

# How does your Board Stack Up?

Assessing and Evaluating  
Boards and Committees



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*Natalie Bramble*

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## Extract:

### 5 easy steps to improve your board

Good boards are no accident. They require regular monitoring and assessment.

It's essential that all board members take the job seriously – you need to assess the functioning of your board as a whole, as well as each individual member's contribution.

Don't put it off for another day. In this manual and accompanying video eCourse, you'll find out how to get started.

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### Contact Details:



**Natalie Bramble**

Director, Natalie Bramble Management  
PO Box 1697, DUBBO NSW 2830

Mobile: 0409 814 654

Phone: 02 6884 4654

Email: [natalie@nbmanagement.com.au](mailto:natalie@nbmanagement.com.au)

Website: [www.nbmanagement.com.au](http://www.nbmanagement.com.au)

## About the Author



### Natalie Bramble

GDipMngt, FAICPG, TAE

Natalie is a popular trainer and assessor for Diploma and Certificate IV Governance and has developed RTO training material for programs including the Diploma of Project Management.

Often customizing governance training for funding audits and board requirements, Natalie has delivered training and facilitated planning and workshop sessions across Australia working with Councils, Non-Government Organisations, Not-for-profit and businesses. Boards, Chairs, CEOs, project and management staff also gain valuable insights and achieve their development goals through her mentoring programs. Natalie specialises in increasing individual and community capacity through awareness, education and support.

'Fun', 'Relevant', 'Entertaining' and 'Practical' are just some of the words participants use to describe Natalie's engaging presentation style.

She holds the TAE (Trainer Assessment) qualification, has studied Bachelor of Business (Tourism Management) and has a Post-Graduate qualification in Entrepreneurial Management, is due to complete her Masters in the first half of 2013 and holds certification in other disciplines including governance and project management. Natalie is a fellow of the Australian Institute of Community Practice and Governance.

*'I have been working in the community sector for over 20 years and Natalie really knows governance, funding and quality assurance. The three areas were pivotal in the future of our organisation. I chose Natalie because she's the best.'*

*I have had some fairly complex issues to resolve and Natalie's expertise and approach has helped me to grow. If someone had asked me what makes for good governance 12 months ago, my understanding was so narrow. I had been on numerous Boards for many years, and now realise I didn't have a clue. I have learnt so much from Natalie and have grown so quickly.*

*Sharon Grocott, Chief Executive Officer, Hills School Industry Partnership*

## Executive Summary

Assessment and Evaluation is a process that enables organisations to examine the performance of the board as individuals and as a team in order to improve their outcomes.

Whilst boards generally focus on improving their organisational outcomes and assessing their CEO/EO, there are still many boards that do not focus on assessing and evaluating the key decision makers and drivers in the organisation – the board.

Improvements in board and organisational performance and recommendations by regulatory organisations such as the Australian Security and Investment Commission has driven an increasing interest in board evaluation, with many now recognising evaluation as a valuable tool leading to a higher performing board and a more sustainable and viable organisation.

It is essential in today's fast-paced changing environment that our leaders have the capability to drive sustainable development to overcome the many challenges facing the sector including increased regulatory environments, public scrutiny, declining resources and reduced funding.

Now, more than ever organisations need to focus on attracting and developing the capacity of these drivers to develop effective ways to lead and improve performance and outcomes to gain a strategic and competitive advantage.

Researchers in the sector report time and time again that strategic board appointment, development and assessments are the key to successful organisations. Studies on listed companies clearly show increases in shareholder returns, Governance Codes in Australia<sup>1</sup> and the UK<sup>2</sup> all mention the need for a board evaluation, while in America under the Sarbanes-Oxley Act listed companies face mandatory evaluations and while there is much government focus on best practice, many not-for-profit organisations follow best-practice whether government funded or not.

Boards use a variety of self-assessment tools, either available freely through resource providers such as Our Community or provided by an assessment consultant and many have adopted a self-assessment survey as a vital evaluation tool in their governance processes.

There have been a few frameworks proposed that guide board governance, most of these stemming from Carvers' Policy Governance® model, Tricker Model and Kiel and Nicholsons' Corporate Governance Charter. Organisations then adapt or reinforce these with assessment models based on continuous improvement frameworks such as value chains and the balanced scorecard.

This document will provide you with 5 easy steps to improve your board and an assessment tool within the framework of our Four Abilities™ framework. The author has been developing this model over last seven years whilst consulting and coaching a large variety of public and private organisations within the sector, operating across a diverse range of industries.

