

# **Building a Board-Executive Partnership**

## **The Social Contract Approach**

**Transition**  
 **Guides**

Presented by

Don Tebbe, Executive Vice President

TransitionGuides, Silver Spring, Maryland

(301) 439-6635 ■ [www.transitionguides.com](http://www.transitionguides.com)

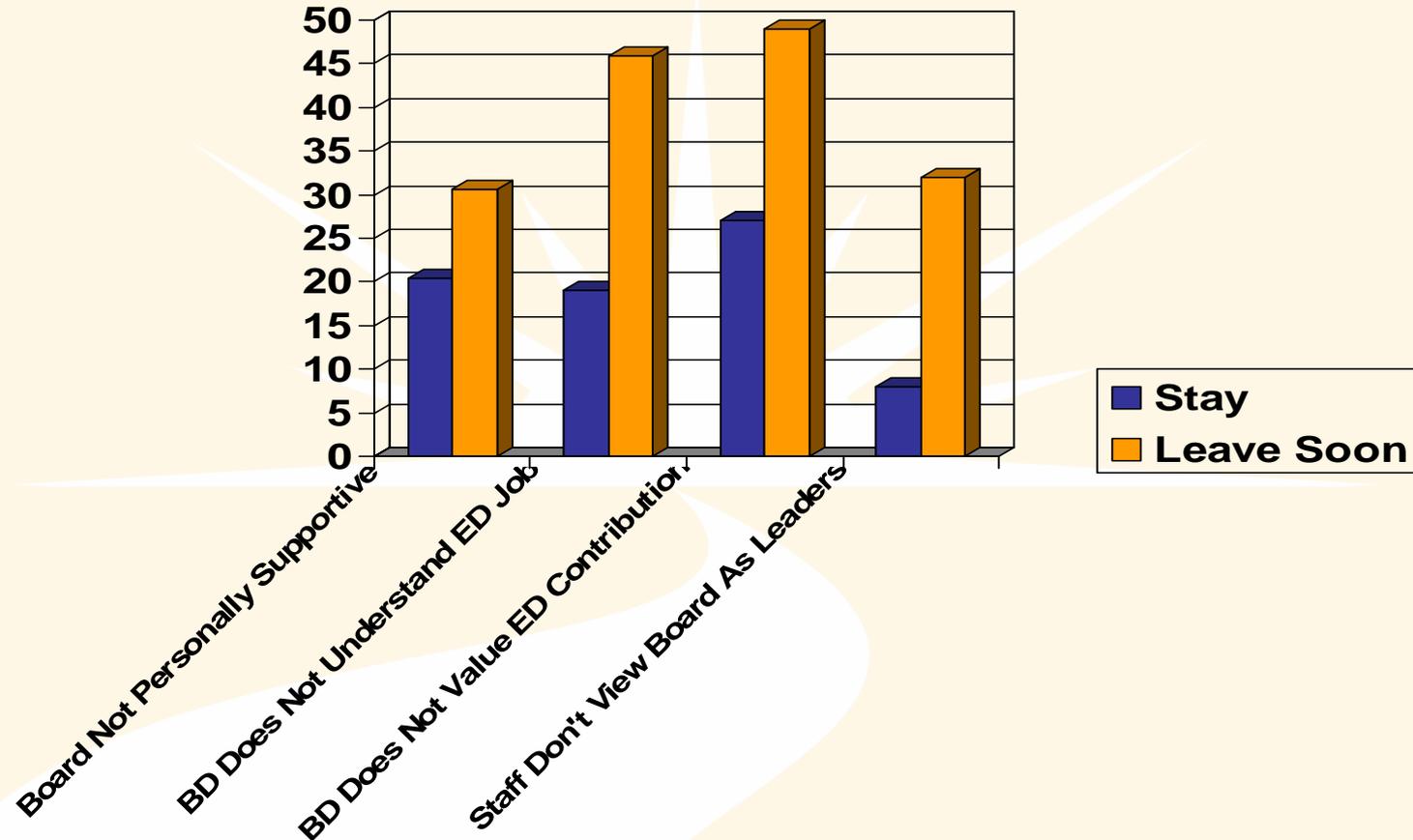
# Agenda

- 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



