

***SEWERAGE & WATER BOARD OF NEW ORLEANS***  
**GOVERNANCE COMMITTEE MEETING**  
**THURSDAY, JANUARY 14, 2016**

**TIME: 2:00 PM**

Kerri Kane, Chair • Alan Arnold, Vice-Chair • Kimberly Thomas • Robin Barnes

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**FINAL AGENDA**

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**ACTION ITEMS**

1. Board Self-Assessment Tool and Board Planning Retreat
2. CEA – between the City of New Orleans and the Sewerage & Water Board of New Orleans / Supplemental Equipment and Operations for Special Event Clean Up.

**PRESENTATION ITEMS**

3. Executive Director Work Plan 2015 Results
4. Executive Session
  - Executive Director Assessments
5. Orientation of New Board Member

**INFORMATION ITEMS**

6. Review of Previous Report
7. Any Other Matters



**"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY"**

# **Sewerage & Water Board OF NEW ORLEANS**

MITCHELL J. LANDRIEU, *President*

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January 14, 2016

Governance Committee  
Sewerage and Water Board of New Orleans  
New Orleans, Louisiana

Dear Directors:

Subject: Board Self-Assessment Tool and Planning Retreat

The Board of Directors at Sewerage and Water Board has indicated its intent to have another planning retreat in 2016 similar to the event held at the New Orleans City Park Administration Building in April 2015.

In advance of the next planning retreat, I recommend that Governance Committee request the individual board members to complete the attached self-assessment tool and return the completed document to staff for compilation of the results. This self-assessment tool was previously reviewed and updated by the Governance Committee in October 2015. Also attached is a copy of *The Dynamic Board* from McKinsey and Company that may provide helpful perspective with the assessment.

We will be contacting Board members to identify the most convenient date for the next all-day planning meeting and get this committed onto the calendar. In advance of that meeting, staff will procure consultant services to facilitate that meeting and subsequent strategic planning sessions. Meanwhile, staff recommends these topics for consideration at that planning meeting:

- Review of Board Self-Assessment Results
- Begin Development of 2016-2025 Strategic Plan
- Schedule Preliminary Committee Agenda Topics for 2016

I will be prepared to discuss these matters with you further at the upcoming Governance Committee meeting.

Cedric S. Grant  
Executive Director

# SEWERAGE & WATER BOARD OF NEW ORLEANS

## BOARD SELF - ASSESSMENT TOOL



### Overview

The Sewerage & Water Board of New Orleans Board Self-Assessment Tool is designed to help the Board of Directors assess performance and identify priorities for board activities going forward. This tool has been adopted from the *McKinsey & Company Nonprofit Board Self-Assessment Tool – Long Form*. It should be used with *The Dynamic Board: Lesson from High Performing Nonprofits* framework for nonprofit board responsibilities, which describes in detail the key elements of effective nonprofit board governance. The output of the assessment is intended to focus discussion among board members to:

- To identify the areas of board performance that are strongest and those that need improvement
- To identify priority areas for the board to focus on over the next 1 - 2 years
- To allow different views to emerge and used to start a discussion

This tool is meant to create an informed starting point for discussion among the Board to address priorities which will result in board effectiveness. A board committee, rather than the entire Board, can often handle specific responsibilities and bring topics forward for full board discussion as needed. Respondents should use their best judgment to rate the Board's performance. The scores are meant to provide a general indication of the Board's performance in order to identify potential areas for improvement. Please make generous use of the comments section to expand on your ratings.

### Guidelines for Assessors

The Nonprofit Board Self-Assessment Tool has three sections:

1. Performance of the Board (or board committee) on its core responsibilities
2. Perceived importance of responsibilities for the next 1-2 years
3. Quality of enablers in place to support board effectiveness

In Sections 1 and 3, mark the box in each row that is closest to describing the situation at hand and use the comments section to expand on any aspect of performance, if necessary. For each of the responsibilities in Section 2, indicate how important you believe it will be for the Board to focus on each area in order to make the most positive impact on the performance of the organization. These ratings are intended to indicate relative priorities for each responsibility. Please return your completed tool to the Executive Director, who will collect the results and compile an anonymous summary of comments for board discussion.

**Approximate time needed for completion: 30 minutes**

## SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Size and Structure	Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Common understanding of mission	<input type="checkbox"/> Active and open disagreement about mission	<input type="checkbox"/> Board members appear to share surface understanding of mission; disagreements may exist at deeper level although they have not been raised	<input type="checkbox"/> Board members share common understanding of mission although it has not been stressed tested through discussion	<input type="checkbox"/> All board members share a common understanding of the mission that has been stress tested through discussion	
Common understanding of vision (i.e., what the organization aspires to become in 5 years)	<input type="checkbox"/> Board members lack understanding of vision is as distinct from mission	<input type="checkbox"/> Vision not formalized; board members' understanding of vision not aligned with likely disagreement over what is achievable	<input type="checkbox"/> Board members appear to have a common understanding of the vision; vision not documented and/or lacks concrete goals	<input type="checkbox"/> All board members share common understanding of where organization wants to be in 5-10 years; vision is well documented with concrete goals	
Use of mission and vision in policy/strategy decisions	<input type="checkbox"/> Board members do not refer to mission and vision in their discussions on policy/strategy	<input type="checkbox"/> Board members infrequently refer to mission and vision in discussions on policy/strategy	<input type="checkbox"/> Although not formalized, board members frequently refer to mission and vision in discussions on policy/strategy	<input type="checkbox"/> All major policy/strategy discussions include explicit consideration of fit with mission and vision	
Process for raising mission and vision issues	<input type="checkbox"/> Board has no formal process to engage board in reviewing the mission and vision	<input type="checkbox"/> Informal discussion within small groups on mission or vision; Issues of mission/vision rarely raised to board for broad discussion	<input type="checkbox"/> Informal and active discussion within small groups with issues (e.g., relevance of mission) brought before the board on ad-hoc basis when there is enough momentum	<input type="checkbox"/> Formalized process (e.g., board retreats) to foster active board member participation in examining mission-related issues	

Engage In Strategic Planning and Policy Decisions	Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Process for strategic planning and quality of board participation	<input type="checkbox"/> No formal process for strategic planning and little takes place	<input type="checkbox"/> Formal process exists but used on ad-hoc basis; mainly staff driven with very little involvement by board members in developing the plan; board largely "rubber stamps" plan with limited discussion	<input type="checkbox"/> Process exists for developing strategic plan but does not specify the framework for strategic planning (e.g., main elements/issues that plan must address); mainly staff-driven; active discussion by the entire board before approving the strategic plan	<input type="checkbox"/> Formal process for board involvement that specifies broad framework (timing and content) for strategic planning; joint board and staff ownership of strategic plan with some board members heavily involved; active discussion by the entire board supported by needed facts/materials before final approval	
Quality of strategic plan	<input type="checkbox"/> No formal plan; board members/staff would not describe key points of the strategy in the same way	<input type="checkbox"/> Strategic plan exists but has major holes in one or more of: goals, situation analysis, options considered, expected outcomes, resource implications, responsibilities	<input type="checkbox"/> All key strategic elements addressed in plan; clear linkage of programs to mission and vision; unresolved issues identified for further investigation	<input type="checkbox"/> Robust plan covers all key strategic elements; agreed upon program outcomes are tightly linked to mission and vision and results inform subsequent decisions; clear plan for closing resource gaps if any	
Agreement on distinction between board-level and management-level decisions	<input type="checkbox"/> There is frequent disagreement between board/individual members and staff on appropriate level of board involvement in issues; CEO/staff feel "micromanaged" or "unsupported"; board feels disconnected	<input type="checkbox"/> Debates, when they occur, usually involve the behaviors of one/a few members; board/staff feel surprises (need for rapid decisions or surprising decision outcomes) occur more frequently than necessary	<input type="checkbox"/> Board and staff have high-level understanding of distinction between board and management decisions; all parties believe current model generally works well, but a few notable surprises mark recent history	<input type="checkbox"/> Board and staff have a shared understanding of relative roles (written or explicitly discussed); all parties feel their views are heard in the process; frequent interaction between CEO and Board Chair ensure "no surprises" environment	



Select, Evaluate and Develop CEO	Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Succession planning	<input type="checkbox"/> Board has no clear succession plan	<input type="checkbox"/> Board has informal discussion with CEO on succession and on identifying candidates before need for a CEO transition arises	<input type="checkbox"/> Board has explicit view on succession and works with CEO to identify internal candidates with leadership potential	<input type="checkbox"/> Board has explicit view on succession and actively works with the CEO to identify internal candidates and provide development opportunities for the top 3-5 candidates to "round out" their skills	
Evaluation and development process	<input type="checkbox"/> Evaluations are subjective and occur on ad-hoc basis; most board members are unaware of process or feedback messages	<input type="checkbox"/> Evaluations performed annually against pre-agreed criteria; board members have opportunity to provide input to process	<input type="checkbox"/> Evaluations performed formally and at least annually against pre-agreed criteria; written feedback messages reinforced through CEO compensation	<input type="checkbox"/> Evaluations performed at least annually against pre-defined criteria; evaluation includes 360-degree feedback and includes a self-assessment by the CEO. Written feedback includes skill development plan. CEO compensation decision reinforces view of performance	
Search process (when required)	<input type="checkbox"/> Little discussion of criteria for new CEO; roles/decision-making process unclear	<input type="checkbox"/> Limited discussion of criteria and search plan by board; board members feel "left out" of process; frustration with quality of candidates considered	<input type="checkbox"/> Formal criteria and plan discussed at board; internal and external candidates considered and at least one strong candidate emerges	<input type="checkbox"/> Formal search criteria expectations for first 2 years, and search plan received broad board support; internal and external candidates reviewed and "true choice" between candidates can be made	

Provide expertise and access for organizational needs		Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Board understanding of needed access and influence to support organizational objectives, (e.g., legislative access, community access)	<input type="checkbox"/>	Topic of access not specifically discussed or seen as source of board assistance to organization	<input type="checkbox"/> Board understanding of needs for access based on periodic requests from CEO; needs largely determined on reactive basis to need of the moment	<input type="checkbox"/> Board understands needs based on strategic planning discussions with CEO/staff, although specific plans or relationship goals are not identified	<input type="checkbox"/> Needs for access and influence based on strategic view of organizational objectives; needs identified in detail to allow meaningful roles to be identified for individual directors	
		Board plays no role providing access or influence for organizational needs	<input type="checkbox"/> Board provides access and influence sporadically but many needs not addressed, or support is seen to be of little value to the organization	<input type="checkbox"/> Board provides access to most needed individuals and institutions; access and influence seen as of moderate value to institution	<input type="checkbox"/> Board proactively reaches out to further organizational goals and is frequently very influential in achieving them	
Board understanding of expertise needed for organizational objectives, e.g., financial, strategic, subject matter expertise	<input type="checkbox"/>	Topic of expertise not specifically discussed or seen as source of board assistance to organization	<input type="checkbox"/> Board understanding of needs for expertise based on periodic requests from CEO, needs largely determined on reactive basis to need of the moment	<input type="checkbox"/> Board understands needs based on strategic planning discussions with CEO/staff	<input type="checkbox"/> Needs for expertise based on strategic view of organizational objectives; needs identified in detail to allow meaningful roles to be identified for individual directors	
Build reputation		Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Board understanding of reputation objectives and of the role the board can play in building/enhancing reputation	<input type="checkbox"/>	Topic of building reputation not a priority and not specifically discussed/seen as a board role	<input type="checkbox"/> Reputation objectives understood in vague terms with little differentiation of the message between target communities	<input type="checkbox"/> Board understands key goals and differences between target communities; plan for board activity is largely undeveloped	<input type="checkbox"/> Needs for reputation building based on strategic view of organizational objectives; needs identified in detail to allow meaningful roles to be identified for individual directors	

Build reputation	Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Board effectiveness in enhancing reputation of organization among stakeholders	<input type="checkbox"/> Board plays almost no role in helping build/enhance the reputation of the organization among stakeholders	<input type="checkbox"/> Individual board members participate when invited to community events; effectiveness of board activity unclear	<input type="checkbox"/> Gaps exist vis-à-vis some key constituencies; board member effectiveness as reputation builders varies greatly	<input type="checkbox"/> Board members proactively reach out in community to build awareness and excitement about the organization; board members seen to be very effective ambassadors for organization	
Oversee financial performance, ensure risk management	Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Board role in financial planning	<input type="checkbox"/> 1-year budgets prepared with little input from board	<input type="checkbox"/> Board actively reviews annual financial plan; investment objectives generally understood, but not clearly communicated to fund managers	<input type="checkbox"/> Board reviews and approves 3- to 5-year financial plan; written investment policy guides actions of fund managers	<input type="checkbox"/> Board's active involvement in preparing/reviewing multi-year financial plan results in robust discussion of resource allocation, funding plans, and investment objectives in context of strategic goals	
Ongoing monitoring of financial and investment performance	<input type="checkbox"/> Sporadic or infrequent review of results vs. budget with little opportunity for timely intervention; few board members feel they understand financial reports	<input type="checkbox"/> Board monitors financial statements at set intervals (monthly or quarterly); open issues requiring more investigation or "surprise results" are common occurrences	<input type="checkbox"/> Board monitors financial results regularly; staff can answer most questions and responds in timely and thoughtful manner to more complex inquiries; discussion not as "forward-looking" as some board members would like	<input type="checkbox"/> Board monitors financial statements regularly; key performance indicators routinely reported to whole board; well-prepared staff can explain variances and discuss potential corrective actions; "no surprises" because of trust-based communication with staff	



Oversee financial performance, ensure risk management		Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Fiduciary and other regulatory compliance		<input type="checkbox"/> No independent audit of financial results or processes; Limited understanding of the compliance required to regulatory bodies	<input type="checkbox"/> Independent audit performed and results discussed between board and auditor; little board involvement with compliance to other regulatory bodies	<input type="checkbox"/> Independent audit performed; results discussed with the board; Board reviews reports to/from key regulatory bodies	<input type="checkbox"/> Board ensures timely, independent audit of results and internal processes; board understands compliance required to regulatory bodies; feedback from auditors/regulators forms basis of recovery plan monitored by board	
	Board role in risk management	<input type="checkbox"/> No clear understanding or discussion of risks/ exposures facing organization	<input type="checkbox"/> Some discussion of key risks and mitigation strategies (insurance), but effort is largely ad hoc or in response to an event and does not cover all major exposure categories	<input type="checkbox"/> Board annually reviews financial and other risks as well as mitigation policies, but surprises regarding exposure or gaps in coverage do occur	<input type="checkbox"/> Board annually reviews potential sources of risk and mitigation plans; surprises or gaps in coverage are few	
Monitor performance and ensure accountability		Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Board involvement in developing performance metrics		<input type="checkbox"/> Performance against mission is discussed infrequently with no pre-determined goals	<input type="checkbox"/> Discussion of strategy leads to setting programmatic goals for year. Most goals focus on activity levels.	<input type="checkbox"/> Board works with staff to set goals for 1- to 3-year period; metrics include activity levels and some efficiency or effectiveness measures	<input type="checkbox"/> Board works with staff to set outcome based metrics and goals as well as activity/efficiency metrics; targets set for 1 to 3 year period. Performance of comparable institutions is used to inform targets	
	Process for monitoring performance	<input type="checkbox"/> No formal process for monitoring program performance exists	<input type="checkbox"/> Infrequent discussion of performance and no feedback to the strategic planning or CEO evaluation	<input type="checkbox"/> Routine discussion of performance against programmatic objectives but no clear feedback mechanism into strategic planning or CEO evaluation	<input type="checkbox"/> Board routinely monitors and discusses the performance of program/organization and uses results to inform the strategic plan, resource allocation, and evaluation of the CEO	

Monitor performance and ensure accountability		Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Board understanding of accountability		<div><input type="checkbox"/> Board does not view itself accountable to any stakeholders</div>	<div><input type="checkbox"/> Limited discussion of accountability. Divergent views regarding key stakeholders</div>	<div><input type="checkbox"/> Board discussion of accountability occurs in unstructured format results in consensus; discussion not turned into action, e.g., stakeholders communications</div>	<div><input type="checkbox"/> Board identifies primary stakeholders and ensures that performance results are communicated effectively to the stakeholders</div>	
Process for obtaining and using feedback from stakeholders		<div><input type="checkbox"/> Board has no process to obtain feedback from mechanism stakeholders</div>	<div><input type="checkbox"/> Feedback from stakeholders is limited to presentations by staff or "highlights" / presentations / interactions with service recipients at board meetings; not all stakeholders represented.</div>	<div><input type="checkbox"/> Board does receive positive and negative feedback from stakeholders but feedback is anecdotal; board discusses feedback with CEO/staff and agrees on areas of improvement</div>	<div><input type="checkbox"/> Board has formal process in place (e.g., stakeholder committee) to obtain feedback from stakeholders without filters by the staff; board ensures that the results from the stakeholder feedback are used to inform strategy and resource allocation</div>	
Improve board performance		Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Goal setting for the board as a follow-on to strategic planning		<div><input type="checkbox"/> No specific goals exist for the board</div>	<div><input type="checkbox"/> Board translates strategic plan into goals in an ad-hoc manner and does not assign responsibilities to board committees</div>	<div><input type="checkbox"/> Board translates strategic plan into goals only in certain categories</div>	<div><input type="checkbox"/> Board translated the strategic plan for the organization into a set of concrete goals for the board and board committees, including timelines and required staff support</div>	
Evaluation of board performance against goals		<div><input type="checkbox"/> No evaluation is conducted by the board on its performance against the goals</div>	<div><input type="checkbox"/> Board informally evaluates its performance on major objectives</div>	<div><input type="checkbox"/> Board formally evaluates its performance on major goals but no feedback mechanism exists to improve board functioning</div>	<div><input type="checkbox"/> Board evaluates its performance against the goals and uses the lessons learned to develop plans to improve board effectiveness</div>	

Improve board performance	Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Process for evaluating individual board members	<input type="checkbox"/> No process in place for individual board member performance	<input type="checkbox"/> Evaluations of individual board members occur informally as part of re-nomination process. Evaluations are light touch and board seems to have a lot of "deadwood"	<input type="checkbox"/> Board committee in place to evaluate individual board member performance jointly with board member at time of re-nomination; most board members are seen as valuable contributors to organization governance	<input type="checkbox"/> Board committee in place to evaluate individual board member performance periodically and jointly discusses how to help a director give his/her best to the organization; little collective tolerance for directors who are not active in organization governance and support	
Developing a plan for improving board performance over time	<input type="checkbox"/> Board discussion of its own performance is very limited and largely unstructured	<input type="checkbox"/> Informal process for evaluating board performance is largely CEO/chair driven and plan for improvement is not widely known by board members	<input type="checkbox"/> Board organizes to review performance every several years; board leadership generally seen to have a plan for improving performance	<input type="checkbox"/> Formal process (e.g., annual self-assessment) results in a clear plan for improvement; board collectively owns the topic of improving its value to the organization	
Additional Comments:					

## SECTION 2: PERCEIVED IMPORTANCE OF RESPONSIBILITIES FOR THE NEXT 1-2 YEARS

A nonprofit board adds value by undertaking each of the nine responsibilities identified below. However, boards rarely have time to focus on all the responsibilities so it is important to for them to prioritize activities depending upon the context of the organization. As you complete this section, please choose those areas of potential board focus that are most needed over the next 1 to 2 years to ensure the organization succeeds against its mission.

