

# Board evaluation – things to consider

Guidance note

# Board evaluation – things to consider

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# Board evaluation – things to consider

## Introduction

Good governance is an essential factor in running a successful sports organisation. It builds upon foundations of legal and regulatory compliance by adding strong and robust accountability, transparency and ethical behaviour. Sports organisations that take governance seriously will also invest in supporting the continuous improvement of their board in order to lead the organisation in delivering its objectives in an effective and sustainable manner. One aspect of a board committed to learning and improving will be the undertaking of a regular board evaluation.

This document provides quick summaries on:

- What is a board evaluation?
- Why evaluate?
- Scope and timing of evaluation
- What to include in an evaluation
- Role of the chair
- Using the results

# Board evaluation – things to consider

## What is a board evaluation?

A board evaluation is a process whereby the performance of the board is assessed in order to ascertain its capacity for providing good governance with a view to delivering the long-term objectives of the organisation.

A board evaluation can encompass one or more of the following activities:

- desktop research of the current governance systems and how effective they are;
- questionnaires which provide a first cut of information that will feed into any other activities;
- open face-to-face interviews;
- board observations;
- 360 degree feedback within the boardroom;
- input from senior and middle managers;
- comparison against peer practices; and
- skills audits.

These activities can be facilitated by an appropriate member of staff, such as the governance lead, or by an external provider. This will depend on a number of factors, discussed below.

## Why evaluate?

Undertaking a board evaluation is a requirement of the Code for Sports Governance (Req. 4.1-4.3). Board evaluations assess the personnel, experience and skills present on a board as well as the governance environment in which the board operates, and can identify areas of strength and areas which require attention. The process therefore helps to provide the optimal governance arrangements for the organisation.

Some board members or staff may not understand why you need to evaluate. The following may be useful to help inform or remind people in your organisation that evaluation is beneficial:

- Board members should bring a wide range of skills, experience, expertise, diversity of perspective and backgrounds and enthusiasm to their role. Expectations of the role of boards have developed rapidly in recent years and new demands are regularly placed those who assume governance and leadership responsibilities.
- A board committed to achieving the organisation's aims and objectives will want to be kept up-to-date on all those factors likely to impact on the organisation's success, and to fulfil their legal, regulatory and ethical duties with professionalism and confidence.

## Board evaluation – things to consider

A board evaluation is one way to provide boards with a snapshot of their collective strengths, and a mechanism to address any areas that require attention.

- The Code for Sports Governance recommends that sports organisations review their own performance and that of individual board members, including the chair, every year. The process should be undertaken externally at least every four years to provide independent and objective scrutiny of the board and its governance arrangements.
- Evaluating performance is critical to running an effective board, and can help avoid or resolve many related problems that attract criticism, such as: board renewal; removal of poor contributors; lack of independence and tendency for ‘group think’; increasing the diversity of the pool of board members; multiple directorships/trusteeships; and tenure.
- Board evaluation provides a powerful and valuable feedback mechanism for improving board effectiveness, maximising strengths and highlighting areas for further development. The evaluation process should aim to be objective and rigorous.

## Scope and timing

When considering a board evaluation, there are key questions the board must address.

### Timing

- Some boards might wish to undertake a board evaluation towards the end of the financial year so that the results can be included in the annual report and any other documents aimed at stakeholders to demonstrate that the board is committed to good governance practices.
- For others, this may not be opportune and a quieter period may be more conducive to honest reflection and learning. This is a conversation the chair, chief executive and governance professional, if one is in place, should have before any other decisions are made.

### Methods

- There may be some merit in running the same questionnaire over several years in order to develop a baseline against which to measure progress.
- Varying the questions, and the overall approach will, however, militate against board members gaming the exercise.
- Keeping the experience fresh with new approaches, may provide novel insights that might otherwise be missed and promote engagement.
- Different types of data (qualitative and quantitative), triangulated for similarities and contradictions can act as a validity check to inform evaluation effectiveness.

## Board evaluation – things to consider

### What to cover (and who should conduct evaluation)

- Discuss with the board their comfort levels with board evaluations.
- Focus on the board as a collective, the board and individual performance or the board, individual board members and committees?
- Where there has been a re-organisation of committees, or new board members have just been appointed, it may be decided just to focus on the board's performance until new board members have had time in their role.
- Do we have an internal or external facilitator? This decision will be driven to some extent by an organisation's adherence to the Code for Sports Governance. Internally-led exercise may have better understanding of the organisation and the way it operates, greater familiarity with the personalities on the board, greater insight into the challenges facing the sports and physical activity sector.
- Externally facilitated board evaluations may be most useful for:
  - a new chair who wants to gain a better insight into the strengths and weaknesses of the board;
  - 'old' boards who may be competent, but less aware of the new challenges facing the sport/organisation and therefore require a catalyst to reinvigorate and refocus thinking and leadership;
  - when the tenure of certain board members is being challenged;
  - gaining an independent perspective on the board's performance; and
  - when there is a known problem requiring tactful, impartial handling.
- Consider the advantage and disadvantages of an external assessor carefully:

<p>The benefits of a professional external provider are:</p> <ul style="list-style-type: none"><li>• independence, objectivity and confidentiality;</li><li>• tact and diplomacy throughout the process;</li><li>• the board is provided with an agenda for improvement;</li><li>• experience of similar exercises in organisations of a similar size or complexity;</li><li>• sound analytical skills;</li><li>• the opportunity for board members to be more open and honest, ensuring a frank discussion of the issues affecting the board's work;</li></ul>	<p>The disadvantages of an external facilitator can be:</p> <ul style="list-style-type: none"><li>• cost/value for money;</li><li>• lack of understanding of the organisation's governance arrangements, requiring additional time to inform the third party of organisation- or sector-specific arrangements and needs;</li><li>• Lack of familiarity with the sector and/ or the environment within which the organisation operates;</li><li>• time, complexity and bureaucracy;</li><li>• board scepticism – intrusion and interference, a perception that the facilitator needs to find a problem to justify fees;</li></ul>
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## Board evaluation – things to consider

<ul style="list-style-type: none"><li>• increased rigour and independence in the process should equate to greater trust in the exercise;</li><li>• greater credibility; and</li><li>• that greater impetus should be added to any changes to the work and composition of the board.</li></ul>	<ul style="list-style-type: none"><li>• the board needs to own the process not the external facilitator; and</li><li>• cross-selling and conflicts of interest – a suspicion that the provider may find issues to conjure up additional work.</li></ul>
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Externally-led board evaluations are not cheap. However, the costs of an internal review tend to be borne by the governance lead as the process can take 8-10 days each year: designing, administering and evaluating the findings, and delivering a report and recommendations to the board.

### What should be assessed?

Whether facilitated internally or externally, evaluations should consider evaluating the following:

- the mix of skills, experience, knowledge and diversity of the board;
- the clarity of the leadership in attaining the strategic goals and values of the organisation;
- succession and development plans;
- how the board works together as a unit, and the tone set by the chair and chief executive;
- key board relationships, particularly the chair/chief executive, chair/senior independent director, chair/governance professional, and board members/senior managers;
- the effectiveness of individual board positions;
- the effectiveness of board committees and how their work is connected with the main board;
- the quality of the general information provided on the organisation and its performance;
- the quality of papers and presentations to the board;
- the quality of discussions around individual proposals, conflict of interest or other policy implementation;
- the process the chair uses to ensure sufficient debate for major decisions or contentious issues;
- the effectiveness of the governance lead;
- the clarity of the decision-making process and use of delegated and reserved authorities;
- the processes for identifying and reviewing risks;
- how the board communicates with, and listens and responds to, members, staff, volunteers, participants, customers and other stakeholders; and
- any other elements of board responsibility seen as important to achieving organisation goals and specific to the development of your sports organisation.

## Board evaluation – things to consider

An external review may also take into account the quality of the internal evaluation process.

It should be noted that a strong chair and/or governance lead will pick up on things before the review. The process should therefore act as a sense check to the chair. In general, the benefits tend to be seen at the group level rather than the individual level.

### Role of the chair

For any board evaluation to be successful, it is essential that the chair is fully supportive. Any half-hearted support is likely to be transmitted to fellow board members, who in turn may not be as fully engaged and candid as the process requires.

The chair must know and understand the process of the evaluation, if only in outline, so that they can speak authoritatively in support of the evaluation and be able to convince fellow board members that the exercise is not a ‘witch hunt’ to root out individuals, and that the process will not focus solely on negative behaviour.

The chair has a key role in presenting a narrative that focuses the board’s attention on what the process will do to improve the work and effectiveness of the organisation.

It is therefore likely that the chair will have discussed with the chief executive/management team and the governance lead what the evaluation needs to achieve: is it a radical overhaul of the board’s skills and competencies; a health check; to address a specific problem; or to help guard against any complacency or inertia in the boardroom?

There has to be clear ‘buy-in’ from participants if they are to get the most from the exercise. Otherwise any board evaluation is likely to be a waste of time and money.

### Using the results

The outcome of a board evaluation should be shared with the whole board and fed into the board’s work on composition, diversity plans, skills audits, induction design and development programmes. The findings should be incorporated into an action tracker indicating the changes to be made, a timeline for implementation, progress against that timeline and a person responsible for each action.

Some organisations may provide details of the exercise and its results in the annual report, or some other publicly available medium. Good governance practice would be to include a precis of the activity agreed to be undertaken to address the issues raised.



## Board evaluation – things to consider

It may be useful for the organisation to have a review loop to consider how effective the board evaluation process has been. It is likely that future board evaluations will incorporate the learnings and actions from previous exercises to demonstrate that progress has been made, or to flag up those activities and aspects of board development that have been more successful than others.

Any temptation to simply place the findings of the evaluation on a shelf and ignore the conclusions will be a waste of an opportunity for the board to improve and, of course, a waste of resources.

