise three primary concerns believed to impact the board’s efficiency and effectiveness: (a) a lack of clear policies and processes outlining roles and responsibilities etc., (b) a focus on day to day issues at the expenses of a strategic/future oriented approach, and finally (c) a lack of engagement from a number of board members. Table 7 outlines these three primary concerns and the associated issues identified at the BBB in the survey comments.

Table 7:

Major Concerns in Board Survey Comments

(a) Confusion over policies and process, roles, responsibilities and accountability of the board of the committees (i.e. executive) of individual directors of individual governors for succession planning for recruitment
(b) focus on day to day issues at the expenses of a strategic/future oriented approach
(c) Challenges with board engagement Board member participation Board member commitment and absenteeism Harnessing board member skills and knowledge Recruiting committed members Perception that full board is “rubber stamp” Succession planning

Most positively rated categories and questions.

While focus on the board governance dimensions most weakly rated provides insight into areas to improve, it is equally important to acknowledge the most strongly rated dimensions (Table 8) in order to provide an overall assessment of the board’s health.

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Table 8:

Most Positively Rated Survey Questions

Question	N	SA	A	N	D	SD	% disagree	% agree
A. Board Structure and policies								
Conflict of interest policies establish expected conduct of the board	19	57.89%	31.58%	5.26%	5.26%	0.00%	5%	89.47%
The organization's mission and objectives are available in writing	19	63.16%	26.32%	5.26%	5.26%	0.00%	5.26%	89.47%
The organization's mission and purpose are clear to the board	19	63.16%	26.32%	5.26%	5.26%	0.00%	5.26%	84.21%
B. Board Roles and Responsibilities								
• <i>Setting the Direction</i>								
The board follows the existing bylaws and regulations	19	57.89%	31.58%	5.26%	5.26%	0.00%	5.26%	89.47%
The board has a shared understanding of the mission and vision, and demonstrates commitment to these	19	21.05%	52.63%	10.53%	15.79%	0.00%	15.79%	73.68%
• <i>Performance Assessment</i>								
The board understands its accountability structures and does not act as an isolated entity	19	28.95%	50.00%	15.79%	5.26%	0.00%	5.26%	78.95%
The board exhibits fiduciary responsibility by understanding fiduciary requirements, and in turn ensures the organization has adequate resources	19	31.58%	42.11%	15.79%	5.26%	5.26%	10.53%	73.68%
• <i>Board Meeting Management</i>								
The board receives agenda and pre-meeting material in a timely, useful and efficient format	19	57.89%	36.84%	0.00%	5.26%	0.00%	5.26%	94.74%
Board meetings have clarity of conclusions and delegation of responsibility for follow-up on decisions	19	21.05%	57.89%	15.79%	5.26%	0.00%	5.26%	78.95%
• <i>Board composition, management and development</i>								
The board member recruitment process uses "gaps" in current board composition	19	5.26%	78.95%	5.26%	5.26%	5.26%	10.53%	84.21%
The board is adequately diverse (e.g. qualifications, expertise, demographics etc.) to meet the needs of the organization and its stakeholders.	19	31.58%	47.37%	5.26%	15.79%	0.00%	15.79%	78.95%
• <i>Board Culture</i>								
The board participates in consensus-based decision making through consultation	19	10.53%	68.42%	10.53%	10.53%	0.00%	10.53%	78.95%

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Question	N	SA	A	N	D	SD	% disagree	% agree
The board has trusting and respectful relationships with staff	19	28.95%	44.74%	21.05%	5.26%	0.00%	5.26%	73.68%
<i>Board Leadership and CEO Oversight</i>								
The board has the opportunity to recommend the skills and experience needed to fill board vacancies	19	10.53%	84.21%	0.00%	5.26%	0.00%	5.26%	94.74%
The board understands the roles and responsibilities of the CEO	19	42.11%	44.74%	7.89%	5.26%	0.00%	5.26%	86.84%

Board structure and policies.

In the dimension *board structures and policies*, 89.47 % of respondents with an opinion agreed that conflict of interest policies established expected conduct of the board. Further, 89.47% of respondents with an opinion agreed that the organization’s mission and objectives are available in writing. Moreover, 84.21% agreed that the organization’s mission and purpose are clear to the board. While these received higher ratings, the survey comments indicate that the organization’s mission and purpose could be reinforced, and that conflict of interest policies could be updated.

Board roles and responsibilities.

Setting the direction

Within the *setting the direction* category, 89.47% of respondents with an opinion agreed that the board follows the existing bylaw and regulations, with only 5.26% disagreement. However, some of the comments indicated the bylaws are somewhat unclear.

Performance assessment

Within *performance assessment*, 78.95% of respondents with an opinion agreed that the board understands its accountability structures and does not act as an isolated entity. Further, 73.68% of respondents who had an opinion agreed that the board exhibits fiduciary responsibility by understanding fiduciary requirements, and in turn ensures the organization has adequate resources. The survey comments note some concern with the engagement and cohesiveness of the board and how decisions are made.

Board meeting management

Board meeting management was the board competency category most highly rated. In particular, 94.74% of respondents positively rated the board’s receipt of agenda’s and meeting materials, with only 5.26% disagreement. Of those with an opinion 78.95% of respondents agreed that board meetings had clarity of conclusions and delegation of responsibility. As previously noted, this category received the most positive overall rating indicating it is an area of strength.

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Board composition, management and development

Despite *board composition, management, and development* being the lowest rated area of board competency overall, 84.21% of respondents with an opinion agreed the board member recruitment process uses “gaps” in current board composition. Further, 78.95% of respondents agreed that the board was adequately diverse with 15.79% disagreement.

Board culture

Within *board culture*, 78.95% of respondents with an opinion agreed that the board participates in consensus-based decision making through consultation while 10.53% disagreed. Further, 73.68% agreed the board has trusting and respectful relationships with staff with only 5.26% disagreement.

Board leadership and CEO oversight

Finally, within the category of *board leadership and CEO oversight*, 94.74% of respondents with an opinion agreed the board has the opportunity to recommend the skills and experience needed to fill board vacancies. In addition, 86.84% of respondents agreed that the board understands the roles and responsibilities of the CEO with only 5.26% disagreement.

4.2 Interview Results

A thematic analysis was used where each interview was transcribed and each question was organized and analyzed for themes and/or trends. The questions can be found in Appendix D. The main findings of each question will be summarized below.

What is the biggest governance challenge facing the BBB’s governance structure?

This question demonstrated a very clear consensus with concerns around the lack of clear policies and processes. There was consistent unease with the lack of clear definition of roles and responsibilities for the entire board, as well as for individual directors and for committees. Interestingly, in the survey the question stating board governance responsibilities and structures are documented and define responsibilities, expectations and accountabilities had divided responses with 42.11% positive, 26.32% neutral and 31.58% negative. However, the survey comments emphasized that responsibilities, expectations and accountabilities for the board and its committees were not adequately defined. For example, the interviews elaborated that while many policies exist, there are no clear processes to ensure that the roles and responsibilities of the board are being achieved. This clarifies the findings of the survey, where 3 questions related to board and individual performance evaluations were all negatively rated. The interviews revealed that there is no formal or systematic evaluation process for the board to identify its strengths and weaknesses. Moreover, with respect to role clarity and formal processes, the survey indicated that training and development of members for future roles and/or leadership was another negatively rated area. The interviews explained that currently almost all processes (recruitment, orientation, bylaw reviews, succession planning, policy formulation, performance monitoring etc.) are highly dependent on key directors or staff. Several respondents were concerned with how the lack of clear processes could impact succession planning and the ability for other individuals to take over various positions or projects from key individuals.

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How are the BBB committees defined? Do you believe that work is appropriately distributed between the board and committees?

The survey results related to committee structures and work distribution indicated that there was disagreement among the board regarding whether the committee structure was functioning effectively, however there was agreement that the committee charters were not clear. Specifically, the survey identified work distribution as a challenge for the BBB board.

The interview findings clarified that the consensus was that while the bylaws do identify several committees, there is a lack of definition of the roles and responsibilities of the committees, expectations and who is accountable for what. It was noted that among and within committees, the majority of work is accomplished by a core group of people. There was also confusion about what decisions should be made at the various committees levels versus the full board (approval levels). There was no consensus on whether the executive committee should be abolished. This finding is consistent with the divergent scores on the survey question “the committee structure is functioning effectively (e.g. works within its authority) and does not undermine oversight of the full board”. The interviews revealed divergent views on the most appropriate committee structure for the BBB board. For example, while there were numerous challenges associated with the executive committee; there was no resounding consensus on the future role of this committee. For example, some indicated that it was redundant to the full board, meaning more work for executive members and a poor use of their time. Further, several highlighted that the executive committee created a two-tiered structure, where the full board does not engage in dialogue based on the perception that the executive committee has already made the decision. However, it was noted that the executive committee has been used to ensure work gets done and decisions are made as there is a belief, by some, that the full board is too large to and/or the full board is not adequately engaged to get work done as a whole. However, with respect to board size, 73.68% of survey respondents agreed that the board was the adequate size for the organization with 21.05% disagreement.

What are your perceptions about the focus of the board?

This question resulted in several respondents noting concern with the absence of a strategic role and/or a lack of overall setting the direction, rather, the board was described as focused primarily on the operational issues of the day. This was consistent with the survey results where 39.47% of respondents disagreed (36.84% neutral responses) that the BBB board focused more attention on key priorities for the future than on current operational issues. Interview respondents again highlighted that the roles and responsibilities of the board are not especially clear in this regard. Further, that there is no clear process and/or timetable or planning calendar to help guide the board engage in its strategic responsibilities.

Tell me about the board's processes to develop, review and revise policies and bylaws?

In response to the question, there was consistent praise for the work of the governance committee and the current review as a means to achieve the above. It was noted that minor adjustments are made to the bylaws on occasion. However, several respondents indicated that absence of revisions to bylaws, policies and manuals existed due to a lack of a clear procedures. It was suggested that these should be in a more readily available and efficient format (policy

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manual and process flow document) allowing any individual, regardless of history with the BBB to understand and initiate a process.

Do you believe the roles and responsibilities of both governors and directors are adequately defined and understood?

The question received an almost unanimous indication that there was a lack of clarity around the roles, responsibilities, and accountabilities of not only the full board, but individual board members, committee positions and also governors. Several respondents indicated that based on this role ambiguity, board members may not know what's expected of them giving a perception that they are not pulling their weight. Interestingly, the survey identified board member engagement as a concern, where only 26.32% of respondents agreed that all board members are committed to fulfilling board related activities and responsibilities. Through the interviews it became apparent that the perceived lack of engagement was less attributed to individual board member characteristics, but more so to a failure of board policies and job descriptions to set expectations and hold individuals accountable. Further, in the interviews some suggested that this resulted in the board's dependence on the CEO to guide them on board tasks.

How does the board evaluate itself and individual performance, and in your opinion is this process working?

In response to the question there was a consensus among respondents that there was no formal process to do this, and that currently the chair engaged in informal "check-ins" with individual directors once a year. This was consistent with the survey's indication that the BBB board did not engage in evaluation at the board level or individual level. In the interviews, there was a feeling that the board would deal with significant disruptions should they occur, however the board did not have a process to manage persistent or more minor performance issues. Further, it was noted that as an organization that accredits and evaluates others, it seemed fitting that the BBB board should also be accountable to some form of self-evaluation.

Does the board do an adequate job of recruiting, training and developing board members?