How important is it for your board to focus on:	Low	Medium	High
Clarifying the organization's mission or vision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolving key strategic or policy issues (please identify issues below)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing the CEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing the financial resources needed to support the strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Providing expertise or access to support organizational priorities (please identify priorities below)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building/enhancing reputation of organization with key stakeholders/community (Please identify stakeholders/community targets below)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overseeing financial performance and ensuring adequate risk management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assessing performance against mission and key program priorities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving board performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please add any additional thoughts to explain your answers or identify additional needs:



## SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

Composition	Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Orientation of new members	<input type="checkbox"/> No formal orientation for new board members	<input type="checkbox"/> Formal orientation exists but misses key topics; new directors feel welcomed, but take a while to get up to speed	<input type="checkbox"/> Effective formal orientation covers key topics, but misses the opportunity to welcome/listen to new directors. Initial new director roles sometimes don't make sense/inspire new members	<input type="checkbox"/> Formal orientation process covers key topics (mission, organization, finances, responsibilities of directors); committee assignments are welcomed by new directors who quickly become effective members of the board	
Leadership (Board Chair and Committee Leaders)	Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Process for deciding who leads and for how long	<input type="checkbox"/> No clear process exists for selecting the leadership and/or most members do not know the selection process	<input type="checkbox"/> Process exists for selecting/transiting board and committee leadership; Some confusion within board about process or election criteria or leadership tenures	<input type="checkbox"/> Process exists for selecting leadership at board and committee levels although leadership criteria not articulated. Expected duration of leadership positions not articulated	<input type="checkbox"/> Clear, well-understood, and accepted process is in place to select and transition board and committee leadership. Board leadership decisions seen to strengthen performance of institution	
Succession planning and development of board leaders	<input type="checkbox"/> No process (formal or informal) in place to cultivate next generation of board leaders	<input type="checkbox"/> Next generation of leaders has yet to be identified by current leaders. Succession decisions result in need for much learning on the job	<input type="checkbox"/> Future leaders are identified and given opportunities to lead. Most transitions are seen as appropriate and timely	<input type="checkbox"/> Process in place to identify and develop board leaders; committee assignments rotated to give board members experience and opportunity to lead; board seen to have a rich set of future leaders	
Quality of leadership relationship with CEO/ key staff	<input type="checkbox"/> Leadership working relationship with the CEO is strained	<input type="checkbox"/> Board chair has a good relationship with CEO though relationships with staff are under-developed; committee leaders do not interact with CEO or staff very often or effectively	<input type="checkbox"/> The board chair has an effective relationship with the CEO and key staff although at the committee level, the quality of relationship varies	<input type="checkbox"/> Board leadership has an effective working relationship with the CEO and key staff	

Leadership (Board Chair and Committee Leaders)		Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Effectiveness of board leadership	<input type="checkbox"/>	Current board leadership is largely ineffective given the needs of the organization	<input type="checkbox"/> Current effectiveness of board leadership group (chair, committee chairs) is mixed, due to varying degrees of skill and enthusiasm	<input type="checkbox"/> For the most part, board leadership is effective with a few exceptions	<input type="checkbox"/> Current board leadership has the necessary skills, enthusiasm, energy, and time to provide leadership to the board	
Processes		Poor (1)	Average (2)	Good (3)	Distinctive (4)	Comments:
Quality of preparation	<input type="checkbox"/>	Calendar of meetings for the year and agenda for individual meetings not established in timely manner; Board receives materials during meetings	<input type="checkbox"/> Calendar of meetings established although anticipated content not included; Board receives agenda and some materials ahead of meetings; Materials not of appropriate quality for board to prepare; Additional meeting time required to get the board up to speed	<input type="checkbox"/> Board receives agenda and meeting materials for individual meetings in a timely manner; Annual calendar allows appropriate time for previewing/ consideration of key decisions	<input type="checkbox"/> Calendar of meetings set and distributed for the year; agenda for the individual meetings sent out ahead of time with indication of expected focus/ high impact areas for board consideration; board receives quality background materials well in advance of meetings and arrive prepared	
Effective meeting processes	<input type="checkbox"/>	Meetings often start late and run long; Majority of time spend on presentations to board without sufficient time for board debate and discussion	<input type="checkbox"/> Meetings start and end on time although structure of agenda revolves around CEO/staff 'show and tell'; Significant board debate on issues not expected or desired	<input type="checkbox"/> Significant amount of agenda is CEO/staff 'show and tell'; Board has some time to debate but discussion is often cut short due to time constraints. Some members do not contribute, although they could	<input type="checkbox"/> Meetings start and end on time and time is managed to ensure board discussion on all important topics; minimal 'show and tell' by the CEO/staff; most time dedicated to board discussion and debate on important issues. Board members feel involved and their contributions valued	
Fun and Passion	<input type="checkbox"/>	Board views meetings as a chore; board members do not socialize before or after the meetings	<input type="checkbox"/> Board meetings are for the most part work driven and lack opportunities for camaraderie building and connecting to the mission; Members don't mind having to miss a meeting now and then	<input type="checkbox"/> Board meetings are for the most part productive and fun; some attempts are made to include activities to build camaraderie and connect board members with the mission; attendance is typically high	<input type="checkbox"/> Board interactions are productive and enjoyable; good mixture of work and fun activities including effective efforts to connect board members to the mission (e.g., site visits); board members hate to miss meetings	

Additional Comments:



# The Dynamic Board:

Lessons from High-Performing Nonprofits

McKinsey&Company



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Does a great nonprofit need an exemplary board of directors? If an organization has a visionary leader, a skilled staff, loyal donors, and a substantial endowment, what does the board really add? While just about everyone would agree that boards offer crucial support to nonprofits as they pursue their missions, most in the field believe that boards have the potential to be even more effective. With substantial and growing pressures on nonprofits, we think it crucial to clarify what a board is there to accomplish and ensure that it contributes as much as it can.

In our consulting work, we are frequently asked to assess board performance and identify opportunities for improvement. To get a more precise view of what makes board governance effective, we interviewed the directors or board chairs of 32 of the 100 organizations named as top performers by Worth Magazine in 2001. We selected organizations engaged in a broad scope of nonprofit activities, from groups providing social services such as CARE USA and Easter Seals, to organizations focused on conservation such as The Trust For Public Land, to education-focused groups including Teach For America and ZERO TO THREE.

This report summarizes the best practices that we heard described in our interviews. While we offer guidance on many types of board activities, we especially emphasize the need for a board to be “dynamic” – ready to shift priorities when conditions change. No executive team will always have the full range of skills required to ensure that their organization thrives and survives in a time of shifting government priorities, evolving social needs, increasing scrutiny of nonprofits, and changing donor expectations. Similarly, boards also need to respond to changing internal needs as nonprofits mature and grow. A dynamic board can help weather change and build for the future.

Our hope is that nonprofit boards will evaluate their own performance against the standards that we describe here. While we did not interview representatives from foundations or major regional charities such as universities or art museums, the conclusions should apply to these types of institutions as well. We also include a simple, easy-to-use assessment tool that nonprofit leaders can employ to stimulate discussion on the effectiveness and scope of activities of their own boards. We believe it is essential for boards to actively manage their time and contributions and engage in explicit discussions about whether priorities should be shifted.

We are sharing our insights broadly with the sector through this report. We intend our conclusions to be helpful, and we hope they will be refined by those using the report and the assessment tool. If organizations use, modify, and improve our thinking, nonprofits everywhere should benefit.

\* \* \*

This report is issued by the Nonprofit Practice at McKinsey & Company. The primary authors are Andrea Kilpatrick, Vishy Cvsa, and Paul Jansen. We want to thank many people, starting with our interviewees, for generously sharing their perspectives and stories. (A list of the organizations interviewed is included in the appendix.) We also benefited from the significant body of written material concerning boards in both the for-profit and nonprofit sectors.

Our colleagues at McKinsey who helped structure, edit, and improve this work have helped us immeasurably with their own thoughts and experiences serving on and consulting to nonprofit boards. A number of people bear special mention: Bill Meehan, Les Silverman, Lynn Taliento, Stephanie Lowell, Caroline Pung, Maisie O'Flanagan, Paul Coombes, Mark Watson, Dave Wenner, Bob Felton, Mike Nevens, Myrna Hymans, Eileen Harrington, Cathy Boeckmann, and Paul Shoemaker of SVP.

# Executive summary

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Boards of directors can and do fill many different roles for nonprofit organizations, running the gamut from policy oversight to helping secure resources to serving as partners with management. Opinions on what the proper role for the board should be are equally divergent, ranging from a conviction that the board should simply raise money and focus on policy to the view that the board can, and indeed must, take on a more robust set of responsibilities. Perhaps the most practical way to approach the issue of effective governance is to ask the leaders of boards of organizations that are recognized for success how they spend their time.

After conducting interviews with the board chairs or CEOs (or executive directors) of 32 top nonprofit organizations, we catalogued the practices of effective boards. As a result of this research, we have concluded that a high-performing board plays three distinct roles:

- First, the board must shape the direction for the nonprofit through its mission, strategy, and key policies.
- Second, the board needs to ensure that the leadership, resources, and finances in place are commensurate with the vision.
- Finally, the board must monitor performance and ensure prompt corrective action when needed.

The first three chapters of this report review these roles in detail, elaborating on the specific set of nine responsibilities that a board must take on in order to fulfill each role. We provide examples and anecdotes to illustrate each of the responsibilities we identify.

Our interviewees also impressed upon us how much the focus of a board's activities can shift over a 1- or 2-year period, depending on the situation facing the nonprofit. According to the people we spoke with, good boards are dynamic, particularly adept at understanding the external and internal context of the nonprofit and at shifting focus to respond to or anticipate changes in the environment. As a result, strong boards develop an independent view that helps shape the organization's agenda rather than simply responding to the views of management. Composed of busy volunteers, these boards also recognize that time constraints force them to select a narrower set of priorities for helping the organization, both as individuals and as a group. The fourth chapter expands on the need for a board to dynamically balance the time that it devotes to each of its responsibilities.

Interviewees also stressed that high-performing boards excel at the basics, such as actively managing their composition or committee structure. In the fifth chapter, we review the enabling practices that support a board as it works to meet its responsibilities. We



did not find hard and fast rules such as “good boards are small” or “five committees are key.” Common-sense dictums to focus on important issues, run effective meetings, and make sure the right people are in the right jobs seem to be at the core of good performance. Strong boards invest in making sure that these tasks are done well, which suggests they are not small at all in terms of effective governance.

#### Exhibit 1

##### The dynamic nonprofit board framework



Exhibit 1 summarizes these findings. In short, a good board plays three clearly understood roles, responds dynamically to the environment, and sustains a commitment to the enabling practices that make a board effective.

In the last chapter, “Building a dynamic board: converting desire to reality,” we describe the process several nonprofits we interviewed used to assess and strengthen their board. To help any organization begin this process, the appendix includes a self-assessment tool for diagnosing board practices against the gold standard. This version and two shorter versions are posted on our website ([www.mckinsey.com/practices/nonprofit](http://www.mckinsey.com/practices/nonprofit)). The version in the appendix includes detailed descriptions of practices along a continuum from poor to distinctive for each of the board responsibilities. This version builds a learning opportunity into the self-diagnosis process, but at the cost of an extra 15 to 20 minutes

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for completion. This range of tools reflects our view that the self-diagnostic process should be organization specific, and we encourage nonprofits to customize our templates to make them more relevant.

At different points in this report we touch on themes from our interviews that cut across descriptions of roles and responsibilities. For example, in every organization we spoke to, the board collaborates closely with the nonprofit CEO but still preserves the ultimate authority to make decisions. Also, we heard frequently that boards don't perform equally well in all areas; strengthening the board was on the agenda for most of our interviewees. And finally, many boards are wrestling with the challenge of measuring the performance of their organization in a meaningful way, reflecting both increasing donor expectations and a growing emphasis on good governance. Only a few interviewees felt they were really addressing some governance issues now on the minds of their for-profit peers, such as risk management and stakeholder communications; we have taken note of these potential "new frontier" responsibilities in several places throughout the report.

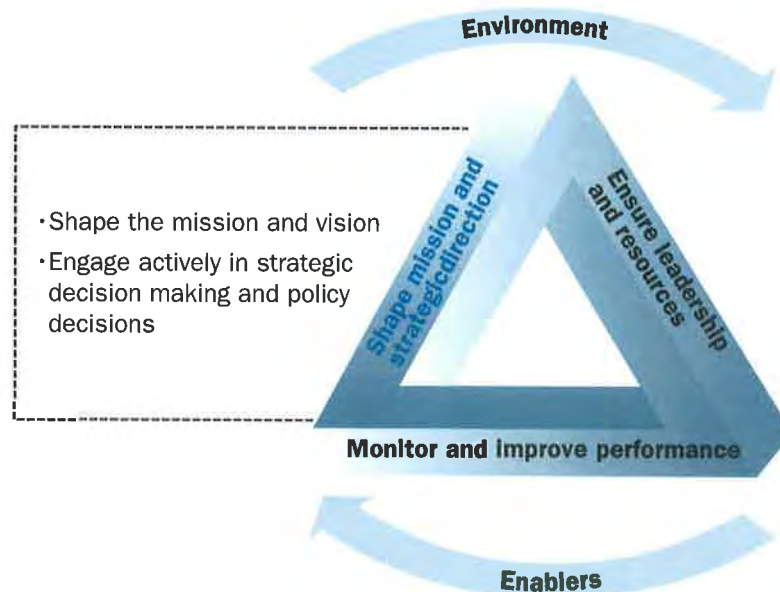
All the board chairs and CEOs we spoke to agreed that a strong board is a critical piece of the puzzle for increasing the effectiveness of their organization; a nonprofit can only sustain high performance over the long term when it has a great board. According to these leaders, when boards move beyond policy setting and fundraising and devote time to providing expertise, helping managers get access to people and resources, and building managerial capacity, their organizations benefit the most.

# Shaping the mission and strategic direction

The first step toward achieving nonprofit effectiveness is to define a clear and compelling mission, vision, and strategy. The boards we interviewed work hand-in-hand with the staff to shape the mission and direction of the organization. This includes periodically revisiting the rationale for the organization's existence, clarifying the vision for what the organization wants to become over time, and setting a strategy for getting there. The board has two primary responsibilities in fulfilling this role: shaping the mission and vision, and actively engaging in strategic planning and policy decisions (Exhibit 2).

