



NON PROFIT BOARD FILLABLE SELF ASSESSMENT

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Boardroommetrics

This Non Profit Board self assessment is a fillable PDF document that Boards of Directors can implement immediately to evaluate their governance effectiveness.

There are twenty evaluation criteria in this assessment - three on governance role; four on oversight responsibilities; eleven on Board operations; and, two overall.

A description of the logic and steps for completing this template can be found starting on page 10. There is also helpful, additional insight on the Board evaluation process and key learning from previous evaluations for Boards to consider.

BOARD SELF ASSESSMENT

My Role: Director

CEO

Leadership Team

Other

ASSESSMENT OF GOVERNANCE ROLES

1. I understand the Board's governance role.

Strongly Disagree

Disagree

Agree

Strongly Agree

Neutral/Neither agree nor disagree

Describe the role of the Board:

2. I understand my role as a Director.

Strongly Disagree

Disagree

Agree

Strongly Agree

Neutral/Neither agree nor disagree

My role as a Director is:

3. The mandates of all Board Committees are well defined.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

What is the mandate of a standing committee you belong to?:

ASSESSMENT OF OVERSIGHT PRIORITIES

4. The Board has approved a mission statement defining who the organization serves and how it serves them.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

The mission of the organization is:

5. The Board has approved plans for mitigating key risks to the organization.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

What is a key risk facing the organization and how is it being mitigated?:

6. The Board has approved a strategic plan for achieving its mission.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

The strategic priorities of the organization are:

7. Annual criteria for measuring the CEO’s performance have been approved by the Board.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

The Board’s criteria for measuring CEO performance are:

ASSESSMENT OF BOARD OPERATIONS

8. The Board regularly assesses what skills and expertise it requires to be effective.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

What additional skills/expertise could help the Board govern more effectively?:

9. The Board receives regular updates on risk, strategy and CEO performance.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

What additional information could help the Board's oversight?:

10. In Board meetings, the Board is objective, disciplined and decisive.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

Can you suggest any improvements to the Board meeting process?:

11. The Board Chair is an effective leader who keeps the Board focused on oversight.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

Do you have any suggestions for the Chair to be more effective?:

12. Committee Chairs are effective at achieving their Committee mandates.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

Do you have any suggestions for Committees to be more effective?

13. There is a proactive succession plan in place for the Board and CEO.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

When was the last time the Board received an update on the succession plan?:

14. The CEO's performance against agreed criteria is assessed annually.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

How is the CEO performing against the Board-approved criteria?:

15. The Board regularly assesses its governance effectiveness.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

How would you rate the Board's overall effectiveness (out of 10)? Why?

16. On-boarding of new Directors enables them to quickly make important governance contributions.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

What opportunities exist to improve new Director on-boarding?:

17. The Board regularly receives education on governance-related topics.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

What additional education would help the Board be more effective?:

18. Everyone on the Board is open to different opinions expressed by other Directors.

- Strongly Disagree
- Disagree
- Agree
- Strongly Agree
- Neutral/Neither agree nor disagree

How would you describe the overall culture of the Board?:

ASSESSMENT OF BOARD EFFECTIVENESS SUMMARY

19. The role of a governance Board is to provide objective, proactive oversight of the organization. It is responsible for overseeing risk, strategy and performance of the CEO in achieving its strategic and operating goals. The Board accomplishes this oversight through 1) its composition 2) the information it receives 3) Board and Committee leadership 4) processes like Board meetings, planning, etc, and 5) its ability to work together.

Based on this, what are the key strengths you see that help make this Board effective at corporate governance oversight?

What opportunities do you see for the Board to be more effective at corporate governance oversight?

20. Is there anything else you would like to add?



THANK YOU.

NOTES FOR COMPLETING THE BOARD SELF ASSESSMENT

WHO SHOULD COMPLETE THE BOARD SELF ASSESSMENT

The Board or one of its Committees should decide who will complete the Board assessment. At minimum, the following people should be included:

- a) the Board Chair
- b) all Directors, and
- c) the CEO

There may be others with insight on Board performance. This could include the senior leadership team and other stakeholders.

