

OVERVIEW

The Nonprofit Board Self Assessment Tool is designed to help nonprofit organizations assess their board's performance and identify priorities for board activities going forward. We believe this combination of performance assessment and priority-setting is the foundation of superior nonprofit board performance over time. The tool should be used with our 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 around the governance activities that will result in the greatest benefit for the organization. The tool may be used by nonprofit managers and board members:

- 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 or 2 years
- To allow different views to emerge – the difference between responses given by two groups of board members or by the board and senior staff can be tracked and then used to start a discussion

Superior board performance across the full range of nonprofit institutions cannot be precisely defined. Distinctive performance for each of the dimensions is therefore not intended to be precisely accurate for any single institution. In fact, institutions rarely need to perform at a distinctive level in every area. 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 their board in the spirit if not in the letter of the performance description. The scores are meant to provide a general indication – a “temperature” taking – of a board’s performance, in order to identify potential areas for improvement.

Please make generous use of the comments section to expand on or explain your ratings. We typically find summaries of anonymous comments as helpful as the ratings themselves in surfacing issues.

This tool is meant to create an informed starting point for discussion among the leadership of a nonprofit. Informed discussion and commitment to address priorities results in board effectiveness. We encourage you to adapt the tool to meet your own organization’s governance needs, and we appreciate feedback on how to improve the usefulness of this tool.

McKINSEY & COMPANY NONPROFIT BOARD SELF ASSESSMENT TOOL

GUIDELINES FOR ASSESSORS

The Nonprofit Board 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, "Performance of board on its core responsibilities" and "Enablers of board effectiveness," a description of distinctive performance has been given for each responsibility and enabler. Please rate how well your board is performing on a scale of 1 to 4 (1 = poor, 2 = fair, 3 = good and 4 = distinctive). An organization's performance does not need to match the distinctive description precisely in order to be distinctive. Rather, the description is given as an indication of the general level of performance to help calibrate your rating. Please use the comments section to expand on any aspect of performance you wish. If a row is not relevant to the organization assessed, write "N/A" in the comments section; if you simply have no knowledge, write "D/K."

For each of the responsibilities in Section 2, "Perceived importance of responsibilities for the next 1-2 years," 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. Since the board cannot focus on all responsibilities with equal weight at the same time, the ratings are intended to indicate relative priorities for each responsibility.

Please return your completed tool to the administrator, who will collate the results and compile an anonymous summary of comments for board discussion.

Please identify your role in the organization:

Board Member _____

Management _____

Other _____

Approximate time needed for completion: 15 minutes

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AREAS COVERED BY THE ASSESSMENT'S 3 SECTIONS

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Shape mission and strategic direction

- Clarify mission and vision
- Participate in and approve strategic and policy decisions

Ensure leadership and resources

- Select, evaluate, and develop CEO
- Ensure adequate financial resources
- Provide expertise and access for organizational needs
- Build reputation

Monitor and improve performance

- Oversee financial and risk management
- Monitor organizational performance
- Improve board performance

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

SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

- Size and structure
- Composition
- Leadership
- Processes

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SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Shape the mission and vision	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4= distinctive)	Comments
Common understanding of mission	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)	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	All major policy/strategy discussions include explicit consideration of fit with mission and vision		
Process for raising mission and vision issues	Formalized process (e.g., board retreats) to foster active board member participation in examining mission-related issues		

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SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Engage in strategic planning and policy decisions	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4= distinctive)	Comments
Process for strategic planning and quality of board participation	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	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 the distinction between board level and management-level decisions	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		

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SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Select, evaluate and develop CEO	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Succession planning	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	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)	Formal search criteria, expectations for first 2 years, and search plan receive broad board support; internal and external candidates reviewed and “true choice” between qualified candidates can be made		

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SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

<p>Ensure adequate financial resources</p>	<p>Description of distinctive performance</p>	<p>Current performance (1=poor; 2=fair; 3=good; 4=distinctive)</p>	<p>Comments</p>
<p>Financial needs assessment</p>	<p>Board works with staff as a part of strategic planning process to develop a multi-year view of funding requirements and trade-offs embedded in different resource levels; board feels strong ownership for the targets</p>		
<p>Individual donations to the organization</p>	<p>All board members financially support organization, which is a priority for each board member's charitable giving; board consistently meets/ sometimes exceeds "donation" goals</p>		
<p>Involvement in fundraising planning and execution</p>	<p>Board and staff develop clear plan to meet fund-raising targets; board introduces staff to potential donors and drives fund-raising activities when necessary</p>		