**Exhibit 2**

## Key responsibilities in shaping the mission and strategic direction



## SHAPE THE MISSION AND VISION

Dr. Lincoln Chen, the board chair of CARE USA, noted that the most important question a board can ask is, "Why should the organization exist?" An organization's mission should change only infrequently over time. In most cases this is the norm. Best practice suggests, however, that a mission should be tested to ensure continuing validity. Unfortunately, management is often so focused on day-to-day business that the relevance of the mission goes unquestioned, or the mission changes in reaction to funder interests rather than by conscious design. Good boards ensure a vibrant discussion about the mission and are willing to consider altering that mission when needed. That said, they are

also the final guardians against “mission creep,” the subtle expanding of the mission to accommodate the interests or passions of leaders, funders, or outside agents.

Even if the mission goes unchanged, renewed commitment and common understanding improves the board's ability to guide and promote the organization. When directors speak passionately, clearly, and in concert about the mission and value of their organization they are better able to raise funds, garner non-financial resources, and lobby key officials. Whatever the organization's need, directors who have recommitted to the mission become more effective ambassadors for the organization in the community as well as better directors.

### **Mission/vision and strategy**

**Mission:** Why does the organization exist?

**Vision:** What does the organization want to achieve in the next 5-10 years?

**Strategy:** How will we achieve these goals?

Derived from the mission is the organization's vision, a perspective of where the organization seeks to be in a 5- or 10-year time horizon. The vision should include both internal, organizational aspirations and the outcomes the organization seeks to have regarding the social issue at the core of the mission. Good visions are quantifiable enough to allow an objective assessment of progress. The vision for an organization is equally critical to informing board decision making, particularly in regards to the strategic plan, which provides the critical link between where the organization is today and where it wants to be.

Effective boards build their common understanding of the mission and vision into most discussions. According to Dr. William Nelsen, the CEO of Scholarship America (formerly known as Citizens' Scholarship Foundation of America), “We have explicitly incorporated into the decision making process the question ‘Is this decision consistent with the mission of the organization?’”

In addition to a periodic assessment, strong boards have developed other mechanisms to generate this clear and shared understanding of the mission and vision. William Rudnick, the board chair of America's Second Harvest, commented that, “Not only are the board members committed to the mission, but they can also give you a ‘20-second elevator speech,’ which will describe the mission to anyone with an interest.”

Our interviews uncovered other mechanisms for maintaining commitment to the mission and vision, including:

- Encouraging board member participation in the organization's grassroots activities to build the commitment and understanding necessary for engaging in mission discussions



- Starting each board meeting with a recitation of the mission as CARE USA does
- Discussing whether individual decisions are consistent with the mission and vision and building up a “case law” of shared understanding
- Periodically investing a day or more in a retreat-like setting to discuss the relevance of the mission and the vision of the organization for the next 5 to 10 years.

### **ENGAGE ACTIVELY IN STRATEGIC PLANNING AND POLICY DECISIONS**

The responsibility of the board in strategic decision making and policy decisions flows directly from the mission and informs almost all its other activities. The mission, often described in broad terms with high-level qualitative aspirations, must be translated into tangible outcomes and a strategy, or plan, for achieving those outcomes. The boards we spoke with addressed their responsibility for strategy in two ways: implementing a robust formal strategic planning process, and ensuring the existence of mechanisms to address ad hoc decisions that require a thoughtful response from the board.

A formal strategic planning process ensures that the board has the opportunity to revisit the environment periodically, assess the organization’s capabilities, and evaluate its success against the outcomes suggested by the mission. Nelsen noted that for Scholarship America, the “strategic planning process provides the platform for the board to debate new programs, the performance of current programs, fund raising objectives, capabilities, and strategies.” The planning process is an opportunity to formalize a key component of the board’s strategic role: the ability to take a forward-looking view, figure out what really matters, and recognize when the organization needs to change or transition. It is the board’s responsibility to take a step back and view the organization in its larger context to make sure that transitions are timely and effective.

Effective boards have in common not only multi-year horizons for their strategic plans, but also an explicitly formalized strategic planning process, a “plan to plan.” This plan to plan confirms the expected level of board involvement, timing of the process, and the broad framework for developing the strategic plan.

The board of Easter Seals has a strategic planning process that starts in January of every year with a draft of the strategic plan prepared by the CEO and senior staff. This multi-year view ties together an analysis of the external environment, performance of programs, and fund raising requirements. The board debates this draft extensively at a meeting in March. Once the staff incorporates the feedback, the board then votes on the strategic plan in July and the staff begins to implement it in the new fiscal year beginning in September.

Some decisions cannot follow such a predictable schedule. In these cases, thorough staff and committee work leading to a robust discussion of an issue or policy proposal at consecutive board meetings is best practice. Major decisions are rarely introduced and completed at a single board meeting. The use of ad hoc, time-limited committees to enable the board to focus its skills and engage in detailed discussions is also on the rise. These committees are often powerful centers of action as urgency and clear objectives can bring out the best in an organization. This kind of facilitated discussion is the most effective use of a talented board as opposed to the staff trying to “manage” the board.

Executive committees with a small group of board leadership are used for decisions that cannot be anticipated in a formal way, such as emergency decisions on allocation of resources. All but the largest boards, however, ensure that this emergency capacity does not become a de facto board-within-the-board.

The distinction between management decisions and policy decisions requiring board-level resolution was not consistently defined by our interviewees. A talented board can represent a source of otherwise inaccessible consultative insight. As volunteers, individual directors can get quite involved in implementing strategy or policy decisions. Overinvolvement, however, can discourage talented staff. Committee leaders and the board chair play a critical role in ensuring that discussions stay at the right level. All board members have the responsibility to question whether “we’re getting too detailed here.” Management has an obligation to ensure that the materials given to the board are governance, as opposed to managerial, in their make-up. Excessive involvement in strategy execution is a sign of a meddlesome board or of underskilled managers, both of which are cause for an explicit conversation aimed at achieving a more productive balance.

### Elements of a strategic plan

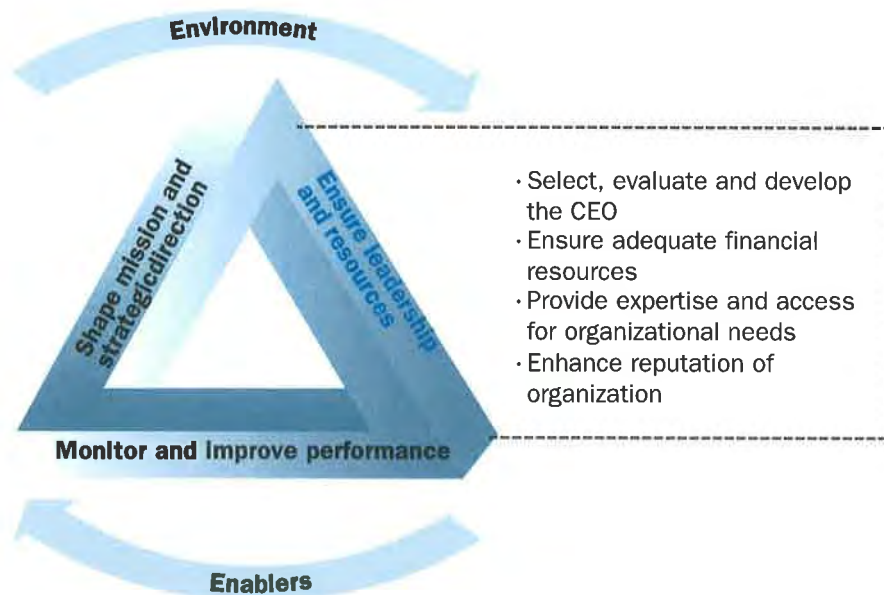
- Situation analysis including current performance, competitive position, overview of sector and threats/opportunities
- Organization goals for next 5 years
- Specific strategies and initiatives for each major goal
  - Programs and services
  - Funding
  - Organization structure and staff
- Budget
- Timeline, key activities, and responsibilities
- Monitoring and management requirements

## Ensuring leadership and resources

A board that shapes the mission, vision, and strategy of a nonprofit is well-positioned to assess the leadership and resources required for the organization to be successful. These include finding and evaluating a CEO, ensuring adequate financial resources, addressing organizational needs for expertise or access, and building the nonprofit's reputation with important constituencies. These four responsibilities reflect the dual nature of the nonprofit board: collective governance accountability and implementation support provided by individual, involved volunteers lending a hand in their own distinctive way (Exhibit 3).

**Exhibit 3**

### Key responsibilities in ensuring leadership and resources



### SELECT, EVALUATE, AND DEVELOP THE CEO

Dr. James Strickler, the co-chair of International Rescue Committee's board, maintains that the "single most important role and decision of a board is the selection of a CEO." "Thinking about the question of CEO succession with a view on internal and external candidates is a top of the mind item for our board leadership," observed Dr. Chen of CARE USA. Good boards place a significant emphasis on the selection and development of the CEO and seemed to reflect three beliefs:

- The role of the board in selecting the CEO starts well before the actual selection. It starts by working with the current CEO to identify potential leaders within the organization and by providing adequate opportunities to groom these candidates for succession.
- The selection process begins with a clear articulation of the desired skills and the expectations for the new CEO over the first 2 years of his or her leadership. The new CEO of Direct Relief International, Thomas Tighe, argued, “the board and I must be on the same page about what constitutes success for Direct Relief International.”
- The search process includes both internal and external candidates. The actual process for selection is usually led by a sub-group of board members through an ad hoc committee.

At the core of effective CEO evaluation is a focus on developing the individual. Peter Bell, CARE USA's CEO, described a development-oriented evaluation this way: “The evaluation process is viewed by the board as a chance not only to assess the performance of the CEO, but also to provide feedback aimed at improving performance and exploring the support needed from the board to achieve the desired result.” Determining CEO compensation, a related board responsibility, must reinforce the performance feedback.

In addition, several best practices emerge. At a minimum, formal written evaluation of the CEO is done annually, working from a set of previously agreed upon goals. The pre-agreed criteria are at the core of successful evaluation and leadership development. A strategic plan tightly linked to a performance management process often provides the platform for setting these expectations. For example, the outcome of the Easter Seals' strategic planning process is, at the highest level, a set of three to five goals for the year. These goals, in turn, form the basis for evaluating the CEO as the year progresses. Finally, as Bell remarked, evaluations should be “360 degrees starting with a self-assessment by the CEO.”

#### **ENSURE ADEQUATE FINANCIAL RESOURCES**

The oft-quoted phrase “give, get, or get off” underscores the importance nonprofit organizations place on the fund-raising role of the board. This responsibility has two components: ensuring that the level of resources that can be developed is consistent with the vision and strategic plan the board approved, and helping raise the necessary funds by working effectively with the nonprofit's development staff. In only two of the 30 organizations we interviewed were there no fund-raising expectations of the board, and in both cases the CEO wanted to revisit that policy.

CEOs of even some of the best organizations complain that board members lack commitment to raising money and feel uncomfortable asking for it. According to one CEO, "the biggest issue in general with nonprofits is the reluctance of the board members to ask for money." Given this, what do good nonprofits do to get their boards to successfully raise funds?

**As Individuals.** At an individual director level, boards begin during the recruiting process to set and manage fund-raising expectations for board members. The fund-raising expectations are based not only on the ability of the individual to donate but also on their ability to provide access to potential donors. While not all directors will participate equally given means and other non-financial contributions, board membership suggests that the nonprofit should be high on a director's charitable priorities. Good boards often provide training to board members to build comfort and skills in fund raising and also back up the training with staff support to follow up on contacts generated by board members. As Tighe put it, "we don't necessarily need our board members to solicit funds. But we do need them to be engaged in a meaningful way, such as making introductions to potential donors. Our staff can do much of the follow-up." The fund-raising performance of board members is usually one dimension of the director evaluation process.

**Advisory boards.** At a board level, some nonprofits have created an advisory board free from the duties and commitment of board governance as a mechanism for expanding access to potential funders. These advisory boards often include members who have the potential to "give or get" funds as well as other more technical skills. Success in creating a functioning advisory board often depends on whether the board has carefully and consciously weighed the benefits of increased fundraising potential against the increased management overhead. Nelsen of Scholarship America remarked, "Managing the relationship and expectations and clarifying the role of an advisory board are critical to ensure that they do not take up the role of the regular board."

During a capital campaign, the board is even more important. Directors must provide financial support and exhibit commitment by providing connections to potential donors. For major fund-raising drives, board leaders described a two-pronged approach. First, they emphasize the need for recruiting a committed chairperson for the campaign and for developing a sound plan to raise the required money. Second, they build commitment from directors by linking the decision to proceed with the campaign to a clearly articulated strategic goal and to the expectations for the board to participate in the campaign. Approving the budget and writing the check are linked activities on a committed board.



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**PROVIDE EXPERTISE AND ACCESS FOR ORGANIZATIONAL NEEDS**

Whether they were referring to “Work, Wealth, or Wisdom” or “Time, Treasure, or Talent,” all of our CEO interviews touched on two facets of board responsibility in fulfilling organizational needs: providing expertise and providing access.

First, the interviewees emphasized the responsibility of individual board members to provide expertise in the form of professional wisdom or talent drawn from the member's day job. A well-constructed board can provide critical skills to address organizational needs, ranging from personal counsel to a CEO to legal, financial, strategic, or technical advice. Sometimes the expertise comes from a director via their corporate resources rather than through their personal expertise.

While some of this counsel is delivered in the boardroom as part of a full board discussion, valuable advice is more often delivered one-on-one to staff from an expert director wearing her volunteer hat. The board of American Refugee Committee has experts in public health and international aid. In addition to participating in the regular business of the board, these board members review grant applications written by the staff. Similarly, at another of our interviewees, board members who are legal experts have often been helpful in commenting on legal briefs filed by the organization. This individualized volunteer help from board members often saves time and money and is an important function of the collective board.

Second, board members are called upon to provide access to legislative or community leaders to support advocacy by the organization. We were surprised by the importance that interviewees placed on this role. Clearly, the public nature of funding, services, and advocacy provided by nonprofits makes for a tighter connection with government than frequently occurs in the for-profit world. The Natural Resources Defense Council, for example, is involved in environmental advocacy. Its Deputy Director, Patricia Sullivan, puts access at the core of achieving the mission: “For us to be successful, we need the board to open doors and introduce us to policy makers.” In the current difficult funding environment, organizations will increasingly call on board members to support advocacy efforts.

So how do boards ensure the requirements of access are fulfilled? Good boards not only recruit influential members, they look to build coalitions, mobilize membership, and build the organization's brand as ways to increase their reach. These boards invest in developing access well in advance of when it will be needed, since recruiting the right board member may be a multi-year process and building alliances in the areas of interest to the organization also takes time.

A case in point is National Organization for Victim Assistance (NOVA). This group is passionate about achieving one of the toughest goals imaginable – seeking an amendment to the U.S. constitution recognizing the fundamental rights of crime victims

### **Tips for accessing expertise well**

**Formalize a “go-to” point for the staff (usually CEO or board liaison).** This is especially critical in large board. CARE USA has a staff position called “board secretary” whose full-time job is to manage board-staff interactions including staff requests for expertise and access

**Manage the requests for help.** Dean Wilkerson, CEO of Mothers Against Drunk Driving, “ensures that every request to the board is crisp and well defined” to most productively engage board members.

**Disseminate outcomes to all board members.** The CEO of the American Heart Association, M. Cass Wheeler, leaves a voice or e-mail to the entire board highlighting not only the successes of the organization but also acknowledging the board members who contributed to the success.

to be treated with dignity, fairness, and respect. Given the nature of the goal, access for NOVA not only means recruiting the right board members, but actively looking for coalitions to build. In the quest for a constitutional amendment they have been active in building a coalition of other organizations, Mothers Against Drunk Driving and the National Center for Missing and Exploited Children, in the form of National Victims' Constitutional Amendment Network. Although it has taken about 20 years to gather momentum, NOVA's recent successes include endorsement of the amendment by the White House. Access is not just about individuals opening doors; on a broader scale it means the board is working strategically to put the building blocks of success in place.

Wise recruiting is key for board effectiveness in this role. The nominating committee needs to identify the likely organizational needs and to diversify its recruitment to attract

potential directors with these skills; complementing the board's role, staff also has a responsibility to call on the board members in an effective way. A skills-seeking approach is often compelling to potential board members who are frequently recruited for their wealth alone. The goal of both access- and expertise-based recruiting is to have a board diverse enough to cover most organizational needs before they surface.

## ENHANCE THE REPUTATION OF THE NONPROFIT

Nonprofit boards have long been active in championing their organization's causes in public forums. These activities not only build the brand, but also help board members gather feedback on the organization, which can be used to assess performance and to modify strategies.

Reputation and credibility in the community often pay great dividends to a nonprofit. Whether the goal is increased public involvement in the cause, greater fundraising or more effective advocacy, reputation matters. A good board can improve an organization's reputation by virtue of who they are and the role they play in advocating for the nonprofit. Boards have often recruited famous personalities with explicit expectations for their role in brand building. For example, NRDC recruited Robert Redford, a popular film star and well-known environmentalist, and employs his name not only to open doors to policy makers, but also in the mass mailings to build membership support.