Generally, more input leads to higher quality results. However, gathering input from anyone with limited knowledge can unfairly impact the results.

WHO SHOULD LEAD THE SELF ASSESSMENT PROCESS

Typically, the Board assessment process is lead by a Board Committee, eg, the Governance Committee. As the leaders of the process, the Committee's role is to plan and run the process, communicate with the Board, review the results, discuss with the Board Chair, and make recommendations for improving governance effectiveness.

VERIFYING BOARD SELF ASSESSMENT RATINGS + MORE INSIGHT

Question structure is a unique feature of this assessment tool. Most questions contain two elements - a rating of the Board vs specific performance criteria AND a follow-up question requesting specifics about the rating provided. Although this means that completing the Board assessment is more work, it is a simple way of verifying and gathering more insight on the rating provided.

CONDUCTING INTERVIEWS IN CONJUNCTION WITH THE BOARD ASSESSMENT

Another, very helpful way of verifying input and gathering additional insight is to conduct confidential interviews in conjunction with the written Board evaluation. Often, people are more comfortable talking about something than putting it in writing (even if they think what they're writing is confidential). Interviews should last 20 - 30 minutes. A sample interview guide is included in Appendix A.

THE CRITICAL IMPORTANCE OF CONFIDENTIALITY AND ANONYMITY

To ensure high quality input, Directors must believe that their input will be kept confidential. There are several ways to ensure confidentiality. One is to bring in an outsider (eg, a consultant) to gather and analyze the evaluation data. The second is to use an on-line survey tool (eg, Google, Docs, Survey Monkey) to gather the evaluation feedback. Many organizations do both. Note, that this template can be easily input to any survey tool for the purpose of collecting the results anonymously on-line.

COMPLETING QUESTIONS 1 - 3 (ASSESSMENT OF GOVERNANCE ROLES)

Questions 1 - 3 assess how well Directors understand the role of the Board, their role as a Director and the role of Board Committees. This understanding by individual Directors is critical to Board effectiveness. It is not unusual for Directors to misunderstand key governance roles, including their own.

The ratings are self-explanatory. They range from Strongly Disagree to Strongly Agree. There are five ratings in total for each of the eight performance criteria. Those providing input can select whatever rating they feel is appropriate.

In addition, there is a fillable section to answer the verification question associated with each of the performance criteria. Those providing input can type their answers into this section. The questions are self-explanatory.

COMPLETING QUESTIONS 4 - 7 (ASSESSMENT OF OVERSIGHT PRIORITIES)

Questions 4 - 7 assess each Director's understanding of their key oversight responsibilities: risk, strategy and performance of the CEO. For Boards to govern effectively, they must be clear on these priorities.

This section is completed and can be edited exactly the same as the questions above.

COMPLETING QUESTIONS 8 - 18 (ASSESSMENT OF BOARD OPERATIONS)

This section provides insight on how the Board operates including: Board composition, information, leadership, key process like Board meetings and Board culture. Board effectiveness can be significantly impaired if governance processes are poor or non-existent.

COMPLETING QUESTIONS 19 -20 (GOVERNANCE EFFECTIVENESS SUMMARY)

This section summarizes the role of the Board and key governance processes. Based on the summary, evaluators are asked to provide their perspective on Board strengths and opportunities. This is a way of collecting other, non-specific input.

GATHERING AND ANALYZING THE RESULTS

Completed assessments should be gathered and analyzed confidentially by a trusted member of the Board (or outside of it). The evaluator is seeking several key pieces of insight.

