

Assessing Board Performance

An analysis of ASAE-BoardSource board self-assessment results

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Good governance starts with the board. In a recent blog post entitled *Nonprofit Corporate Governance: The Board Role* (April 2012), the Harvard Law School Forum on Corporate Governance and Financial Regulation described six board responsibilities in a well-governed nonprofit organization:

- Formulate key corporate policies and strategic goals.
- Authorize major transactions or other actions.
- Oversee matters critical to the health of the organization.
- Evaluate and help manage risk.
- Steward the resources of the organization for the long run.
- Mentor senior management by providing resources, advice, and introductions to help facilitate operations.

Clearly, a well-functioning board is a strategic resource for any organization. This is particularly so in the case of a member-focused nonprofit, such as an association, in which board members are frequently volunteers, recruited from the ranks of member-practitioners who are heavily invested in the profession or industry served by the organization. Those board members may not necessarily be well-versed in the business of running a multi-faceted organization.

A board that attends to the quality of its performance will serve the organization, its mission, and its members and other stakeholders well. But, how do they know they are well-functioning? The literature is replete with advice about the need to measure board performance and the desire among board members for feedback on their work. With this in mind, since 2009 ASAE and BoardSource have engaged in a partnership to jointly offer a board self-assessment specifically designed for membership organizations.

The association-specific board self-assessment began with the instrument offered by BoardSource to nonprofit organizations for more than a decade. Some questions in the BoardSource assessment were modified and others were added to address some of the unique aspects of governance of membership organizations—either individual membership organizations (IMOs) or those with organizations as members, like trade associations. The revised assessment was reviewed by a selected group of association professionals and pretested with one organization before the new BoardSource/ASAE Board Self-Assessment for Associations was offered for sale.

The assessment, based on recognized roles and responsibilities as defined by BoardSource in its publication *Ten Basic Responsibilities of Nonprofit Boards*, covers performance in the generally acknowledged areas of nonprofit board responsibility: mission, strategy, funding, public image, board composition, program oversight, financial oversight, CEO oversight, board structure, and meetings. The board self-assessment focuses on nine areas but effectively covers the 10 responsibilities covered in the publication. Board members rate 68 items describing various aspects of their responsibility within each area. For demographic purposes, the chief staff officer, usually the CEO, also completes a checklist that describes the organization and some of its key policies and procedures.

Methodology

Conducting a board self-assessment is a voluntary process and typically based on the organization's desire to use a formal mechanism to assess the performance of the board.

Once an organization makes the decision and purchases the assessment tool, a BoardSource/ASAE assessment services staff member works with the facilitator from each organization to set up the assessment. He or she acts as the point of contact for the board; and establishes the beginning and end dates, provides a list of board member names and e-mail addresses, previews the

For this study, we aggregated the responses received from 1,367 individuals serving the 75 membership organizations that met the study criteria. It is much less common in governance research to collect information about board satisfaction from individual board members. This approach has advantages over studies that view boards as a single entity when the emphasis is on how well each board member is prepared to fulfill his or her fiduciary duties. And as anyone who has had board experience knows, a single board member has the ability to set the tone for the whole group. It behooves all nonprofit leaders to understand attitudes and opinions of the individuals that serve on the board. The questions we seek to answer in this report include the following:

- What organization characteristics influence the individual's satisfaction with board service?
- What organization characteristics influence the individual's perception of board performance in the nine areas of responsibility covered in the board self-assessment?
- How does the individual's role (chair, board member) affect the individual board members' perception of board effectiveness?

For the first two of these questions, the answer might be “quite a lot,” while surprisingly the last is “not so much.” There are some differences in perception between the chief staff executive (shorthand here as CEO but the individual has various titles) and the board chair, but the difference in perception between the board chair and the individual board member is negligible. As one CEO noted, however, context is important here. When the CEO is answering questions in the assessment, he or she knows that the board will receive the report and might not want to rate some items as strongly as might be genuinely felt out of concern for being identified as the author of outlying opinions, particularly in areas that he or she is known to have expressed concerns in the past.

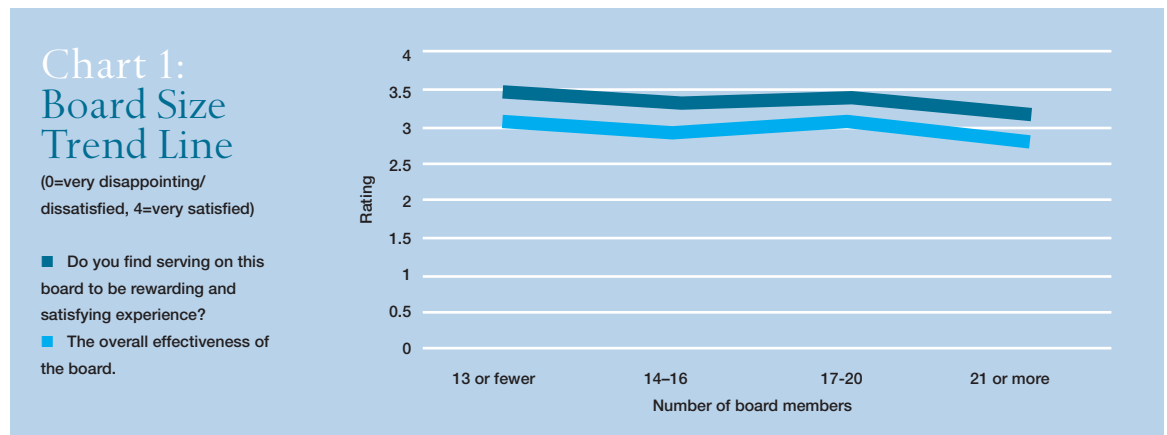
survey, and determines if questions in the survey need to be customized.

The individuals selected for the study are determined by the organization. Board members are given a deadline to complete the assessment, typically 8-10 business days after the start of the survey. The chief executive and the board answer the same set of questions, except for a series of “Checklist of Practice” questions, which are only answered by the chief executive. (For purposes of this study, responses to the checklist were appended to each respondent's answers so that we could compare organization practices

Key findings

The organization characteristic that seems to most influence both the individual board member's perception of board performance and his or her satisfaction with board service is the number of board members. In general, particularly in boards with more than 20 individual members, board members tend to rate both their perception of board performance and their satisfaction with service significantly lower than those serving on boards with 20 or fewer.

The surprise here is not that size matters—lots of studies have shown the same thing—it's the depth and breadth of the influence of size on both the perception of performance and satisfaction with service and clear trend downward that occurs when boards reach more than 20 members. As detailed in this report, board size is correlated with lower performance ratings in all of the nine responsibility areas. So, in addition to the general advice that size matters, this information gives association leaders perhaps their first research-based indication of board members' perception of where board performance begins to deteriorate.



Another characteristic that is fairly consistent throughout is that those serving on boards in which the membership is organizations (for convenience called “trade associations” in this report) tend to rate a number of aspects of board performance lower than those serving on boards in which the primary membership is individuals. This question is only asked in the Board Self-Assessment for Associations, so those using the BoardSource version are not part of any analysis involving organization type. It will be interesting to benchmark this finding as more associations use the association-specific BSA in coming years.

Some of the highest respondent ratings on board performance are found in questions covering CEO oversight. However, there is clearly concern about CEO succession planning, an item that receives the lowest performance rating of all items. In addition, there is a high incidence of “don’t know” response for four of the nine items in this responsibility area, and the item on succession planning is one of those as well.

The highest-rated performance item has to do with filing the 990 tax return. But, it is noteworthy that while this item receives the highest rating of all 68 items, it also receives the largest proportion of “don’t know” responses of any question in the study. In fact, all of the eight items in the area of financial oversight receive a higher proportion of “don’t know” responses than questions in other areas. On average, 13 percent of all respondents answer “don’t know” to the eight items in this responsibility area, almost three times the average of “don’t know” answers in the other responsibility areas. This would suggest that there may be problems with transparency or understanding of board member responsibilities for financial matters.

A wealth of information can be learned from the analysis of this diverse group of individuals who serve on association boards. It is hoped that this unique analysis, the results of which are further detailed in the following pages, will help association professionals and their volunteer leaders to enhance board performance as a result.

to each individual board member responses.)