In addition, investment in reputation building has also been used to increase a board's access. The board of ZERO TO THREE, an organization committed to infant and toddler development, has as its members some of the preeminent experts in the area of child development. By building a reputation for unequalled authorities on its board, President Sam Meisels says ZERO TO THREE has seen "involvement and solicitation of our advice on most policy issues concerning child development."

### Speak for yourself

Nothing reinforces passion and commitment to an organization more than having one of its leaders speak on its behalf. Interestingly, with this responsibility, nonprofit boards are ahead of their for-profit brethren, who are now being called upon more to play a more public role with shareholders and other stakeholders.

Can each director summarize the mission of the nonprofit, where it hopes to be in 5 years, why it is an effective agent of change? Good nonprofits provide the information that enables directors to speak on the organization's behalf.

To help directors "stay in the know," they also augment standard materials with answers to topical questions that might come up in response to public events or recent press coverage.

## Monitoring and improving performance

Beyond shaping the mission and providing resources, boards also perform the governance function of overseeing performance – the organization's and their own. Increased public scrutiny of for-profit boards has begun to spill over to the nonprofit world, enhancing the need for boards to serve as a real performance partner with management. Lacking the continuous feedback of a stock market and complicated by the challenge of figuring out what is good performance for a nonprofit, the board's role of performance partner is arguably more complex in the nonprofit world (Exhibit 4).

**Exhibit 4**

### Key responsibilities in monitoring and improving performance



### OVERSEE FINANCIAL PERFORMANCE AND ENSURE APPROPRIATE RISK MANAGEMENT

While most donor decisions are based more on mission-related factors than public financial reports, the emergence of charity comparators or rating services is undoubtedly going to increase demand for financials that accurately portray the organization's

activities. For a well-run organization, boards have at a minimum made sure that sound accounting and internal control procedures and annual external audits are in place to maintain the integrity of accounting reports. Any issues raised in management letters from accounting firms are an ongoing topic of the Finance committee until the issue is resolved. In addition, most boards have developed a set of practices to help them keep a finger on the pulse of the organization's financial health:

- Train new board members to read financial statements and understand the business model of the nonprofit. Many nonprofits use fund accounting, which requires some training for even the experienced businessperson.
- Develop a short list of closely watched metrics to alert the board to potential financial issues. These metrics could be as basic as cost, revenue, and balance sheet ratios that signal a change in results or track variance from budget.
- Require the creation of a multi-year financial plan so the longer term impact of decisions can be assessed and results can be put in the appropriate historical and future context.

In addition to monitoring financial results, nonprofit boards, like for-profit ones, are beginning to address the question of risk. Risk management is a sophisticated skill that requires the board to recognize sources of risk, estimate the potential exposure, and review the mitigation strategies proposed by staff. Several nonprofit leaders have predicted that their board members will increasingly be drawn into risk management. The types of risk facing nonprofits typically include: financial, operational, professional liability, statutory liability, and reputation.

- Mitigating against financial risk requires boards to be aware of their organization's financial exposure. Can the organization sustain a financial loss? For how long? Boards should know how much of their funding is tied to potentially volatile funding sources. On the asset side, organizations that have endowments should know the risk profile of their investments and have it explicitly addressed in a written investment policy.
- Boards should be aware of the operational risks inherent in the operation of a business, for example, risk associated with a local computer system failure or the risks inherent in the organization's cash handling procedures.
- Boards should be aware of the professional liability risks an organization faces. A blood donation center, for example, must guard against the possibility of contaminated supply; child-care centers must take special precautions to guard against child abuse.



- Boards should also ensure that their organizations steer clear of any potential statutory liability by double-checking, for example, organizational compliance with equal opportunity employment or workplace environment guidelines.
- One risk that does not often come to mind, but should, is reputation risk. Damage to an organization's image often has a direct impact on its ability to raise funds. Strategic decisions should always include an assessment of how the course of action might influence the non-profit's reputation.

### Four components of effective risk management

Risk management means much more than having insurance and enumerating policies. Best practices include four essential elements;

- Clear **policies** that cover the range of potential risk topics
- Complete **communications** to all employees who could play a part in risk creation or management
- Effective **processes** for dealing with risk-related issues when they arise
- **Consequences** for those who violate risk management policies

As is clear from the above, risks can far exceed the obvious. So while reviewing an organization's Directors & Officers and Property & Casualty insurance coverage is a necessary step in risk management, it falls well short of emerging best practice.

### MONITOR PERFORMANCE AND ENSURE ACCOUNTABILITY

In sharp contrast to many for-profit boards, which are accountable to shareholders, monitored by the Securities and Exchange Commission, and evaluated daily by the capital markets, most nonprofit boards are relatively sheltered from issues of accountability and performance oversight. Indeed, many nonprofit

boards consider themselves the ultimate oversight authority, charged with ensuring the financial prudence and societal impact of their organizations. Not surprisingly, many responses to our query "To whom is the board accountable?" started with "Good question!" followed by, "That's a tough one." The challenge of accountability and the difficulty of measuring impact, however, are the core reasons why nonprofit boards must take up the mantle and ensure that the objective assessment of performance is central to the organization's management agenda.

So how should nonprofits think about accountability? The first step in thinking about accountability is to put it on the table for discussion at a board level. Rudnick of Second Harvest recounted, "We raised the question of accountability at the board and had a lively

debate with several suggestions and questions about various stakeholder groups.” Ultimately Second Harvest agreed on “Americans concerned about hunger” as the broad constituency to whom they are accountable. This definition is in sharp contrast to the traditional laundry list of service recipients, donors, and staff as the key stakeholders. It includes as stakeholders other organizations working towards eliminating hunger. This framing moved the organization actively to seek out and collaborate with like-minded entities.

Once the board addresses the issue of accountability, it must ask, “Are we listening to our stakeholders?” This question often drives directors to engage directly by going on field visits or asking staff to bring in service recipients to board meetings. However, these methods leave a lot to chance. For instance, the ability of the directors to see beyond the managed presentations and ability of the stakeholders to articulate the problems within the limited time of a board meeting become significant challenges.

A few boards recognized these challenges and have formalized approaches to close the feedback loop. Second Harvest constituted a “stakeholders committee” explicitly charged with obtaining feedback from and maintaining relationships with stakeholders. Similarly, the governance committee of another organization uses “governance volunteers,” a pool of volunteers pulled from the organization to conduct a survey of participants and to bring back the results directly to the board. Beneficial changes often result from such feedback. An Easter Seals affiliate, for example, “changed the service delivery model to deliver services directly at recipients’ homes” based on the feedback from the recipients. Lastly nonprofits are becoming more articulate about reporting their impact in annual reports and communicating the results to funders, employees, and other stakeholders.

“The impact of our organization is often intangible or only shown over a long period of time and hence difficult to measure” was a claim we heard often in our discussions about performance measurement in the nonprofit sector. Certainly, there is truth to this perspective. Think of the complexity involved in measuring the impact of activities of American Heart Association, which aims to “reduce disability and death from cardiovascular diseases and stroke.” Our interviews did not uncover a silver-bullet answer to performance measurement in the nonprofit sector. However, there is much to learn by culling the best practices of some of the boards we have interviewed.

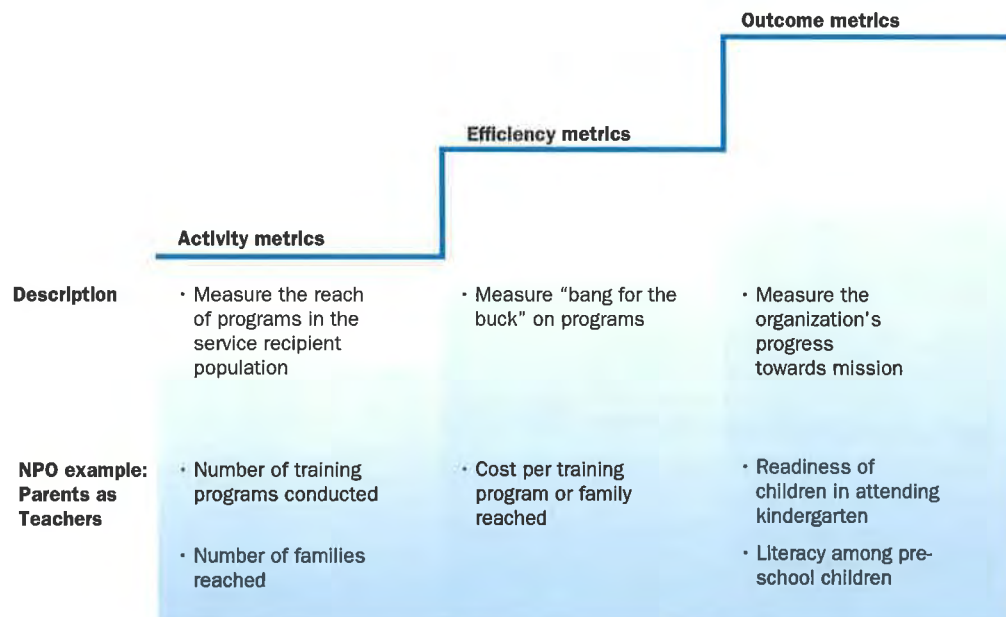
An important message coming out of the interviews is that organizations must commit to improving performance measurement if they are ever going to make progress on this challenge. This is the first step in moving up the “performance management staircase,” which results in an increasingly sophisticated understanding of organizational impact (Exhibit 5). Experience gained largely by testing measurement approaches, recognizing their inadequacy, and trying something new is what ultimately drives the development of appropriate performance measures and goals. The progression from measuring activities

to measuring efficiency and ultimately to measuring effectiveness and outcomes is a multi-year journey for most organizations.

Boards play a central role in ensuring that the performance measurement journey begins with a clear mission and strategy. An overly vague mission is a hurdle few organizations

#### Exhibit 5

#### Performance management staircase



can overcome. When discussing the direction of the organization in a strategic planning exercise with the staff, boards can begin with the question, “How do we know when we get there?” William Nelsen described Scholarship America’s approach: “The performance metrics and targets we use are an outcome of our strategic planning process. The board refers back to the strategic plan periodically to ensure that we are on track against numerical goals such as the number of students supported and the amount of dollars distributed to these students.”

Articulating a good metric or a method to measure performance is more than half the battle. Several organizations that have progressed up the performance management staircase have used the technique of thinking about outcome metrics without reference to the cost or difficulty in measurement. They then replace those idealized metrics with

substitutes that are relatively easier to measure, but retain the necessary link to the desired outcome. Given the American Heart Association's mission, for example, any impact-based measurement for the effectiveness of their programs would need to draw on cross-sectional and multi-year studies. Usually the cost involved in conducting such studies is prohibitive. But by first articulating the optimal method for impact-based measurements, they have been able to find studies done by the Department of Health and Human Services or the Center for Disease Control that serve as more economical proxies.

The role that a board plays in performance measurement is most critical. While performance monitoring is frequently the province of specific program area committees, the final responsibility for fulfilling the role of performance partner lies with the board as a whole. Performance measurement is not a license for a board to meddle in operational details. Instead, we have found that clarity about expectations can be very liberating for staff, giving them the freedom and accountability to operate. An effective test for the clarity of an organization's expectations is whether board and staff members can describe in a few points the impact the organization has had over the last 3 years and its goals for the next 3 years.

#### **IMPROVE BOARD PERFORMANCE**

Boards of high-performing nonprofits are self-aware and committed to continuous improvement. Self-awareness means that these boards periodically take a hard look at their own performance, identify opportunities for improvement, and change practices or leaders in order to close the gap. While many boards do self-examinations, they are often done informally to avoid the appearance of questioning their leadership. Questions like "How can we improve our board meeting?" may come up following a particularly frustrating discussion. However, under these circumstances, improvements are made only when sufficient momentum or leadership materializes. By way of contrast, most of the boards we interviewed appear to have accepted self-improvement as a permanent responsibility and they have undertaken a disciplined review of their own effectiveness in the last 2 years.

Structurally, the most common vehicle for continuous improvement is expanding the role of the nominating committee to include assessing and improving board performance. Often this is accompanied by recommissioning the committee as a governance committee or a committee on the board. Nelsen of Scholarship America told us, "Changing the nominating committee into a governance committee is one of the most beneficial structural changes [our board] made." According to Meisels of ZERO TO THREE, the governance committee is also the natural place for boards to consider committee structure or reorganization options. On one board, for example, the committee

recommended a separation of the role of Chairperson and CEO, thereby clarifying two key leadership roles.

In addition to its role in recruiting and evaluating individual directors, the governance committee assesses the board's performance by formally seeking feedback from board members and management, usually through a questionnaire. No subject is taboo in this questionnaire, and topics range from the effectiveness of meeting management to the effectiveness of committee and board leadership. This broad-based assessment is performed regularly, sometimes annually, with participation from all board members. In addition to this annual feedback, some boards have also instituted a much shorter questionnaire after each board meeting to gather members' perceptions on whether the right topics were addressed and whether the meeting was managed well.

This relentless focus on improving board performance pays off. For example, the board of Scholarship America, based on the recommendations of the governance committee, changed their meeting format to approve non-controversial topics as consent items. This made the meetings more efficient and freed up board time to debate important topics. Boards must set a tone where self-criticism is an obligation and seen as constructive.

A sample board self assessment grid is available in the appendix of this document.



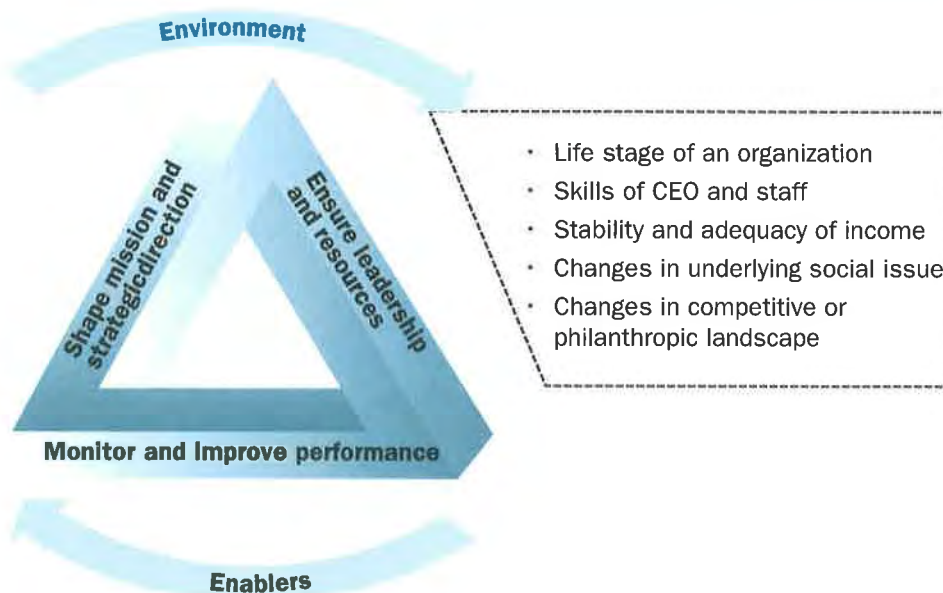
# Dynamic response to shifting environmental factors

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While nonprofit board responsibilities fall into the categories we have discussed, the time spent on each responsibility will not be the same for every board. More than a few of the leaders we interviewed commented, “I would guess that our organization would be quite different on this dimension than some of the other *Worth* top 100.” The differences, however, were not in the nature of the roles the board plays, but in the degree to which a board allocates its scarce time across its various responsibilities. This priority setting has less to do with the sector focus of the organization and more to do with the specific environmental factors affecting the organization (Exhibit 6). Priority-setting, based on these factors, also helps a board be more forward-looking, ensuring that the board is not merely reacting to changes driven by others. The dynamic nature of board focus is a distinguishing characteristic for ensuring boards perform at the highest level. One key role for the board is recognizing when the time is right for the organization to make a transition and avoiding change that comes too late or in an uninformed, reactive manner.

Exhibit 6

## Key environmental factors impacting the focus of the board



The challenge in determining where to place board focus is twofold. First, prioritizing some roles for a period of time does not mean completely ignoring others. “For a well-run

organization, the time spent by the board on fiduciary oversight can be limited, but oversight responsibilities must be met," noted Patricia Sullivan, Deputy Director at NRDC, "and then the board can focus on other roles." For strong boards, such an approach is possible because they put practices in place that allow them to focus on priority roles without sacrificing the standard of performance in less critical roles. For example, by investing in needed information systems, strengthening management development, and instituting strategic and performance review processes strong boards buy the time and leverage to upgrade their own contributions.

Second, less effective boards run the risk of making decisions on where to allocate their time based on the crisis of the moment or the passion of a particular board member or CEO. In contrast, more effective boards periodically take the time to examine the organization and its surroundings in a structured and rigorous way to ensure that the board is spending its time wisely and focusing on the areas in which the organization requires the most support. As Dr. Lincoln Chen of CARE USA commented, "A board must be willing to change and grow to fit the organization's needs."