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<sup>1</sup>Our Community 2008, *Code of Governance for the Australian Community Sector*  
Australian Security Exchange 2010, *Corporate Governance Principles and Recommendations*

<sup>2</sup> Financial Reporting Council 2010, *UK Corporate Governance Code*

*'A strong, vibrant board of directors is a clear indicator of a healthy organization. Yet even the best organizations need a periodic check-up to ensure that they cannot just survive but will really thrive in today's environment. To check your board's vital signs, or to put in place practices and strategies for a healthy and energized board, the best place to start is with a board assessment.'*

Maine Association of Nonprofits n.d

## 1.0 Overview of models and frameworks

This document provides a brief overview of various organisational structures and governance models. This is included for background information to demonstrate the link between governance models that determine the framework of operations; and assessment models that assist in identifying critical areas for evaluation.

### 1.1 Governance Models

Various organisational structures have been developed over the years through theoretical and research foundations or organic application. Organisational structures vary significantly emphasising different board roles and responsibilities and relationships between board and staff, if any.

It is important to appreciate that many boards may switch between Governance models dependent on the situation they are in. For example they may be operating under a Policy Governance® model however if a major operational issue arises one or more board members, if not the whole board, will form a 'committee' and operate similar to the committee model.

These models represent variances in the size, purpose and turnover of an organisation and in summary these are:

- Committee Model (also called Management Team Model)
  - Boards in a committee model perform more hands-on operational work, often undertaking the tasks of minute taking and bookkeeping. They play an active role in planning; implementing and/or monitoring events, programs and services.
  - They will have direct relationships with many key stakeholders and will utilise their contacts and networks in seeking support, expertise and/or funding
  - They may or may not have a paid CEO (and will often give them the title of Co-ordinator or Executive Officer).
  
- Strategic Policy Board Model (also called Carver's Policy Governance® Model)
  - These boards focus more on the internal oversight such as CEO performance and financial monitoring.
  - Their role is to make strategic decisions; monitor the CEO and approve policy.
  - There is a clear line between governance and management functions.

- **Advisory Board Model**
  - The board acts primarily that of a helper and advisor to the CEO, who is usually the founder of the organisation and controls the 'business of the board'. They are generally trusted advisors or contacts of the CEO, have skills or contacts the CEO needs and help establish credibility for fundraising and brand reputational purposes. Whilst more common in public companies, this structure is present in the third sector.
  
- **Patron Models**
  - Generally the Patrons are appointed for strategic reputational and funding purposes.
  - The Patron may take an active role assisting the organisation and using their networks to advocate or fundraise to, or may just be a figurehead who appears at occasional events.
  
- **Community Foundation Models**
  - The board takes a strategic approach to the management and planning of the organisation.
  - Fund development is a key role played by the board. They are often involved in assessing funding submissions and can take a personal interest in the organisations and projects that are funded.
  
- **Network Hub Model (also called Nested Model)**
  - Services are often delivered across a network of organisations and as such, the governance roles are distributed across this network.
  - Alliances, collaborations and clusters are typical terms used to describe this model.
  
- **Co-operative Model**

*Not to be confused with legal status of a co-operative, this term is descriptive only.*

  - This model exists where all positions are shared between the group and there is no specific position holder.
  - This board is likely to use a 'rotating chair' model where members take turns organising and running the meeting.
  - An example may be a group of people who are working on a specific fundraiser for a family member, or community that has faced a disaster.

## 1.3 Assessment and Improvement Frameworks

Studies also show that clear systematic links between governance models and performance indicators greatly increase the effectiveness of a board. Governance models set the board framework under which boards can then be assessed against.

### 1.3.1 Balanced Scorecard

Some of these boards have adapted a framework called the Balanced Scorecard (a strategic performance management tool) to assist in setting performance indicators that are driven more by the four indicators of Business; Financial; Customer and Learning as shown by the example at figure 4.

Figure 4: **Balanced Scorecard**

<b>Financial Indicators</b> <ul style="list-style-type: none"> <li>• Return on Assets</li> <li>• Cash flow</li> <li>• Project Profitability</li> <li>• Sales Forecasts</li> <li>• Sales Backlogs</li> <li>• Gross Margin</li> <li>• Sales Growth</li> </ul>	<b>Customer Indicators</b> <ul style="list-style-type: none"> <li>• Customer Survey</li> <li>• Customer Ranking</li> <li>• Market Share</li> <li>• On-time delivery</li> <li>• Repeat Business</li> </ul>
<b>Internal Business Indicators</b> <ul style="list-style-type: none"> <li>• Time spent with prospective customers</li> <li>• Tender success rate</li> <li>• Safety/Accident rate</li> <li>• Length of project lifecycle</li> <li>• Employee productivity</li> <li>• Actual introduction schedule vs. plan</li> </ul>	<b>Innovation and Learning Indicators</b> <ul style="list-style-type: none"> <li>• % revenue from new products / services</li> <li>• Staff attitude survey</li> <li>• Number of employee suggestions</li> <li>• Cycle time</li> <li>• Yields by process</li> <li>• New product/service introduction vs. competition</li> <li>• % of products/services that equal 80% of sales</li> </ul>

### 1.3.2 Governance Codes

Governance codes can be used as an assessment framework and these principles encourage best practice and can assist in developing evaluation criteria.

