Building a Board-Executive Partnership
The Social Contract Approach

Presented by
Don Tebbe, Executive Vice President
TransitionGuides, Silver Spring, Maryland
(301) 439-6635 ■ www.transitionguides.com
Agenda

• The Challenges of the Board-ED/CEO Partnership
• What is a Social Contract?
• How does it apply to Boards & EDs/CEOs?
• Framework for the Boards-EDs/CEOs Social Contract
• Getting started questions
• Summary: 3 success factors for the Board-Executive Relationship
• Discussion
The Challenges of the Board-ED/CEO Partnership

- 34% of departing nonprofit EDs/CEOs are fired or forced out
- <1 in 3 nonprofit EDs/CEOs say their boards challenge them to be effective
- 10% nonprofit EDs/CEOs leave each year, only 47% of them have discussed succession
- The board-executive relationship has a huge impact on nonprofit ED/CEO tenure
Board’s Impact on CEO Turnover

Source: Daring to Lead, 2006
What’s a Social Contract?

- **Social contract**: An agreement between people, setting out the rules for interaction and spelling out acceptable behavior by mutual consent.
- We and organizations are awash in social contracts at any moment.
- Largely, they are in the background, unspoken.
- What are some social contracts that have already touched you today?
How does it apply to Boards & EDs/CEOs?

• The board/chief executive director relationship is one of the most (if not the most) crucial

• Every board & chief executive has a social contract
  – In highly effective nonprofits, the contracting process is more explicit & deliberate

• *Explicit* social contracting is an ongoing dialog or agreement-building process for continuous clarity about:
  – Goals & priorities
  – Roles, responsibilities & expectations
  – How to manage overlap between executive & governance roles
  – How & when performance is monitored
How does it apply to Boards & EDs/CEOs? (continued)

- It’s an ongoing process not a singular event
  - Provides a framework for the leadership dialog that shapes today’s actions and the future of the organization
- Two factors are at work in all relationships: expectations and perceptions of performance
- Aligning expectations is as critical as good performance
Framework for Board/Executive Social Contract

The purpose is to align the team’s energies toward the goals.

Leadership Agenda
- Priorities
- Aims
- Aspirations
- Goals
Social Contract “Getting Started”

Questions

• What are the major long-term priorities (ideally no more than 3 to 6) that set our organization’s direction for the next 3 to 5 years?
• What are our key priorities for the next 12 to 18 months that support the above?
• What are the leadership roles/responsibilities in the pursuit of those priorities?
  – The executive’s?
  – The board’s?
  – At what points do these roles/responsibilities overlap? How do we plan to manage that?
• To do his/her job effectively, what does the executive need from the board?
• What does the board need from the executive?
Social Contract “Getting Started” Questions (cont’d)

• What other expectations do we need to clarify to keep them from tripping us up?
  – Values, sacred cows, expected approaches, etc.

• What principles/standards are required for highly effective operations in our organization?
  – Are we willing to pursue them?
  – What’s needed to do that?

• What principles/standards are required for highly effective governance?
  – Are we willing to pursue them?
  – What’s needed to do that?

• What are the things that we haven’t said that are likely to sandbag us?
3 Success Factors for the Board-Executive Relationship

1. Establish clear priorities
2. Clarify roles & expectations—who does what and what’s needed from whom
   - Executive’s expectations for the board
   - Board’s expectations for the executive
   - Touch points & overlaps (can be sources of tension)
3. Have a plan for ongoing monitoring & periodic evaluation of performance
   - Executive’s performance
   - AND board’s performance
Discussion
Resources

• Chief Executive Transitions: How To Hire And Support A Nonprofit CEO
  - Covers Executive Transition Management

• May be ordered from BoardSource:
  - www.BoardSource.org
Resources

• The Nonprofit Leadership Guide
  - Covers Leadership Transition and Leadership Development

• May be ordered from TransitionGuides:
  - www.transitionguides.org
Resources

• **Leader Development Emergency Succession Planning Workbook & CD-ROM**
  - Includes forms and guidance for completing emergency backup plan
  - Available for order from TransitionGuides:
    - [www.TransitionGuides.com/about/publications.htm](http://www.TransitionGuides.com/about/publications.htm)