Although the nonprofit leaders we interviewed mentioned numerous factors that influence board focus which were specific to their own organizations, there are elements that apply broadly across all organizations. They include internal factors such as life stage of the organization, strength of the CEO and staff, or stability and adequacy of income. External factors such as changes in the core social issue or the competitive/philanthropic environment can also require boards to shift focus and should always be on the "watch list" for any dynamic board.

## INTERNAL FACTORS

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Good boards weigh the internal situation of their organization in order to understand where to place their focus.

**Life stage of the organization.** One of the factors most often cited as shaping the board's activities was organizational life stage. Typically, newer organizations still have their founder on board and it is frequently that person's vision that drives the organization. These boards prioritize activities that support the CEO in the management of the organization and the execution of the strategy. Hugh Parmer, President of American Refugee Committee recounted, "Our organization was started by the commitment of a few business persons to the cause of refugees. During the initial phase the board was actively involved in the operations and participated in the programs." The lack of financial resources and staff in most newer organizations often dictates a board that rolls up its sleeves and gets to work on tasks that older organizations would leave to an Executive Director or staff. In addition to a willingness to serve as part-time staff-members, boards of younger organizations must be comfortable

with ambiguity as roles are more fluid in these organizations and processes are still being developed and fine-tuned.

On the other hand, the board of a more mature nonprofit should expect a more formalized process for their engagement. These boards also focus their efforts on a different set of activities. As Hugh Parmer recounted, "As we grew our staff, we have evolved to the board focusing more on strategy and policy and less on operations." Boards in more mature nonprofits need to have a voice distinct from the Executive Director. Whereas in a newer organization, support for the founder is critical to get the operation off the ground, in a more established organization, a board can and should challenge the Executive Director.

Perhaps the most important thing the board of a young nonprofit can do is work itself out of a job. A successful nonprofit start up often means programmatic expansion, the need for incremental and diversified sources of funds, a professionalization of management and new policy debates. As an organization grows, its board should anticipate new demands for fundraising, expertise and guidance that accompany success in the nonprofit world. Not surprisingly, this is often a difficult challenge for a board to address as founding boards are often very personally invested in their organizations. However, effective boards help their leadership recognize the need to evolve and drive the process rather than resist reconfiguring to meet new challenges.

**Skills of the CEO and staff.** Several organizations reported focusing their board's activity around monitoring and improving the performance of the business during a period when they felt the CEO or his staff was not as strong as they would have liked. These same organizations worked to refocus their boards when a stronger CEO replacement was found. According to one CEO, "We are in the process of shifting the board to higher level, more strategic decision making, and away from tactical activities. The board was performing its role correctly under the circumstances we were facing at the time, but now we need to change with the organization." As we would expect, the board chairs we interviewed had significant

## Managing the life stage transition

- Focus discussions on emerging organizational needs in order to build a consensus on potential new roles for the board
- Interview directors from more mature organizations as a way to highlight necessary changes
- To build board confidence in recruiting high-caliber individuals, focus on one or two new recruits at a time
- Consider expanding the number of directors to inject new blood while allowing founding members to "term out"
- Formalize board processes including director evaluation to set expectations and change behavior or motivate exits
- Celebrate the contributions of departing directors

experience working with very strong CEOs. These board members noted that working with a strong CEO not only focused the board's role more on strategic support, but also forced the board to find additional ways of adding value by providing access to resources, influence, or expertise. Thinking through new options for adding value also allowed these board members to avoid the complacency that often occurs in the face of a strong CEO and staff.

**Stability and adequacy of income.** Several of the leaders we interviewed distinguished their organization on the basis of its revenue model. As fund raising is traditionally a focus for board activity, an organization's funding situation would have significant impact on a board's role. Those organizations with a large and stable funding base tend to have boards that spend more time on other activities. The American Heart Association, for example, has a stable local fund-raising process, allowing the national board to focus on strategic and performance management issues. Conversely, a board that has determined that their current funding situation is not adequate in the face of, say, a major infrastructure project, would focus a significant amount of time on securing financial resources.

Organizations with a revenue model that brings significant earned income also reported less board time spent on ensuring financial resources and more time on the strategic decisions associated with improving their service provision. One CEO reported: "Our business model revolves around the ability to execute complex real estate transactions that allow us to protect land and fund our organization. We have developed a board with distinctive knowledge on these kinds of transactions; however, as we consider other potential strategies for growing our activities, the focus of the board may need to evolve yet again."

## EXTERNAL FACTORS

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Factors outside the boundaries of the nonprofit also play a major role in shifting the emphasis of board activities. In general, external factors emerge as important when they result in a challenge to the organization's mission, strategy, or financial stability. The relevance of the mission – and the strategy chosen to achieve that mission – can be at risk when there are changes in the underlying social issue or new competitors emerge with more effective approaches. Frequently donors provide the catalyst for asking the question about mission or strategic misalignment. As one interviewee told us: "In light of our recent difficulties in securing funds, we have to ask ourselves if funders are trying to tell us something. Have we let our organization become less relevant to solving this problem?"

**Changes in the underlying social issue.** Our interviews highlighted several examples in which a board found that the organization's strategy was out of step with the outside environment. Most notable were stories of a change or innovation in the social issue(s) addressed by a nonprofit. If, for example, the eradication of a disease is a significant component of an institution's purpose, the discovery of a cure for that disease, while wonderful, will push the board to reexamine the organization's mission. Welfare legislation passed in 1996 prompted thousands of nonprofits to revisit their services and their boards' activities. Several of the

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organizations we interviewed faced similar, if less extreme, pressures on the relevance of their mission. The board of the International Rescue Committee (IRC), for example, observed a gap in post emergency relief programs even as more organizations began to provide direct relief. The board actively debated and ultimately directed the development of programs to rebuild the lives of refugees as a complement to other programs. Whether driven by market changes or new legislation, these kinds of changes in social issues force a board to focus a disproportionate amount of time on mission, vision, and strategy roles.

**Changes in the competitive or philanthropic landscape.** The existence of other, more successful organizations in the same space can raise similar issues for boards. As one interviewee explained, “We finally reviewed the landscape and saw that whereas 20 years ago we were the only organization serving our target population, now there are numerous organizations.” While this new development could be considered positive (“Our cause is significant enough to support multiple organizations”), the reality that this particular organization was facing a decline in funding led to the contrary conclusion (“Our mission is out of line with societal needs”).

Similarly, changes in the availability of donated funds can influence the way nonprofit boards spend their time. The events of September 11 caused many donors to rethink their priorities, putting pressure on fundraising for many nonprofits. The list of potential “other factors” that can cause a board to rethink its activities is long. The question for an effective board is, “How do we stay abreast of events and systematically assess their impact on our organization and our own activities?”

As we suggested earlier, there is no one formula for staying current, but the best boards use both informal mechanisms and systematic approaches to recognize changes in the factors outlined above. Several boards mentioned the use of financial reviews, tracking the results of nonprofit peers, creating a set of leading indicators of performance, or employing the strategic planning process to raise issues of environmental change or financial stability. While the frequency and level of participation can vary, the board of one organization, March of Dimes, conducts an assessment of the environment on a quarterly basis.

The skill of effective boards is to synthesize many factors into a single, cohesive picture that allows them to tailor their approach for their particular organization at a particular point in time. This task is made more difficult as none of the factors can be assessed in isolation. They impact one another, building a stronger or weaker case for board emphasis. A new organization with a strong CEO could argue, on the one hand, for a board more active in overseeing the business while, on the other hand, suggesting the need to pull back to more strategic decision making. Transitions in board focus are notoriously difficult. The hands-on directors who helped run an organization in its early days may not want to or be able to adopt a new, more strategic perspective. In the end, strong boards bring together all of the necessary information and make the implications for the role of the board an explicit part of the conversation. They then tailor their activities accordingly. This dynamic process is at the heart of board effectiveness.



## Enabling the dynamic board: four key elements

A poorly run meeting, an unfocused committee, or underinformed board members can undermine board effectiveness as surely as focusing on the wrong role. The boards of the nonprofits we spoke with all highlighted practices that enabled them to deliver on their key responsibilities. More common sense than revelation, these findings nonetheless indicate that the boards of high-performing nonprofits are committed to making sure that the small things are done well.

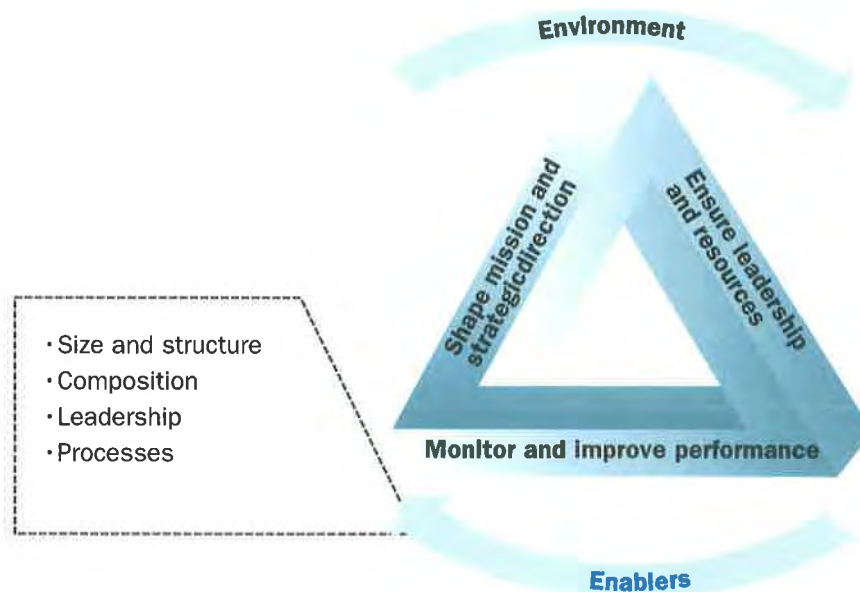
Broadly these enablers can be classified into four categories (Exhibit 7):

- Careful decisions on board size and structure
- Actively managed board composition
- Inspired board and committee leadership
- Simple administrative practices and processes made routine

Well executed, these enablers build on the passion board members have for the cause by making their service personally rewarding, efficiently delivered, and valuable to the organization.

Exhibit 7

### Four enablers supporting board performance



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## THOUGHTFUL DECISIONS ON SIZE AND STRUCTURE

The boards of top-performing nonprofits we studied varied in size from 10 to 87 members with a mean of 29 members. The number of board members appears to be a determining decision from which many subsequent board attributes flow. However, size must be tailored to board goals and needs and may fluctuate over time. Finding the right size is essentially a balance between being large enough to discharge all roles effectively and small enough to ensure a cohesive team in which members can work together productively. Achieving the right balance results in a board that places manageable demands on the directors and the organization's leadership.

Large boards have the ability to connect to many aspects of a nonprofit's community and provide a strong cadre of committed volunteers and fund-raisers. But large boards frequently require strong executive committees to ensure effective and timely decision making. In contrast, a smaller board is easier to manage and support, and its restricted membership can provide the exclusivity and ability to influence that is attractive to some board members. However, small boards can lack the scale and diversity of expertise necessary for effective committee work. Some smaller boards form an advisory board to access additional skills or fund-raising capacity. No formula for either structure or the size is preordained. Each option comes with its own trade-offs and challenges in ensuring a board's effectiveness given the organization's.

### Committee structure

Committee structure and activity scope are intimately related to the size of the board and to its ability to fulfill its primary responsibilities. For example, a larger board typically dictates that most of the work be done in committees and places a high importance on clarifying committee roles and developing many leaders within the board.

As with board size, there is no predetermined right structure. However, as Patricia Sullivan of NRDC told us, "Designing a good committee structure is important, as most members get their sense of involvement in the organization from committee service." A core principle in effective committee design is to make the role and charter of the committee clear. In addition, the boards we talked with appear to have gone beyond clarity in charter to incorporate several other principles in designing their committee structure.

First, high-performing boards are willing to use a few standing committees for recurring needs and ad hoc committees for many other needs. As James E. Williams, Jr, CEO of Easter Seals, explained, "We moved away from a model where we had a large number of standing committees, catering to all possible needs, to a structure with few standing committees and with the board retaining the flexibility to form an ad hoc committee to address any particular issue." This flexibility enables the board to tailor its focus to current needs and to put the most qualified members against an issue with a clear goal,

all without the burden of standing committees. That said, board functions that are recurring and need continuity of activity and expertise warrant a standing committee. Typically, financial oversight, fund raising, board governance, marketing/PR, and one or more program oversight roles are performed by standing committees.

Second, organizing committees around strategic priorities rather than the functional organization structure of staff helps ensure that the board weighs in on the most important issues facing the organization. Teach For America, for example, targeted a committee on the strategic priority of teacher recruitment, which has in turn uncovered the need for new marketing and recruiting skills in future directors.

Third, it is important that any structure should have a clearly defined mechanism for recruiting and for improving board performance. Most boards we talked with opted to have a standing committee to make sure the board has continuity of activity and expertise for this important task.

### Using committees well

Involve each board member in at least one committee, particularly in their area of expertise.

Actively monitor director participation as a precursor to a friendly “check in” when a director’s involvement seems to wane.

Periodically inform the entire board of activities undertaken elsewhere in organization. Scholarship America’s board chair and CEO play a crucial role in not only keeping the board updated but also in identifying opportunities for involving board members.

Finally, if there is an executive committee, it is generally designed to act in lieu of the full board in between board meetings. On larger boards, we saw a tendency for the executive committee to emerge as a de facto board. This can actually disrupt the board’s ability to function by spawning feelings of resentment and disengagement. Any executive committee should be designed with a clear view of what it can and cannot do, and the bias should be in favor of including all board members in major issues.

Overall, effective boards have involved committed members. Staff and board leadership need to consciously manage individual director involvement to ensure committee work is productive and rewarding.

### Role of an advisory board

Strategies for addressing lack of expertise, access, or fund-raising capacity on a board include asking outsiders to serve on board committees as non-director advisors or forming an independent advisory board. The American Heart Association, for example, effectively incorporates various competencies at the committee level without actually

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enlarging the size of the board. Although these experts have a vote on the committee level, they do not have a formal vote on board level decisions. Advisory boards are much more common in our leading organizations than we suspected. Seven of the 32 organizations, particularly those with smaller boards, had some form of separate advisory board as a complement to the governing board (e.g., Direct Relief International, Trust for Public Land, March of Dimes).

“An advisory board enables us to involve ‘friends’ of the organization who want to help us without the responsibility or burden of being on the board,” explained one of our interviewees. These friends can contribute to fundraising, provide access, or simply offer their business or technical expertise. Advisory boards also become scouting grounds to recruit future board members. However, using an advisory board involves some trade-offs, including increased burden on operating management. In addition, clear roles are essential to ensure that the advisory board does not overlap with the roles of the actual board. One CEO with years of advisory board experience pointed out that “advisory boards should in fact be truly advisory.”

The honorary board is a variant of the advisory board used by some nonprofits. In addition to recruiting prominent people, the honorary board can be a mechanism to maintain the involvement of retiring board members who have rendered exceptional service.

One of the biggest challenges in making advisory or honorary boards work is engaging the members. One approach that may be taken, depending on how much involvement is needed, is to give these boards a collective (single) vote on the larger board. Another approach is to allocate time at board meetings to hear concerns and suggestions from the advisory board. Finally, frequent communication from the CEO and board chair helps the members stay engaged. One CEO stressed the importance of this kind of communication: “If we keep these advisory board members in the loop through frequent communications, it becomes easier to approach them for organizational needs.” As a practical matter, it helps for the CEO to meet the advisory board members at least once a year, preferably coinciding with a board meeting.

#### **ACTIVELY MANAGED COMPOSITION**

Composition refers to the mix of experience, skills, demographics, and stakeholder representation among individuals who serve on boards. Effective boards manage their composition as a key enabler of board performance. These boards look for diversity in composition, and they tend to manage board composition against three dimensions: how well members represent the nonprofit's community of interest, the impact members can have against the board's goals, and what levels of tenure and turnover will ensure ongoing board effectiveness.

### Dimensions of composition

The National Assembly, an association of nonprofit health and human services organizations, recently sponsored a report entitled “Clients on Board: Profiles of Effective Governance.” The report stresses the need for nonprofit organizations to ensure that the people they serve are represented in the membership of their boards. We found that effective boards do look at their own composition to determine first and foremost whether there is adequate representation from the nonprofit’s community of interest. Dr. James Strickler of IRC noted that, “80 percent of refugees are women and children. It is absolutely important [for IRC] to strive for a board that reflects this reality.” This basic need for representation drives boards to look at racial, ethnic, and gender diversity to ensure that communities from which the organization draws its mandate are accessible for all policy discussions. Few of the boards we talked to felt they had reached the level of diversity appropriate for their mission.