In response to the question there was a general feeling that this area could be improved. Consistent with this, the survey indicated that the governance category most poorly rated was *board composition, management and development* where several board practices were weakly rated. With respect to recruitment, several respondents indicated that the recent changes made by the governance committee, using skills and gap analysis, represented significant improvements. However, there were concerns that the recruitment process was not adequately built into the BBB in a streamlined manner that would enable those with less institutional memory to implement the process. This was linked with the need to improve succession planning for important committee heads, board positions and the CEO in order to better manage unexpected events and/or turnover, in a manner that allows those filling vacancies to be successful, without over reliance on key individuals with institutional memory. There were also concerns with the lack of consensus regarding clear recruitment standards. For example, it was noted that the board has historically wavered between focusing recruitment on skills and experience, versus business representation, versus targeting high profile individuals.

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The aforementioned question relating to recruitment also raised concerns related to orientation and development. It was felt that the existing process needed improvement, where currently new members were provided a policy binder and a tour of the BBB. It was noted that the orientation materials were not up-to-date or available in an easily accessible manner. Regarding board member development, there was a consensus that a process did not exist. This was again linked to a lack of succession planning, and the need to ensure the board is provided with the information and resources they need to carry out their work.

Are all board members committed to doing necessary work, and if not, why?

This question received a resounding consensus that the board is challenged by the issue of commitment and engagement by some of its members. It was felt that the majority of the work is conducted by a core group. Under the category *board culture*, the survey indicated that only 26.32% of respondents believed all board members were committed to fulfilling board responsibilities. The interviews elaborated that while members are recruited for their skills and knowledge, their lack of engagement in meetings and/or committees challenges the board's ability to benefit from their expertise. Further, participants noted that there was a problem with absenteeism and the need for a more formalized process to not only manage this, but also deal with poor performance by members. It was also acknowledged by some participants that the lack of clear role descriptions may be contributing to this issue, where members who are not overly assertive and/or experienced with boards may believe they are adequately fulfilling their duties.

In contrast, within the category *board culture*, the survey noted that 68.42% of respondents with an opinion agreed that the board decision-making structures worked well and 78.95% of respondents with an opinion believed that the board participated in consensus-based decision making. Further, 63.16% of respondents with an opinion, agreed that the board made an effort to build camaraderie and group cohesiveness and 73.68% agreed that the board had a trusting and respectful relationship with staff. Interestingly, the interviews supported this finding, suggesting that the board is relatively free of interpersonal conflict and/or conflicts of interest. Rather, it would seem that the concerns related to *board culture* relate to low levels of engagement and/or absenteeism which were linked by several respondents to the previously noted policy and process deficiencies. This link to other factors is also supported in the governance literature.

4.3 BBB Governance Document Review

The BBB document review indicated that overall there are appropriate bylaws that meet generally accepted best practices for nonprofit governance. However, in combination with the areas of concern highlighted by participants and this review of the documents, it appears there is room for improvement. This centres on the need for clarity of processes and a cohesive policy manual. For example, within the board's responsibilities there is an expectation that "the board, will monitor its own effectiveness on an ongoing basis, and review its processes and performance annually as part of the strategic planning process" (BBB of BC, 2011). However, in the survey and in the interviews there was a resounding consensus that there was no process to monitor board or individual director performance, and that it was not being done. Moreover, the policies do not outline *how* effectiveness and performance will be monitored.

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Further, with respect to strategic planning, there was concern that there was no clear time-table (i.e. process) to engage in strategic planning, despite it being referred to in the policy documents. The policy documents indicate the board is responsible to “develop a strategic planning process, and to develop ends-based strategies. [and] [t]he president is primarily responsible to implement these strategies. The Board will approve strategic planning agenda prior to the AGM, and the process will be conducted in the early stages of the new term. The president and other staff will be involved or consulted as part of the strategic planning process” (BBB of BC, 2012). However, as noted by some interview participants strategic planning is not clearly included in a timetable/schedule and there is dependence on the CEO to guide the process.

The bylaws and policies do appear to have been updated in 2012; however as noted in the survey and interviews, respondents did not seem clear on how the policies and bylaws are updated (i.e. process).

4.4 Findings of Literature Review

Analysis of the literature identified key governance practices associated with good or effective governance. These are summarized in Table 9.

Table 9:

Summary of Governance Practices Identified as Important in the Literature

<p>Board Structures and Policies</p> <ul style="list-style-type: none"> • Roles clarity – of respective roles of the board, individual members and the CEO with expectations about giving and soliciting contributions • A board work plan and board policy manual • Written policy about board and committee meeting attendance • Written policy about dismissal for absenteeism and enforcement • Limit number of consecutive terms for board members • Written policy specifying role of executive committee
<p>Board Process- Board Roles and Responsibilities</p> <p><i>Planning for the Future- Setting the Direction</i></p> <ul style="list-style-type: none"> • Board involvement in strategic planning, • Engagement in policy formulation • Common/shared vision of the organization at the board level <p><i>Performance Assessment</i></p> <ul style="list-style-type: none"> • Program monitoring • Resource development, financial planning and control <p><i>Board Meeting Management</i></p> <ul style="list-style-type: none"> • Effective meeting management and distribution of materials <p><i>Board Composition, Management and Development</i></p> <ul style="list-style-type: none"> • Board profile used in recruitment • Nominees are interviewed • Written selection criteria for board members • CEO involvement in board nominations • All board members have officer or committee responsibility • Good board development and management (orientation, training, team-building, sound board member recruitment) nominating or board development committee • Collective and individual board self-evaluation and engagement in intentional improvement efforts/planned change.

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- Members receive feedback about evaluation
- Recognize retiring board members

Board Culture

- Low levels of conflict, high level of trust and effective dispute resolutions
- Near consensus decision making in contrast to majority rules
- Members' willingness to spend a lot of time on board-related activities

Board Leadership and CEO Oversight

- Strong board and Staff leadership
- Board process for CEO appraisal

Source: (Carver, 1990; Herman and Heimovics, 1991 as cited by Bradshaw, *et al.*, 1992, p. 232; Green & Griesinger, 1996. p.398; Herman & Renz, 2000, p. 156-158; Gill, 2001; Gill, *et al.*, 2005; Brudney & Murray, 1998).

5.0 Discussion and Analysis

The results of this study are encouraging in that they suggest that the BBB's governance is functioning relatively well. For example, 73.68% of respondents were satisfied with the overall effectiveness and efficiency of the board. This would indicate moderate satisfaction with the BBB's governance. The BBB survey used questions about a variety of prescribed governance practices similar in scope to the previously discussed BSAQ (Jackson and Holland, 1998) and GSAC (Gill, *et al.*, 2005). The BBB's score is in the mid to upper range of possible scores, indicating that its governance practices seem to be functioning adequately. While this overall rating or indication of board "health" is interesting, the multiple governance factors impacting this rating require explanation and will be discussed below.

It is interesting to note that Gill, *et al.*, (2005) compared the BSAQ and the GSAC and found that the GSAC obtained a mean score ranging from 65-70% of maximum possible score and BSAQ from 68-83 % of maximum possible score (Gill, *et al.*, 2005, pp. 290-291). While Gill, *et al.*, (2005) states these only provide rough comparisons, it is noted that it provides some validity-related findings. The current study was not able to administer either of these questionnaires to the BBB sample, however the survey that was administered used many of the same governance dimensions and best practices. This allows some degree of comparison with previous studies; in particular with respect to interpreting the implications of key governance best practices.

5.1 Strongest Categories of Board Governance

In the survey, the strongest category of governance was *board meeting management and performance assessment and accountability*. The higher ratings in these areas suggest that members are generally satisfied with the performance of the board on the factors within these categories. Of note, good meeting management is among the predictors of more effective boards and organizations (Bradshaw, *et al.*, 1992, p. 232). However, despite the high survey score for meeting management, there was significant concern raised in the interviews about poor meeting attendance and/or lack of participation by some members, which are warning signs that a board may be in trouble (Gill, 2001, p. 25). In spite of this, poor commitment is a common criticism of many nonprofit boards, where this can be viewed as a symptom of a larger problem such as issues with recruitment or training, poorly organized meetings, and/or an inappropriate board model can all contribute to the board's ability to be effective (Cagney, 2010, p. 72). Poor

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attendance and engagement is discussed in more detail below as it relates to board composition and culture.

5.2 Weakest Categories of Board Governance

The survey and interviews examined the following two governance dimensions and sub-categories:

A. Board structure and policies

B. Board roles and responsibilities

- *Setting the direction*
- *Performance assessment and accountability*
- *Board meeting management*
- *Board composition, management and development*
- *Board culture*
- *Board leadership and CEO oversight*

The survey revealed that the weakest category of governance was *board composition, management, and development*. The interview findings support and elaborate on the weakness of this category.

- *Board composition, management and development*: The board's adequacy of performance monitoring (of the board and individual members). The appropriateness of the recruitment and succession planning process. The appropriateness of orientation, training and developing directors.

Further, the survey and interviews suggest that board members are also dissatisfied with the following governance dimension and categories:

- *Board structures and policies*: The defined board governance responsibilities and structures that guide the activities of the board as a whole, among committees and of individual members.
- *Board roles and responsibilities*: The tasks of the board. Specifically the focus of the board on providing strategic direction in contrast to being involved in the day to day operations. The board's ability to assess risk/changes in the environment in a timely manner in order to ensure the future of the BBB is effectively managed. This includes developing, reviewing and revising bylaws and policies.
- *Board culture*: The level of commitment and contribution of individual members.

The below sections discuss each of these areas and the concerns noted in detail.

Board composition, management, and development.

The BBB survey indicated that the overall weakest dimensions of governance was *board composition, management, and development*, which is consistent with Gill's (2005) GSAC survey of thirty-two Canadian nonprofit organizations, where the lowest rated board functions included human resources stewardship and board development. Their findings indicated that board development was especially weak considering its important relationship with improving board effectiveness (Gill, *et al.*, 2005, pp. 289-290). In particular, recruitment and orientation of

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board members, team building and self-assessment were areas consistently requiring improvement in Gill's studies (Gill, *et al.*, 2005, p. 298). Interestingly, in this study these issues are also reflected at the BBB; specifically in the category of *board composition, management and development*, which includes human resource stewardship. In fact, *board composition, management and development* was the weakest governance category for the BBB board, and therefore Gill's (2005) research should be helpful in forming the recommendations for change included at the end of this report (p. 276).

Within the *board composition, management and development* category it was found that performance evaluation of not only the board's, but also individual member performance was not a practice of the BBB. The literature suggests that this is an important practice for nonprofit boards. During the review it was also noted that mechanisms for the training and development of board members was not a common practice at the BBB. The interviews indicated that there was a need for more formal and easily accessible policies and processes to address performance. For example, there were concerns with absenteeism and contribution levels of members. More specifically, this was linked to the need for role clarity whereby individual directors and the board have the ability to know what is expected of them and make a commitment to these. Currently the chair informally manages individual directors if there is a performance or absenteeism concern. However, the survey and interviews indicated that in addition to clear performance standards, there is also a need for a formal process to address poor performance that is easily accessible. Again, the importance of these activities were highlighted in the literature, indicating that boards of effective organizations both specify duties of board members and evaluate board performance compared with boards of less effective organizations (Green & Griesinger, 1996, p. 396; Herman & Renz, 2000, p. 156).