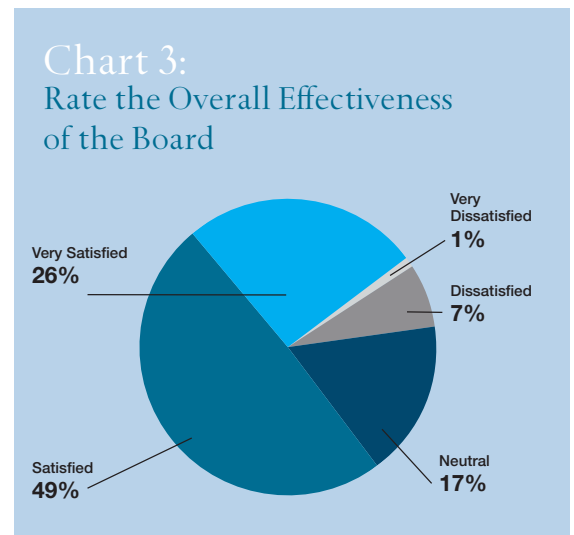
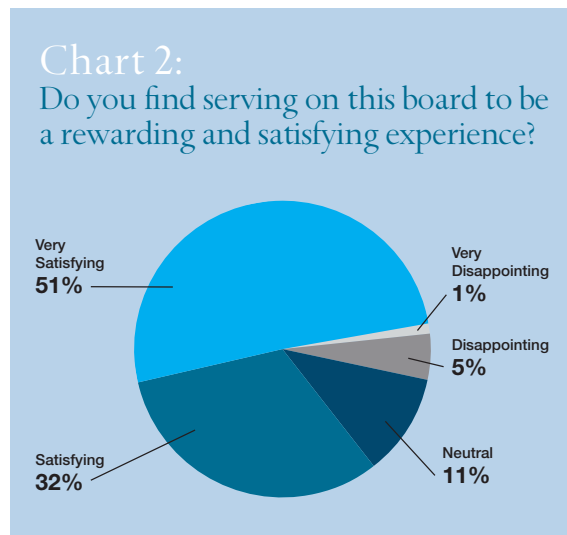
The survey process

An email message with a link to the assessment is sent to each board member on behalf of the participating organization. The email, including a link to the internet survey, is usually sent to all current board members, including the board chair and the organization’s chief executive. Sometimes the organization includes incoming and outgoing board members or senior staff members.

A reminder e-mail is sent to any board members who have not completed the survey prior to the deadline. Shortly after the survey

Satisfaction with board service

Board members are not particularly dissatisfied with their board experience. Just more than half of the respondents report that they are very satisfied, and only 6 percent report that they are disappointed or very disappointed with serving. However, their satisfaction with serving is significantly greater than their perception of board effectiveness. On average, satisfaction with serving is rated 3.3 on the scale used in this and all other ratings (0 is the lowest possible rating and 4 is the highest possible rating), while overall effectiveness averages 2.9.



“The board has worked efficiently and in harmony. This is significant and each board member exhibits genuine respect and openness to the ideas of all of the other board members with constant focus and the common good of the organization and needs of the membership. It has been a pleasure to serve on such a dedicated and well informed board.”—Board member

As noted above and discussed in more detail in the “board structure” section later in this report, there is a clear difference in satisfaction by board size. While not the only factor linked to satisfaction and performance, it is clear that once the board is composed of more than 20 members (23 percent of all associations in this study), reports of having a “very satisfying” board experience decline to 42 percent. Up to a board size of 20, more than half of the respondents report having a “very satisfying” experience. Reports of having an unsatisfactory experience don’t increase significantly, but reports of a neutral or just a satisfying experience take a big jump from 36 percent to 53 percent.

The questionnaire also asks board members whether they feel their fellow board members are actively engaged in governing the organization by rating the level of commitment and involvement of “most” board members. Commonly referred to as member engagement, this quality is seen as an important component of a strong board. Respondents report they are “satisfied” (41 percent) but not “very satisfied” (37 percent) with the level of commitment and involvement of most board members. Almost one in 10 (9 percent) are dissatisfied with their board peers, and 13 percent are neutral.

A strong correlation exists between perception of board effectiveness and the perception of the commitment of others. A large proportion of those who are dissatisfied with board effectiveness also rate themselves dissatisfied with the level of commitment of board members (41 percent). In contrast if they are “very satisfied” or “satisfied” with board effectiveness (88 percent), they are also “very satisfied” or “satisfied” with board commitment.

There is also a significant correlation between board size and dissatisfaction with board commitment. Dissatisfaction with commitment remains between 6 and 7 percent until board size reaches more than 20 members, when dissatisfaction almost doubles to 11 percent. Similarly, a majority of members of the smallest boards, those with 13 or fewer members, report that they are “very satisfied” with other board members’ level of commitment, dropping to 40–41 percent on boards with 14–20 members and plummeting to just 28 percent when boards get larger than 20 members.

All of the board performance questions in the nine areas of responsibility were cross tabulated against satisfaction with serving. A testament to the importance of board members’ feeling that board service is “a rewarding and satisfying experience,” every one of the 68 items is significantly correlated to satisfaction. Clearly, satisfaction with serving is inexorably linked to perceptions of performance. When satisfaction is high, perceptions of board performance in every area of responsibility is high. When satisfaction is low, perception of board performance is negatively affected.

Six of the 68 performance metrics are particularly relevant in that they are the best predictors of satisfaction. That is, ratings on the following items might be considered a proxy for overall satisfaction. If these ratings are high, satisfaction tends to be high; if they are low, satisfaction tends to be low.

- Ensuring that minutes of meetings and actions taken by governing bodies and authorized subcommittees, such as the executive committee, are documented* (Category: Meetings)

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closes a compiled data report is provided. Answers from individual board members are kept confidential and reported as an aggregate score. Open-ended answers are included in the report verbatim. Organizations that participate in the board self-assessment have the option to purchase benchmark statistics comparing the aggregate responses of their board members to aggregate responses of other boards.

Response rates

The assessment staff member works closely with individual organizations to achieve the goal of getting 100 percent participation from all active board members invited

- Establishing and enforcing policies related to board member attendance (Category: Meetings)
- Fostering an environment that builds trust and respect among board members (Category: Meetings)
- Ensuring that the association has policies to manage risks, e.g., reserves, internal controls, personnel policies, emergency preparedness (Category: Financial Oversight)
- Establishing and enforcing policies for length of board service, e.g., length of terms and number of terms (Category: Board Composition)
- Networking to establish collaborations and partnerships with other organizations (Category: Public Image and Advocacy)

Board members' perception of board performance

Consistent with their level of satisfaction, board members don't generally rate any of the 68 items describing board performance in the nine responsibility areas "poor," but 38 of the items, including all of those in the "strategy" area and four of the five items in the "mission" area, receive an average rating lower than "good." (Both the "strategy" and "mission" areas are discussed in more detail later in this report). The lowest performance ratings were given to the following items (shown in order with the lowest-rated items first):

1. Planning for the absence or departure of the chief executive, e.g., succession planning (Category: CEO Oversight)
2. Identifying and cultivating potential board members (Category: Board Composition)
3. Identifying standards against which to measure organizational performance e.g., industry benchmarks, competitors or peers (Category: Program Oversight)
4. Examining the board's current composition and identifying gaps, e.g., in professional expertise, influence, ethnicity, age, gender (Category: Board Composition)
5. Measuring the impact of critical programs and initiatives (Category: Program Oversight)

Although no item receives a perfect average rating of "excellent" (not unexpected, since all of the respondents would have had to have given the highest rating of 4 or "excellent") no item achieves a 3.5 rating either. The latter would occur if half or more of the respondents gave an "excellent" rating and the remainder rated the item "good." The top five highest average performance ratings (ranging between 3.47 and 3.33, with 4=excellent and 3=good) are given for the following items (shown from highest rating):

1. Complying with IRS regulations to complete Form 990 or 990-EZ (Category: Financial Oversight)
2. Ensuring that minutes of meetings and actions taken by governing bodies and authorized sub-committees, such as the executive committee, are documented * (Category: Meetings)
3. Adhering to the association's bylaws regarding board composition, duties, voting rights and qualifications* (Category: Board Composition)
4. Giving the chief executive enough authority to lead the staff and manage the association successfully (Category: CEO Oversight)
5. Reviewing the results of the independent financial audit and management letter (Category: Financial Oversight)

In two areas, "financial oversight" and "CEO oversight," a significantly greater proportion of respondents reported "don't know," at 13 percent and 11 percent, respectively; in all other areas, the proportion of "don't know" is 5 percent or less. This would suggest that there may be problems with transparency or understanding of board member responsibilities in these areas.