A number of the boards we interviewed had positions set aside for representatives of regional or affiliated organizations. This is also often the case for membership

organizations that must balance the need to honor and incorporate the interests of their members while at the same time ensuring an effective board. Our interviewees reported mixed feelings about this approach to composition. While designated seats can increase governance legitimacy and reinforce organizational linkages, issues such as to whom the representative directors owe their fiduciary loyalty can create counterproductive behaviors. Effective new director orientation, the occasional heart-to-heart talk with the board chair,

### Aspects of diversity

Many of the nonprofits we spoke with described diversity as having a board that reflects their constituency, especially in terms of race and gender. However, a properly diverse board also has the right mix of skills/expertise and access, all of which should be regularly rebalanced to meet the organization’s needs.

and, when necessary, processes for removing directors who cannot fulfill their responsibilities, were cited as ways to prevent or mitigate potential problems.

Nested boards, the layering of local, regional, and national boards within a single organization, can create unique challenges as well. Our discussions pointed out the need to clarify the roles of each board level and the decision rights that result rather than allowing directors at all levels to make their own assumptions. These matters are of considerable importance and require thoughtful discussion. This report speaks to the issue of board governance assuming that roles have been negotiated already.



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Effective boards also look to composition for the impact it can have on fulfilling their many responsibilities. This is partly captured by the familiar phrase “Work, Wealth, or Wisdom,” to which we would add “Wow.” Good boards ensure that board composition flows out of institutional priorities. Fund raising is almost always important, hence it is almost always a priority in determining board composition. Other priorities, such as a focus on education and advocacy, led ZERO TO THREE to emphasize technical expertise in infant and toddler development in its composition. Subject matter experts can play a critical empowering role in balancing the expertise of management with the collective judgment of the board. If they cannot be persuaded to sit on the board, boards must develop mechanisms to access their knowledge regularly.

Other forms of diversity can also be important. Given its mission, NRDC recognizes that geographic representation is extremely important to achieve credibility in local areas. “Wow” is also an attractive attribute for board composition. As we mentioned earlier, NRDC recruited Robert Redford on to its board. They recognized how much he could help build public awareness and interest in the cause. Some board members strengthen the brand of the organization simply through affiliation and a few high leverage activities that no number of dedicated volunteers could replicate. The challenge in including board members of very different backgrounds is to ensure all board members appreciate the unique strengths each of them brings and not have unrealistic expectations that each member will conform to a single norm in how they support the board.

Boards often design term limits to ensure diversity in the tenure of board members. They balance the need for “new blood” and fresh ideas against the desire to benefit from retiring but exceptional board members. There are several options for boards when approaching the issue of term limits, ranging from no term limits at one extreme to strict term limits without possibility of reelection at the other. Ten years emerged as the upper limit for our interviewees, with a number opting for shorter periods. With any choice of term limits, good boards have developed mechanisms to balance the pull for the new and the desire to retain retiring exceptional members. For example, the board of Scholarship America created its “Honor Roll Trustees,” a special board to which exceptional board members who are retiring are elected by their peers. To involve the members more concretely, the honorary board is collectively given one seat on the board. At each board meeting, time is dedicated to get the advice from the honorary board through their nominee on the board. In addition, the CEO meets with the honorary board at least once a year and taps into its expertise whenever necessary. Another mechanism adopted by some boards is to have a 1-year rest period following the term limit, after which the member can be reelected to the board to serve another full term.

**Recruiting and transition practices**

Dynamic boards really work hard to assemble their desired membership. As one board member put it, "Recruiting is a central pillar of effective board functioning. Getting the right people on the board is essential." To build the required composition, boards identify the gaps in composition based on institutional priorities. These gaps then inform the recruiting process by identifying what kind of capabilities candidates should have. To identify the gaps, boards take inventory of diversity both formally and periodically. Several boards use a "composition grid" of some form to help this process (Exhibit 8). If done periodically, the composition grid not only identifies holes in board makeup, but also enables the board to assess its performance in closing gaps over time.

While the details of the board recruiting process varied among the boards we interviewed, several best practices emerged. First, boards often constitute a standing nominating committee with the charter of prioritizing needs and leading the board in recruiting the right people. Dr. Jennifer Howse of March of Dimes commented, "For us, the board's nominating committee plays a crucial role in recruiting the right quality of individuals who genuinely enjoy each other."

Second, the process is ongoing and increases in effectiveness only when viewed as a multi-year activity. Maintaining an up-to-date view on the best available candidates ensures that the pipeline for potential directors is full. Thus, when the need arises for a board to recruit, instead of rushing into a search process the nominating committee is prepared to recommend the best candidate. For example, the nominating committee of one organization creates a target list of A and B candidates, where the A list includes candidates that can be recommended for board membership immediately while B candidates are potentially attractive, but will require thoughtful, sustained cultivation.

Third, a method for understanding specific board needs is critical to effective recruitment. By definition, this means that the recruitment process must have at its heart a component of board self-evaluation. William Nelsen described how Scholarship America does this: "We actively monitor the composition of our board and feed it into the recruiting process to ensure adequate diversity on the board." The composition grid can be a useful tool for accomplishing this goal.

Finally, a test for commitment to the mission must be incorporated into the process. Committed board members who are inspired by the mission and respect and trust each other are essential for good board functioning. Often this criterion takes a second place to other, more concrete capabilities of the candidate such as fundraising or providing access.

## Exhibit 8

**Sample composition grid – an aid for managing board membership**

	Primary board needs						Other forms of valuable diversity				
	Fund raising	Program Expertise	Legal skills	Financial management	Other needs	Leadership potential	Affiliation	Gender	Location	Board tenure	Race/ethnicity
Jane Doe	✓	✓				✓	Corporate	Female	San Francisco	3 yrs	Asian
John Smith		✓		✓			Community Representative	Male	Silicon Valley	1 yrs	African American
Eric Ramos			✓		✓		Political	Male	East Bay	2 yrs	Hispanic
Totals											

Board building is a multi-year process. The best director candidates may already have an affiliation with an organization, but frequently they do not. Good governance committees develop a process for identifying and cultivating strong director candidates aware that they may be competing for their services with other nonprofits. Cultivation that involves any contacts the board might have, builds awareness of and enthusiasm for the mission of the organization, and recognizes that board service must be fun as well as rewarding can create a strong pipeline of potential directors. Only in rare cases can boards achieve rapid transformation. The incoming director of one of our interviewees recognized the need for substantial change at all levels of the organization and requested that the current board of directors resign en masse. This enabled a complete re-composition of the board, but it also raised issues of board independence. A less extreme option is to increase the size of the board – temporarily or permanently – to allow current members to transition based on term limits, while great effort is put into filling the new vacancies with the desired profiles.

**INSPIRED LEADERSHIP**

The leadership provided by the board chair, committee chairs, and the executive director plays a critical role in determining how well nonprofit boards coalesce around an effective set of roles and whether they deliver on them. Leaders shape the agenda, style, and quality of deliberations of a nonprofit board. After the mission, no other factor influences

the desirability of board service more than the leadership provided by a few key individuals. Leadership designation – getting the right people in the right roles at a time when they have the energy and commitment – is tough. It is, however, key to good governance and a topic that many of the leaders we interviewed discussed at length.

Effective nonprofit leaders we talked to described using two forms of leadership: aspirational and transactional leadership. They characterized aspirational leadership as the leader's charisma and ability to provide motivation and inspiration to other members for engaging in shared goals and activities. Transactional leadership is more managerial in nature; it ensures that the board can produce outcomes beneficial to the organization in an efficient manner. Our interviews suggest that both styles are necessary for the overall effectiveness of the board, and the relative balance between them is once again a function of explicitly considering the current and prospective needs of the organization.

**Aspirational leadership** on the board is especially useful in cases of start-up nonprofits or organizations undergoing significant change or challenge. Boards of start-up nonprofits, Teach For America or Share Our Strength, for instance, depended in their early years on the aspiration-based leadership of the founder. Behaving in a manner that reinforces the mission and models desired behaviors is powerful in any context, but particularly when many board members may be new to board-level roles and responsibilities. Leadership in this context is not only about inspiring commitment to mission but also about providing the opportunities for board members to help the organization mature. But aspirational styles have a role in long-serving boards as well: "Part of being a board chair is to inspire other board members and staff by being the volunteer-in-chief," according to Williams of Easter Seals.

**Transactional leadership**, by contrast, is about conducting the business of the board in an efficient way. As practiced in the nonprofit world, it is about setting the agenda for the board or committee in consultation with other board members and staff, and facilitating the board meetings to ensure that they are goal-driven while enabling a diverse range of perspectives to inform the debate. "Listening to comments made by board members during meetings, pondering on the unifying themes behind these comments, and bringing them back to board meetings" are parts of the board and committee leaderships' role, according to Dr. Chen of CARE USA. The board chair and committee chairs play an essential role in making sure the board conducts its business at the right level of abstraction on policy rather than being driven solely by an implementation schedule.

Continuity for the board and the organization's leadership forms another dimension of leadership responsibility. "The question of succession is always on the minds of the board leadership," commented Dr. James Strickler of IRC, "so that other members are being groomed for leadership roles." Many boards use term limits for key roles to support the development of a cadre of future leaders and to ensure that current leaders do not

become stale in their roles. Several board chairs mentioned the challenge addressing under-performing board leaders as one of the most difficult roles they had to play, but one with great benefits for the organization because of the multiplier effect good leadership has on other board members.

### COMMON-SENSE PROCESSES

Unlike their for-profit peers, nonprofit directors are unpaid volunteers for whom board membership is a labor of love. In fact, board members often commit to support the organization financially. Their motivations for serving usually spring from the mission but often include other elements such as the desire to network with like-minded peers or build new relationships. The processes used by a board to fulfill its responsibilities can have a tremendous impact on whether top quality members feel valued and remain involved.

Planning is the starting point. An annual calendar enables directors to “lock in” their participation by protecting the time on busy calendars. Topics that require in-depth debate are undertaken at an annual retreat or over several board meetings. Major decisions are previewed so directors can identify concerns prior to staff completing their work. Committee schedules are coordinated with the overall board schedule to ensure committees have the time to provide input prior to whole-board deliberations. Agendas are designed to ensure the right topics get enough time for thoughtful discussion. Planning takes time, so it is not surprising that Howse remarked, “I am in contact with the [March of Dimes] board chair at least twice a month. These discussions often shape the agenda of the board.” The CEO must in turn make sure that appropriate materials are prepared and sent out well in advance to all the board members. Well-prepared board members require well-prepared staff work. Finally, “individual members [should] feel empowered to bring any issue which they consider critical to the attention of the board,” noted Dr. Chen of CARE USA.

### Walking the talk

Most of our interviewees identified practices in three areas as essential to showing an organization values its directors.

Interestingly, they combine both aspirational and transactional leadership styles:

- Planning for effective board interactions with a thoughtful annual calendar, well-designed agendas, and materials delivered in advance of meetings
- Running effective meetings that enable true value-added board participation
- Structuring events to reinforce director passion for the institution and a sense of collegiality among board members



Good meeting management can often mean the difference between long, drawn-out board meetings and efficient, inspirational ones. Board meetings are the vehicles by which the right people focus on the right issues. Good meetings start and end on time. Several of the CEOs and board chairs we interviewed described their meeting management process by what it was not: “Traditionally, when the board’s role was predominantly viewed as fiduciary oversight, board meetings were typically run as a ‘show and tell’ by the staff. Essentially this involved listening to reports presented by the staff and presentations by service recipients for a majority of the meeting.” In addition to creating a largely passive and reactive model of board governance, the continued presence of staff in meetings can disrupt the cohesion of the board and prevent members from speaking freely. According to one of our interviewees: “Our meetings couldn’t be further from that model.” Many boards have rejected the passive model. In general, good boards have moved away from a staff-driven, show-and-tell meeting to a board-driven meeting with debates focused on important issues. To support such a move, these boards again emphasized sending the material for the meeting well in advance to other members, giving them a chance to formulate their thoughts ahead of time.

Clearly the transition from a show-and-tell meeting to a board-driven meeting does not happen overnight – boards need to make it happen. The CARE USA board, for example, circulates a brief questionnaire at the end of every meeting to get members’ perceptions on how the meeting could be improved. This constant monitoring and adjustment has streamlined the meetings and engaged the members in the discussion.

Sustaining board member passion for the organization is the last hallmark of effective board processes. Board events structured to reinforce the value of the mission and build collegiality make board work more engaging. Whether it is behind-the-scenes events, informal interactions with sector innovators, or just the chance to network and enjoy each other’s company, thought must be given to finding the right balance of this form of payback for hours of volunteer work on behalf of the cause.

# Building a dynamic board: converting desire to reality

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Did top-performing nonprofits excel because they had a great, dynamic board, or did their strong performance attract a strong board? The answer is both. In the case of a start-up founded by a charismatic and visionary founder, a strong mission or organizational performance can attract a strong board. However, beyond the start-up stage, a strong board appears to have a clear link with the performance of an organization. That is, an effective board is essential for the nonprofit to move past the performance expectations of a startup and deliver strong performance on a sustained basis or on a larger scale. Performance in turn attracts highly talented people to the board. This symbiotic relationship suggests that the pay-off in building a strong board is well worth the effort at any stage in an organization's development. This final chapter describes the process some of our interviewees used to embark on strengthening their board.

Converting the desire to build a high-performing board into a reality requires a combination of commitment and patience. How long will it take? Our interviews suggest that the answer to this question is appropriately measured in years, not months. The actual time required depends on how much needs to be done and the level of urgency for doing it. The board of CARE USA took 2 to 3 years to redesign itself. Conversely, the example cited in an earlier chapter where an organization solicited a mass resignation of directors, although an anomaly, reflects that urgency is an important design parameter in any board-building program.

While the appropriate time horizon varies from organization to organization, the board's understanding and willingness to commit the time and work required is critical to the effort's success. For many of the organizations we interviewed, a major event or change precipitated the move to evaluate the board. CEOs or a small group of directors seized what they saw as an opportunity to open up the discussion on board performance: "We were doing a complete review of all programs of the organization. We took this opportunity to do a thorough review of the board as well." Other boards were spurred into action by less positive occurrences: "We had a financial crisis that prompted not only a reevaluation of our relevance but also a reconstitution of the board." Finally, there are some situations in which action is not triggered by a seminal event. Rather, a groundswell of support builds from within the board. In most cases a small group, frequently including the board chair and the CEO, sound the call for self-examination and the rest of the board rallies to the cause.

Most of the boards we interviewed (over 70 percent) had recently undergone some sort of board review process. While the details of the exercise varied from board to board, the boards in general followed a four-step process. The first step, establishing a formal process, ensures commitment and legitimacy, and the second, undertaking a diagnostic, identifies what needs to be done. Urgency and leadership will drive the rest of the process, which includes building consensus around the diagnostic findings and goals and then moving toward implementation.

**Step 1: Establish explicit, formal process with clear accountability and leadership**

To ensure a successful board improvement program, the process must begin with a clear understanding that a formal exercise, with a series of activities, responsibilities, and end products, is being undertaken. Meisels of ZERO TO THREE echoed the importance of accountability and leadership, “The committee on the board provided a focal point for ensuring a timely process and generating the recommendations for change.” Many boards chose to use outside consultants to lead the evaluation and provide objectivity and anonymity to board comments. Other boards establish ad hoc committees to serve similar functions. Regardless of the approach, the common starting point for all of the boards we interviewed was the establishment of a group of people formally tasked with the job of leading the broader group through the review process.

**Step 2: Identify opportunities through diagnostic process**

Several of the boards we interviewed had conducted some form of a diagnostic to help them assess their current performance levels and to prioritize their activities going forward. The format and methods used to administer the diagnostic varied. In some cases, boards said that the diagnostic was conducted during the course of a board retreat; other times, members completed a survey on their own and returned it. Some were anonymous. Others discussed their opinions openly as a group. Some focused on open-ended questions. Others used quantitative scoring systems.

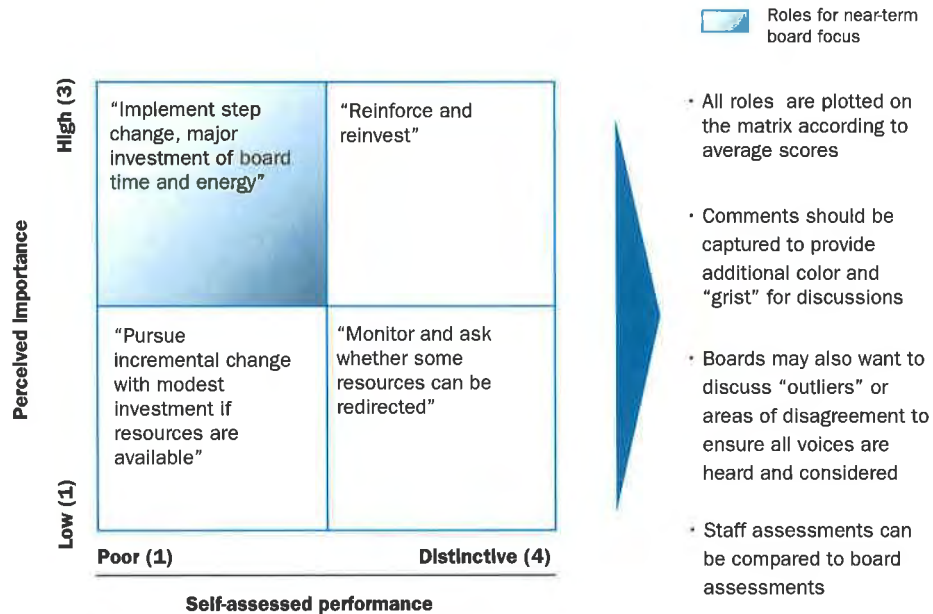
The diagnostic tool in the appendix to this report – and the alternative versions available for download at [www.mckinsey.com/practices/nonprofit](http://www.mckinsey.com/practices/nonprofit) – provide a range of options for performing a comprehensive self-assessment based on the best practices we uncovered during our interviews. They are designed to allow a board to evaluate its current performance against a best practice definition for each board responsibility. In addition, they allow a board to assess which board roles should be of higher relative priority given the board’s current performance and perception of role importance (Exhibit 9).