Within the *board composition, management and development* category, the survey scores, survey comments and interviews consistently raised succession planning and recruitment processes as needing improvement. The governance committee was widely commended on its efforts to improve recruitment through a nomination process, where several directors described a history of recruitment in the BBB as a "tap on the shoulder", with recruitment being on the basis of who one knew or belonging to a business/industry that had previously been on the board. Despite the improvements, there continues to be concern that the improved recruitment process is not automatically built into the BBB. Rather, the recruitment process continues to rely heavily on key individuals and institutional memory. The absence of clear processes, a planning calendar, and staff support, were consistently raised as a concern. For example, should a new director need to engage in the recruitment process, or any process, it was suggested they would likely spend significant time determining necessary steps, and could end up undertaking a very different approach than the previous person in a given position. With respect to recruitment, some respondents suggested there was no clear consensus on board member recruitment criteria. More specifically, whether candidates were recruited to provide the board with skills and expertise related to nonprofit governance or based on the type of business they operated in order to be representative of the BBB business membership. However, others noted there had been a recent improvement where skills and gap analysis were being conducted to guide recruitment, but again these improvements were not in a formalized process. With respect to succession planning, it was noted that numerous positions require attention and a working succession plan given the BBB presently relies heavily on key individuals (Governance Committee, chair, committee heads etc.) whose terms will expire, challenging a new director's ability to step in and

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efficiently conduct their responsibilities. CEO succession planning was also identified as an area needing attention should an unforeseen absence occur, there is no clear succession plan in place.

The BBB is not alone in its desire for improved succession planning processes and the effective use of nominating committees, as this is consistent with the results of Gill's (2001) findings examining 20 nonprofit's governance practices in Canada (Gill, 2001, p. 3 & 22). Further, the importance of recruitment and orientation is highlighted by Brudney and Murray's (1998) findings "that efforts to change board dissatisfaction with the board's role and responsibilities, committee structures, relationships with management, and meeting dynamics" (Brudney and Murray 1998, p. 333 as cited by Gill, *et al.*, 2005) were more amenable to improvement than having the wrong people on the board" (Gill, *et al.*, 2005, p. 289). Therefore, it is essential to ensure that potential board members have the right skills, experience and commitment through the recruitment and succession planning process, as failure to do so creates a board composition milieu that is more difficult to change in the future. More specifically, that sound and systematic board development practices have the ability to not only impact the board culture, but also board performance.

Within the *board composition, management and development* category, board orientation was another area identified as having insufficient processes, where board members are given a policy binder and complete a two to three hour orientation with the BBB staff members (CEO or VP). It was noted that the policy binder itself was dated at the time of receipt and that updates and/or changes were not easily accessible. Further, there was a heavy reliance on certain key individuals being aware of processes and procedures and where newer members would likely face difficulties finding or knowing of said policies. Ultimately this is not only a *board composition* concern, but also a *board structures and policy* issue where the need for clearer and easily accessible policies and processes is again highlighted.

Within this category, it was noted by some, that extensive training was not necessarily needed if the initial recruitment process resulted in the appropriate skill sets, and if the orientation process provided comprehensive and up to date documents and/or manuals. While the newer recruitment process attempts to recruit board members for the skills, knowledge and expertise they offer the board, the general feeling was that the board could still benefit from improved orientation and training regarding the business of the BBB. This included things such as a single comprehensive policy guide, a planning/process calendar that is available in an up-to-date format, and could be available online.

Further, certain positions, such as board chair and vice chair could benefit from greater mentorship and training about the functions of the BBB. Several people indicated that there was no formal process to develop or train existing members beyond initial orientation and there was a belief that this could be improved. Studies have found that "boards of effective organizations were more actively engaged in training new members, setting specific duties of board members, and evaluating board performance than were less effective organizations" and concluded that board training and development had potential for high payoff (Green & Griesinger, 1996, p. 396 & 399). A program of board development was also supported by two other studies, Brudney and Murray (1998) and Holland and Jackson (1998), whose research indicates it has the ability to improve board performance (as cited by Gill, *et al.*, 2005, p. 289). However, board development self-improvement activities must be regularly incorporated into the board's activities in order to sustain performance improvements (Holland & Jackson as cited in Gill, *et al.*, 2005, p. 289).

Board structures and policies.

The BBB appears to be using a traditional board model, consistent with what most nonprofits use, which is characterized by committee structures reflecting organizational activities (finance, human resource, fundraising etc.), in addition to the board's areas of focus (governance, nomination, etc.) (Cagney, 2010, p. 73). This is in contrast to Carver's Policy Governance model where the board does not get involved in organizational management issues, but rather creates broad strategic goals for the organization, which are then executed through the CEO with the board monitoring results (Cagney, 2010, p. 74). The BBB also uses an executive committee, which have traditionally been used to enable quick decision making on large complex boards (Cagney, 2010), but where the need for this committee at the BBB was questioned by several participants.

Executive committees are being used less frequently now that technology (i.e. teleconference, video conference, email) allows instantaneous communication among a full board (Cagney, 2010, p. 73). The use of executive committees for emergencies risks concentrating powers of a few officers to make decisions for the entire board (Cagney, 2010, p. 73), and it is suggested that this rationale is flawed as "a true emergency belongs to the board" (Joyaux, 2011). Another rationale for executive committees is the need to discuss confidential items, however it is suggested that the full board has the right and responsibility to know anything that a subcommittee knows (Joyaux, 2011). Moreover, powerful executive committees risk leaving other directors feeling disengaged, where they may believe there is no need for them to be informed on issues and/or attend meetings regularly (Takagi, 2014). Board member disengagement and absenteeism was identified as a concern at the BBB and therefore this is an important consideration. The frequency of regularly scheduled board meetings, size of the board, and geographic dispersion of members can impact the type of executive committee (regular meeting or as needed meetings) an organization uses (Bader, 2008, p. 1). A study of hospital and health system boards noted that generally a board of 13-15 members that meets at least six times a year and has the ability to convene on urgent matters is able to use an executive on an "as needed" basis (Bader, 2008, p. 1). This study also noted that the "as needed" model of executive committee was the most prevalent (58.7%) (Bader, 2008, p. 1).

Rather, it is suggested that board members (from the full board), who have expertise on an issue, can be brought together, if an issue does not fall within the purview of any committee (Joyaux, 2011). Further, if the CEO would like to consult on an issue that is not governance related (i.e. personnel related), the CEO can bring together board members and/or outside experts (Joyaux, 2011). In general, there is also a trend away from using a large number of standing committees, and instead use ad hoc groups/task forces that can focus on specific strategic items, where the board frames the strategic and generative questions for the ad hoc group (Cagney, 2010, p. 73; PWC, n.d.; Joyaux, 2011; Peregrine, McDermott, & Emery, 2011).

With respect to board structure, there were some concerns about size of the board. Those who indicated it may be too large explained this was a problem for two reasons: (1) it created the need to use an executive committee and perceptions of a two-tiered board; and (2) it promoted an environment of dis-engagement. Studies on group decision making suggest the ideal board size would range from five to eight members, however this does not consider the depth and complexity of the issues facing nonprofits (Dorger Consulting, n.d). For example, the BoardSource Governance index for 2010 examining hundreds of nonprofits in the United States,

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found that the average board size was 16 members, which is 50% larger than the average large public sector corporate board, and three times the recommended size for small private corporations (as cited by Dorger Consulting, n.d). The “law of nonprofit complexity” posits that management of for-profit corporations is less complex than managing nonprofits of comparable size, whereby for-profit models cannot meet the diverse needs of nonprofit organizations (Anheir, 2000 as cited by Dorger Consulting, n.d). Therefore, this uniqueness must balance ideal effective decision making numbers with the ability to meet the wide array of responsibilities nonprofit board members have (Dorger Consulting, n.d). Ultimately, the right board size must be determined by the board and important questions to consider are:

(1) Have we designed a board that can carry out all of our functions, including committee work, without overburdening the individual volunteer board members? And (2) have we designed a board that will allow all board members to stay personally involved and interested in the activities of the board. (Dorger Consulting, n.d).

Currently the BBB bylaws require no less than seven members, leaving the board the ability to have a larger number if it chooses, which is currently set to 14 board positions. In sum, the board size does not seem disproportionate to other nonprofits; rather the concerns related to disengagement may be related, in part, to other factors which are discussed in more detail in this report.

Board bylaws are important to examine when reviewing governance; specifically are they being followed and do they meet legal requirements. Also, are the bylaws meeting the needs of the board. The *Societies Act* outlines the requirements for bylaws of all incorporated organizations. Table 10 outlines the basic topics that must be included in an organization’s bylaws and the BBB’s bylaws were reviewed in light of these.

Table 10:

Societies Act Bylaw Requirements

- | |
|--|
| <ul style="list-style-type: none">(a) the admission of members, their rights and obligations and when they cease to be in good standing;(b) the conditions under which membership ceases and the manner, if any, in which a member may be expelled;(c) the procedure for calling general meetings;(d) the rights of voting at general meetings, whether proxy voting is allowed, and if proxy voting is allowed, provisions for it;(e) the appointment and removal of directors and officers and their duties, powers and remuneration, if any;(f) the exercise of borrowing powers;(g) the preparation and custody of minutes of meetings of the society and directors. |
|--|

Source: The *Society Act* (1996, part 1, sec.6)

The review of the BBB bylaws reveals that the above basic requirements have been met. However, there were numerous concerns raised about the lack of clarity around processes and procedures where several participants described the bylaws as vague. Interestingly, these concerns raise the issue of the purpose of bylaws versus board policies. Formal bylaws act as the ‘enabling’ document for the board, designating their authority (The Governance Coach, n.d.).

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Bylaws cannot be changed without approval of the membership, and it is suggested that it is in the interest of nonprofits to keep their content brief and limited to the high level governance issues that are required and that are considered non-negotiable by the board (Community Sector Council, n.d.; Foundation Group, 2010). It is also suggested that nonprofits avoid using bylaws as a policy and procedure manual (Community Sector Council, n.d.; Foundation Group, 2010). Provisions allowing bylaw amendments are important in order to ensure bylaws can be adjusted to reflect new realities, however amendments should be done in a way that works over the long term to avoid restricting boards from doing their work should circumstance change slightly (Foundation Group, 2010). Best practices recommend that bylaws are reviewed annually to ensure all board members, including new members, understand the bylaws and that the provisions are being followed (Foundation Group, 2010).

Therefore, while the BBB bylaws meet the above bylaw legal standards, more formalized annual reviews may have the ability for the board to engage in dialogue about the bylaws and the associated policies. This provides the opportunity to identify specific topics that require board policies to clarify the bylaws and give more detailed descriptions of the board's work. Policies can generally be changed by the board anytime allowing the board greater flexibility to address issues as they arise. The ability to do this is called "governing by policy", which includes work in the following key areas: organizational mission, objectives and values; roles and responsibilities of the board; board decision-making and meeting practices, conflict of interest, roles and responsibilities of the CEO, and other such factors (Community Sector Council, n.d.). While some of these topics are partially referred to in the bylaws, it is the board policies that allow the board to elaborate on these and identify the practices that are important to the organization at that time (Community Sector Council, n.d.). This is supported by research on Canadian nonprofits that found that more engaged boards have "policies [that] provide sufficient guidance to the board to govern the organization properly, are reviewed on a more regular basis, and are publicly disclosed" (Bugg & Dalhoff, 2006, p. 14).

Interviews about the BBB governance process generally affirmed the survey results indicating concerns with the *board's structures and policies* dimension. The issue consistently identified as the biggest governance challenge to the BBB was the absence of clearly defined policies and processes, which included the absence of clear role descriptions at multiple levels. Research comparing practices of nonprofit organizations indicate that role clarity, with written expectations about contributions and accountability has not only been found to be as important to effective governance and organizational effectiveness as the model of governance employed, but also a characteristic used most frequently by high performing boards (Gill, 2001, p. 26; Herman & Renz 2000, p. 156; Green & Griesinger, 1996, p. 396). A lack of effective communication and guidance in this regard has been found to result in role ambiguity and adversely impacts board engagement (Wright & Millesen, 2007, p. 322 & 333; Bugg & Dalhoff, 2006, p. 14). Notably, the BBB identified board engagement as a concern. Role ambiguity results in misunderstandings about roles and accountabilities, creating divergent understanding of duties among those in the governance process and the potential to reduce engagement when an individual does not have the means to understand what is expected of them (Wright & Millesen, 2007, p. 333). In addition to role clarity guiding boards in their duties, it also provide a means to assess their performance in light of these, and research findings also suggest that board self-evaluation is among the characteristics of high performing boards (Herman & Renz 2000, p. 156; Green & Griesinger, 1996, p. 396). The survey and interview results indicate that the BBB has not engaged in

performance or self-evaluation practices in any formal manner. Rather, the informal practice has been for the chair to conduct check-ins with directors. There was a perception that this process needed improvement and formality, specifically as it relates to addressing nonperformance and/or absenteeism.

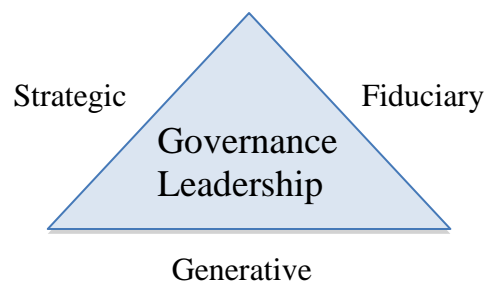
Board roles and responsibility.

Setting the direction

The survey and interviews also indicate concern and disagreement about the *roles and responsibility* “*setting the direction*” category. There was a perception by some participants that the board is too focused on operational issues, and by doing so fails to meet its governance responsibilities, including but not limited to providing strategic direction. This issue highlights the concept “Governance as Leadership”, which elevates the work of boards to not only improving their own performance, but also governing in a way that the organization also excels (Ryan, as cited by PWC, n.d.). This concept involves three components or ways of thinking: fiduciary, strategic and generative (see Figure 3)(Ryan, as cited by PWC, n.d.). The fiduciary mode focuses on “conformance”: overseeing operations, ensuring appropriate use of resources, fiscal accountability (Centre Point , 2009). The strategic mode focuses on “performance”: setting priorities for the organization, developing and improving strategies, and monitoring their performance (Ryan, as cited by PWC, n.d.; Centre Point , 2009). The generative mode of thinking is meant to precede strategic planning and involve “problem framing” or “sense making”, which is still about advising staff, but in a way that focuses on the organization’s “raison d’etre” (Cagney, 2010, p. 76; PWC, n.d.). It has been suggested that the generative mode of thinking embodies true governance as boards do not exist to simply manage a nonprofit, but rather “to supplement management expertise by asking a different set of questions”, which is the goal of generative thinking (Ryan as cited by PWC, n.d.). While boards have a tendency to focus on one approach, boards should be able to shift between the three ways of thinking as the situation requires (Centre Point , 2009).

Figure 3:

Governance as Leadership



Source: Ryan as cited by PWC, n.d.; Chait, as cited by Great Boards, 2005

At the BBB, it seems that the use of strategic thinking, and even more so, generative thinking, is an uncommon practice for the board as a whole. For example, several participants noted there was no allotted time for engagement in strategic planning. Further, for some, there was a perception that the skills and knowledge to meaningfully engage in this were not adequately represented in the board. Further, expectations of the board as a whole and at the individual level may not adequately state the board's role. More specifically, what type of board the BBB requires (i.e. operational, traditional, policy governance, etc. as noted in Figure 1). However, the BBB is not alone in this challenge, as "having difficulty...planning for the future" was the most frequently noted problem in nonprofits and voluntary organizations in British Columbia in a 2003 study (Murray, 2006). However, numerous studies have indicated that engagement in policy formation, short-term strategic planning and long-term strategic planning are characteristics of more effective organizations (Green & Griesinger, 1996, p. 395 & 398; Gill, 2001, p. 26; Carver, 1990; Herman and Heimovics, 1991 as cited by Bradshaw, *et al.*, 1992, p. 232), providing support for attention to this issue.

Board culture.

The BBB's *board culture* was evaluated as its own governance sub-category in the BBB survey; however the culture is ultimately impacted by the types of people on the board, and therefore is inextricably linked to the earlier *board composition, management and development* challenge discussed above (Gill, *et al.*, 2005, p. 289). For example, the BBB survey and the interview data indicate that there are persistent concerns with absenteeism, lack of effort and poor engagement among the directors where there is a perception that a core group does the majority of the work. More specifically, speculation about the reasons for this ranged from having skill deficits among the board, role ambiguity and a lack of performance expectations, no accountability process and a general lack of commitment and accountability to the BBB board; representing an assortment of challenges, spanning several governance dimensions and categories. While research findings indicate that board composition issues such as absenteeism, lack of effort and skill deficits are less amenable to change activities (retreats, training, task forces etc.) based on these being people based issues, the concerns identified by the BBB also represent structure and process problems, which are more amenable to change (Brudney & Murray, 1998, p. 340 & 341). More specifically, problems with the board's roles and responsibilities, committee structures, division of discussion and decision making among/between board level and committee level and other such issues may be successfully addressed through planned change (Brudney & Murray, 1998, p. 345).

With respect to *board culture*, a 2005 national study of Canadian nonprofits (Bugg & Dalhoff, 2006) highlighted the link between board culture and engagement, finding notable differences between organizations with fully engaged boards versus boards that were not (Table 11)

Table 11:

Characteristics of Organizations with Fully Engaged Boards

- Their policies provide sufficient guidance to the board to govern the organization properly, are reviewed on a more regular basis, and are publicly disclosed.
- Their board members are better able to read and understand financial statements, are required to sit on at least one committee, and require less lead time to carry out their responsibilities effectively.
- They spend more time on board education and development and the person responsible for briefing the board is effective.
- They conduct formal board evaluations and evaluate their CEOs based on pre- set criteria.
- They have formal risk management and crisis management policies and have assigned risk management and crisis management responsibilities to a specific individual or group.
- They have a strategic vision for the organization and have translated their strategic goals into measurable objectives and benchmarks for the board to monitor.
- They set annual objectives for the board, and the board or its committees follow a well-delineated work plan that outlines how the board will achieve its goals.
- The work plan becomes the board's agenda for the year.
- They spend more time at board meetings in lively debate of strategic issues.
- Their board meetings are not dominated by one or two people.
- They operate with a balanced budget.

Source: Bugg, G., & Dalhoff, S. (2006). *National Study of Board Governance Practices in the Non-profit and Voluntary Sector in Canada: Executive Summary*.

As noted earlier, the BBB survey and interview findings indicate that many of these practices are not fully implemented. Most notable, was participant dissatisfaction with the clarity of board policies and process documents, which, like clear role descriptions, are believed to enhance engagement (Wright & Millesen, 2007, p. 334; Bugg & Dalhoff, 2006). The findings indicate that many of the characteristics of fully engaged boards listed above were perceived as areas of weakness for the BBB. For example, it was noted that assignment to committees and committee work was voluntary and was not an explicitly stated requirement for members. Further, that board education and development are also areas that receive limited attention at the BBB. Formal board evaluations was another practice the BBB does not have integrated into its processes. A lack of engagement in planning for the future and debate over strategic issues was also a concern at the BBB. Moreover, a reoccurring issue was a perception that a small group of people were conducting the majority of the work, with a lack of engagement from others. Therefore, this detailed list provides some valuable board characteristics to enhance engagement at the BBB and potentially enhance effectiveness.

6.0 Options to Consider and Recommendations

Consistent with research of other nonprofits, the sample included in this study contained a dedicated group of volunteers and staff working to support the mission of their organization. While the overall mission was relatively clear and the board is perceived as functioning well enough, there are areas for improvement highlighted in the earlier discussion of this study. The purpose of this project was to identify governance concerns at the BBB and make recommendations to improve the board's efficiency and effectiveness based on best practices in the literature. This was based on research findings indicating that organizations with more

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effective boards use a larger number of best practices than less effective boards (Herman, Renz, & Heimovic, 1997 as cited by Gill, 2005, p. 273; Herman & Renz, 2000 as cited by Herman & Renz, 2004, p. 696). However, it should be noted that the literature does not identify a single “right way”/best practice or model of governance that can guarantee a board’s effectiveness as this discounts the unique norms of individual organizations (Herman & Renz, 2000, p. 158; Herman & Renz, 2004, p. 701 & 702; Gill, *et al*, 2005, p. 289); rather there is support for partaking in intentional change, based on board performance review (Herman & Renz, 2000, p. 158; Gill, *et al.*, 2005, p. 289).

Therefore, the survey and interviews were used to elicit information from the BBB of BC board regarding their current governance practices and the presence or absence of best practices. This has the potential to result in the BBB being more cognizant of existing practices and discovering ways to improve that are consistent with the organization meeting its responsibilities (Herman & Renz, 2000, p. 158; Gill, *et al.*, 2005, p. 289). Table 12 outlines the trends and challenges identified within BBB governance and the implications of these issues noted in the literature. As such, the recommendations that follow do not focus on the overall governance model, but rather the unique issues that exist at the BBB and governance practices that can be applied in a manner that is consistent with the BBBs structure, values, mission and stakeholders (Herman & Renz, 2004, p. 702).

The recommendations are discussed as they relate to each governance dimension and associated sub-category of responsibility; however they also include reference to being short-term versus long-term priorities for the BBB. The prioritization of recommendations recognizes the limited time and resources that this nonprofit organization has to dedicate to this initiative. The time and resources needed to accomplish these recommendations may seem daunting as they require work from the BBB board and BBB management to implement, however they represent a long-term investment in improving governance effectiveness. It is hoped that this review has brought awareness of the governance issues impacting the BBB whereby the board may adjust its practices over time and take steps to implement the recommendations in this report.

Table 12:

BBB Challenges and Implications for Board Governance and Recommendations

Issue or Concern	Potential Board Governance Implications
<p><i>Board Structures and Policies</i></p> <ul style="list-style-type: none"> • Absence of clearly defined policies and processes • Absence of detailed role descriptions • Lack of effective communication of above (calendar and/or policy manual) • Documents are not easily accessible and up-to-date • Absence of formally scheduled by-law and policy review • Dependence on institutional/corporate memory 	<ul style="list-style-type: none"> • Role ambiguity • Reduced engagement • Reduced accountability and performance measures (performance assessments) • Confusion and conflict between CEO and board, and among board about responsibilities • Reduced understanding of bylaws and policies, missed opportunities to engage is dialogue potential amendments to policies and procedures
<p><i>Setting the Direction</i></p> <ul style="list-style-type: none"> • Focus on operational issues • No allotted time for strategic and generative thinking 	<ul style="list-style-type: none"> • “Governance as Leadership” is not achieved • Board does not elevate its questions to provide alternative view to management • More effective organizations engage in policy formation, short-term strategic planning and long-term strategic

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<p><i>Board Composition and Development</i></p> <ul style="list-style-type: none"> • Board and individual performance not assessed • Orientation is limited • Training and development is not a common practice • A lack of clear succession planning and recruitment processes • Dependence on institutional/corporate memory and key individuals 	<p>planning.</p> <ul style="list-style-type: none"> • Board composition issues often involve having the “wrong” people on the board and are the least amenable to change, providing support for sound recruitment and development practices • Individuals do not have the ability to understand their accountabilities and gain feedback on their performance • The board is unable to address lack of performance • New board members are unable to contribute fully if orientation is not comprehensive • Opportunities to promote engagement and identify succession planning opportunities are missed. • Board performance is evaluated in more effective organizations • Inconsistent processes used • Inhibits ability of newer members to engage in work • Inefficient time spent determining processes • Transparency and integrity of processes is compromised • Missed opportunities to engage members and identify leadership potential
<p><i>Board Culture</i></p> <ul style="list-style-type: none"> • Absenteeism is a concern • Lack of effort and/or poor engagement by some • Perception that majority of work done by a small group 	<ul style="list-style-type: none"> • Creates conflict and/tension among the board • Board does not benefit from range of skills and experience it recruited for • Issue related to board composition, management and development, and structure and process problem

It is recognized that the recommendations that follow may appear daunting and represent significant work for the BBB management and the board, however the totality of these recommendations represent a long-term investment in the BBB’s governance. The recommendations are listed in order of priority, where what are believed to be the causes of the most pressing issues are listed first. The primary resource needed to implement these recommendations is time and effort, whereby as a volunteer board already engaged in regular board work, it is acknowledged that these recommendations cannot all be implemented at once and that it may be necessary to seek assistance from outside of the board. More specifically, if possible, it would be helpful to obtain the help of a volunteer (e.g. MPA student) to assist in implementing and monitoring the recommendations for the BBB.

Short-term Priority Recommendations

1. Develop detailed role descriptions.

While the board is conforming with several best practices for nonprofit management; the area identified as the primary governance concern was unclear policies and processes, including role descriptions and committee charters. This represents a *board structure and policy* problem according to the framework used in this study.

With respect to the entire board, the BBB needs to clarify the board’s mandate and what role the board is expected to contribute to the organization (i.e. see governance models in Table

1, p. 7). More specifically, the level of involvement in operational issues versus establishing organizational aims (ends)/planning for the future. This is important as there is some confusion among board members and between staff regarding the activities and levels of decision making the board should be engaged in. For the most part, the BBB uses a traditional model of governance, characterized by the board delegating responsibility for management of the day-to-day operations to the CEO, with various committees to oversee these operations. The CEO sits on the board as a non-voting member and is depended on to guide strategic planning and additional ad hoc task forces. However, despite being a traditional board, where the board generally focuses on governance and policy-making, the BBB board is described as being more focused on the operations of the organization than planning for the future. For this reason, it is recommended that the specific responsibilities of the board are clarified to provide a clear understanding of not only the boundaries between the board and/or staff, but also the expectations and accountability of the board (Gill, 2001, p. 26).

In order to accomplish this objective, the BBB management should first determine what the organization requires from the board in supporting the overall mission of the organization. Specifically, what roles and responsibilities are required from the board. Upon establishing this, the BBB management should work with the board to elaborate and clarify the existing role descriptions for individual board members and their respective positions (chair, vice chair, committee heads etc.). The BBB may find it helpful to create a small task force and/or gain help from a volunteer outside of the board, who can work with the BBB to draft board role descriptions.

The improved role descriptions should include clear and open communication about individual board performance expectations. Among other things these should include reference to participation in meetings and committee work. Developing a process for periodic performance reviews (a long-term recommendation of this report) and the opportunity for dialogue about board activities which has the ability to promote role clarity and enhance engagement (Wright & Millesen, 2007). Further, activities such as performance review and training (a long-term recommendation of this report) ensures that there is a shared understanding of the goals and roles of the board, which has the potential to more fully harness the skills of the board (Wright & Millesen, 2007, p. 335).

2. Create written and detailed committee charters.

The roles, responsibilities and authority of the various committees should be clarified and documented, and thereby this recommendation is inherently linked to, and should occur concurrent with the previous recommendation. This may alleviate the current perception that a small group of individuals are conducting the majority of work by raising awareness to the work that needs to be done and by whom. However, nonprofits are moving away from having a large number of standing committees and instead using ad hoc groups/task forces that are able to focus on specific strategic items (Cagney, 2010, p. 73; PWC, n.d.). When expertise on issues that are not included in the purview of an existing committee is needed, ad hoc task forces can be created. This is something the BBB has been doing, however there was confusion about how these ad hoc committees are established and what the accountabilities are. It is important that even ad hoc committees have a scope of work clearly established, which usually include strategic and generative questions framed by the board (Cagney, 2010, p. 73; PWC, n.d.).

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With respect to the executive committee, it is important that the BBB discuss and clarify the role of this committee. Consistent with modernizing trends in nonprofit governance, the BBB has recently moved away from regular meetings of this committee and only uses it “as needed”. However, this has created confusion around work distribution among committees and decision-making authority. A powerful executive committee is intrinsically exclusionary which risks perpetuating a perception of a two-tiered board and/or may promote board member disengagement among the remaining board which were concerns at the BBB (Robbins, n.d.; Bader, 2008, p. 1). While some stated the executive was useful for managing emergencies, the BBB is encouraged to use technologies such as conference calls and/or email to include the full board if emergency decisions are needed (Joyaux, 2011). Essentially, when establishing the role of the executive committee, the BBB should “avoid the elitism pitfall”, where they become too powerful and can destroy commitment and engagement that is needed from *all* board members (Bader, 2008, p. 3).

All committee charters, including the executive committee, should describe their responsibilities, membership, meeting frequency and the information they review; however it is especially important for the executive to outline any limits on authority (Bader, 2008, p. 3). If the executive committee remains in the BBB governance structure there should be clear efforts to limit redundancies between the executive, the full board and other committees (Hiland, 2014; Gottlieb, 2008). Appendix G provides an Executive Committee Self-Assessment Questionnaire that may be useful in the board’s discussions on this subject.

However, it is recommended that the BBB avoid using the executive committee extensively based on the potential negative impacts it has on the full board. In the interim, it is suggested they continue to use the executive committee only “as needed”, however that the BBB consider eliminating this committee over the long-term. Nevertheless, it should be noted that removing the executive committee requires that the BBB ensure that all authorities and responsibilities designated to this committee are adequately represented in the role descriptions of the full board, and requires that the bylaws are updated to eliminate reference to the executive committee.

3. Clarify and expand attendance policy for board and committee meetings.

The governance review indicated that director absenteeism and/or lack of commitment and/or participation was an area of significant concern for the board. According to the framework used to guide this project, this represents both deficiencies in *board structures and policy* and *board processes*. The reasons for this are attributed to several factors; however one of these factors is a lack of clarity around attendance and participation expectations, and in turn, accountability measures.

It is recommended that the BBB ensure that attendance is addressed in not only the aforementioned role descriptions and committee charters, but also that a policy clearly establishes attendance and participation expectations and identifies the process that will be used to address a lack of performance on the board.

4. Review and develop shared vision for the organization at the board level.

The literature indicates that one of the characteristics of more effective boards and more effective organizations is having a shared vision of the organization at the board level (Carver, 1990; Herman and Heimovics, 1991 as cited by Bradshaw, *et al.*, 1992, p. 232). In turn, the board may gain a clearer understanding of the goals and role of the board. This is needed because as previously noted the board suffers from a degree of role ambiguity at various levels, and understanding the overarching vision for the organization may help the board clarify its role in supporting this.

Once the BBB management and the board have clearly established the board's mandate and clarified role descriptions at multiple levels, they should engage in a discussion about the overarching vision of the organization and how the board can support this at the board level. This provides a "training" opportunity for BBB management to ensure that the board is equipped with adequate information about the organization it serves. This process may be appropriate earlier on when engaging in the first two recommendations.

5. Create, review and use board policies to elaborate on the bylaws.

The BBB raised significant concern regarding a lack of clarity about policies and processes. While the bylaws were often blamed, it became apparent that this overarching "enabling" document was not being adequately supported by clear and accessible board policies. Therefore, it is essential that the BBB create policies that elaborate on the bylaws, and provide sufficient guidance to the board to govern the BBB properly (Bugg & Dalhoff, 2006, p. 14). Further, it is important that the review of policies and bylaws is more formally structured to ensure they are being followed, in addition to promoting engagement and clarification by the board.

The BBB may find it helpful to create a task force to identify specific topics that require urgent clarification via policy and process documents. Through this review, and as mentioned within other recommendations the topics include, but are not limited to the following: recruitment and succession planning, attendance, performance review etc. While this is listed as a short-term priority, it represents an ongoing process, where over the long-term it is hoped that the BBB will continue to create policy that clarifies and assists the board in doing its work. Further, that in the long-term the BBB will incorporate a systematic and regular policy and bylaw review (i.e. annually).

6. Formalized recruitment process.

While study participants commended the governance committee on its recent efforts to improve the recruitment process, there continued to be concern that it was highly dependent on key individuals initiating the process and that it was not adequately formalized. It was felt that the process should be streamlined to make it more efficient and to allow new and/or different directors to take on this task.

Once the BBB has clarified the board's mandate and the roles and responsibilities of the board (noted above), the BBB board would benefit from developing a more formalized succession plan for board vacancies, committee heads, and the CEO in order to better manage unexpected events and/or turnover. This formalization could improve transparency and

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accountability on agreed upon recruitment standards through the use of skill matrixes (current skills/experience versus future needs) and assess how candidates meet the skills and experience identified in the role descriptions.

The importance of sound recruitment is highlighted in the governance literature as having the wrong people on the board is less amenable to change than other governance factors (Gill, *et al.*, 2005, p. 289). For example, a common criticism for many nonprofits, including the BBB is poor commitment, which among other things can be a symptom of problems with recruitment and training (Cagney, 2010, p. 72). Ultimately, the board's culture is impacted by the types of people involved in the board and therefore good board recruitment and development practices have the ability to impact the board's performance (Gill, *et al.*, 2005, p. 289).

Long-term Priority Recommendations

7. Create a comprehensive board policy manual.

Not only was there confusion about the content of existing board policies, but there was also concern with the organization and availability of them. It was felt that in the current format the policies are often outdated and/or difficult to find efficiently. It is recommended that the BBB enhance how important information is documented and made available in order to ensure the board has the information needed to conduct its work effectively. More specifically, this may be achieved by creating and distributing a comprehensive and up-to-date policy manual that clearly defines roles and responsibilities, policies and processes pertaining to the work of the board. As noted earlier, amending and drafting policies to help guide the board in its work is needed at an earlier stage, however, over time, it is equally important for the BBB to ensure these are available in an organized and instructive format.

8. Create a board work plan/planning calendar.

As previously noted, the availability of information and the means by which the BBB communicates with the board could be ameliorated allowing the board to be more efficient and effective. The development of a process/planning calendar outlining important tasks and activities for the board over a year long period would be beneficial. Further, in light of turn-over of board members, the participation of a BBB staff member to monitor and/or update the calendar would be helpful. This would support the board getting work done at the appropriate time.

The contents of the planning calendar will be impacted by the earlier recommendations that speak to the mandate of the board and its roles and responsibilities. The BBB management, together with board representatives, should establish how these can be reflected into an annual planning calendar to help guide the board's activities.

9. Modernize availability of information.

In relation to providing more clear and accessible information to the board, it is recommended that the distribution of governance documents is modernized. It would be helpful to make the bylaws, board policies, planning calendar etc. available online. This would also

allow the documents to more searchable and amenable to updates, promoting accuracy and efficiency in their use.

The BBB currently has a website for the public to access information about the BBB and general board information. During the review, it was noted that several nonprofit organizations have their policy manuals and related governance information available to the public on their website. This may be a consideration for the BBB or alternatively, to look at creating a shared internet platform where board members can access and search governance related information.

10. Aim for strategic and generative approach to promote strategic leadership.

The BBB board was described as being more focused on operational issues than planning for the future, and that the role of providing strategic leadership could be ameliorated. However, the BBB is not alone in this challenge, as “having difficulty...planning for the future” was the most frequently noted problem in nonprofits and voluntary organizations in British Columbia in a 2003 study (Murray, 2006). Not only is this an important governance function, but also engagement in policy formation, short-term strategic planning and long-term strategic planning is a characteristic of a more effective board (Bradshaw, *et al.*, 1992, p. 323; Green & Griesinger, 1996, p. 395 &398).

It is hoped that with the implementation of the earlier recommendations which clarify the mandate of the board and its roles and responsibilities, the board will be more cognizant of its strategic leadership role. Strategic leadership may be promoted through activities such as framing strategic and generative questions for ad hoc groups/committees on specific items on behalf of the board. More specifically, that the board may offer management alternative views that consider the bigger picture for the organization. Further, as previously noted, it would be helpful for a planning calendar to guide the board in their duties, where if needed, time is allocated to important tasks such as strategic planning sessions and/or focused retreats/training that support strategic leadership.

11. Improved orientation and ongoing training.

As noted above board culture and/or engagement is impacted by not only recruitment, but also orientation and training. Continuous learning should be incorporated into the BBB to ensure members not only understand *what* the expectations are, but also, *how* they can achieve these (Wright & Millesen, 2007, p. 334). The *how* relates to processes, which as previously noted is an area needing improvement (policies and process documents). With respect to orientation and board development, the BBB was somewhat weak in this area considering its important relationship with improving board effectiveness (Gill, *et al.*, 2005, p. 276).

This represents a long-term priority as it is believed that improved role descriptions at multiple levels, a formalized recruitment plan and comprehensive board policies may eliminate some of the frustrations that were present with respect to orientation and training. However, it is still important that orientation materials are enhanced to ensure they are available in an up-to-date and searchable format (online). While recruitment of appropriately skilled members can limit the amount of training needed, it would still be beneficial to ensure adequate information about the business of the BBB is provided.

Further, the BBB may enhance engagement and participation by rewarding/recognizing board member commitment through training and development (Bugg & Dalhoff, 2006, p. 19).

This also promotes dialogue about harnessing the skills and experiences of the board, and identifying strengths and weaknesses that make the board more or less effective (Herman & Renz, 2000, p. 158). A process of orientation, training and development also contributes to sound succession planning.

12. Implement annual board self-assessment and individual director self-assessment.

The survey and interview results indicate that the BBB has not engaged in performance or self-evaluation practices in any formal manner. However, collective and individual board self-evaluation and engagement in intentional improvement are among the characteristics of high performing boards (Herman & Renz 2000, p. 156; Green & Griesinger, 1996, p. 396). The BBB should engage in regular self-improvement activities (evaluation, training, etc.), allowing board members to identify areas of concern, seek clarification, establish board directions and expectations, and adjust performance as needed (Wright & Millesen, 2007, p. 334; Green & Griesinger, 1996, p. 399). This may be a daunting task, but it represents a long-term investment, where intentional efforts (training, evaluation, etc.) to improve board performance have been found to allow boards to more fully harness the skills and talents of the board through a shared understanding of the goals and roles of the board (Herman & Renz, 2000, p. 158).

This governance review represents an important assessment of the board's work and establishes the strengths and weaknesses of the board. However, the implementation of an annual board assessment represents a long-term priority as it is first necessary for the BBB to establish the mandate of the board and clarify the board's roles and responsibilities, and in turn the performance expectations for the board as a whole and for individual members. Later, the BBB board may find it helpful to use an existing tool such as the "Governance Effectiveness Quick Check" (Appendix F) to gain feedback from the board about its activities, and in turn, promote discussion about areas of strength and/or weakness. Regardless, of the format of the review, what is essential is that there is an opportunity for the board to engage in dialogue about its performance and adjust performance if necessary.

7.0 Conclusion

The BBB of BC serves an important function of enhancing trust between businesses and consumers; however, as with many nonprofits, it must work in a dynamic environment with limited resources, while facing the additional challenge of demonstrating good governance. Nonprofit governance is unique as a *volunteer* board is at its core, whereby expectations and practices of these entities are not always well understood compared with paid boards (Green & Griesinger, 1996, p. 399; Gill, *et al.*, 2005). Thereby, this paper has outlined the literature on nonprofit governance, which specifies the ways in which a volunteer board has the ability to not only impact its own effectiveness, but also the effectiveness of the organization it serves.

Governance effectiveness is defined as whether the structures and policies, roles and responsibilities, and process and practices that inform the board allow it to accomplish the desired outcomes of the organization it serves according to governance best practices (Gill, 2001, p.7; Renz, 2007, p.2). Efficient governance relates how well the board uses its time and resources to accomplish the aforementioned. In sum, understanding nonprofit board activities associated with effectiveness was critical to reviewing the BBB and making recommendations that may improve the board's efficiency and effectiveness. The key assumptions of this study are supported by the theoretical framework that board structures and policies (the "form" or "operating parameters") and board process characteristics (the "what"), in addition to board culture ("the how"), are interrelated and that the appropriate combination of these factors should produce enhanced governance effectiveness (Bradshaw, *et al.*, 1992, p. 230; Gill, 2001, p. 12).

Through a mixed-method approach, volunteer board members and paid executives were able to participate in a survey and an interview in order to share their perceptions about governance at the BBB. This research was guided by the following overarching questions: *Is the current governance structure of the BBB effective and efficient?* Sub-questions included:

- What issues are most commonly seen as challenging the effectiveness of the BBB of Mainland BC board?
- What opportunities for improved effectiveness and efficiency exist?
- What best practices address the identified areas of deficiency?

The study indicates that 73.68% of participants in the survey are satisfied (7.89% very satisfied and 65.79% somewhat satisfied). This overall rating indicates a moderate degree to high degree of satisfaction with the board's work. This rating is reassuring as it is somewhat comparable with other research findings across multiple nonprofits that examined similar constructs and also made comparisons between studies (Gill, *et al.*, 2005; Jackson & Holland, 1998); meaning the BBB is not exceptionally good or exceptionally bad. The combination of survey and interview results indicate that the governance issue perceived to be the most problematic for the BBB were a lack of clear policies and processes, including role descriptions at multiple levels (the board, individual members, committees, committee heads etc.).

The second most frequently raised concern was a lack of commitment and/or engagement by some board members. Interestingly, engagement is something that can be impacted by multiple factors, of which several were present at the BBB. For example, role ambiguity has the potential to reduce engagement, both of which are present at the BBB. It was evident that this is

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a dedicated group of volunteers who want to properly govern their organization; however like many nonprofit organizations, board members often have difficulty understanding how to make the best possible contribution (Bugg & Dalhoff, 2006, p. 19). For this reason, clarifying and streamlining the BBBs structures and policies (including role descriptions) will enable directors and staff to have a clearer understanding of not only *what* the expectations are, but also to have the ability to confidently engage in board work with a better understanding of *how* they can achieve these (Wright & Millesen, 2007, p. 334).

Further, enhanced orientation, training and development of board members and leaders is an important means of engaging and communicating with members that may reduce role ambiguity, harness skills and improve engagement (Bugg & Dalhoff, 2006, p. 19; Wright & Millesen, 2007). Board assessments serve an important function of promoting dialogue about board directions and expectations, and providing the opportunity to raise training needs that can enhance the board's ability to be effective (Wright & Millesen, 2007, p. 334; Bugg & Dalhoff, 2006, p. 19). These activities contribute to engaging board members in their work. It is important for nonprofits to reward and/or recognize commitment which can be challenging in the nonprofit sector, however training and development can be seen as acknowledgement of this (Bugg & Dalhoff, 2006, p. 19). To the BBB's credit, it created the governor role as an honorary position, however due to role ambiguity; there is now dissention about the position requirements which compromises its potential benefits for the board.

Therefore, it is theorized that the *governance effectiveness* of the BBB can be improved through the application of the previously discussed governance best practices which the literature suggests result in a more engaged board that is better able to harness the skills and experience of its members (Herman & Renz, 2000, p. 158). It is recognized that the success of these recommendations is dependent of their implementation, and that initially these changes may appear daunting, however they represent a long-term investment in the governance of the BBB.

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Appendices

Appendix A: BBB Mission and Vision

Mission & Vision

Our Vision:

An ethical marketplace where buyers and sellers trust each other.

Our Mission:

BBB's mission is to be the leader in advancing marketplace trust. We do this by:

Setting standards for marketplace trust

Encouraging and supporting best practices by engaging with and educating consumers and businesses

Celebrating marketplace role models

Calling out and addressing substandard marketplace behavior

Creating a community of trustworthy businesses and charities

BBB sees trust as a function of two primary factors – integrity and performance. Integrity includes respect, ethics and intent. Performance speaks to a business' track record of delivering results in accordance with BBB standards and/or addressing customer concerns in a timely, satisfactory manner.

BBB ensures that high standards for trust are set and maintained. We exist so consumers and businesses alike have an unbiased source to guide them on matters of trust. We provide educational information and expert advice that is free of charge and easily accessible.

BBB Accreditation is an honor – and not every company is eligible. Businesses that meet our high standards are invited to join BBB. Businesses meeting BBB standards are presented to local Boards of Directors (or designees) for review and acceptance as a BBB Accredited Business. To read more about our Accreditation Standards, [click here](#).

All BBB accredited businesses have agreed to live up to our Standards for Trust. Our Standards for Trust are a comprehensive set of policies, procedures and best practices focused on how businesses should treat the public – fairly and honestly in all circumstances. To review our Standards for Trust, [click here](#).

BBB does not compare businesses against each other, but rather evaluates businesses against our standards – and our standards clearly speak to the character and competence of an organization.

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BBB is the resource to turn to for objective, unbiased information on businesses. Our network of national and local BBB operations allows us to monitor and take action on thousands of business issues affecting consumers at any given time.

BBB is your key advisor, most reliable evaluator and most objective expert on the topic of trust in the marketplace.



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	<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
2. I have participated in board discussions about what we should do differently as a result of a mistake the board has made.				
3. I have had conversations with other members of this board regarding common interests we share outside of this organization.				
4. I have been in board meetings in which it seemed that the subtleties of the issues we dealt with escaped the awareness of a number of the members.				
5. Our board explicitly examines the "downside" or possible pitfalls of any important decision it is about to make.				
6. Orientation programs for new board members specifically include a segment about the organization's history and traditions.				
7. This board is more involved in trying to put out fires than in preparing for the future.				
8. The board sets clear organizational priorities for the year ahead.				
9. This board communicates its decisions to everyone who is affected by them.				
10. At least once every two years, our board has a retreat or special session to examine our performance and how well we are doing as a board.				
11. Many of the issues that this board deals with seem to be separate tasks that are unrelated to one another.				
12. In discussing key issues, it is not unusual for someone on the board to talk about what this organization stands for and how that is related to the matter at hand.				
13. Values are seldom discussed explicitly at our board meetings.				
14. If our board thinks that an important group or constituency is likely to disagree with an action that we are considering, we will make sure that we learn how they feel before we actually make the decision.				
15. Differences of opinion in board decisions are more often settled by vote than by more discussion.				
16. This board delays action until an issue becomes urgent or critical.				
17. This board periodically sets aside time to learn more about important issues facing organizations such as the one we govern.				
18. I can recall an occasion when the board acknowledged its responsibility for an ill-advised decision.				