*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

to participate in the board self-assessment. Because the sample size of a board self-assessment is a relatively small, it is important that a majority of the board completes the survey so that the assessment truly captures the perspective of the board. Several steps are built into the process with the goal to achieve 100 percent participation, which is quite common. Several reminder communications are sent to individuals who have not completed the survey, including emails and follow-up phone calls to ensure everyone received the email with the link to the survey. The facilitator at the individual organization can log onto their survey site

“Keeping the strategic direction and process updated and relevant is the ongoing challenge. Selecting board members who understand this concept and approach is critical.”—Board member

Notable findings in each of the nine areas of responsibility follow.

1. Mission

Four of the five questions related to mission receive an average rating of less than “good.” This responsibility area is second only to “strategy” in receiving such low ratings throughout the category. Although board members rate “supporting the association’s mission” highly, when it comes to agreeing on how to fulfill the mission, ensuring that it’s appropriate, articulating the mission, and using the mission to drive decisions, we see much lower scores. It seems as if board members generally think that the board supports the mission, but when it comes to actually executing based on mission, things get murky.

Most organizations have both mission and vision statements: 97 and 86 percent, respectively. Having these statements is not correlated by any of the demographic conditions covered in the questionnaire. Ratings on mission and vision are not affected in the small number of associations that don’t have a written mission statement. In contrast, absence of a written vision statement significantly affects board members’ perception of board performance on all areas covering the articulation and execution of board duties around its mission.

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Table 1: Rating Board Performance—Mission

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	All respondents	Vision statement	
		Yes	No
Number of respondents:	1367	1081	201
Supporting the association’s mission.	3.24	3.31	2.86
Agreeing on how the association should fulfill its mission.	2.76	2.85	2.28
Periodically reviewing the mission to ensure it is appropriate.	2.84	2.97	2.14
Articulating a vision that is distinct from the mission.	2.61	2.74	1.95
Using the association’s mission and values to drive decisions.	2.86	2.93	2.44

2. Strategy

Board members are even more critical about board performance around strategy than mission, with all of the six items covered in the assessment in this area receiving average ratings of less than “good.” These items cover questions having to do with setting the strategic direction, understanding the needs of members, assessing the environment, engaging in strategic planning, and focusing on strategic rather than operational issues. For the most part, these issues are not affected by demographic conditions, but three of them are significantly related to having a written strategic plan.

to see a list of participants, and whether or not they have completed the survey. This functionality protects confidentiality because individual responses cannot be viewed by the facilitator; only their survey completion status may be viewed. Each individual receives a link that is embedded with a unique reference number to facilitate survey administration. This individual attention as well as the availability of an assessments services staff member, promotes a higher response rate. In excess of 90 percent usually complete the evaluation.

Option to customize
Organizations using the board self-assessment have

Board members serving 83 percent of responding organizations report having a written strategic plan, and 85 percent of those with a plan report that the full board formally approved the organization’s strategic plan. A majority (54 percent) reported having worked on a strategic plan in the year previous to participating in the board self-assessment. Fifteen percent reported that one of the motivations for participating in the assessment was to prepare for planning.

There was no significant difference in answers based on whether or not one of the motives for doing the board self-assessment was to prepare for planning. In contrast, having a written strategic plan and having completed a strategic plan in the previous year were both significantly correlated to ratings on all three items. Those who answered in the affirmative rated all three items significantly higher than those who answered no.

Table 2: Rating Board Performance—Strategy

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	Does organization have a written strategic plan?		Did organization do strategic planning in previous year?	
	Yes	No	Yes	No
Number of respondents:	1055	210	663	704
Setting the association’s strategic direction—in partnership with the chief executive.	3.06	2.47	3.16	2.76
Engaging in an effective strategic planning process.	2.82	2.07	2.97	2.39
Tracking progress toward meeting the association’s strategic goals.	2.65	1.89	2.77	2.26

the option to add, delete or modify questions. This option is often used if the organization is interested in delving deeper into a particular issue or is considering a structural change where the opinions of the current board may assist with making decisions. Examples of customization include adding questions related to meeting frequency, reviewing the process for nominating board members, etc. When the assessment is completed, each organization receives an individualized report of findings with the option to include benchmarks against results from all other organizations.

3. Public image and advocacy

Questions in this responsibility area cover building a positive image, networking with other organizations, maintaining a dialogue with members about image and advocacy, articulating and approving response to issues, engaging in advocacy, and defining the role of board members around public image.

Of the six questions in this responsibility area, only two achieve an average rating better than “good.” Again, the questions covering the role in general, advocacy, and building a positive image received “good” marks, but when it comes to the areas having to do with execution—articulating the issues, maintaining an open dialogue with members, defining the role of board members, and networking with other entities—ratings fall to just “OK.” Individual membership organizations performed better than trade associations in all of the areas except advocacy, where they are about equal, but neither IMOs nor trade associations averaged better than good in the general questions and just “OK” in execution.

Table 3: Rating Board Performance—Public Image and Advocacy

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	IMOs	Trade associations
Number of respondents:	316	506
Advocating on behalf of the association and its members.*	3.02	3.04
Building a positive public image of the association.	3.12	2.93
Articulating and approving broad, overarching positions on industry or professional issues.*	2.85	2.74
Networking to establish collaborations and partnerships with other organizations.	2.76	2.73
Maintaining an open dialogue with the association's members related to public image and advocacy issues.*	2.77	2.70
Defining the role of board members related to critical association activities e.g. who serves as the official spokesperson, access to media.*	2.91	2.58

*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

4. Board composition

Performance. Nine questions cover board performance in this responsibility area: board capacity to govern and lead, board diversity, identification and cultivation of new board members, elections, orientation, succession, and use of board member skills. Seven of the nine items are rated less than good, and two are among the lowest of all 68 performance rating items (examining board composition and identifying and cultivating potential board members). All are rated significantly higher among board members serving IMOs than trade associations.

Table 4: Rating Board Performance—Board Composition

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	IMOs	Trade associations
Number of respondents:	316	506
Adhering to the association's bylaws regarding board composition, duties, voting rights and qualifications.*	3.62	3.17
Establishing and enforcing policies for length of board service, e.g., length of terms and number of terms.	3.61	2.99
Ensuring the current board has the capacity to effectively govern and lead the association.*	3.15	2.72
Using an effective process for nominating and electing board members.	2.91	2.56
Utilizing the skills and talents of individual board members.	2.86	2.50
Planning for board officer succession.	2.81	2.48
Effectively orienting new board members.	2.91	2.33
Examining the board's current composition and identifying gaps, e.g., in professional expertise, influence, ethnicity, age, gender.	2.76	2.27
Identifying and cultivating potential board members.	2.49	2.18

*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

Diversity. Those organizations using the Board Self-Assessment for Associations version of the questionnaire were asked to indicate which, if any, of a selected group of criteria are used to select board members. Trade associations were most likely to report using geographic location and about a quarter reported using some sort of criterion having to do with the profession or industry. Almost half of the responding organizations checked one or more of the areas. Few reported looking for a balance by age, gender, or ethnicity.

Table 5: Demographic Criteria for Board Member Selection*

Percentage of organizations reporting:	All Organizations	Type Organization*	
		IMOs*	Trade associations*
Number of organizations:	47	21	26
Age and/or Gender	10.6%	14.0%	8.0%
Ethnicity/Race and/or Language	10.6%	10.0%	12.0%
Geographic location	36.2%	19.0%	50.0%
Membership status or condition (duration, size, associate vs. full, etc.)	17.0%	19.0%	15.0%
Professional status or condition (business, discipline, profession)	25.5%	24.0%	27.0%
Any of the criterion listed above	48.9%	38.0%	61.0%

*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

Organizations completing the Board Self-Assessment for Associations were also asked two questions regarding their diversity practices. Some reported having a diversity statement (44 percent) and 53 percent reported having reviewed policies and processes to incorporate D&I in their activities.