The governance codes for Australia are:

1. *Code of Governance for the Australian Community Sector, Our Community*
2. *Corporate Governance Principles and Recommendations, Australian Security Exchange*

‘..there is a strong positive relationship between board effectiveness and the effectiveness of non-profit organizations.’ Reinz, 2011



### 1.3.3 Corporate Governance Charter

The Charter is divided into four areas that focus on board roles and responsibilities as shown at Figure 3.

Figure 3: Corporate Governance Charter™

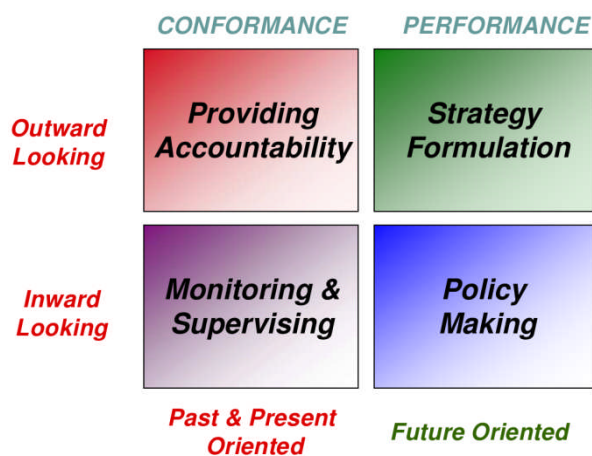


Source: Kiel and Nicholson: 2003

### 1.3.4 Tricker Model

The Tricker model presents a framework for analysing key board activities where they have both conformance and performance roles focusing on past, present and future.

Figure 2: Tricker Model



### 1.3.4 Four Abilities™ framework

This framework combines roles and responsibilities and moves beyond compliance focusing on the performance drivers that influence the growth and development of an organisation. It promotes both a current and future focus for boards.

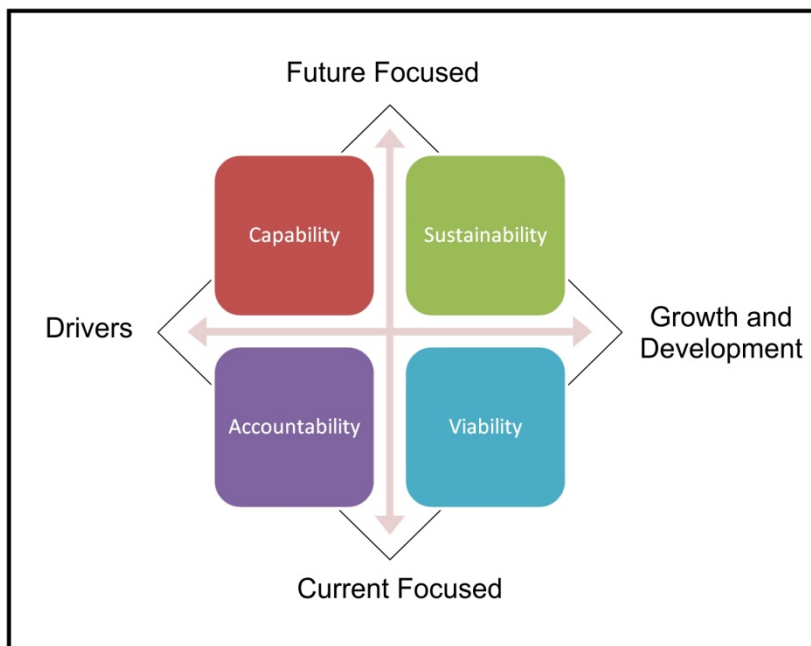
This framework has been developed to operate with your existing governance model and supports the assessment and evaluation of board member roles and responsibilities and is flexible enough to be applied across all evaluation processes from whole of organisation to individual director assessments.