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	<i>Strongly Agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
19. This board has formed ad hoc committees or task forces that include staff as well as board members.				
20. This board is as attentive to how it reaches conclusions as it is to what is decided.				
21. Most people on this board tend to rely on observation and informal discussions to learn about their role and responsibilities.				
22. I find it easy to identify the key issues that this board faces.				
23. When faced with an important issue, the board often "brainstorms" and tries to generate a whole list of creative approaches or solutions to the problem.				
24. When a new member joins this board, we make sure that someone serves as a mentor to help this person learn the ropes.				
25. I have been in board meetings in which explicit attention was given to the concerns of the community.				
26. I have participated in board discussions about the effectiveness of our performance.				
27. At our board meetings, there is at least as much dialogue among members as there is between members and administrators.				
28. When issues come before our board, they are seldom framed in a way that enables members to see the connections between the matter at hand and the organization's overall strategy.				
29. I have participated in discussions with new members about the roles and responsibilities of a board member.				
30. This board has made a key decision that I believe to be inconsistent with the mission of this organization.				
31. The leadership of this board typically goes out of its way to make sure that all members have the same information on important issues.				
32. This board has adopted some explicit goals for itself that are distinct from the goals for the total organization.				
33. The board periodically requests information on the morale of the professional staff.				
34. I have participated in board discussions about what we can learn from a mistake we have made.				
35. Our board meetings tend to focus more on current concerns than on preparing for the future.				
36. At least once a year, this board asks that the executive director articulate his or her vision for the organization's future and strategies to realize that vision.				
37. I have been present in board meetings in which discussions of the history and mission of the organization				

(continued)

<i>Strongly</i>	<i>Strongly</i>
<i>Agree</i>	<i>Disagree</i>

- were key factors in reaching a conclusion to a problem.
38. I have never received feedback on my performance as a member of this board.
 39. It is apparent from the comments of some of our board members that they do not understand the mission of the organization very well.
 40. This board has, on occasion, evaded responsibility for some important issue facing the organization.
 41. Before reaching a decision on important issues, this board usually requests input from persons likely to be affected by the decision.
 42. There have been occasions that the board has acted in ways inconsistent with the organization's deepest values.
 43. This board relies on the natural emergence of leaders rather than trying explicitly to cultivate future leaders for the board.
 44. This board often discusses where the organization should be headed five or more years into the future.
 45. New members are provided with a detailed explanation of this organization's mission when they join this board.
 46. This board does not allocate organizational funds for the purpose of board education and development.
 47. Recommendations from the administration are usually accepted with little questioning in board meetings.
 48. At times, this board has appeared unaware of the impact that its decisions will have within our service community.
 49. Within the past year, this board has reviewed the organization's strategies for attaining its long-term goals.
 50. This board reviews the organization's mission at least once every five years.
 51. This board has conducted an explicit examination of its roles and responsibilities.
 52. I am able to speak my mind on key issues without fear that I will be ostracized by some members of this board.
 53. This board tries to avoid issues that are ambiguous and complicated.
 54. The administration rarely reports to the board on the concerns of those people that the organization serves.
 55. I have been in board meetings in which the discussion focused on identifying or overcoming the organization's weaknesses.
 56. One of the reasons that I joined this board was that I believe strongly in the values of this organization.
 57. This board does not recognize special events in the lives of its members.
 58. The board discusses events and trends in the larger

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Appendix C: BBB Survey Questions

Survey Question	Research Component	Measure
A. Board Structures and Policies		
1. The organization’s mission and objectives are in writing	Guiding documents	Likert-type evaluation scale with comments
2. The organization’s mission and purpose are clear	Guiding document clarity	Likert-type evaluation scale with comments
3. The size of the board is adequate for the organization	Board size	Likert-type evaluation scale with comments
4. Board governance responsibilities and structures are documented and define responsibilities, expectations and accountabilities	Work profiles/charters	Likert-type evaluation scale with comments
5. The committee structure is functioning effectively (e.g. works within its authority) and does not undermine oversight of a full board	Committee functioning	Likert-type evaluation scale with comments
6. The committees have clear written charters that define clarify responsibilities, expectations and accountabilities.	Workload distribution	Likert-type evaluation scale with comments
7. In practice, the board work is appropriately distributed among committees and the board		
8. The term limits for board members are appropriate		
9. Written policies exist to guide board decision making and are available in a policy manual	Mechanisms for decision making	Likert-type evaluation scale with comments
10. Conflict of interest policies establish expected conduct of the board	Mechanism for managing conflict of interest	Likert-type evaluation scale with comments
11. The bylaws adequately address the organizational needs	Quality of Bylaws	
B. Board Role and Responsibilities		
12. Overall the board (committees & members) understand their roles and responsibilities and what is expected of it	Board understanding of roles and responsibilities	Likert-type evaluation scale
Setting the direction: Mission and Planning		
13. The board has a shared understanding of the mission and vision, and demonstrates commitment to these	Understanding of mission and vision-strategic dimension	Likert-type evaluation scale
14. Overall board members understand the organization’s strategic plan	Understanding of strategic plan	Likert-type evaluation scale with comments
15. The board engages in setting and planning the direction, priorities and policies of the organization in order to ensure a strategic approach to its future	Engagement in setting direction and priorities – strategic dimension	Likert-type evaluation scale with comments
16. The board focuses more attention on key priorities for the future than on current operational issues	Focus on key priorities-Strategic dimension	Likert-type evaluation scale with comments

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17. The board assess key components of risk and/or changes in the environment before they are urgent issues	Engagement in risk management- Strategic dimension	Likert-type evaluation scale with comments
18. The board has a process to develop, review and revise bylaws and policies to ensure risks are managed	Engagement in risk management	Likert-type evaluation scale with comments
19. The board follows the existing bylaws and regulations		Likert-type evaluation scale with comments
Performance Assessment and Accountability		
20. The board routinely monitors the performance of the organization/programs/services and assesses value relative to organizational goals	Understanding and engagement performance monitoring	Likert-type evaluation scale with comments
21. There is a feedback mechanism in place to inform strategic planning, resource allocation, and CEO evaluation based on the results of performance monitoring	Use of performance monitoring results	Likert-type evaluation scale with comments
22. The board exhibits fiduciary responsibility by understanding fiduciary requirements, and in turn ensures the organization has adequate resources	Board role in fiduciary stewardship	Likert-type evaluation scale with comments
23. The board understands its accountability structures and does not act as an isolated entity	Board understanding of accountability- Intellectual dimension	Likert-type evaluation scale with comments
24. The board has a process for communicating with, and obtaining stakeholder feedback	Process for obtaining and using feedback from stakeholders	Likert-type evaluation scale with comments
25. The board has a positive relationship with stakeholders	Board relationship with stakeholders	Likert-type evaluation scale with comments
Board Meeting Management		
26. The board receives agenda and pre-meeting material in a timely, useful and efficient format	Quality of preparation	Likert-type evaluation scale with comments
27. Meetings are well managed and productive	Meeting management	Likert-type evaluation scale with comments
28. There is adequate time for members to provide input during board meetings	Meeting management	Likert-type evaluation scale with comments
29. Board meetings focus on issues with strategic priority and are appropriate for the board		Likert-type evaluation scale with comments
30. Board meetings have clarity of conclusions and delegation of responsibility for follow-up on decisions	Clarity of responsibility and decisions	Likert-type evaluation scale with comments
Board Composition, Management and Development		
31. The board is adequately diverse (e.g. qualifications, expertise demographics etc.) to meet the needs of the organization and its stakeholders.	Board diversity	Likert-type evaluation scale with comments

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32. The board has a process to evaluate and gain feedback on its own performance	Board self-assessment	Likert-type evaluation scale with comments
33. The board has a process to evaluate and gain feedback on <i>individual</i> director performance	Individual director assessment	Likert-type evaluation scale with comments
34. The board uses the results of performance evaluations to identify the boards strengths and weakness	Use of evaluation information	Likert-type evaluation scale with comments
35. The board trains and develops members for future roles and/or leadership	Succession planning and development	Likert-type evaluation scale with comments
36. The board member recruitment process uses “gaps” in current board composition (skill, knowledge and expertise) to meet the organization’s future needs	Process and criteria for recruitment	Likert-type evaluation scale with comments
37. New board members are effectively oriented in order to understand their obligations and responsibilities (committee charters, role descriptions, fiduciary responsibilities, organization overview etc.)	Orientation of new board members	Likert-type evaluation scale with comments
Board Culture		
38. The board has a process to minimizes conflict through constructive problem resolution	Conflict resolution- Interpersonal dimension and political dimension	Likert-type evaluation scale with comments
39. Conflicts of interest are declared and dealt with appropriately	Board culture and behaviour	Likert-type evaluation scale with comments
40. The board has trusting and respectful relationships with staff	Relationships between staff- Political dimension and Interpersonal dimension	Likert-type evaluation scale with comments
41. The board makes an effort to build camaraderie and group cohesiveness	Fun and passion	Likert-type evaluation scale with comments
42. All board members are committed to fulfilling board related activities and responsibilities	Board member commitment	Likert-type evaluation scale with comments
43. The board decision-making structure works well	Decision-making- Intellectual dimension	Likert-type evaluation scale with comments
44. Board decision-making uses a strategic approach (based on mission, board responsibilities, facts, effective use of time, little re-visiting of issue, follow-through on decisions etc.)	Decision-making – intellectual dimension and contextual dimension	Likert-type evaluation scale with comments
45. The board participates in consensus-based decision making through consultation and discussion	Decision making – Political dimension	Likert-type evaluation scale with comments
Board leadership and CEO oversight		
46. When leadership vacancies arise there is an understood process to transition board and committee leadership	Process for deciding who leads	Likert-type evaluation scale with comments
47. The board has the opportunity to recommend the skills and experience	Board participation in	Likert-type evaluation

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needed to fill board vacancies	recruitment	scale with comments
48. The board and CEO act as partners with shared responsibility for the organization's success	Board-CEO relations	Likert-type evaluation scale with comments
49. The board understands the roles and responsibilities of the CEO	Board understanding of CEO role	Likert-type evaluation scale with comments
50. The board has a CEO and management appraisal process that holds them accountable to performance criteria, and supports the use of a skill development plan	CEO evaluation and development process	Likert-type evaluation scale with comments
51. The board has a CEO succession/recruitment plan for selection of the CEO	CEO succession/recruitment	Likert-type evaluation scale with comments
52. How would you rate the overall effectiveness/satisfaction of the board?	Overall Effectiveness	Likert-type evaluation scale with comments
About You		
53. How many years of experience do you have as a board member or a person who works closely with boards in any organization?	Years of experience	Range of years scale
54. What category of business are you in?	Business background	Ranges of categories
55. Number of hours spent in a month doing board work?		Range of categories
56. Gender?		Checklist
57. Age?		Checklist
58. Degree level of education?		Checklist
59. Area or areas of expertise?		Checklist range of categories

Appendix D: Semi-Structured Interview Questions

Semi-structured Interview Questions

General Governance:

1. In your opinion, what is the biggest challenge facing the BBB's governance structure?

Structures identified in Survey: Committees

2. Can you talk about how the BBB committees are defined?

3. Do you believe that work is appropriately distributed between the board and committees?

Setting the direction identified in survey: Board focus and engagement in risk management

4. What are your perceptions about the focus of the board (priorities for the future vs. operational issues), and is this working?