Two questions asked all respondents to rate their board’s performance on questions of diversity and inclusion. Both result in ratings lower than “good” performance. Again, we see a more critical rating on these questions among those serving trade associations than in IMOs.

Even though they are in the minority, respondents who serve in organizations in which age, gender, or ethnicity play a factor in board member selection rate their board’s performance higher on these items than those serving organizations that do not use these demographic characteristics selecting board members. Finally, we also see marginal improvement in board performance ratings if an association has a diversity statement and/or if it has reviewed its diversity and inclusion policies sometime in the past.

Table 6: Rating Board Performance—Diversity

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	IMOs	Trade associations
Number of respondents:	316	506
Examining the board’s current composition and identifying gaps, e.g., in professional expertise, influence, ethnicity, age, gender.	2.76	2.27
Monitoring board activities to identify and address discriminatory or non-inclusive behaviors.*	3.13	2.69

*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

Board development. Both versions of the BSA ask how organizations prepare board members to serve. Most organizations report that there is a formal orientation for new board members. Two thirds also report that board member responsibilities are provided to candidates during recruitment or nomination. Both are much more likely in IMOs than in trade associations. Having an annual board retreat is much less likely, with just fewer than half of all responding organizations reporting an annual board retreat.

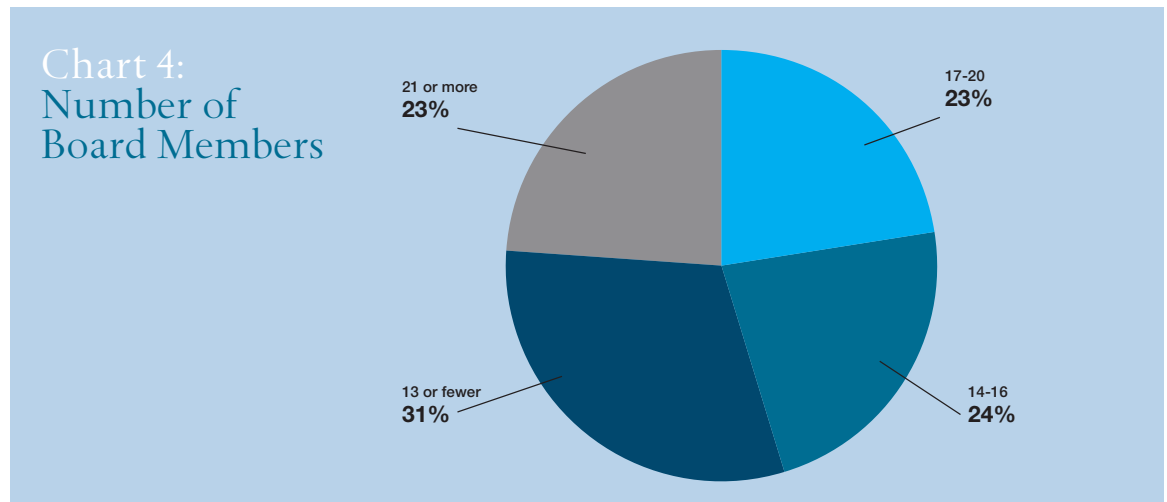
Table 7: Organizations’ Board Training

Percentage of organizations reporting YES:	IMOs	Trade associations
Number of organizations:	21	26
Is a structured, formal orientation held for new board members?	89.5%	57.7%
Are board member responsibilities and expectations (e.g. time, attendance, fundraising) provided in writing to candidates during the recruitment and nominating process?*	73.7%	53.8%
Does the board have an annual retreat?	47.4%	42.3%

Interestingly, respondents in organizations that do not provide board members with a list of their responsibilities in writing rate their board’s performance only marginally lower than those that do provide such information. Similarly, the absence of an annual retreat doesn’t have much of an effect on perceptions of board performance on these measures. In contrast, providing new members with a formal orientation has significant positive effect on members’ perception of board performance in preparing them for their board duties.

Board size. Board size is not significantly different by IRS classification, primary focus, year founded, operating budget, number of full-time-equivalents, or duration of CEO’s tenure. But, it is a very important demographic in the perception of board performance in all of the responsibility areas. Thus, we examined board size in some detail for this report.

Median number of board members (excluding the CEO if non-voting) is 16, with a mean of 18 and a mode (the most frequently given size) of 13. For purposes of this report, we calculated board size using quartiles in the following categories.



As boards get larger, dissatisfaction with the perception of board effectiveness grows considerably. Just 4 percent of board members with 16 or fewer members report that they are dissatisfied with board size, increasing to 7 percent among those in boards with 17–20 members. In boards with more than 20 members, 16 percent of board members report that they are dissatisfied with board size. This supports some of the anecdotal observations others have noted with larger boards: less time for discussion, more report-driven meetings or the development of a board within a board.

Satisfaction with board size, perception of the level of commitment of board members, and ratings of the overall effectiveness of the board are all strongly correlated to satisfaction with board experience. If respondents report they are “very satisfied” with their board experience, a majority also report being “very satisfied” with board size.

Respondents were specifically asked whether they felt: “The size of the board meets the current needs of the association” (0=very dissatisfied and 4=very satisfied). An average rating of 3.0 (satisfied) was found with a clear correlation between this rating and the number of board members. Those serving on boards with 16 or fewer members rate board size 3.3, dropping to 3.1 among boards with 17–20 members and 2.8 in boards with 21 or more members.

Similar ratings were found in board members’ rating on the scaled question asking them to rate the overall effectiveness of the board. We see a little higher total rating at 3.1, decreasing from 3.3 among those serving on the smallest boards (13 or fewer members) to 3.2 among those serving on boards with 14–20 members and dropping below “satisfactory” to 2.9 among those serving on the largest boards (21 or more members).

The vast majority of the 68 questions covering the nine areas of responsibility show a linear relationship between performance ratings and board size. That is, as boards get larger, board members’ perception of board performance declines. In all cases, the decline is most noteworthy among those serving on boards with more than 20 members. Only 12 of the 68 items covered in the nine areas of responsibility do not show this linear relationship. They are

- Building a positive public image of the association (Category: Public Image and Advocacy)
- Maintaining an open dialogue with the association’s members related to public image and advocacy issues* (Category: Public Image and Advocacy)
- Articulating and approving broad, overarching positions on industry or professional issues* (Category: Public Image and Advocacy)
- Ensuring the association has adequate infrastructure, such as staff, facilities, volunteers and technologies (Category: Program Oversight)
- Determining whether the association has in place appropriate policies and procedures governing the activities of its chapters, affiliates, and branches* (Category: Program Oversight)
- Ensuring that insurance carried by the association is reviewed periodically e.g., general liability, directors’ and officers’, worker’s compensation (Category: Financial Oversight)
- Ensuring the association has policies to manage risks—for example, reserves, internal controls, personnel policies, emergency preparedness (Category: Financial Oversight)
- Cultivating a climate of mutual trust and respect between the board and chief executive* (Category: CEO Oversight)
- Ensuring that the chief executive is appropriately compensated (Category: CEO Oversight)
- Ensuring that there is a process for reviewing the compensation of key employees* (Category: CEO Oversight)
- Preparing for board meetings—e.g., reading materials in advance, following up on assignments (Category: Meetings)
- Ensuring that minutes of meetings and actions taken by governing bodies and authorized subcommittees, such as the executive committee, are documented* (Category: Meetings)

5. Program oversight

We see slightly better than “good” ratings for board’ performance in knowledge and information about the association’s programs but less than “good” ratings for monitoring and measuring program performance. Respondents in trade associations rate all of the items lower than those serving IMOs.