These Four Abilities™ focus on the four areas of

1. **Accountability:** *Can be explained and justified with answerable and responsible processes and systems.*
2. **Viability:** *Able to survive and grow, has a relevant purpose and reasonable chance of succeeding.*
3. **Capability:** *Knowledge; skills, behaviours and attitudinal capacity and the ability in talent; physical and mental performance.*
4. **Sustainability:** *Upholds; defends and maintains the development and is able to be continued long-term.*

Accountability and Viability focus on the current state (short-term focus) of the organisation and Capability and Sustainability focus on the future state (long-term focus). It is simple to identify a board that is set for organisational growth and development when they have well defined Accountability systems, they invest significantly in their Capability and have plans to continue doing so, and a large percentage of their time, questions and discussions focus on the issues around Viability and Sustainability.

Figure 5: Four Abilities™ framework.



(C) Natalie Bramble 2010

## 1.0 Introduction to Assessments and Evaluations

**Assessment:** *The act of assessing*

**Evaluation:** *To ascertain or fix the value or worth of; to examine and judge carefully*

### 2.1 Why Assess and Evaluate?

An assessment can have positive impacts on individuals; boards and committees; organisations and their communities in a number of various ways.

When it is made clear that you adopt quality systems such as board and board member assessment and evaluation as part of your continuous improvement processes, evaluations can:

- Attract more supporters, sponsors and funders
- Assist recruiting volunteers and members
- Demonstrate fiduciary responsibility
- Promote efficiency
- Stimulate service and idea creation
- Increase public confidence in the organisation
- Assist to engage suitably qualified staff who choose to work with your organisation
- Strengthen the organisations brand and reputation
- Enable greater ability to develop partner and key stakeholder relationships
- Improve board performance and decision making
- Improve organisational strategies and planning
- Mitigate risks and reduce liabilities
- Set best practice behaviours and cultures
- Clarify roles and responsibilities
- Define delegation processes
- Make clear distinctions between governance and management roles
- Build trust and team culture
- Encourage participation and commitment
- Improve governance and quality standards, secure awards and certification
- Set monitoring expectations and measurements
- Identify motivations and fit with organisational values and purpose
- Identify skill gaps and needs and/or underutilised experience and knowledge
- Reduce perception of, or actual wasted time leading to more efficient processes and meetings

## 2.2 When should you undertake assessments?

Whilst most codes of governance recommend annual assessments, it is important to remember that in many cases some board members only serve a 12 month term so it is recommended that you undertake more regular evaluations. For example if you chose four of the types of assessment (see Step 2: 2.1) you wish to evaluate the board and board members on, you would undertake one evaluation every quarter if you were a board that turns over more than half of your members once a year. For boards that have longer terms, then you may choose to undertake an assessment once every six months.

You might also undertake an assessment in response to a break-down in processes; signs of board dysfunction or changes in critical roles such as the Board chair or the organisations purpose and values.

Remember, just as periodic reviews are good for paid staff to improve performance, so are they with boards to improve board and organisational outcomes.

Research studies have shown that boards tend to get into a 'comfort-zone' where the CEO has had a long-tenure and this has lead to less rigorous monitoring. (Garber 1997 & Reinz 2011)

## 3.0 The Assessment and Evaluation Plan

The assessment and evaluation plan need not be onerous, for small organisations it can be as simple as a few dot points for each area. Some boards will want a more comprehensive document and you may include all of the below points and include some others that are relevant to your organisation and situation.

### 1. What is the purpose?

Why are you undertaking the evaluation? Is the assessment issues based; to meet policy, quality or funding standards; or part of your continuous improvement processes?  
Who is your audience? Who will use the information? What decisions will they be making from the information?

### 2. What types of assessments will you undertake?

- i. Board Assessments
- ii. Executive committee
- iii. Individual Directors
- iv. Board and/or committee meetings
- v. Board Committee Assessments
- vi. Board Chair and/or Committee Chair assessments

- 3. What are the sources of information is needed and from whom?**  
Do you need information on board performance on external committees and do you need to involve other stakeholders?
- 4. What assessment methods will you use?**  
Self-assessment, peer review or independent assessments?
- 5. What questions will be asked?**  
Given the purpose of the assessment and evaluation, what specific questions must be answered?
- 6. What evaluation process will be used?**  
What format will the data be collated into? What areas do you expect the evaluator to analyse? What are the guidelines for recommendations/actions on identified variables; gaps; weaknesses etc?
- 7. What will the evaluation criteria be?**  
What standards of performance and compliance must be reached? This can include performance criteria, best practices, standards, metrics and benchmarks.
- 8. Who will be undertaking the evaluation?**  
What skills and experience do they have? Have they conducted comparable evaluations? Do they have an understanding of Boards and Governance, the NFP sector and/or the industry the organisation operates in?
- 9. How will the information be presented?**  
For example, would this be a brief or comprehensive written report or a face-to-face presentation? What format do you want the information presented in? Do you want access to the raw data for future use? What areas do you expect the report to cover?
- 10. What action will be taken following the assessment and evaluation?**  
Will an action plan be developed from the recommendations? Who will be responsible to oversee the implementation of the plan? How will you monitor and report against these actions?
- 11. Timeline**  
Provide a timeline with key milestones and dates. This will enable continuous monitoring and evaluation. The risk of a project like this extending time is that the information gathered will no longer be useful or appropriate.
- 12. Budget**  
Be sure to include any costs either direct expenditure and indirect such as wages.

*A template for an Assessment and Evaluation plan has been provided as a separate download*

## 5 Steps to a Better Board

### Step 1: Establish the purpose

It is important to be clear about why you are undertaking assessments and what measures and criteria you will use to ensure that guidelines are set when evaluating the data from this assessment. The more focused you are, the better the results will be and this focus is achieved through strategic analysis and planning.

#### 1.1 Why are you undertaking the evaluation?

Is the assessment based around an issue; to meet policy, quality or funding standards; or part of your continuous improvement processes?

#### 1.2 Who are you undertaking the assessment for?

Who will be using the information and how will they be using the information?

#### Example: Board Evaluation

The primary objective of the assessment of the full Board of Directors and its Committees is to foster proactive board development by raising the performance bar relative to governance best practices

*Source: OMERS Board and Individual Director Evaluation Plan 2012*

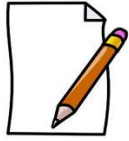
#### Example: Individual Evaluation

The primary purpose for the individual Director assessment process is to provide the means to identify issues impacting Director performance and to provide the accountability to act on those findings to improve the effectiveness of the OAC Board and, in turn, the Corporation.

The assessment process was also designed to facilitate:

1. Greater clarity and consistency with respect to performance expectations of Directors;
1. The identification of strengths and performance improvement opportunities of OAC Directors;
2. To set an expectation that individual Directors will use the feedback to address performance issues; and
3. To support individual Directors in the ongoing process of improving their personal contribution to the Board's effectiveness and, in turn, the Fund and its stakeholders.

*Source: OMERS Board and Individual Director Evaluation Plan 2012*



## Step 2: Determine the methodology

### 2.1 Types of Assessments

Assessments can be undertaken focusing on the board collectively or as individual board members. Assessments will include the individuals who hold relevant positions and/or stakeholders that are engaged with any of the committee or are represented on the committee. These assessments would include questions that focus on internal and external issues and relationships; organisational purposes and values and identifying suggestions for continuous improvement.

It is also important to use these assessments as a reflective and celebratory tool, reflecting and recognising achievements. There are six main types of assessments:

#### 1.1.1 Board Assessments

This is the main type of assessment used and includes the whole board assessing and evaluating its performance against roles and responsibilities, any board charters, policies and/or systems.

#### 2.1.2 Executive committee

For organisations where the executive committee make plans and are have key decision making delegations, assessment of the executive committee is as important as assessing the board chair and has similar purposes.

### 2.1.3 Individual Directors

This assessment focuses on individual director competencies and performance. Questions may include areas around their motivation; skills and knowledge; identifying professional development goals; training needs/gaps; commitment and contribution. Other areas may include assessment of any representative roles and/or portfolios they may hold.

### 2.1.4 Board and/or committee meetings

This would be the second most popular assessment. This assessment focuses on the meeting itself the effectiveness of that meeting; the context; content; duration; discussions and any group decision making processes used. These assessments can also include independent observer evaluations.

### 2.1.5 Board Committee Assessments

Similar to board assessments, this format includes the whole committee and may involve external people who engage with, or are represented on the committee. The assessment would include areas such as communication and information; teamwork dynamics and board/organisational reputation and culture.

Some examples of committees are:

- Risk and audit committee
- Workplace Health and Safety committee
- Finance committee
- Human Resources committee
- Governance committee

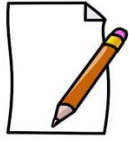
### 2.1.6 Board Chair and/or Committee Chair assessments

This assessment involves the chairperson of the board and/or the chairperson on the Board committee. Generally, the purpose is to evaluate the effectiveness of areas such as leadership, direction and meeting management.

If you are introducing evaluations for the first time, it is helpful to undertake full board evaluations prior to individual evaluations to help board members gain confidence in the confidentiality and legitimacy of the process.