**Step 3: Share and discuss the implications of the diagnostic**

A significant step in the board improvement process relates to how the board translates its performance evaluation into action. For some boards we interviewed, the diagnostic revealed one or two areas requiring incremental improvement. For others, a more comprehensive overhaul appeared necessary. In all cases, it was not until the entire board had a shared understanding of the results that a consensus on next steps could be developed.

To facilitate this process, most board evaluation committees syndicated their diagnostic results among all board members. Then, boards met to discuss the implications of the findings: Should a new committee be formed to address one of the specific areas needing improvement? Are there enough issues raised that a committee should be left standing

## Exhibit 9

**Prioritization: comparing performance to importance**

to guide an overall board improvement process? Will the board use outside help? These are questions that the boards which engaged in a diagnostic addressed before moving on to the final step.

**Step 4: Agree on goals and create an implementation plan**

To keep motivated, groups set up a series of concrete goals. They created timelines and assigned responsibilities. "We set a series of goals for ourselves, written out, so we would be sure to make them," said one executive director, "This was particularly helpful as new members transitioned onto the board. It provided a roadmap so they could see where we were going." Many boards set targets and agreed to re-evaluate their performance periodically. In all cases, the boards that had undergone a self-assessment had positive things to say about the experience. "We moved to a stage where board members now say that this is the best board they ever served on," notes Peter Bell of CARE USA, "It was certainly time well spent." Many other interviewees echoed that sentiment.

## Conclusion

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Most nonprofit leaders agree that building an effective board is critical to a nonprofit's success. Our investigation shows that strong nonprofit boards contribute well beyond their traditional governance responsibilities. But many nonprofit leaders would say that their boards are good – or good enough – rather than undertake the challenge of a multi-year board development program.

For a manager, finding the time to get a board working at peak performance may be difficult given all of the other pressures of running the organization. For an individual board member, pushing a group of capable and already generous volunteers to change their behavior can seem like a thankless task. And getting a board to be dynamic – the main recommendation of this report – requires that performance and challenges be assessed on an ongoing basis.

The investment in building board effectiveness is worthwhile because the pressure on nonprofit organizations is increasing. The advent of charity rating services, internet-based information sources, increased competition for donated funds, growth of earned income, and other changes in the social-need landscape all demand more of nonprofit managers. An effective board is an essential element of organizational capacity. Great boards, once developed, actually remove burdens from management's shoulders and inspire individual board members to increase their commitment. More importantly, great boards bring the expertise, strategic guidance, financial support, and passion required to fulfill an organization's highest aspirations. That is why visionary nonprofit leaders like Lincoln Chen, Sam Meisels, and Patricia Sullivan have dedicated a significant amount of time to the continuous improvement of their boards.

The good news is that board improvement, unlike many other improvement programs that nonprofits and their boards may be contemplating, does not require extensive outside funding. Boosting board performance brings enormous benefits. Receiving these rewards lies completely within the hands of a committed board and its leaders. Since nonprofit boards are comprised of dedicated volunteers who give their time freely to further their organizations' mission, they mostly likely will welcome the opportunity to increase the impact of that investment.

Board members and nonprofit managers should be encouraged to take on the challenge of board improvement. Good boards don't just happen. The representatives from effective nonprofits we spoke with made board effectiveness a priority, and the benefit for their organization will end up being a benefit for society as a whole.





## SEWERAGE AND WATER BOARD OF NEW ORLEANS

### Inter-Office Memorandum

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**Date:** January 8, 2016  
**From:** Harold D. Marchand, Deputy Special Counsel  
**To:** Cedric S. Grant, Executive Director  
**Re:** Authorization for the President Pro Tem to Execute a Cooperative Endeavor Agreement with City of New Orleans for Equipment and Operators for Special Event Cleanup

This is a request to place this matter on the agendas of the Finance and Administrative Committee as an information item, the Governance Committee as an action item, and the Regular Monthly Meeting of the Board as an action item, for the following reason:

The Sewerage & Water Board of New Orleans was requested by the City of New Orleans to supply dump trucks, tandem trucks, backhoes, and skid steers as well as experienced operators and supervisors to render solid-waste moving and transporting services during a designated special event, which shall include but is not limited to, the 2016 Mardi Gras parade season.

Attached are a proposed Resolution and a proposed Agreement for your review and consideration.

Should you require any further discussion, please advise.

  
DEPUTY SPECIAL COUNSEL

HDM:plg  
Att.

cc: Robert Miller, Deputy Director (email & hard copy)  
Nolan P. Lambert, Special Counsel (email & hard copy)  
Anita Simmons, Director's Office (email & hard copy)

**AUTHORIZATION FOR PRESIDENT PRO TEM TO EXECUTE  
COOPERATIVE ENDEAVOR AGREEMENT WITH THE CITY OF NEW ORLEANS**

**WHEREAS**, the Sewerage and Water Board of New Orleans was requested by the City of New Orleans to supply dump trucks, tandem trucks, backhoes, and skid steers as well as experienced operator and supervisors to render solid waste moving and transporting services during a designated special event, which shall include but is not limited to the 2016 Mardi Gras parade season; and

**WHEREAS**, the cost for manpower and use of equipment and fuel by Sewerage and Water Board of New Orleans under this agreement shall not exceed the amount of \$140,000.00; and

**WHEREAS**, the City of New Orleans has proposed entering into a Cooperative Endeavor Agreement between the parties in order to memorialize the efforts undertaken by the Sewerage and Water Board of New Orleans and to facilitate the payment by the City of New Orleans for costs incurred by the Board.

**NOW THEREFORE, BE IT RESOLVED**, that the President Pro Tem is hereby authorized to execute on behalf of the Sewerage and Water Board of New Orleans a Cooperative Endeavor Agreement with the City of New Orleans to supply dump trucks, tandem trucks, backhoes, and skid steers as well as experienced operators and supervisors to render solid-waste moving and transporting services during a designated special event, which shall include but is not limited to the 2016 Mardi Gras parade season for an amount not to exceed \$140,000.00.

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I, Cedric S. Grant, Executive Director,  
Sewerage and Water Board of New Orleans, do hereby  
certify that the above and foregoing is a true and  
correct copy of a Resolution adopted at the Regular  
Monthly Meeting of said Board, duly called and held,  
according to law, on January 20, 2016.

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**CEDRIC S. GRANT, EXECUTIVE DIRECTOR  
SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**COOPERATIVE ENDEAVOR AGREEMENT**

**BETWEEN**

**THE CITY OF NEW ORLEANS**

**AND**

**THE SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**SUPPLEMENTAL EQUIPMENT AND OPERATORS  
FOR SPECIAL EVENT CLEAN UP**

**THIS COOPERATIVE ENDEAVOR AGREEMENT** (the "Agreement") is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2016 (the "Effective Date"), by and between the City of New Orleans, represented by Mitchell J. Landrieu, Mayor (the "City"), and the Sewerage and Water Board of New Orleans, represented by William Raymond Manning, President ProTem (the "S&WB").

**WHEREAS**, pursuant to Article 7, Section 14(C) of the Louisiana Constitution of 1974, and related statutes, and Section 9-314 of the Home Rule Charter of the City of New Orleans, the City may enter into cooperative endeavors with the State of Louisiana, its political subdivisions and corporations, the United States and its agencies, and any public or private corporation, association, or individual with regard to cooperative financing and other economic development activities, the procurement and development of immovable property, joint planning and implementation of public works, the joint use of facilities, joint research and program implementation activities, joint funding initiatives, and other similar activities in support of public education, community development, housing rehabilitation, economic growth, and other public purposes;

**WHEREAS**, the City is a local government subdivision of the State of Louisiana; and

**WHEREAS**, the S&WB is a local government subdivision of the State of Louisiana; and

**WHEREAS**, the City has equipment and personnel capacity limitations that render it in need of supplemental services to assist with the moving and transporting of solid waste during special events; and

**WHEREAS**, the City and the S&WB desire to accomplish a valuable public purpose of cleaning up the City's neutral grounds, streets, and sidewalks during and after certain special events, which supports continued improvements to the City of New Orleans and thereby enhances community development and supports economic growth and related public purposes.

**NOW THEREFORE**, the City and the S&WB, each having the authority to do so, agree as follows:

**I. OBLIGATIONS OF THE PARTIES.**

**A. Obligations of the S&WB.**

1. At the City's request in advance of the designated event and subject to availability of S&WB equipment and personnel, the S&WB will supply dump trucks, tandem trucks, backhoes, and

skid steers as well as experienced Equipment Operators and Supervisors to render solid-waste moving and transporting services during a designated special event, which shall include but is not limited to the 2016 Mardi Gras parade season (the "Services").

2. S&WB hereby represents and warrants that it has the requisite skills and expertise necessary to perform the Services. Accordingly, S&WB shall be obligated to perform the Services with the same degree of care, skill, and diligence as would be ordinarily exercised by a competent practitioner of the same profession under similar circumstances.

**B. Obligations of the City.** The City will:

1. Provide to the S&WB schedules, equipment needs, and locations of work sites prior to the designated event; and
2. Provide log in and log out forms for S&WB personnel.

**II. COMPENSATION.**

**A. Rate Schedule.** For services rendered, the City will pay S&WB the corresponding rates associated with each S&WB Pay Code as approved by Civil Service approved rates associated with the various S&WB Pay Codes for the S&WB personnel provided for each special event. The City acknowledges it will be responsible for any premium in payment for any hours worked by an S&WB employee for services under this Agreement to the extent that those hours exceed the S&WB employee's regular weekly work shift with the S&WB.

**B. Additional Fees.** The City further agrees to pay S&WB a general administrative fee of twenty percent (20%) of the total labor and equipment costs for the performance of services under this Agreement based on hours worked times the rates pursuant to section II.A of this Agreement.

**C. Gasoline.** The parties agree that the S&WB shall obtain gasoline for all equipment provided to the City. The City shall reimburse the S&WB for gasoline, at cost, with no administrative fee charged.

**D. Maximum Amount Payable.** The maximum aggregate payable under this Agreement shall not to exceed **ONE HUNDRED FORTY THOUSAND AND 00/100 DOLLARS (\$140,000.00)**. This amount is inclusive of costs under sections II.A, II.B, and II.C of this Agreement.

**III. DURATION.**

This Agreement will be effective for One (1) Year from the Effective Date.

**IV. TERMINATION.**

**A. Termination for Convenience.** The City may terminate this Agreement at any time during the term of the Agreement by giving the S&WB written notice of its intention to terminate at least thirty (30) days before the intended date of termination.

**B. Termination for Cause.** Either party may terminate this Agreement immediately for cause. If either party prevails in a challenge to a termination for cause, the termination for cause will be deemed to be a termination for convenience effective thirty (30) days from the date that the original written notice of termination for cause, without the requirement of notice.

**V. INDEMNITY.**

As permitted by law, the City will protect, defend, indemnify, and hold harmless the S&WB, its agents, elected officials, and employees (collectively, the "Indemnified Parties") from and against all claims, demands, actions, liabilities, losses (including, without limitation, economic losses), and costs, arising out of or related to (a) any actual or alleged act or omission in the performance of this Agreement by the City, its employees, or any subcontractor or (b) any act outside the scope of this Agreement by the City, its employees, or any subcontractor.

The S&WB will protect, defend, indemnify, and hold harmless the City, its agents, elected officials, and employees (collectively, the "Indemnified Parties") from and against all claims, demands, actions, liabilities, losses (including, without limitation, economic losses), and costs, arising out of or related to (a) any actual or alleged act or omission in the performance of this Agreement by the S&WB, its employees, or any subcontractor or (b) any act outside the scope of this Agreement by the S&WB, its employees, or any subcontractor.

#### **VI. INSURANCE.**

City acknowledges that S&WB presently does not maintain liability insurance other than self-insurance with respect to the Services contemplated in this Agreement, nor is S&WB under any obligation to procure such liability insurance.

#### **VII. NON-DISCRIMINATION.**

**A. Non-Discrimination in Employment.** With regard to any hiring or employment decision made in connection with the performance of this Agreement, including without limitation employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff, termination, rates of pay or other compensation, and selection for training including apprenticeship, the S&WB:

1. Will not discriminate or retaliate, in fact or in perception, against any employee or person seeking employment on the basis of race, color, national origin, religion, creed, culture, ancestral history, age, gender, sexual orientation, gender identity, marital or domestic partner status, physical or mental disability, or AIDS- or HIV-status;
2. Will take affirmative action to ensure compliance with this section;
3. Will include statements in all solicitations or advertisements for employment that all qualified applicants will receive consideration for employment without regard to race, color, national origin, religion, creed, culture, ancestral history, age, gender, sexual orientation, gender identity, marital or domestic partner status, physical or mental disability, or AIDS- or HIV-status;
4. Will post notices containing the provisions of this section in conspicuous places available to employees and persons seeking employment.

**B. Non-Discrimination.** In the performance of this Agreement, the S&WB:

1. Will not discriminate or retaliate, in fact or in perception, on the basis of race, color, national origin, religion, creed, culture, ancestral history, age, gender, sexual orientation, gender identity, marital or domestic partner status, physical or mental disability, or AIDS- or HIV-status against: any employee of the City; any employee of any person working on behalf of the City; or any person seeking accommodation, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by the S&WB.
2. Will comply with and abide all federal, state, and local laws relating to non-discrimination,



including without limitation Title VII of the Civil Rights Act of 1964, as amended, Section V of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990.

#### **VIII. NOTICES.**

Except for any routine communication, any notice, demand, communication, or request required or permitted under this Agreement will be given in writing and delivered in person or by certified mail, return receipt requested as follows:

1. To the City:

Cynthia M. Sylvain-Lear, Director  
Department of Sanitation  
City of New Orleans  
1300 Perdido Street, Suite 1W03  
New Orleans, LA 70112  
&  
City Attorney  
City of New Orleans  
1300 Perdido Street, Suite 5E03  
New Orleans, LA 70112

2. To the S&WB:

William Raymond Manning  
President Pro Tem  
625 Saint Joseph Street  
New Orleans, LA 70165

Notices are effective when received, except any notice that is not received due to the intended recipient's refusal or avoidance of delivery is deemed received as of the date of the first attempted delivery. Each party is responsible for notifying the other in writing that references this Agreement of any changes in its address (es) set forth above.

#### **IX. MISCELLANEOUS PROVISIONS.**

**A. Prohibition Against Financial Interest in Agreement.** No elected official or employee of the City shall have a financial interest, direct or indirect, in this Agreement, including through any financial interest held by the spouse, child, or parent. Any willful violation of this provision, with the expressed or implied knowledge of the S&WB, will render this Agreement voidable by the City and shall entitle the City to recover, in addition to any other rights and remedies available to the City, all monies paid by the City to the S&WB pursuant to this Agreement without regard to the S&WB's satisfactory performance.

**B. Non-Exclusivity for the City.** The City shall be free to engage the services of other persons for the performance of some or all of the obligations contemplated this Agreement.

**C. Acknowledgment of Exclusion of Worker's Compensation Coverage.** The S&WB expressly agrees and acknowledges that it is an independent contractor as defined in La. R.S. 23:1021 and as such, it is expressly agreed and understood between the parties hereto, in entering into this services agreement, that the City shall not be liable to the S&WB for any benefits or coverage as provided by the Workmen's Compensation Law of the State of Louisiana, and further, under the

provisions of La. R.S. 23:1034, anyone employed by the S&WB shall not be considered an employee of the City for the purpose of Workers' Compensation coverage.

**D. Acknowledgment of Exclusion of Unemployment Compensation Coverage.** The S&WB herein expressly declares and acknowledges that it is an independent contractor, and as such is being hired by the City under this Agreement for hire as noted and defined in La. R.S. 23:1472(E), and therefore, it is expressly declared and understood between the parties hereto, in entering into this services agreement, or agreement for hire, and in connection with unemployment compensation only, that:

1. The S&WB has been and will be free from any control or direction by the City over the performance of the services covered by this contract; and
2. Services to be performed by the S&WB are outside the normal course and scope of the City's usual business; and
3. The S&WB has been independently engaged in performing the services listed herein prior to the date of this Agreement.