Table 8: Rating Board Performance—Program Oversight

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	IMOs	Trade associations
Number of respondents:	316	506
Being knowledgeable about the association’s programs and services.	3.23	3.00
Ensuring the board receives sufficient information related to programs and services.	3.22	3.01
Monitoring the quality of the association’s programs and services.	3.00	2.66
Identifying standards against which to measure organizational performance e.g., industry benchmarks, competitors or peers.	2.53	2.15
Measuring the impact of critical programs and initiatives.	2.59	2.33
Determining whether the association has in place appropriate policies and procedures governing the activities of its chapters, affiliates, and branches.*	3.00	2.56

*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

6. Financial oversight

Virtually all responding organizations (99 percent) report that the full board formally approves the association’s annual budget, but only 66 percent report that all board members receive the organization’s IRS 990 form prior to filing. This corroborates the high number of “don’t know” responses from board members when asked how well they rated compliance with IRS regulations to complete Form 990.

Most (88 percent) report that the full board receives financial reports at least quarterly. Eighty-six percent also report that the organization had a formal independent audit within the last year, and 67 percent of them report that the board or a committee of the board met with the auditors without staff present.

All respondents evaluated board performance on seven items related to financial oversight and, like the ratings on relationship with the CEO, we see generally high ratings of board performance on most of these measures. Except for the item related to managing risks, which considering the broad area covered in this question might have more to do with risks other than financial, the average rating for all items is generally better than “good.”

Although performance ratings are generally high for financial oversight, this area of responsibility also had a number of questions with a high percentage of “don’t know” responses, three times higher than any responsibility area other than “CEO oversight,” discussed below. Of the eight questions in the section, four were answered “don’t know” by more than 15 percent of the responding board members:

- Establishing and reviewing the association’s investment policies (15 percent “don’t know”)
- Ensuring that insurance—such as general liability, directors and officers’, and workers’ compensation—carried by the association is reviewed periodically (23 percent “don’t know”).

- Ensuring the association has policies to manage risks, e.g., reserves, internal controls, personnel policies, emergency preparedness (14 percent “don’t know”)
- Complying with IRS regulations to complete Form 990 or 990-EZ, if applicable (29 percent “don’t know”)

Much has been written about common governance mistakes in nonprofit boards, and this high incidence of “don’t know” on half of the eight items covered in the board self-assessment in the area of financial oversight reflect three of the top mistakes noted in the literature: (1) failing to understand fiduciary duties that are the responsibility of all board members, (2) failing to provide effective oversight, and (3) deference to an executive committee, board chair, or the organization’s founder. It’s a real red flag.

Among those who answered the performance questions in this area, those serving in associations that were not subject to an independent audit in the last year rated board performance on all items in this responsibility area significantly lower than those serving on boards where an independent audit was performed. If an independent audit was performed, meeting the auditor without staff present did not affect performance ratings for most items. However, board members rated board performance higher in organizations where they met with the independent auditor alone on two measures:

- Complying with IRS regulations in completing the 990
- Establishing and reviewing investment policies

Table 9: Rating Board Performance—Finance and Budget

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	Independent audit in last year	
	No	Yes
Number of respondents:	155	1113
Ensuring the annual budget reflects the association’s priorities.	3.00	3.22
Reviewing and understanding financial reports.	2.95	3.16
Monitoring the association’s financial health, e.g., against budget, year-to-year comparisons, ratios.	3.02	3.35
Reviewing the results of the independent financial audit and management letter. (Only if an independent audit was performed.)	2.89	3.36
Establishing and reviewing the association’s investment policies.	2.43	3.13
Ensuring the association has policies to manage risks, e.g., reserves, internal controls, personnel policies, emergency preparedness.	2.31	3.02
Complying with IRS regulations to complete Form 990 or 990-EZ, if applicable.	3.03	3.51

Board performance related to risk management was covered in two very broad questions—the one above covering “reserves, internal controls, personnel policies and emergency preparedness” and one other covering insurance. Specifically: “Ensuring that insurance carried by the association is reviewed periodically.” As shown above, the former received an average rating of 2.95 while the latter achieved an average of 2.90, in both cases less than “good.”

Most organizations report carrying directors’ and officers’ liability insurance (92 percent), so most board members are covered for some basic liability, but these relatively low scores suggest that there is some insecurity about what is covered and whether or not the coverage is sufficient to manage risk exposure.

“We need to recognize that monitoring the executive director and appointing him/her and determining compensation are among our biggest jobs.”—Board member

7. CEO oversight

The CEO in responding organizations has served in this capacity for a median of 5 years and a mean of 6.5 years. Almost one in five organizations (19 percent) reported having hired a new CEO in the year prior to the assessment and 5 percent reported that the board was motivated to do the assessment to assist in a CEO transition. One third of all responding organizations report CEO duration between 3 and 5 years, although one in five organizations report CEO duration of more than 10 years.

Most CEOs are not voting members of the board (88 percent). Whether or not the CEO serves as a voting member of the board varies somewhat by board size. Among organizations with up to 20 board members, the incidence of CEO voting is between 6 and 11 percent. In contrast, 27 percent of the organizations with the largest boards (21 or more members) report voting CEOs.

There is no significant difference in the incidence of whether or not the CEO has a board vote by type of organization, industry focus or field of interest, staff size, duration of the CEO's tenure, or organization's annual budget. Other than board size, the only variable that is correlated to CEO voting is year of founding. Organizations founded between the years 1951 and 1979 are more likely to report a voting CEO than any others. Almost one in three (30 percent) of the 17 organizations in this category report a voting CEO, compared to just 6 percent of organizations founded before 1950 and no organizations founded after 1979.

Most organizations report that the CEO has a written job description and receives an annual performance review (94 and 93 percent, respectively). Fewer, but still a large majority at 77 percent, report that the annual review is formal and written. Most (73 percent) also report that the board periodically reviews CEO compensation at comparable organizations.

Some of the highest respondent ratings on board performance are found in questions covering the relationship with the CEO. But, there is a high incidence of “don't know” response for four of the nine items in this responsibility area, and the item on succession planning is both high incidence “don't know” and is the lowest-rated performance item of all 68 items covered in the assessment. High “don't know” is found for the following:

- Planning for the absence or departure of the chief executive, e.g., succession planning (18 percent “don't know”)
- Ensuring that the chief executive is appropriately compensated (14 percent “don't know”)
- Ensuring that there is a process for reviewing the compensation of key employees* (13 percent “don't know”)
- Formally assessing the chief executive's performance (11 percent “don't know”)

Board members express greatest satisfaction with the board's role in allowing the CEO authority to do the job and CEO compensation. In addition, as we have seen throughout this study, board members in trade associations give significantly lower performance ratings than do IMOs on all of these items.

Respondents Included in This Report

Organizations (both individual membership organizations and trade associations) were included in this analysis if they participated in a BoardSource board self-assessment since the BoardSource/ASAE partnership began in 2009 and self-identified as associations. A total of 48 organizations included in this study used the BoardSource/ASAE Board Self-Assessment for Associations version and 27 used the regular BoardSource Board Self-Assessment version of the survey. Associations that used the

Table 10: Rating Board Performance—CEO Oversight

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	IMOs	Trade associations
Number of respondents:	316	506
Cultivating a climate of mutual trust and respect between the board and chief executive.	3.37	3.03
Giving the chief executive enough authority to lead the staff and manage the association successfully.	3.49	3.25
Discussing and constructively challenging recommendations made by the chief executive.	3.19	2.81
Establishing priorities and setting performance goals by mutual agreement with the chief executive.*	3.19	2.73
Ensuring that the chief executive is appropriately compensated.	3.33	3.20
Ensuring compensation of the chief executive is approved by the full board or authorized body of the association.*	3.45	3.15
Planning for the absence or departure of the chief executive, e.g., succession planning.	2.10	1.71
Respecting the distinct roles of the chief executive, board and staff.	3.29	2.81