It is also difficult to undertake individual assessments of board members who are relatively new to the board or the industry sector the organisation operates in. The evaluation may show that the board member is not as effective as other board members, when this may not be the case.





## 2.2 What are the sources of information is needed and from whom?

Do you need information on board performance on external committees and do you need to involve other stakeholders?

## 2.3 What assessment methods will be used?

Essentially there are three approaches to assessment.

These are:

1. Self-assessment
2. Peer review where boards set, implement and evaluate the assessment or
3. Independent review when an independent (generally a consultant) determines the framework, criteria and reports on the analysis of the evaluation.

Evaluations can either be confidential or shared between board members. The typical methods of evaluation used by boards are:

- Informal group discussions
- One-on-one informal discussions
- Formal individual interviews
- Written surveys
- On-line surveys
- Observations

Whilst these methods are common, they are generally used in isolation to each other and therefore will only combine one type of approach involving either qualitative or quantitative measurements.

Qualitative measures are concerned with meaning, rather than measurement. Using open ended questions issues are explored to define problems. It delves deeper into the issues and explores nuances than quantitative measures can. The emphasis is on the subject/s themselves what they are saying, how they are feeling and what they believe. You would use this to understand different perspectives; look for a range of ideas or solutions; uncover motivations and influential factors. An example question would be 'How do you believe we can improve board meetings?'

Quantitative measures are concerned with numbers and data. This is a 'yes' or 'no' approach. It reports on data collected and tries to quantify the problem related to larger results. A simple approach would be to ask respondents to select their level of satisfaction where 1 is not satisfied and 5 is completely satisfied. An example question would be 'Rate your level of satisfaction with board meetings'

It is recommended to combine both qualitative and quantitative approaches in your assessment to enable the evaluation to be more relevant and informative. For example, this could mean that you conduct an on-line survey before an interview.



## 2.4 What questions will be asked?

The questions will be formed to meet needs and purpose for the assessment. Whilst you can begin drafting or selecting questions to use based on resources and templates provided, you should conduct a final review once you determine the evaluation criteria as this step may identify further criteria contained in standards or policies that you need to draft questions around.

When drafting the survey and/or interview questions, use the following checklist to ensure that you can provide an assessment environment that is useful, appropriate and accurate.

- Do the questions support the assessment purpose?
- Will this information be useful to the audience?
- How can the responses be structured so that they provide useful, meaningful information – should a rating scale be used or an open-ended response?
- Will the questions be seen as valid? How have we determined that? Are we using credible people, processes and/or systems?
- Has the evaluation methodology been outlined and how relevant is this to the questions being asked?
- What is the timeline from asking the question to receiving the report? Will the information still be useful?
- What will happen with the information? How will we take action on the recommendations?
- Is the evaluation criteria appropriate to the question being asked?
- Are the questions easily understood? Is there any area of ambiguity?
- Are you using acronyms that may not be understood?
- If you are engaging stakeholders, are there any conflicts of interest?
- How reliable is the system you are using to collect and collate data?

*A downloadable list of questions from Our Community has been made available in the resources section of this manual together with other online resources.*

### Example: Board Evaluation

The focus of the Board evaluation process is to consider key success factors relating to three distinct areas being board structure; board processes and board dynamics.

The assessment process will begin with a Diagnostic Phase. The diagnostic phase focuses on data input through various means including:

- written survey/questionnaire by OAC Directors and OAC Management;
- interviews conducted with each OAC Director and certain OAC Management
- after completed surveys are received; and
- observation from attendance at Board and Committee meetings

*Source: Adapted from OMERS Board and Individual Director Evaluation Plan 2012*

### Example: Individual Evaluation

There are two phases to the individual evaluation process.

1. Education: A session is held to familiarize OAC Directors with the objectives and process of the assessment. This is incorporated into new director orientation as required.
2. Diagnostic Phase: There are a number of distinct assessment processes that are used to help ensure the best possible outcome in terms of accurate issue identification. These include:
  - multiple perspective surveys (peer reviews)
  - observation
  - interviews

The survey is designed and used as the first step in the diagnostic phase as a means of eliciting Directors' views on their colleagues' performance with their competency, contribution and characteristics.

#### Confidentiality

In the reports back to individual Directors, there will continue to be no attribution to individual Directors. Individual Director input will not be materially changed but may be edited to ensure clarity and consistency of language.

*Source: Adapted from OMERS Board and Individual Director Evaluation Plan 2012*



## Step 3: Undertake assessment

Depending on the length of the assessment, monitoring and evaluations processes should be used to ensure that responses are being received and that there are no anomalies in the responses. For example, 'don't know' or 'not applicable' responses may indicate that the question will need to be revised, or a new question will need to be asked of those participants who provided that response.