Consequently, neither the S&WB nor anyone employed by the S&WB shall be considered an employee of the City for the purpose of unemployment compensation coverage, which is expressly waived and excluded.

**E. Waiver of Benefits.** The City and the S&WB agree and understand that the S&WB, acting as an independent agent, shall not receive any sick and annual leave, health or life insurance, pension, or other benefits from the City.

**F. Jurisdiction.** The S&WB consents and yields to the jurisdiction of the State Civil Courts of the Parish of Orleans and formally waives any pleas of jurisdiction on account of the residence elsewhere.

**G. Governing Law.** Any dispute arising from or relating to this Agreement or the performance of any obligations under this Agreement shall be resolved in accordance with the laws of the State of Louisiana.

**H. Rules of Construction.** This Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all parties. The headings and captions of this Agreement are provided for convenience only and are not intended to have effect in the construction or interpretation of this Agreement. The singular number includes the plural, where appropriate. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved in favor of nor against either party on the basis of which did party draft the language.

**I. Severability.** The parties intend all provisions of this Agreement to be enforced to the fullest extent permitted by law. Accordingly, if a court of competent jurisdiction finds any provision to be unenforceable as written, the court should reform the provision so that it is enforceable to the maximum extent permitted by law. If a court finds any provision is not subject to reformation, that provision shall be fully severable and the remaining provisions of this Agreement shall remain in full force and effect and shall be construed and enforced as if such illegal, invalid, or unenforceable provision was never included, and the remaining provisions of this Agreement shall remain in full force and effect.

**J. Survival of Provisions.** All representations and warranties and all responsibilities regarding record retention, access, and ownership, cooperation with Office of Inspector General investigations, and indemnification shall survive the termination of this Agreement and continue in full force and effect.

**K. No Third-Party Beneficiaries.** This Agreement is entered into for the exclusive benefit of the City and the S&WB, and the parties expressly disclaim any intent to benefit any person that is not a party to this Agreement.

**L. Non-Waiver.** The failure of either party to insist upon strict compliance with any provision of this Agreement, to enforce any right, or to seek any remedy upon discovery of any default or breach of the other party shall not affect or be deemed a waiver of any party's right to insist upon compliance with the terms and conditions of the Agreement, to exercise any rights, or to seek any available remedy with respect to any default, breach, or defective performance.

**M. Agreement Binding.** This Agreement is not assignable by either party unless authorized by a validly executed amendment.

**N. Modifications.** This Agreement shall not be modified except by written amendment executed by authorized representatives of the parties.

**O. Voluntary Execution.** The S&WB has read and fully understands the terms, covenants and conditions set forth in this Agreement and is executing the same willingly and voluntarily of its own volition.

**P. Complete Agreement.** This Agreement supersedes and replaces any and all prior agreements, negotiations, and discussions between the parties with regard to the terms, obligations, and conditions of this Agreement.

**IN WITNESS WHEREOF,** the City and the S&WB, through their duly authorized representatives, execute this Agreement.

**CITY OF NEW ORLEANS**

**BY:** \_\_\_\_\_  
**MITCHELL J. LANDRIEU, MAYOR**

**FORM AND LEGALITY APPROVED:**  
**Law Department**

**By:** \_\_\_\_\_  
**Printed Name:** \_\_\_\_\_

**SEWERAGE AND WATER BOARD OF NEW ORLEANS**

**BY:** \_\_\_\_\_  
**WILLIAM RAYMOND MANNING,**  
**PRESIDENT PRO TEM**



"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY"

# Sewerage & Water Board OF NEW ORLEANS

MITCHELL J. LANDRIEU, President

625 ST. JOSEPH STREET  
NEW ORLEANS, LA 70165 • 504-529-2837 OR 52W-ATER  
www.swbno.org

January 14, 2016

Governance Committee  
Sewerage and Water Board of New Orleans  
New Orleans, Louisiana

Dear Directors:

Subject: Executive Director Work Plan 2015 Results

At the beginning of my term as Executive Director in late July 2014, I prepared a *100 Day Implementation Plan* that reflected my recommended priorities for conclusion of initiatives already underway and commencement of initiatives to redirect the work activities of Sewerage and Water Board. This plan was submitted to and accepted by the Board of Directors and Mayor in August 2014. A status update of that plan was presented to the Board in December 2014. The remaining elements of the *100 Day Implementation Plan* served as the basis for my 2015 Work Plan. Attached is a copy of the work plan updated with results.

In addition to the remaining elements of the *100 Day Implementation Plan*, there were several key strategic initiatives that were achieved during 2015:

- **FEMA Settlement**

As a result of direct negotiations held during the past year FEMA, a final settlement was announced in December 2015 for more than \$1.2 billion of previously unobligated recovery funds for roads and subsurface infrastructure. This increased Board obligations by \$129.0 million up to \$811.5 million. This approval of a capped sub-grant permits the funds to be used with flexibility throughout the roadway and subsurface infrastructure systems.

- **Reliability of Power Supply to Water Distribution System**

Following two power supply interruptions which resulted in boil water advisories for the East Bank of Orleans Parish, staff was directed to increase the amount of power generated by Board facilities in order reduce reliance on electricity purchased from Entergy. As a result, there have been additional occasions of disruptions of the public power supply that have not resulted in catastrophic losses in system pressure.

- **Board Structure**

Staff provided research to the newly established Board of Directors and recommended that the previously existing operating committees be ended and new strategic committees be established. Following a planning retreat in April 2015, the Board adopted changes to the Bylaws and the new committees have begun to function. A crosswalk was prepared to define which responsibilities from the previous committees were transferred to the new committees or delegated to management.

- **Organization Structure**

A new organization structure was developed and presented which would create more throughput capacity at the executive management level and align more according to process responsibilities. New executive responsibilities were defined, five new positions were created, and recruitment of the executives was successfully completed in December 2015.

- **Cost Reduction**

Cost reductions of more than \$1 million annually have been achieved during procurement of medical insurance administration, pharmacy benefits administration, life insurance, and property insurance. These cost reductions occurred while maintaining or increasing the value of the services provided. While past cost reductions have occurred as a result of effective procurement activities, future cost reductions will also be driven by process analysis and redesign.

- **Water and Sewer System Revenue Bond Issues**

The water and sewer system capital programs are fully funded for 2016 following issuance of \$200 million in new revenue bonds. It is important to note that the bond rating agencies increased the credit ratings for the bonds at a time when the debt load for the utility nearly doubled. The procurement of underwriter services and the effective marketing of the bonds yielded significant savings in underwriter fees and interest rates.

- **Pension System Improvements**

Employer and employee contribution rates were increased in 2015 to improve the funded ratio for the pension system. The Pension Investment Policy was reviewed and updated. A comprehensive review of investment strategies is underway. These initiatives are necessary to stabilize the existing pension system in advance of a comprehensive study of salaries, medical benefits, and pension benefits in 2016. Staff will be evaluating a possible shift from a defined benefit to a defined contribution pension system.

- **Organization Culture**

Perhaps most importantly, the organization culture has begun to shift from an internal staff focus to an external customer focus while increasing accountability for results. This cultural shift will need to continue and accelerated, led by the executive staff and implementation of a process-based system of management. This system will require more rigorous training, planning, and reporting of performance metrics.

In summary, this marks the conclusion of a remarkable and historic year of successful change at Sewerage and Water Board.

I will be prepared to discuss these matters further at the January 2016 meeting of the Governance Committee in preparation for full consideration by the Board of Directors. Likewise, I will be prepared to present my work plan for 2016 at the February 2016 meeting.

Sincerely,



Cedric S. Grant  
Executive Director



# Sewerage and Water Board of New Orleans Executive Director Work Plan Results for 2015

Topic	Commitment	Status	Next Steps
I. ORGANIZATIONAL CHANGE	<b>A. Restructure Board Committee Responsibilities</b>	Completed. New strategic committees have been established in bylaws and begun meeting. Previous operating committees have been terminated.	Establish committee charters and schedule meetings for 2016.
	<b>B. Implement Economic Opportunities Program</b>		
	1. Link S&WB Managers to Economic Opportunity Staff for Recruitment	Completed. STRIVE Program integrated into hiring process.	Continue support of economic opportunity initiatives.
	2. Expand partnership with Delgado Community College	Underway. New partnership initiatives have been commenced.	Continue expansion of partnership initiatives.
	3. Streamline hiring process with Department of Civil Service	Underway. Continuous improvement review of existing process underway in advance of implementation of new software.	Implement interim streamlined measures. Implement new Human Resources and Payroll software.
	4. Implement Management Training Program	On hold. Management training methodology has been piloted.	Review results of pilot and roll out to remainder of organization.
	<b>C. Convene DBE Summit</b>		
	1. USDOT Seminar on DBE Programs	Completed. Strategy developed to synchronize and streamline DBE initiatives.	None.
	2. Align all City DBE Programs	Completed. Strategy for synchronization of initiatives implemented.	None.
	<b>D. Develop Succession Plan Strategy</b>	On hold. Succession planning methodology has been piloted.	Review results of pilot and roll out to remainder of organization.
	<b>E. Implement Management Reorganization Plan</b>	Completed. Five new and one previously vacant executive leadership positions have been filled.	Continue reorganization implementation at senior management level.

# Sewerage and Water Board of New Orleans

## Executive Director Work Plan

### Results for 2015

Topic	Commitment	Status	Next Steps
II. INFRASTRUCTURE MANAGEMENT INTEGRATION	A. Implement City/S&WB CEA for Coordinated Infrastructure Management	Completed. CEA adopted.	None.
	B. Continue integration of S&WB and DPW Engineering Staff to Deliver Recovery Roads Program	Completed. Engineering staffs fully integrated.	None.
	C. Integrate S&WB and DPW Maintenance Staff to Deliver Coordinated Maintenance	Underway. Development of implementation plan during weekly meetings held to align maintenance.	Develop implementation plan.
	D. Coordinate Infrastructure Financial Management		
	1. FEMA	Completed. Full settlement of DPW and S&WB projects authorized.	Develop FEMA master plan.
	2. S&WB Bond Funds	Completed. Water and sewer capital programs fully funded by Series 2015 proceeds.	None.
	<b>E. Implement opportunities to facilitate, link, and leverage assets</b>		
	1. CZO Stormwater Management Task Force	Completed. Article 23 adopted as part of the Comprehensive Zoning Ordinance.	Implement fee structure with the City for new real estate developments.
	2. NORA and S&WB Collaboration on Green Infrastructure Pilot Projects	Completed.	Monitor and maintain pilot investments.
	3. Implement S&WB Customer Service Centers in Algiers and New Orleans East	Algiers Center complete. New Orleans East Center on hold. Utilization data being gathered.	Determine implementation plan based upon utilization data.
	4. Develop partnership with Public Library to Educate Community on Green Infrastructure	On hold. Pending development of education materials on green infrastructure.	Evaluate education materials and appropriateness for Public Library facilities.

# Sewerage and Water Board of New Orleans

## Executive Director Work Plan

### Results for 2015

Topic	Commitment	Status	Next Steps
III. ENVIRONMENTAL MANAGEMENT INTEGRATION	A. Integration of Green Infrastructure	Underway. Green infrastructure projects bid and awarded.	Continue integration of green infrastructure.
	B. Development and Implementation of Stormwater Management Strategies	Underway. Stormwater Manager hired to develop strategies.	Continue development and implementation of stormwater management strategies.
	C. Implementation of Stormwater regulation of the Comprehensive Zoning Ordinance	Underway. Implementation plans developed including fee structure for new developments.	Continue implementation of CZO Article 23.
	A. Implementation of the S&WBNO Operating and Capital Budget	Completed.	Determine if deposit into Rate Stabilization Fund is appropriate following completion of annual audit.
IV. FINANCIAL INTEGRATION	B. Develop Financing plan based on Rockefeller Re-Invest Initiative	In discussions with The Rockefeller Foundation.	Develop financing plan based on Rockefeller Re-Invest Initiative.
	C. Integration of Capital Project Financial Management System with Capital Project System	Underway. Plans for Project Delivery Unit under development.	Reorganize staff to streamline project delivery.
	D. Conduct Public Meetings on Operating and Capital Budget	Completed.	None.

# Sewerage and Water Board of New Orleans Executive Director Work Plan Results for 2015

## Topic V. BUSINESS PROCESS INTEGRATION

Commitment	Status	Next Steps
<b>A. Fully Implement Executive Order MJL 10-05</b>	Completed. Procurement policy updated to reflect executive order.	None.
<b>B. Customer Service Improvements – New Service Centers, New Processes</b>		
1. Water Help	Completed. Methodology streamlined with TCA staff.	None.
2. Plumber Help	On hold.	Streamline methodology with TCA staff.
3. New Billing System	Underway. Implementation planning and training continues.	Monitor targeted go-live issues.
<b>C. Review all contracts and implement standardized procurement strategy for contracts</b>	Underway. Standardization of contract documents initiated but not yet completed.	Complete standardization of contract documents.
<b>D. Settlement of Outstanding Claims</b>	Underway. Payment of outstanding claims proceeding as scheduled.	Complete payment of outstanding claims..
<b>E. Implement Schools Billing Program</b>	Underway. Bills computed and delivered for 2014-2015 school year.	Resolve collection issues. Consider request for legislative changes.
<b>F. Produce Mandated Annual Report</b>	Completed.	Continue production of annual report according to schedule.

## VI. INTERGOVERNMENTAL INTEGRATION

<b>A. Conduct Quarterly Reforms Update to the City Council</b>	Completed.	Continue presentation of status of quarterly reforms.
<b>B. Coordinated Federal, State and Local Governmental Liaison with City and other Public Agencies</b>	Completed.	Continue participation in future meetings and initiatives.
<b>C. Establish and enhance partnerships with Federal, State, Local and Private Partners</b>	Completed.	Continue participation in future meetings and initiatives.
<b>D. Coordinate Urban Waters Strategies across all sectors</b>	Underway. Survey completed for community awareness.	Develop communications strategy.
<b>E. Serve as point agency for:</b>		

# Sewerage and Water Board of New Orleans

## Executive Director Work Plan

### Results for 2015

#### Topic

#### Commitment

#### Status

#### Next Steps

1. C40 Global Initiative on Climate Change

Completed.

Continue participation in future meetings and initiatives.

2. Clinton Global Initiative on Infrastructure Finance

Completed.

Continue participation in future meetings and initiatives.

3. Water Environment Federation

Completed.

Continue participation in future meetings and initiatives.

4. American Water Works Association

Completed.

Continue participation in future meetings and initiatives.



**"RE-BUILDING THE CITY'S WATER SYSTEMS FOR THE 21<sup>ST</sup> CENTURY"**

# **Sewerage & Water Board OF NEW ORLEANS**

MITCHELL J. LANDRIEU, *President*  
WM. RAYMOND MANNING, *President Pro-Tem*

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November 16, 2015

The Governance Committee met on Monday, November 16, 2015 in the 2nd Floor Board Room, 625 St. Joseph Street, New Orleans, LA. The meeting convened at 2:15 PM.

## **ATTENDANCE**

### **PRESENT:**

Kerri Kane, Chair  
Robin Barnes  
Kimberly Thomas

### **ABSENT:**

Alan Arnold, Vice Chair  
Marion Bracy

### **Others:**

Cedric S. Grant, Executive Director  
Joseph R. Becker, General Superintendent  
Nolan P. Lambert, Special Counsel  
Robert K. Miller, Deputy Director

## **ACTION ITEMS:**

### **1. Cooperative Endeavor Agreement (CEA) between the Sewerage & Water Board of New Orleans and the City of New Orleans and Deltares USA, Inc., (R-219-2015)**

Mr. Becker recommended approval of a CEA between Sewerage & Water Board and City of New Orleans and New Orleans Redevelopment Authority (NORA) that will enable the parties to improve the city's drainage infrastructure by developing a collaboration to deliver urban land and water management solutions. Deltares is the company that will supply the software package.

Robin Barnes moved to accept the CEA (R-219-2015). Kimberly Thomas seconded the motion and the motion carried.

## **PRESENTATION ITEMS:**

### **2. Board Self-Assessment**

Mr. Miller discussed the Board Self-Assessment Tool that was revised to reflect governance practices for utilities. The Committee members will review the revised document and present recommendations to the Board of Directors for completing the tool and discussing the results.



### **3. Strategic Plan Update**

Mr. Miller discussed options for updating the existing Strategic Plan 2011-2020. The Committee members requested that staff bring recommendations for facilitation services to lead the development of the updated plan, to identify performance targets, and to shape implementation plans.

### **INFORMATION ITEMS:**

#### **4. Review of Previous Report**

The previous report was received.

#### **5. Any Other Matters**

Ms. Barnes asked that a tentative schedule be created for advance planning purposes.

There being no further business to come before the Committee, the meeting adjourned at 2:50 PM.

Respectfully Submitted,

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Kerri Kane  
Chairperson