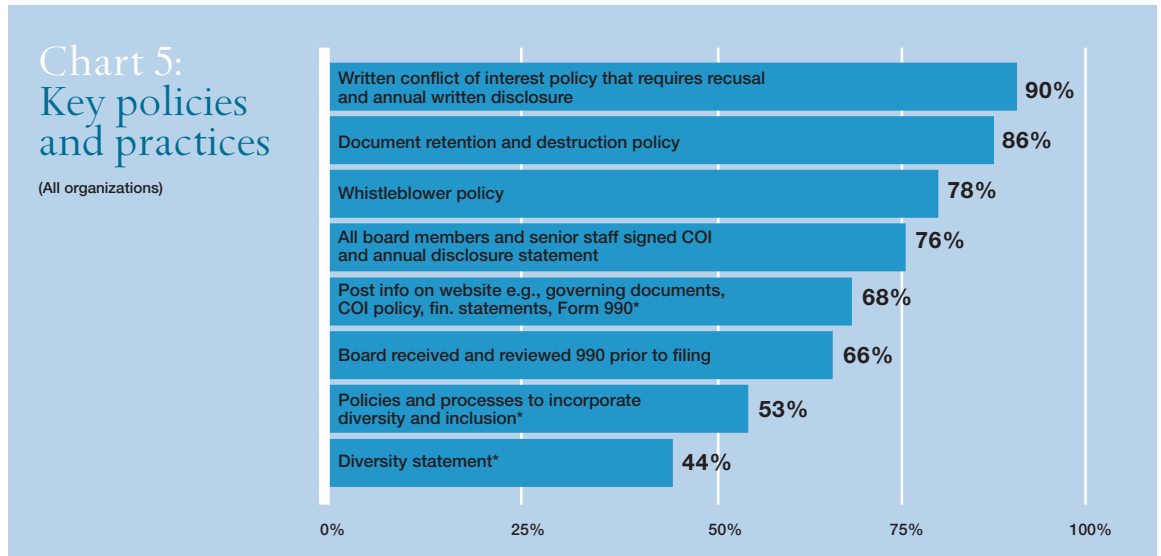
*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

8. Board structure

Key policies and procedures. We begin this section with a review of organization responses to a checklist of questions covering practices in key areas.

Major policies, practices, and procedures are designed to serve as a guide for nonprofit leaders—board and staff—as they carry out the work of the association. Because the board has ultimate responsibility and accountability for the association, it needs to ensure that these practices are well documented and routinely followed. The IRS Form 990, which most associations are required to file, was revised in 2008 and emphasizes compliance with rules governing exempt organizations and establishing and following sound policies and best practices as well as encouraging greater transparency to the public.

non-association assessment did so for various reasons most commonly because they'd used this version in the past and wanted to compare results between years. These organizations have been included in this analysis if the organization using the BoardSource non-association version of the assessment is a membership organization and statistical tests performed showed that there were no statistically significant differences between the answers on the questions that were exactly the same in the two versions. This test was done to ensure, as much as possible, that the organizations were similar regardless of the version used.



*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

“There are no term limits and as such, there are few opportunities for younger members to move into board positions. This creates a void of having members that understand the policy end of the organization, and thus, less people with a great deal of experience to serve as officers of the organization.”—Chief staff executive

Most organizations do not compensate board members in any way. Of the 38 percent that report any payments to board members, the most likely is reimbursement for travel expenses. Just 27 percent of the responding organizations report this type of reimbursement. Of the remainder, there is a wide variety of practices, but none are reported by any but a single organization. Some of these include stipends or retainers to members or the chair, office allowances, per-meeting fees, or reimbursement of travel expenses for members living outside the United States.

Five of the 75 organizations included in this study do not report having any board-level committees. Of the remainder, the average is seven committees; 84 percent of them say that these entities serve under written charters or job descriptions. Most responding organizations (77 percent) report having an executive committee, and if they do, most (88 percent) report that the executive committee serves under a written policy that specifies its roles and powers.

Duration of service on the board. Board chairs have served a median 5.5 years, almost twice as long as the tenure of other board members (three years). This is not surprising given that the position of board chair requires experience on the board and few board members assume this leadership role during the first one to three years of joining the board.

Questions in the BoardSource non-association version were included in the analysis if they were exactly the same as questions in the BoardSource/ASAE version. The BoardSource/ASAE version of the questionnaire had a number of questions that were not included in the regular BoardSource version; these are included in this analysis and so noted when reported here.

Of the 75 organizations included in this analysis, three of the assessments were administered in 2009, 17 in 2010, 29 in 2011, and 26 in 2012. Because 2009 is only a partial year, 2009 and 2010 are

Table 11: Duration of Service on the Board

Percentage of respondents reporting the following duration of service on the board:	Board Chair/ president	Board member
	82	1216
First year	3.0	23.2
Two years	9.0	20.4
Three years	10.4	18.1
4-6 years	46.3	24.0
Over 6 years	31.3	14.2

The vast majority of organizations (94 percent) report that board member terms are defined but fewer (74 percent) report that there is a limit on the number of consecutive terms that a board member may serve. Again we see a correlation between both of these practices and board size. Among respondents serving on boards with 21 or more members, 88 percent define term length but only 56 percent limit the number of terms an individual can serve.

Performance measures. Most respondents rate their boards’ performance as “good” (average 3.14) when asked about “establishing and enforcing policies for length of board service.” Again size matters; the only conditions in which respondents’ average rating falls below “good” is among those serving on boards with 21 or more members (2.94).

On average, board members rate board performance in reviewing its committee structure to ensure that it supports the work of the board and using standing committees and ad hoc task forces effectively to be “OK” to “good,” with both rating 2.8 on the five-point scale (0=poor and 4=excellent). Board members serving IMOs are more satisfied with committee practices than associations with organizations as members (3.1 vs. 2.7 respectively on both items).

Table 12: Rating Board Performance—Board Structure

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	IMOs	Trade associations
Number of respondents:	316	506
Carrying out the board’s legal duties of care, loyalty, and obedience.	3.53	3.08
Following and enforcing its conflict-of-interest policy.	3.42	2.98
Respecting the distinct roles of the chief executive, board and staff.	3.29	2.81
Periodically reviewing and updating the bylaws, board policies, and board procedures.	3.31	2.72
Using standing committees and ad hoc task forces effectively.	3.14	2.68
Reviewing its committee structure to ensure it supports the work of the board.	3.14	2.63
Implementing steps to improve governance and the performance of the board, e.g, evaluation, education.	2.95	2.36
Defining responsibilities and setting expectations for board member performance.	2.78	2.29

combined in any analysis involving administration year. Ten organizations have participated in a board self-assessment process more than once in the past. Only the latest year’s results are included for organizations that have completed assessments in multiple years. Multi-year users are all in years 2011 and 2012.

About the individuals
Of the individuals included in this analysis, 69 are chief staff executives and 82 are board chairs or presidents. The remaining 1,216 are rank-and-file board members, although some may have served as chair in the past. The organization chooses the individuals to whom the link will be sent and several

9. Meetings

Most organizations report that their boards meet an average of four times per year with a typical board meeting lasting an average of eight hours. Organizations with smaller boards tend to report a greater number of meetings over a year (five on average) of shorter duration (six hours on average).

Once boards reach 14 or more members, the four times/eight-hour pattern is consistent, until boards reach 21 or more members, where the number of meetings drops slightly to 3.5 and the duration increases to an average of 8.5 hours. Both trade associations and IMOs report the same number of meetings per year on average at four, but trade associations report a slightly shorter meeting duration at seven hours.

Neither satisfaction with board participation nor perception of effectiveness of the board is correlated with frequency or duration of board meetings. The four meeting/eight-hour pattern is consistent regardless of individual board members’ ratings of satisfaction on these two points.

As seen previously, board size and type of association (IMO or trade) are correlated to ratings of board performance, with large boards and respondents who serve on boards of trade associations rating somewhat lower performance scores than those serving smaller boards in IMOs. But, the big difference in performance ratings for meetings is found between organizations that provide new board members with a formal orientation and those that do not.

“We need to make sure that we get people who are willing and able to serve plus will put forth the effort to attend meetings and do the advanced reading to allow for effective meetings. Discussion and decision making need to be advanced so that we can move the organization forward in a timely fashion.”—Board member

If there is a formal orientation for new board members, all performance measures related to meetings are significantly higher than if no formal orientation is provided. While most organizations report a formal board orientation (more likely in IMOs than trade associations), fully one quarter of them do not and the absence of this training clearly has a negative impact on performance ratings related to meetings. Also as seen previously, providing new board members with a formal orientation is also related to board members’ feelings that they are prepared to execute their responsibilities. (See also the board training material in the “Board Composition” section of this report.)