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SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Provide expertise and access for organizational needs	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Board understanding of needed access and influence to support organizational objectives, (e.g., legislative access, community access)	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		
Ability of board to provide access and influence needed	Board proactively reaches out to further organizational goals and is frequently very influential in achieving them		
Board understanding of needed expertise to support organizational objectives, e.g financial, strategic, subject matter expertise	Needs for expertise based on strategic view of organizational objectives; needs identified in detail to allow meaningful roles to be identified for individual directors		
Ability of board to provide expertise	Board expertise addresses most needs and is seen as source of distinctive value to organization		

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SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Build reputation	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Board understanding of reputation objectives and of the role the board can play in building/enhancing reputation	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		
Board effectiveness in enhancing reputation of organization in the relevant communities	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		

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SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Oversee financial performance, ensure risk management	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Board role in financial planning	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	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		
Fiduciary and other regulatory compliance	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	Board annually reviews potential sources of risk and mitigation plans; surprises or gaps in coverage are few		

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SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Monitor performance and ensure accountability	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Board involvement in developing performance metrics	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	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		
Board understanding of accountability	Board identifies primary stakeholders and ensures that performance results are communicated effectively to the stakeholders		
Process for obtaining and using feedback from stakeholders	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		

McKINSEY & COMPANY NONPROFIT BOARD SELF ASSESSMENT TOOL

SECTION 1: PERFORMANCE OF BOARD ON ITS CORE RESPONSIBILITIES

Improve board performance	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Goal setting for the board as a follow-on to strategic planning	Board translates the strategic plan for the organization into a set of concrete goals for the board and board committees, including timelines and required staff support		
Evaluation of board performance against goals	Board evaluates its performance against the goals and uses the lessons learned to develop plans to improve board effectiveness		
Process for evaluating individual directors	Board committee in place to evaluate individual director 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	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		

McKINSEY & COMPANY NONPROFIT BOARD SELF ASSESSMENT TOOL

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; however, boards rarely have time to focus on all of the responsibilities. Good nonprofits prioritize their activities depending the context of the organization. As you complete this section please identify 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 (or replacing) 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:

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SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

Size and structure	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Board size	Board discusses issue of size explicitly and directors widely believe the current size adequately balances: <ul style="list-style-type: none"> ▪ Coverage of roles ▪ Cohesiveness among members ▪ Work load 		
Executive committee (if it exists)	Executive committee has clear role, well understood and supported by all board members; serves as a valuable resource to the board chair and CEO in guiding the organization and also in improving the overall board performance		
Committee structure: Purpose and charter of committees	Committee structure explicitly designed with clear charter around organizational priorities; board effectively uses mix of ad-hoc and standing committees to fulfill objectives		
Mechanisms for increasing affiliation with organization other than governance board membership	Board has effective structures/mechanisms for affiliation such as advisory groups with well-defined roles or, such options have been considered and rejected as not necessary		

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SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

Composition	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Understanding of board composition needed to meet organizational goals	Systematic process for identifying needed board skills driven by strategic plan; gaps are understood and agreed to by the entire board; most new board members seem to “fit our needs well”		
Process and criteria for recruitment	Formal process with clear evaluative criteria in place; whole board reaches out to potential members from a wide range sources; recruitment process is continuous and with multi-year horizon; new members are seen as great additions to the board		
Diversity on the board	Board understands types of diversity needed for organization and the value of diversity; current diversity on the board adequately reflects the diversity needed		
Term limits	Term limits effectively balance: <ul style="list-style-type: none"> ▪ Need for new members/skills ▪ Retention of valuable directors Mechanisms are in place for ensuring continued involvement of high-performing retiring board members		

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Composition	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Orientation of new members	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		

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SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

Leadership (Board chair, committee leaders)	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Process for deciding who leads and for how long	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	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	Board leadership has an effective working relationship with the CEO and key staff		
Effectiveness of board leadership	Current board leadership has the necessary skills, enthusiasm, energy, and time to provide leadership to the board		

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SECTION 3: ENABLERS OF BOARD EFFECTIVENESS

Processes	Description of distinctive performance	Current performance (1=poor; 2=fair; 3=good; 4=distinctive)	Comments
Quality of preparation	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	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	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		

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OTHER COMMENTS: