# THE EVOLUTION OF BOARDS OF DIRECTORS

Boards of Directors typically follow an evolutionary path as the organization matures. This tool lays out three stages of Board evolution and identifies the characteristic behaviors of each stage. This tool can apply to Boards of Directors that oversee corporations, public agencies, and non-profits. Board members can use this tool to help clarify their stage of evolution and adapt their strategies accordingly.


**Stage 1: The Doing Board**

In the early stages, Board members typically handle a lot of responsibilities because there are a lot of tasks to get done and a lack of staff to do them. They raise money, manage projects, deliver products, coordinate publicity, develop the business plan, gather workers, answer telephones, and develop web sites. In short, they do anything – and everything – the organization requires.

During this time, there is a giddy feeling of creating something special. These founding Board members feel invigorated, challenged, and entrepreneurial. Typically, Board members devote countless hours to the effort, motivated by the expectation of financial success or of playing an important role in addressing a significant set of issues. They become the "core" Board. During this time, Board meetings are typically action oriented. There's little time to work on the Board's fiduciary or governance role.

| Positive behaviors | Negative behaviors |
|---|---|
| ▪ Board members' sense of commitment is high<br>▪ Board volunteer hours result in low expenses<br>▪ High sense of personal reward and achievement for "core" Board members | ▪ Board lacks attention to overall direction<br>▪ Board lacks formal policies and procedures<br>▪ Board lacks formal mechanism for selecting/replacing/refreshing Board members |

## Stage 2: The Transitioning Board

As the organization stabilizes and becomes successful, its Board makes key moves to stabilize its operations. It hires a CEO, general manager, or executive director. Other employees join the company. The Board undertakes a more disciplined approach to its role, focusing on overseeing the organization rather than directly managing it. The Board begins to distinguish between the role of the Board and the role of Board members. A key governance principle is established – that the Board can only make decisions as a Board; individual Board members lack decision-making authority.

As this new sense of discipline is taking root, the Board's "core" founding members experience a sense of relief that the pressure is off; at the same time, there's a feeling of loss of control for some of them. Certain Board members may not make the transition successfully and may become impediments to success.

| Positive behaviors | Negative behaviors |
|---|---|
| ▪ Board members invest in hiring talented staff<br>▪ Board begins developing formal policies and procedures<br>▪ Board assumes oversight role<br>▪ Board establishes key governance principles | ▪ Board members experience conflict in role between actively running the organization and governing<br>▪ Conflicts occur between Board members and between Board members and staff<br>▪ Board lacks effective means to manage conflicts |

## Stage 3: The Governing Board

As the company grows and becomes more successful, the Board defines its governance role and responsibilities with even more precision and discipline. The Board articulates policies stating that its role is to: a) set the strategic direction, b) hire and fire the chief executive, c) perform fiduciary oversight, d) establish long-term goals, and e) monitor success.

Once the Board defines these specific roles, it focuses on only those things prescribed for the Board to do. The Board sets measurable goals and performance targets, allowing the Board to monitor performance of staff. This helps align the organization and increases its effectiveness.

| Positive behaviors | Negative behaviors |
|---|---|
| ▪ Board develops strong sense of governance focus and discipline<br>▪ Board sets performance measures and monitors results<br>▪ Board continues to function actively in certain areas, i.e. fund-raising | ▪ Board members grow complacent and don't push the organization hard enough<br>▪ Board members lack the internal discipline to adhere to the Board's own policies |

## Conclusion

Armed with this understanding of the stages of Board evolution, a Board of Directors can more easily pinpoint its particular evolutionary position – and reflect openly about both the positive and negative behaviors inherent in that stage. Ideally, a Board would use this understanding to figure out the structure and policies it needs as it moves to the next level.