# 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



# Social Contract “Getting Started”

## Questions

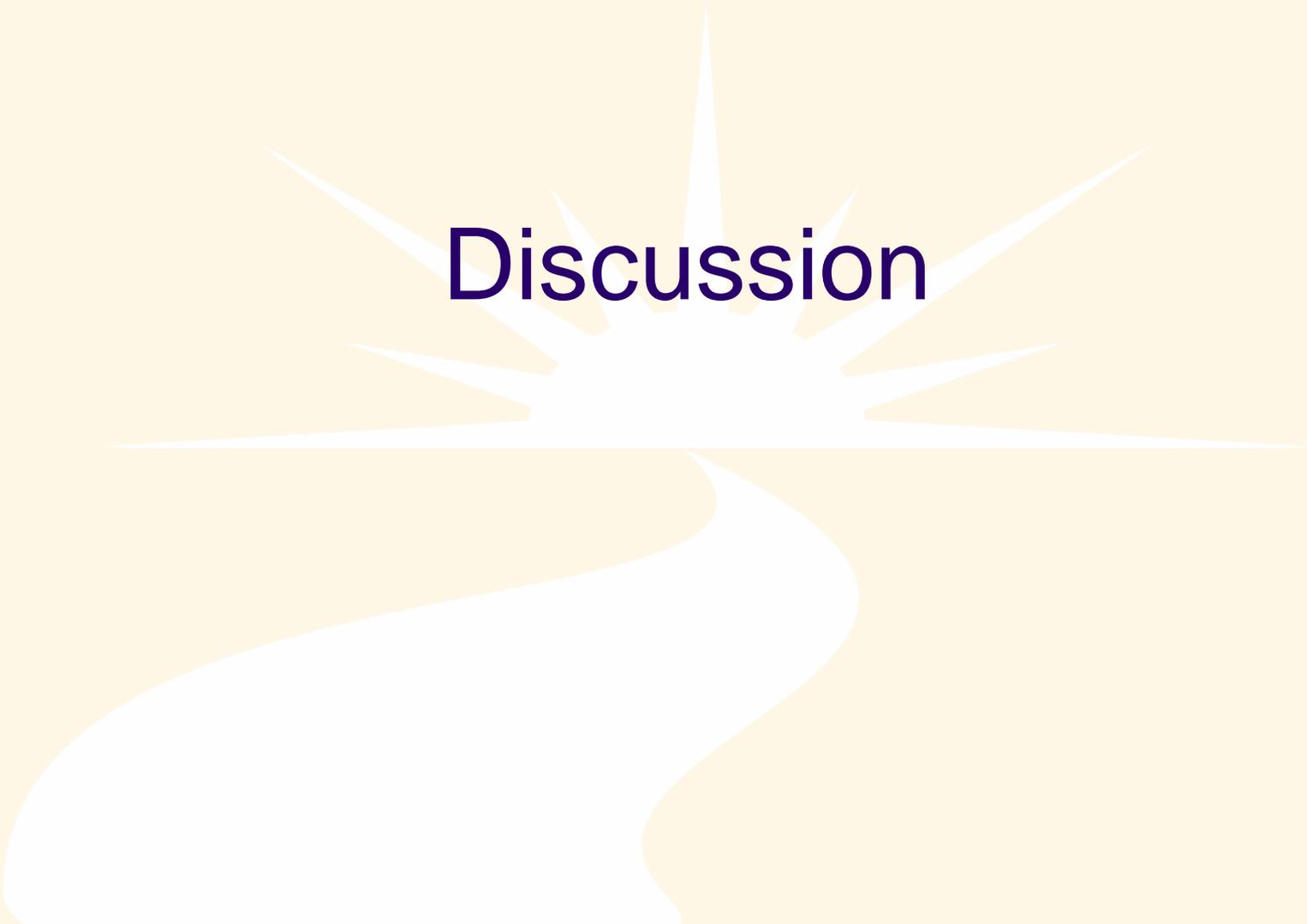
- What are the major long-term priorities (ideally no more than 3 to 6) that set our organization’s direction for the next 3 to 5 years?
- What are our key priorities for the next 12 to 18 months that support the above?
- What are the leadership roles/responsibilities in the pursuit of those priorities?
  - 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