1. what does the combined input from everyone say about the Board's performance (ie, what is the overall rating for each criteria)
2. how does the perspective of different evaluator groups vary and why (for example, it is critical to understand how/why the Board and the CEO see things the same or differently)
3. what learning is there from individual perspectives that may shed additional light on a performance area
4. how consistent are each of the ratings/group with the verification answers that have been provided

Some suggested approaches for analyzing the results:

- assign values to each of the ratings (eg, strongly disagree =1; strongly agree = 5); that way an average rating can be calculated for each criteria based on all the ratings provided (eg, 3.5)
- capture all of the open-ended, written remarks for each question
- comment specifically on the CONSISTENCY of the written feedback (as noted earlier if the written feedback is all over the place, that is a relevant finding which may require further investigation)
- pay close attention to any input (group or individual) that suggests serious performance concerns not identified elsewhere in in the evaluation (these could be a very helpful tip-off to performance areas requiring more investigation)
- develop a set of specific conclusions and recommendations about the Board's performance on the basis of the analyzed results

FEEDING BACK RESULTS TO THE BOARD

The conclusions and recommendations should be presented to the Board for discussion and approval. Generally, they are presented to the Chair first.

OUTPUT OF THE BOARD SELF ASSESSMENT PROCESS

The final output of the Board Assessment process is a plan for tackling the most important priorities identified. The plan would identify who is responsible, timing and any investments required. The plan should be approved by the Board. The Board should follow up on the plan regularly to monitor progress. Not following up on the plan is a common Board mistake. When this occurs, it nullifies key benefits of executing a Board evaluation. It is up to the Chair to ensure this doesn't occur.

FOUR KEY BOARD ASSESSMENT FINDINGS/CONCERNS

Here are four key findings/concerns from Board assessments that we have conducted.

Failure to focus on risk. There are four types of risk: financial, legal, external/market and internal/operations. Most Boards don't spend enough time assessing risk. Yet, most corporate failures are caused by unforeseen risk. We recommend Boards spend time every meeting discussing and updating risk factors.

Failure to follow-up on the strategic plan. Strategy is fundamental to corporate governance. It defines how risks will be mitigated and how the organization's mission achieved. Execution of the strategic direction is a key accountability of the CEO. Yet, it is very common for Boards to approve a strategic plan then put it on a shelf. Without following up on the strategic plan, Boards risk becoming reactive and operations focused. Instead of leading the organization according to plan, direction is set by events and the operating priorities of the CEO. We recommend that Boards spend time every meeting reviewing strategic priorities and measuring progress.

Dangerous role of the Executive Committee. When Boards get too large, they often simplify governance by relying on an Executive Committee. From a governance perspective, this is dangerous for the Board, the organization and individual Directors. Boards are much better to reduce their Board size to something manageable, rather than delegate governance to a select group. If there is an Executive Committee, its mandate should be narrow and well-defined. Work of the Executive Committee should be subject to Board oversight in the same way that any Committee's work would be.

Misunderstanding the CEO's relationship with the Board. It is not uncommon for Boards and Directors to miss the governance imperative of holding the CEO accountable. The CEO's role is to implement direction approved by the Board. Many Boards are fearful that oversight will make the CEO unhappy. This leaves CEO's with free reign to run the organization (and Board) as they wish. At times this works, but often, only for a limited period of time. Governance is much better served when Board's work with the CEO (not for them) to agree priorities and measure outcomes.

QUESTIONS, EDUCATION AND CONTACT

If you have any questions on this tool or require training on Board and/or CEO Assessments let us know. Boardroom Metrics conducts on-demand Board education on topics including Corporate Governance, Board and CEO Succession, Strategy for Boards, Board Evaluations and CEO Evaluations.

Email info@boardroommetrics.com or call 416-994-6552.

APPENDIX A - BOARD SELF ASSESSMENT - SAMPLE INTERVIEW QUESTIONS

1. Please describe the role of the Board.
2. How would you rate the Board's governance effectiveness out of 10? Why?
3. What are the key strengths of the Board?
4. What opportunities do you see for the Board to improve its governance effectiveness?
5. Has the Board experience met your expectations? Why?
6. Do you have any suggestions for the Chair?
7. Is there anything else you would like to add?