5. Would you tell me about the board's processes to develop, review and revise policies and bylaws, and is this working?

Board Composition, Management and Development

6. Do you believe the roles and responsibilities of both governors and directors are adequately defined and understood?

7. How does the board evaluate itself and individual performance, and in your opinion is this process working?

8. Does the board do an adequate job of recruiting, training and developing board members?

Board Culture

9. Are all board members committed to doing necessary work, and if not, why?

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Appendix E Survey Results

Question	n	SA (5)	A (4)	N (3)	D (2)	SD(1)
Board Structure and policies						
1. The organization's mission and objectives are available in writing	19	63.16%	26.32%	5.26%	5.26%	0
2. The organization's mission and purpose are clear to the board	19	42.11%	42.11%	10.53%	5.26%	0.00%
3. The size of the board is adequate for the organization	19	21.05%	52.63%	5.26%	21.05%	0
4. Board governance responsibilities and structures are documented, and define responsibilities, expectations and accountabilities	19	21.05%	21.05%	26.32%	31.58%	0.00%
5. The committee structure is functioning effectively (e.g. works within its authority) and does not undermine oversight of the full board	19	15.79%	31.58%	26.32%	15.79%	10.53%
6. The committees have clear written charters that define clarify responsibilities, expectations and accountabilities.	19	10.53%	15.79%	21.05%	42.11%	10.53%
7. In practice, the board work is appropriately distributed among committees and the board	19	5.26%	36.84%	18.42%	28.95%	10.53%
8. The term limits for board members are appropriate	19	10.53%	63.16%	15.79%	10.53%	0.00%
9. Written policies exist to guide board decision making and are available in a policy manual	19	21.05%	47.37%	15.79%	10.53%	5.26%
10. Conflict of interest policies establish expected conduct of the board	19	57.89%	31.58%	5.26%	5.26%	0.00%
11. The bylaws adequately address the organizational needs	19	21.05%	36.84%	21.05%	21.05%	0.00%
Board Roles and Responsibilities						
12. Overall the board (committees & members) understand their roles and responsibilities and what is expected of it	19	21.05%	39.47%	7.89%	31.58%	0.00%
Setting the Direction						
13. The board has a shared understanding of the mission and vision, and demonstrates commitment to these	19	21.05%	52.63%	10.53%	15.79%	0.00%
14. Overall board members understand the organization's strategic plan	19	26.32%	42.11%	21.05%	10.53%	0.00%
15. The board engages in setting and planning the direction, priorities and policies of the organization in order to ensure a strategic approach to its future	19	21.05%	47.37%	15.79%	15.79%	0.00%
16. The board focuses more attention on key priorities for the future than on current operational issues	19	0.00%	23.68%	36.84%	39.47%	0.00%
17. The board assess key components of risk and/or changes in the environment before they are urgent issues	19	5.26%	47.37%	5.26%	42.11%	0.00%
18. The board has a process to develop, review and revise bylaws and policies to ensure risks are managed	19	5.26%	21.05%	36.84%	36.84%	0.00%
19. The board follows the existing bylaws and regulations	19	57.89%	31.58%	5.26%	5.26%	0.00%
Performance Assessment						

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Question	n	SA (5)	A (4)	N (3)	D (2)	SD(1)
20. The board routinely monitors the performance of the organization/programs/services and assesses value relative to organizational goals	19	10.53%	57.89%	26.32%	5.26%	0.00%
21. There is a feedback mechanism in place to inform strategic planning, resource allocation, and CEO evaluation based on the results of performance monitoring	19	21.05%	36.84%	21.05%	21.05%	0.00%
22. The board exhibits fiduciary responsibility by understanding fiduciary requirements, and in turn ensures the organization has adequate resources	19	31.58%	42.11%	15.79%	5.26%	5.26%
23. The board understands its accountability structures and does not act as an isolated entity	19	28.95%	50.00%	15.79%	5.26%	0.00%
24. The board has a process for communicating with, and obtaining stakeholder feedback	19	15.79%	26.32%	21.05%	36.84%	0.00%
Board Meeting Management						
25. The board has a positive relationship with stakeholders	19	21.05%	42.11%	23.68%	13.16%	0.00%
26. The board receives agenda and pre-meeting material in a timely, useful and efficient format	19	57.89%	36.84%	0.00%	5.26%	0.00%
27. Meetings are well managed and productive	19	18.42%	60.53%	5.26%	15.79%	0.00%
28. There is adequate time for members to provide input during board meetings	19	15.79%	52.63%	10.53%	21.05%	0.00%
29. Board meetings focus on issues with strategic priority and are appropriate for the board	19	15.79%	52.63%	21.05%	5.26%	5.26%
30. Board meetings have clarity of conclusions and delegation of responsibility for follow-up on decisions	19	21.05%	57.89%	15.79%	5.26%	0.00%
Board composition, management and development						
31. The board is adequately diverse (e.g. qualifications, expertise, demographics etc.) to meet the needs of the organization and its stakeholders.	19	31.58%	47.37%	5.26%	15.79%	0.00%
Question	n	SA (5)	A (4)	N (3)	D (2)	SD(1)
32. The board has a process to evaluate and gain feedback on its own performance	19	0.00%	10.53%	36.84%	31.58%	21.05%
33. The board has a process to evaluate and gain feedback on individual director performance	19	0.00%	5.26%	26.32%	36.84%	31.58%
34. The board uses the results of performance evaluations to identify the boards strengths and weakness	19	5.26%	0.00%	26.32%	42.11%	26.32%
35. The board trains and develops members for future roles and/or leadership	19	0.00%	10.53%	36.84%	31.58%	21.05%
36. The board member recruitment process uses “gaps” in current board composition (skill, knowledge and expertise) to meet the organization’s future needs	19	5.26%	78.95%	5.26%	5.26%	5.26%
37. New board members are effectively oriented in order to understand their obligations and responsibilities (committee charters, role descriptions, fiduciary responsibilities, organization overview etc.)	19	2.63%	39.47%	31.58%	31.58%	0.00%
Board Culture						

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38. The board has a process to minimize conflict through constructive problem resolution	19	10.53%	31.58%	36.84%	21.05%	0.00%
39. Conflicts of interest are declared and dealt with appropriately	19	21.05%	47.37%	26.32%	5.26%	0.00%
40. The board has trusting and respectful relationships with staff	19	28.95%	44.74%	21.05%	5.26%	0.00%
41. The board makes an effort to build camaraderie and group cohesiveness	19	31.58%	31.58%	21.05%	15.79%	0.00%
42. All board members are committed to fulfilling board related activities and responsibilities	19	0.00%	26.32%	36.84%	26.32%	10.53%
43. The board decision-making structure works well	19	10.53%	57.89%	15.79%	10.53%	5.26%
44. Board decision-making uses a strategic approach (based on mission, board responsibilities, facts, effective use of time, little re-visiting of issue, follow-through on decisions etc.)	19	5.26%	52.63%	31.58%	10.53%	0.00%
45. The board participates in consensus-based decision making through consultation and discussion	19	10.53%	68.42%	10.53%	10.53%	0.00%
Board Leadership and CEO Oversight						
46. When leadership vacancies arise there is an understood process to transition board and committee leadership	19	5.26%	63.16%	5.26%	26.32%	0.00%
47. The board has the opportunity to recommend the skills and experience needed to fill board vacancies	19	10.53%	84.21%	0.00%	5.26%	0.00%
Question	n	SA (5)	A (4)	N (3)	D (2)	SD(1)
48. The board and CEO act as partners with shared responsibility for the organization's success	19	26.32%	57.89%	10.53%	5.26%	0.00%
49. The board understands the roles and responsibilities of the CEO	19	42.11%	44.74%	7.89%	5.26%	0.00%
50. The board has a CEO and management appraisal process that holds them accountable to performance criteria, and supports the use of a skill development plan	19	36.84%	21.05%	10.53%	31.58%	0.00%
51. The board has a CEO succession/recruitment plan for selection of the CEO	19	0.00%	5.26%	42.11%	42.11%	10.53%
Overall effectiveness						
52. How would you rate the overall effectiveness and efficiency of the board?	19	7.89%	65.79%	10.53%	15.79%	0.00%
Total counts						
	989	189.5	406.5	173.5	188.5	31
Percentages						
		19.16%	41.10%	17.54%	19.06%	3.13%
Demographics						
53. How many years of experience do you have on the board?		0-3 years	4-6 years	7-10 years	More than 10	Prefer not to answer
	19	26.3%	26.3%	5.3%	42.1%	0%
54. Average number of hours spent in a month doing board work?						
	1.	5				
	2.	8				
	3.	2				
	4.	5-6				
	5.	4				
	6.	3-5				
	7.	6				

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	8.	4	
	9.	4-6	
	10.	10-12	
	11.	NA	
	12.	Used to be 15. Has slowed to about 4.	
	13.	1-2	
	14.	5+	
	15.	Less than 1 per month	
	16.	2	
	17.	4-5	
	18.	6	
	19.	6	
55. Gender?			
	Male	11	57.9%
	Female	6	31.6%
	Prefer not to answer	2	10.5%
56. Age?			
	Under 18	0	0
	18-24	0	0
	25-34	1	5.3%
	35-44	3	15.8%
	45-54	8	42.1%
	55-64	4	21.1%
	65 or above	1	5.3%
	Prefer not to answer	2	10.5%

BBB GOVERNANCE REVIEW

Appendix F Quick Check Survey Tool

Appendix: The Governance Effectiveness Quick Check

Rating Scale: Agree Strongly (5); Agree (4); Agree Somewhat (3); Disagree Somewhat (2); Disagree (1); Disagree Strongly (0)

- | | |
|---|-------|
| 1. This organization’s orientation for board members adequately prepares them to fulfill their governance responsibilities | _____ |
| 2. This board is actively involved in planning the direction and priorities of the organization | _____ |
| 3. The board does a good job of evaluating the performance of the ED/CEO (<i>Measuring results against objectives</i>) | _____ |
| 4. This organization is financially sound (<i>viable and stable</i>) | _____ |
| 5. Board members demonstrate clear understanding of the respective roles of the board and ED/CEO | _____ |
| 6. The organization’s resources are used efficiently (<i>good value for money spent</i>) | _____ |
| 7. The board has high credibility with key stakeholders (<i>e.g., funders, donors, consumers, collateral organizations or professionals, community, staff</i>) | _____ |
| 8. Board members demonstrate commitment to this organization’s mission and values | _____ |
| 9. Board members comply with requirements outlined in key elements of the governance structure (<i>bylaws, policies, code of conduct, conflict of interest, traditional/cultural norms, etc.</i>) | _____ |
| 10. The board’s capacity to govern effectively is not impaired by conflicts between members | _____ |
| 11. There is a productive working relationship between the board and the ED/CEO (<i>characterized by good communication and mutual respect</i>) | _____ |
| 12. I am confident that this board would effectively manage any organizational crisis that could be reasonably anticipated | _____ |
| 13. Board meetings are well-managed | _____ |
| 14. The board uses sound decision-making processes (<i>focused on board responsibilities, factual information, efficient use of time, items not frequently revisited, effective implementation</i>) | _____ |
| 15. This organization has a good balance between organizational stability and innovation | _____ |
| Total of the 15 items | _____ |
| Overall Score (Total divided by 15) | _____ |
-

Appendix G Executive Committee Self-Assessment Questionnaire

Executive Committee Self-Assessment Questionnaire

General Questions

1. Is the committee charged with doing “the right work?” Does the committee’s charter include a clear, complete description of the committee’s responsibilities? If not, what changes are needed?
2. Is the committee receiving all the information it needs to fulfill its responsibilities, in easily understood formats? Is background information distributed sufficiently before the meeting?
3. How effective are management’s reports to the committee, in terms of length, timeliness, and clarity?
4. Does the committee have an appropriate mix of skills and backgrounds to meet its responsibilities? Should this committee actively seek new members with additional skills or backgrounds?
5. How effective are committee meetings? Is the meeting frequency and length appropriate? Does the committee have sufficient input into agenda setting? Is there enough time for discussion?
6. What issues should this committee focus on for the coming year? Define and prioritize specific goals.

Specific Questions

1. Has the board delegated appropriate responsibilities to this committee? Does the allocation of responsibilities strike an appropriate balance between using the executive committee to make the board’s work more efficient, and not usurping work that should be properly done by the full board?
2. Do the bylaws and the committee charter clearly define the circumstances in which the executive committee is authorized to act on behalf of the board?
3. Do the bylaws and the committee charter clearly state whether the board must ratify executive committee actions or just be informed about them?
4. If the committee meets regularly, does this have an unintended effect of creating an “in-group or clique” of board members who process too much information and leave other board members feeling disengaged?
5. If the executive committee has authority to act on behalf of the full board, does the committee include a critical mass of experienced, knowledgeable board leaders who should be delegated such authority?
6. Does the CEO make effective use of this committee as a sounding board for emerging issues and sensitive matters? If not, is this an appropriate role for the committee?

Source: Great Boards newsletter, Summer 2008, © Bader & Associates, used with permission.

Source: Bader, B. S. (2008). *The Executive Committee: Roles, Uses, and Abuses*. Retrieved from www.greatboards.org/pubs/ExecutiveCommitteeUsesAndAbusesBRPAug2009.pdf