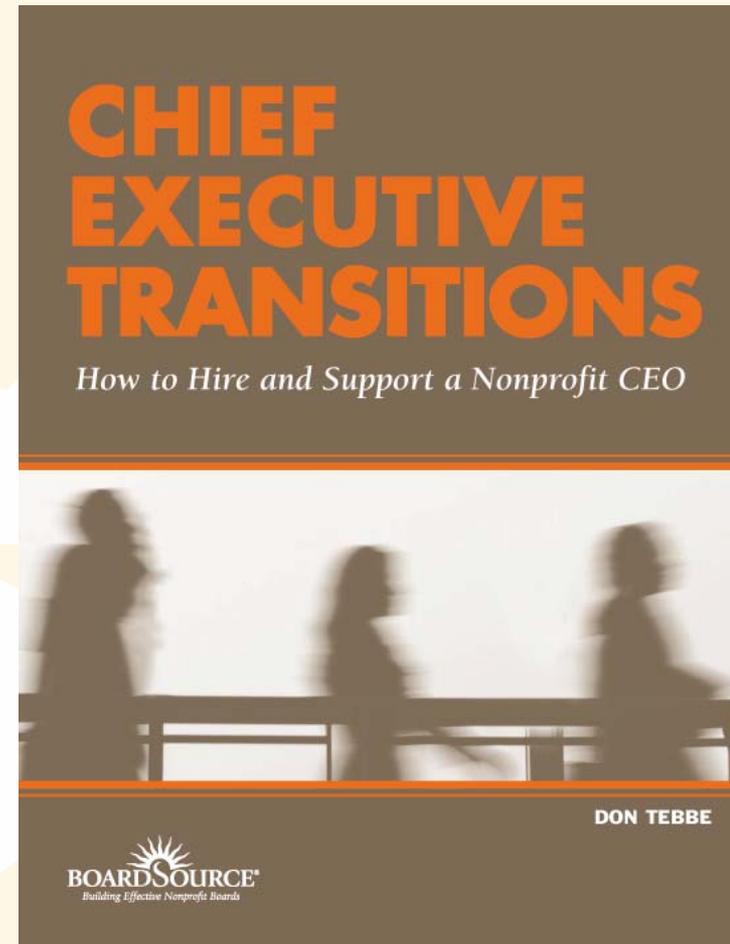
1. Establish clear priorities
2. Clarify roles & expectations—who does what and what's needed from whom
  - Executive's expectations for the board
  - Board's expectations for the executive
  - Touch points & overlaps (can be sources of tension)
3. Have a plan for ongoing monitoring & periodic evaluation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



# Discussion

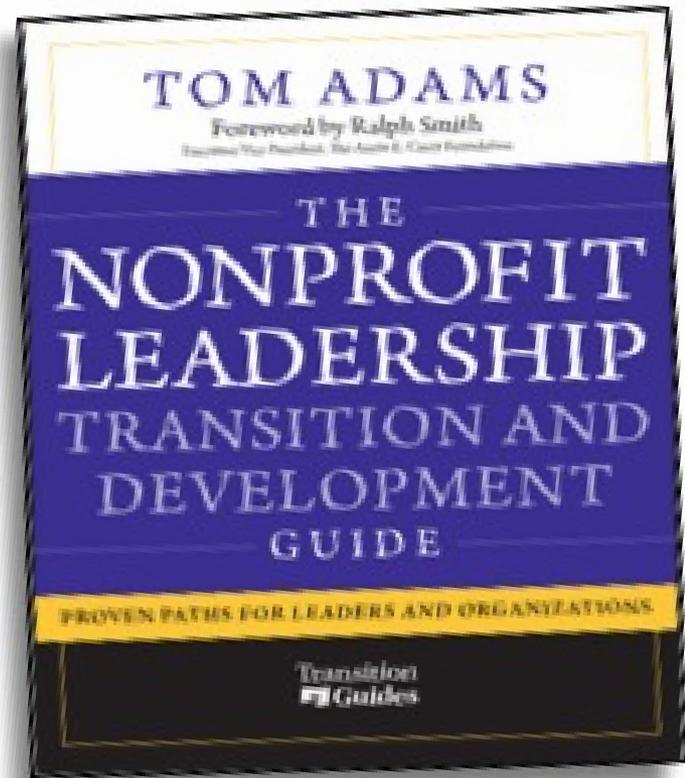
# Resources

- *Chief Executive Transitions: How To Hire And Support A Nonprofit CEO*
  - Covers Executive Transition Management
- May be ordered from BoardSource:
  - [www.BoardSource.org](http://www.BoardSource.org)



# Resources

- *The Nonprofit Leadership Guide*
  - Covers Leadership Transition and Leadership Development
- May be ordered from TransitionGuides:
  - [www.transitionguides.org](http://www.transitionguides.org)



# Resources

## **Leader Development & Emergency Succession Planning** An Organizational Planning Workbook



A TransitionGuides Product

Developed by  
Karen Gaskins Jones  
JLH Associates  
Training Consultants

In consultation Tim Wolfred, CompassPoint Non-profit Services  
Tom Adams & Victor Chears, TransitionGuides

Illustrated June 2004 ©

- *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)