## Step 4: Evaluate the data

- Who will be undertaking the evaluation?
- What skills and experience do they have?
- Have they conducted comparable evaluations? Do they have an understanding of Boards and Governance, the sector and/or the industry the organisation operates in?

### 4.1 What evaluation process will be used?

The evaluation process outlines how you will review all data gathered to critically evaluate it. It will include how you analyse it to identify any:

- Issues, challenges and opportunities
- Trends, patterns and themes
- Contrast information to identify contradictory answers
- Training gaps and/or needs
- Compliance with standards and principles
- Performance and commitment to roles and responsibilities
- Board strengths where the board are performing well and the responses consistently state this
- Board weaknesses where the board can perform better and the responses consistently state this
- Potential issues where there is a variance between actual responses and model responses. For example, half believe the board is effective and the other half state the board is ineffective. This may also be the case for answers such as Don't Know when they should, or Not Applicable where it is.

The process will also detail the systematic steps taken to ensure the analysis and recommendations are useful, appropriate and accurate. For larger surveys, this may include test samples; the sample sizes of the data that is being evaluated, the conditions of the evaluation, the consistency of the approach and the qualifications and skills of the evaluators themselves.

### 4.2 What will the evaluation criteria be?

Evaluation criteria can include performance criteria, best practices, standards, metrics and benchmarks. Examples can be provided to guide the person/s undertaking evaluation and they may include model responses, outlining the response or listing key points they would include. The process should also outline actions that need to be taken when they don't.

It is important that the evaluation and any recommendations can be justified

One example would be:

**Describe what you understand to be your role as a board member:**

*Response should include as per constitution and specific roles and responsibilities contained in their position description*

Action: Exclusions indicate possible need for training/re-induction

To ensure all information was included in this response you would evaluate this against documentations such as board governance charters; statutory responsibilities and their position description.

Using the Four Abilities™ framework as evaluation criteria demonstrates that this question belongs to the first ability being Accountability.

If this was the only question relating to accountability and half respondents missed critical information then you might report this as Accountability being at 50%, demonstrating a clear need for improvement.

The templates provided with this manual outline factors within these areas for you include in your assessment. The important thing is to ensure that you have relevant and appropriate performance measures in each of these areas to evaluate against.



## Step 5: Feedback and take action!

*How will the feedback be handled? This is probably the single most important component of the entire process. Deciding who will share the feedback with whom, in what settings, under what conditions and employing what steps to turn feedback into action — those are the choices that may ultimately determine whether the assessment is a success or a failure.*

*David A. Nadler, "Minefields in the Boardroom."*

### 5.1 How will the information be presented?

- For example, would this be a brief or comprehensive written report or a face-to-face presentation?
- What format do you want the information presented in?
- Do you want access to the raw data for future use?
- What areas do you expect the report to cover?
- Do you want graphs and charts used?
- Do you want a key summary page with the top 10 recommendations?

### 5.2 What action will be taken following the assessment and evaluation?

The development action plan can also be linked to training, business and strategic plans.

- Will an action plan be developed from the recommendations?
- Who will be responsible to oversee the implementation of the plan? How will you monitor and report against these actions?
- Is there any opportunity that has been identified that needs exploring?
- Do the individuals; committees or board have any achievements that need to be recognised and celebrated?

*A development action plan template has been provided as a separate download*

### Example: Board Evaluation

#### Action Planning:

The results of the diagnostic phase are analysed with a view to identifying common themes that form the basis for recommendations for improving overall Board performance. A full report along with recommended action items are provided to the Governance Committee for review and the OAC Board for approval.

Discussion of the results is a scheduled agenda item at a subsequent Board meeting.

Action Implementation: This phase focuses on acting on those recommendations adopted by the OAC Board.

*Source: Adapted from OMERS Board and Individual Director Evaluation Plan 2012*

### Example: Individual Evaluation

Feedback and Follow-up: The results of the diagnostic phase lead into the second phase of feedback to and follow-up with individual Directors. This phase ensures that the data collected is used to help ensure the objectives already stated are achieved and will be guided by the following process steps:

- summarizing results of diagnostic phase provided
- identifying key issues and priorities
- confirm findings (feedback session with individual directors)
- coaching on potential action steps to act on assessment results

In terms of participation, new directors (those who have served for less than one year) are not required to participate in the assessment. For newer directors who choose to participate, the process can be a positive experience that provides valuable feedback on their performance and contribution.