Table 13: Rating Board Performance—Board Meetings

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	Formal board orientation	No formal board orientation
Number of respondents:	953	329
Ensuring that minutes of meetings and actions taken by governing bodies and authorized sub-committees, such as the executive committee, are documented.*	3.44	3.17
Using effective meeting practices, such as setting clear agendas, having good facilitation, and managing time well.	3.23	2.85
Understanding the need to base decisions on the collective good of the association.*	3.24	2.91
Allowing adequate time for board members to ask questions and explore issues.	3.11	2.89
Efficiently making decisions and taking action when needed.	3.10	2.78
Fostering an environment that builds trust and respect among board members.	3.06	2.90
Preparing for board meetings, e.g., reading materials in advance, following up on assignments.	3.08	2.78
Monitoring board activities to identify and address discriminatory or non-inclusive behaviors.*	3.02	2.51
Establishing and enforcing policies related to board member attendance.	2.92	2.43
Engaging all board members in the work of the board.	2.85	2.61

*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

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organizations included both incoming and outgoing chair. This is why there are a greater number of chairs than organizations. Similarly, some CEOs choose not to respond to the assessment questions, completing only the checklist. Five of the six organizations in which the CEO choose not to respond described their organization as something “other” than a 501(c)(3) or (c)(6) status alone, but there were no other demographic characteristics that distinguished them from others. Most of those in the “other” classification categories reported that their organization had both (c)(3) and (c)(6) classifications.

More about the

Role on the board

Of the 75 organizations and 1,367 individuals included in this analysis, 69 were CEOs, 82 current or immediate past board chairs, and 1,216 individual board members. There is surprising consistency in their assessments, with only a dozen of the 68 items in the nine areas of responsibility resulting in statistically significant differences in average ratings based on role, even when the disparity in group sizes is accounted for. These are shown in Table 14, in order from lowest- to highest-rated items.

Even when there are statistically significant differences in the mean ratings, it should be noted that when looked at by priority order (as shown in parenthesis after each mean rating in Table 14), for all but two of the dozen items where statistical differences occur, the prioritization only varies by one or two positions.

The largest difference among the three groups is in the lowest-rated item: “articulating a vision that is distinct from the mission.” Rank-and-file board members rate this very much lower than board chairs and the priority is four positions lower than rated by either board chairs or CEOs. This is consistent with earlier findings (see the “Mission” section earlier in this report) in which four of the five items associated with mission are rated less than “good.”

The other three items for which the rank-and-file tended to rate board performance lower than either the CEO or the board chair suggest that board members are less familiar with the organization’s investment policies, bylaws, and 990 reporting requirements than either CEOs or board chairs. Two of these items are in the area of financial oversight, in which we also find a high incidence of “don’t know” response (see “Financial Oversight” earlier in the report).

It is also clear that with a few exceptions, when there are differences that are correlated by role, board chairs’ average ratings are generally higher on all items than either CEOs or rank-and-file board members’ rating, and CEOs usually rate items lower than either of the other two constituencies.

The CEO rates every item lower than the board chair, with particular disparity between them in four questions noted below. There is less variation between the CEO and the rank-and-file board member than between the chair and the rank-and-file.

- Advocating on behalf of the association and its members (asked only in Board Self-Assessment for Associations)
- Focusing regularly on strategic and policy issues versus operational issues
- Ensuring that the chief executive is appropriately compensated
- Using the association’s mission and values to drive decisions

In Table 14, ratings for each item are highlighted in red for the constituency that gave the item the lowest average rating and bold for the constituency that gave the item the highest rating.

organizations

Although this is a study of individuals, organization characteristics provide the context against which individual responses are compared. Most of the individual responses are cross-tabulated by the following organization characteristics:

■ Type of organization:

Among the 48 associations using the BoardSource/ASAE version of the questionnaire, 44 percent are classified as individual membership organizations (IMOs) and 56 percent are classified as trade associations, including any association with a predominantly organization or company membership.

Table 14: Rating Board Performance—Role on the Board

Mean rating of effectiveness of the board on a 5-point scale (0=poor, 1=fair, 2=OK, 3=good and 4=excellent)	Chief staff executive	Board chair/ president	Board member
Number responding:	69	82	1216
Articulating a vision that is distinct from the mission.	2.63 ₍₈₎	2.92 ₍₈₎	2.59 ₍₁₂₎
Planning for board officer succession.	2.35 ₍₁₀₎	2.38 ₍₁₂₎	2.65 ₍₁₁₎
Focusing regularly on strategic and policy issues versus operational issues.	2.32 ₍₁₁₎	2.79 ₍₁₀₎	2.63 ₍₁₀₎
Using an effective process for nominating and electing board members.	2.32 ₍₁₂₎	2.49 ₍₁₁₎	2.66 ₍₉₎
Defining the role of board members related to critical association activities e.g. who serves as the official spokesperson, access to media.*	2.58 ₍₉₎	2.85 ₍₉₎	2.73 ₍₈₎
Using the association’s mission and values to drive decisions.	2.66 ₍₇₎	3.08 ₍₇₎	2.86 ₍₇₎
Advocating on behalf of the association and its members.*	2.69 ₍₆₎	3.23 ₍₅₎	3.04 ₍₆₎
Establishing and reviewing the association’s investment policies.	3.15 ₍₃₎	3.35 ₍₄₎	3.04 ₍₅₎
Being knowledgeable about the association’s programs and services.	2.85 ₍₅₎	3.09 ₍₈₎	3.11 ₍₄₎
Ensuring that the chief executive is appropriately compensated.	2.92 ₍₄₎	3.37 ₍₃₎	3.26 ₍₃₎
Adhering to the association’s bylaws regarding board composition, duties, voting rights and qualifications.*	3.45 ₍₂₎	3.64 ₍₂₎	3.32 ₍₂₎
Complying with IRS regulations to complete Form 990 or 990-EZ, if applicable.	3.50 ₍₁₎	3.73 ₍₁₎	3.44 ₍₁₎

*Questions asked only of organizations responding to the Board Self-Assessment for Associations version.

BoardSource assessment respondents were not asked this question.

■ **IRS classification:** Almost half of the responding associations report their IRS classification as 501(c)(3) (48 percent), 39 percent are 501(c)(6) organizations, the remainder selected “other IRS classifications”, most of which report having two classifications under (c)(3) and (c)(6).

■ **Field of interest:** The primary focus or field of interest for the responding organizations include

- ▣ 6 Agriculture/farming/ environment
- ▣ 5 Community safety/ support services

Concluding thoughts

The scholarly literature is replete with the challenges associated with how to assess nonprofit performance, but it also suggests a strong correlation between nonprofit board performance and organization performance.

Because nonprofits can’t rely solely on financial measures as a means of understanding organizational performance, they must search for other means of assessing effectiveness. Certainly measuring program outcomes is the ultimate measure, but another important arrow in the quiver involves questioning key stakeholders about board performance. There is general agreement that the best approach is by developing a set of measurable criteria and asking a variety of knowledgeable individuals to answer them. This is the premise underlying the development of the BoardSource/ASAE Board Self Assessment for Associations.

While the ability exists to customize the board self-assessment to the specific needs of the organization based on their particular situation, the questions are standardized and administered to board members by a neutral third party and to board members regardless of status.