*Source: Adapted from OMERS Board and Individual Director Evaluation Plan 2012*





## Resources

1. Code of Governance for the Australian Community Sector

<http://www.ourcommunity.com.au/files/governancecode.pdf>

Board effectiveness quiz:

[http://www.ourcommunity.com.au/boards/boards\\_article.jsp?articleId=1342](http://www.ourcommunity.com.au/boards/boards_article.jsp?articleId=1342)

Help sheets on improving your board

[http://www.ourcommunity.com.au/boards/boards\\_article.jsp?articleId=1301](http://www.ourcommunity.com.au/boards/boards_article.jsp?articleId=1301)

Help sheets to deal with common board problems

[http://www.ourcommunity.com.au/boards/boards\\_article.jsp?articleId=1303](http://www.ourcommunity.com.au/boards/boards_article.jsp?articleId=1303)

2. Corporate Governance Principles and Recommendations with 2010 Amendments  
2nd Edition ASX Corporate Governance Council

[http://www.asxgroup.com.au/media/PDFs/cg\\_principles\\_recommendations\\_with\\_2010\\_amendments.pdf](http://www.asxgroup.com.au/media/PDFs/cg_principles_recommendations_with_2010_amendments.pdf)

3. McKinsey and Company, Board self-assessment tool

[http://www.prolifica.org/uploads/Board\\_self\\_assessment\\_short.pdf](http://www.prolifica.org/uploads/Board_self_assessment_short.pdf)

4. Evangelical Council of Financial Accountability – Assessment samples

<http://www.ecfa.org/Content/TopicBoardSelfEval>

Sample #1 – the board as a whole

Sample #2 – their own personal board performance and involvement

Sample #3 – a fellow board member

Online tools:

- The Developing Your Board project  
Queensland University of Technology, Australian Centre for Philanthropy and Non profit Studies

<https://wiki.qut.edu.au/display/CPNS/Evaluation+Tools>

- Corporate Fund board self-assessment online tool

<http://www.nhnonprofits.org/boardselfassessment.cfm>

## Bibliography and References

### ***Our Community books :***

available here:

[http://www.ourcommunity.com.au/boards/boards\\_article.jsp?articleId=1451](http://www.ourcommunity.com.au/boards/boards_article.jsp?articleId=1451)

Our Community 2007, 'The Board Doctor: Expert diagnosis for Board and Committee Ills'

Our Community 2007, 'Making Meetings Work: Conquering the challenges and getting results'

Our Community 2007, 'Transforming Committees and Boards: From Hell to Heaven'

Our Community 2007, 'Surviving and Thriving as a safe effective board member: The essential facts'

### ***Other books:***

Cowan, N 204, 'Corporate Governance that works!', *Pearson Education*

Tricker, B 2009, 'Directors: an A-Z Guide', *The Economist*

### ***Journals:***

- Non-profit Management and Leadership
- Non-profit and Voluntary Sector Quarterly
- McKinsey Quarterly

**Articles and Papers:**

Brown, W 2007, 'Board Development Practices and Competent Board Members: Implications for Performance', *Non-profit Management and Leadership*, vol. 17, no. 3, pp. 301–317.

Inglis, S and Cleave, S, 2006, 'A Scale to Assess Board Members' Motivations in Non-profit Organizations', *Non-profit Management and Leadership*, vol. 17, no. 1, pp. 83–101.

Gill, M, Flynn, R and Reissing M 2005, 'The Governance Self-Assessment Checklist: An Instrument for Assessing Board Effectiveness,' *Non-profit Management and Leadership*, vol. 15, no. 3, 2005, 271–294.

Nobbie, P and Brudney, J 2003, 'Testing the Implementation, Board Performance, and Organizational Effectiveness of the Policy Governance Model in Non-profit Boards of Directors', *Non-profit and Voluntary Sector Quarterly*, vol. 32, no. 4, pp. 571–595.

Ostrower, F and Stone, M 2010, 'Moving Governance Research Forward: A Contingency-Based Framework and Data Application', *Non-profit and Voluntary Sector Quarterly*, vol. 39, no. 5, pp. 901–924.

Brown, R and Gørgens, T 2009, *Corporate Governance and Financial Performance in an Australian Context: Australian Treasury Working Paper*

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Gottlieb, H 2008, 'Governing What Matters: Community Driven Governance'

Bertelsen, D and Munro, J 2012, 'Making board and director evaluation simple, free and valid', *Third Sector*

Nicholson, G and Kiel, G 2005, 'Evaluating Boards and Directors - Corporate Governance: An International Review', *Blackwell Publishing*, Vol. 13, no. 5, pp. 613-631