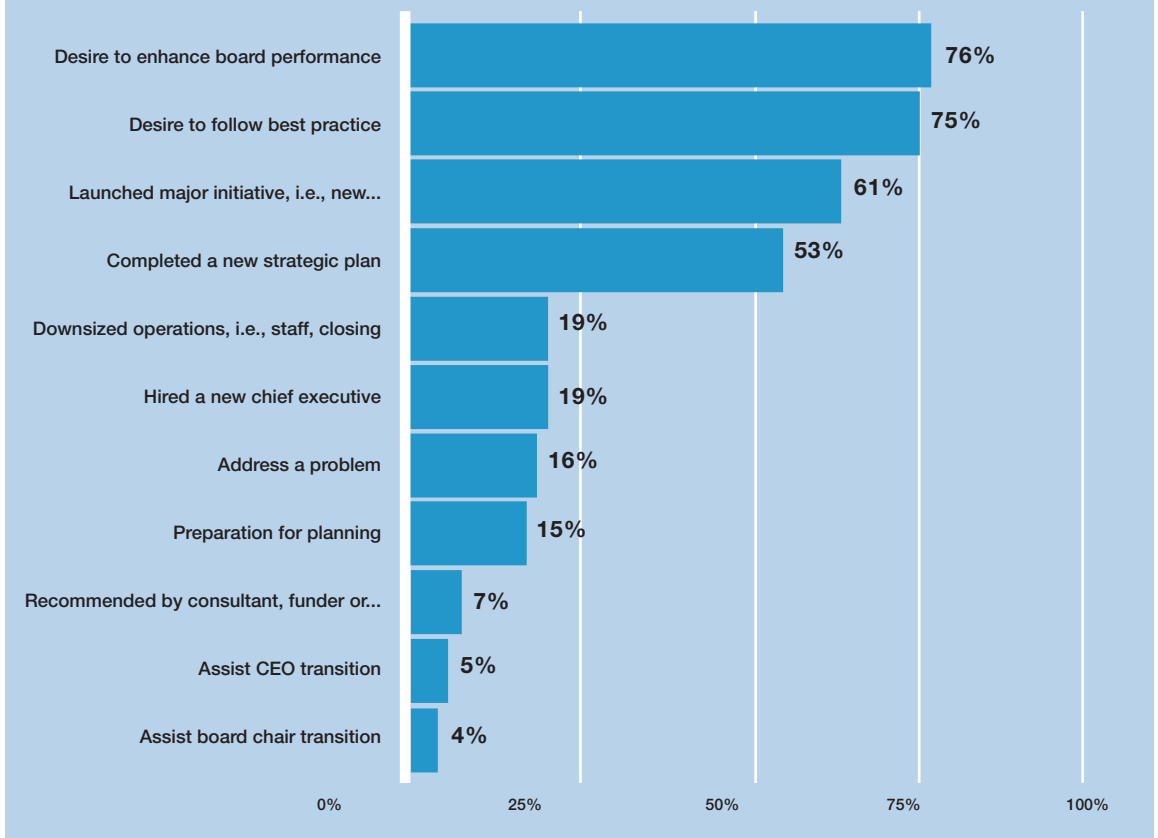
“We are a stronger organization than we used to be, and better days are ahead. The board wishes to take the next step in development.”—Board member

This report clearly shows that individual board members are knowledgeable and engaged with the boards on which they serve. There are areas of strength and areas that need improvement and there is a great deal of consensus on where these strengths and weaknesses lie.

Associations considering a board self-assessment for their own organization will be interested in learning a little about some of the motivations of the associations that have done the assessment in the past several years. Clearly the primary motivation has to do with enhancing board performance or following effective practices, but a majority of associations also report launching new initiatives, or beginning a new strategic plan as their impetus.

- 12 Education
- 5 Finance/ Insurance
- 23 Healthcare
- 5 Real Estate/ Construction
- 9 Science/Technology/ Engineering
- 3 Social/Fraternal
- 2 Travel/Transportation/ Hospitality
- 5 Other (including several associations of associations)

Chart 6: What prompted board self-assessment



■ **Board size:** Number of board members correlates to many questions in this report and is covered in detail throughout this report. Median number of board

Although much less frequently mentioned as motives for initiating the board self-assessment, two conditions appear to significantly affect how board members rate the performance of the board and their satisfaction with service. First, and by far the most important, is the motivation to “address a problem.” If this is given as a motivation for doing the board self-assessment, all of the ratings of board performance are significantly lower than if any other motivation is given. Perhaps this is because once the organization identifies that problems “need to be addressed” and the board decides to do an assessment, the impact on the organizational and board performance has already been manifested in several areas. Three areas are noteworthy:

- **Strategic thinking and planning:** Ratings in all these areas are lower if “to address a problem” is a motivation: focus of the board on operations versus strategic planning and policy issues; understanding the needs of the association’s members and stakeholders; assessing and responding to changes in the association’s environment; and engaging in an effective strategic planning process.
- **Public image and advocacy:** Issues related to public image and advocacy were also rated weak by the board when they are motivated by problems to do a board self-assessment. Defining the role of board members related to critical association activities e.g. who serves as the official spokesperson; access to media; articulating and approving broad, overarching positions on industry or professional issues; and networking to establish collaborations and partnerships with other organizations.
- **Mission and impact:** Another area where lower scores suggest that board members are concerned about how well the organization is doing cover mission, impact, and measurement: agreeing on how the association should fulfill its mission; Identifying standards against which to measure organizational performance e.g., industry benchmarks, competitors or peers; and tracking progress toward meeting the association’s strategic goals.

Less influential, in that it does not affect the rating of every item, is “hired a new chief executive.” If this is a motive for the board self-assessment, most but not all, board performance ratings are influenced. Hiring a new executive is one of the most important decisions and sometimes daunting tasks that board members face. Board members consistently rate “planning for the absence or departure of the chief executive, e.g., succession planning” as lowest or one of the lowest performance areas.

Several performance areas were ranked lower by board members serving organizations that recently hired a new chief executive, although none of these areas specifically relate to the hiring process itself. Perhaps time spent on hiring may shift the focus from other critical areas, resulting in weaker performance or highlighting the need to strengthen other areas. Examples of this include lower ratings among these respondents in implementing steps to improve governance and the performance of the board; tracking progress toward meeting the association’s strategic goals; and focusing regularly on strategic and policy issues versus operational issues.

Similarly, as shown in Table 15, satisfaction with board service is significantly different on each of the four items measuring satisfaction with board service in general. If “to address a problem” is a motivation for doing the board self-assessment, all of these measures score lower. If “hired a new chief executive” is a condition, two of the four items are significantly affected.

members is 16 and the mode (the most frequently reported) is 13. For purposes of this report, we roughly divided board size into quartiles, with the following result: 13 or fewer board members (30 percent), 14–16 (24 percent) 17–20 and 21 or more (23 percent each).

■ **Year founded:** *There is a good cross-section of mature organizations in the group with 24 percent reporting year of founding before 1920; 25 percent founded between 1921 and 1950, 27 percent between 1951 and 1979 and the remaining quarter 1980 or later.*

■ **Budget:** *Two thirds of the organizations report operating budgets of over*

Table 15: Satisfaction with the Board by Motive for Doing the Board Self-Assessment

Mean rating of effectiveness of the board on a 5-point scale (with 0=poor and 4=excellent)	Address a problem		Hired a new CEO	
	Yes	No	Yes	No
Number of respondents:	201	1166	267	1100
The size of the board meets the current needs of the association.	2.74	3.10	3.04	3.05
The level of commitment and involvement demonstrated by most board members.	2.74	3.14	3.04	3.08
The overall effectiveness of the board.	2.28	3.02	2.71	2.96
Do you find serving on this board to be rewarding and satisfying experience?	2.77	3.38	3.18	3.31

In addition, there is some correlation with the motivation to address a problem and the size of the board. When boards are motivated to do an assessment because they are facing a problem, the satisfaction with the size of the board is much lower as is the rating for overall effectiveness of the board (See “Board Size” for a further discussion of board size).

The BoardSource/ASAE assessment is designed to gather feedback from individual board members and measure the collective performance of the board. It establishes a framework for setting priorities and motivating board members—individually and collectively—to strengthen overall governance performance by establishing a common understanding of board roles and responsibilities and measuring performance against them. Both BoardSource and ASAE recommend that boards assess their performance at least every three years. Whether the motivation is to enhance board performance or tackle a problem, a board self-assessment gathers feedback from board members and enables board members to speak candidly about where the board’s performance is strong and where it needs improvement.

For further information on the BoardSource/ASAE Board Self-Assessment for Associations, go to <https://boardsource.org/asae>

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\$1 million but less than \$25 million; the remaining 34 percent is equally divided between the very small budget (under \$1 million) and large budget (more than \$25 million) associations (17 percent each).

■ Staff size: *One third of the organizations report small staffs (characterized by ASAE at 10 or fewer full-time equivalents, FTEs); 21 percent are in the mid-size category of 11-30 full-time equivalents and the remaining 46 percent are classified as large (more than 30 FTE) with 20 percent of this group reporting more than 75 FTE.*