

# The Five Phases of Board Development

by Lee Bruder

Boards of directors and boards of trustees are similar to other groups in that they go through various stages or phases of change. We thought it might be helpful to new and existing boards to have information that would guide them as they change and develop over time. The following comes from many years of hands on experience and study combined with a high degree of interest in seeing boards run organizations in the best possible manner. We have organized the life cycle of a board into five phases.

Certain aspects of each phase are critical to the successful development of the board and, therefore, the organization. Each stage is important and to develop fully the group must discuss its strengths and challenges relative to the current phase. To pass through the phase successfully, the group must develop a plan of action and implement that plan with specific action steps.



## 1 Creation

: a phase that most boards go through only once but, the majority of tasks included within this stage are revisited at least once if not repeatedly throughout the life cycle of the organization. For the moment, we will assume that it is the board that is creating the organization. When a group of people come together to create an organization they should draft a business plan or a strategic plan. If such a plan is not created then, at the least, the group must attend to several key tasks including:

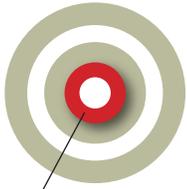
- Articulate the vision, mission/purpose and values; (Until the board is fully formed and has begun functioning as a true board only the initial purpose can be defined at this point.)
- Decide who else should be at the table
  - Which groups or constituencies should be represented?
  - What skills and other resources are needed for this stage?
- Establish strong ties to key stakeholders and local communities
- Community/marketplace needs assessment
- Adopt a board structure that will best serve the purpose of the organization and draft By-laws, Articles of Agreement and other official documents of creation

- Decide what the initial products and/or services will be
- Secure Funding
- Determine an initial staff/organizational structure and draft job descriptions for board members, board officers, and the chief staff member (i.e. chief executive officer)
- Hire, orient, train and supervise the CEO

If it is the CEO who created the organization and she/he is working to put together a board, many of the tasks and responsibilities remain the same, but with a different twist. In this case, the CEO must allow the board to assume its rightful responsibilities. The danger here is that the board is created to rubber stamp and legitimize the decisions and actions of the CEO. The over-riding goals of creating a board:

- 1 Organize a group of committed, energetic people who will create momentum and carry the vision forward and
- 2 Secure a chief staff person who has passion for the vision and mission and establish clear roles and responsibilities

The creation phase takes a huge effort. Attracting and keeping board members who have a high degree of belief in the purpose and who are willing to spend considerable amounts of time is absolutely necessary to a successful outcome of this phase. Thus, the key resources are time, energy and commitment and the culture must include encouragement for new ideas, and testing or challenging directions. The structural framework that is developed in this phase will, to a large degree, determine how much work must be done in the next two phases. This phase serves as the foundation for the future of the organization and the establishment of trust and mutual understanding is essential. It is important to build flexibility into the structure to allow for future changes. At the same time, this stage must set a true course. The new board must provide the organization with a vision that is palpable and shared by all. In a healthy organization mission, purpose, by-laws, funding sources, organizational structure and job descriptions all change over time. However, the one thing that changes the least is a clear and inspiring vision.



## 2 Launch

the board and staff must implement all the action steps that were described in the creation phase. Launch comes not long after the CEO is hired and is the period of working out the details of operations. It is usually two to three years in duration and for non-profits means going through a least two full funding cycles, not just two fiscal years. Key tasks include:

- Hiring of staff by the CEO
- Creation and delivery of products and services (staff)
- Ironing out operational details and problems (staff)
- Networking and marketing with stakeholders and communities (board and staff)
- Development of organizational policies (board) and procedures (staff)
- Supervision of the chief officer (board)
- Establishing of board committees and definition of responsibilities – this could also be done during creation or put off until the refinement phase, but this seems to be the best time for establishing committees. (board)
- Establishing the level, tone and means of communication between the board and CEO (board and staff)

It is the time when many of the bugs and kinks are identified and worked out. This is also a time when issues with board functioning and structure are identified. It is the beginning of the clear need for division of labor. However, frequently the young organization is too absorbed with the development and delivery of products and services to address these issues. Sometimes, boards get stuck here.

The key resources for this stage are delegation and patience. The atmosphere is often one of high energy and excitement. In order for the organization to be successful the board must let go of its former level of task involvement and allow the staff to do what needs to be done. At the same time, the board must begin to adopt a solid means of supervision the chief officer. As problems arise, the board and staff must exercise a certain level of patience. Exercising patience does not mean giving up the role of monitoring the progress of operations Together the board and CEO will make numerous minor course adjustments. There is a very high level of frequency of communication between the CEO and the board. Hopefully, this communication will develop a solid foundation of trust and mutual respect. Signs that the board may be entering a transition to phase three, refinement, include:

- Board begins to reflect on and discuss its experiences during launch and to talk about how they relate to the organization's vision, mission, values and constituency representation on the board
- Recurrence of the same or similar problems
- A change in atmosphere where the board in general is less energized



### 3 Refinement

that time after the organization has formed, the initial offering of services has passed, and the newness of things is wearing off. This is a critical period for organizations because it is the transition from a start up to an on-going organization. The kind of skills and abilities it takes to start an organization are often very different than the skills that are required to keep an organization going. Key tasks for this phase include:

- Reviewing the board structure and ensuring that it facilitates the effective and efficient achievement of goals
- Clarifying role definitions of board and CEO and communication between them
- Empowering board committees
- Establishing means of board leadership development and succession planning
- Revisiting the mission/purpose, and organizational values to ensure alignment
- Drafting or revising the organizational strategic plan
- Establishing a clear and decisive means of pursuing new opportunities and/or taking on new products or services
- Assessing where each individual board member is with her/his role, energy and resources
- Assess the success of products, programs and relationships
- Develop new board member orientation plan and procedures

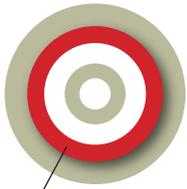
This is when the organization really begins to believe it will stay around for awhile. It is looking forward to being mature and well-established one day, and understands the need for a solid and less fluid infrastructure. Initially, as things are forming, structure needs to be fluid and flexible, and as the organization matures fluidity is replaced with agility; the ability to make internal changes in anticipation of, or in response to, changes in the external environment. This is a time when some of the members who have expended a great deal of energy getting things started find themselves tired, less energized and more disengaged. You may see a decrease in board meeting attendance by some.

This is a time to check with members on how they are feeling. The inability to respond as one used to may lead to a sense of guilt. It is important to give these members permission to step off the board, and maybe into a different type of relationship with the organization. The board must have directors that are a good match for the current phase. You may also find that a board member who was previously less active becomes more active and rises to a leadership role. Refinement is a good phase in which to administer a board self-assessment tool and to incorporate results into planning.

Having an orientation plan for new board members that incorporates principles of adult learning is characteristic of a high functioning board. Motivating and educating each board member so that she/he can and will participate in the work of the board are keys to success. Each director must understand and be concerned with nine specific areas:

- 1 What the organization stands for
- 2 The products and services the organization provides
- 3 How the products and services are provided
- 4 The responsibilities of a board of directors or trustees
- 5 The job descriptions for directors and officers
- 6 The needs of the organization
- 7 The resources she/he brings to the position of director and the strengths of fellow directors
- 8 The status and reach of relationships with entities outside the boundaries of the organization
- 9 The nature and structure of the relationship between the board and the executive director

In order to orient and educate each new and continuing board member the board must adopt a process that will sustain the interest and motivation of each board member. The methods for accomplishing this are very different for corporate boards and nonprofit boards.



## 4 Stability

: when the organization has established itself in several areas including:

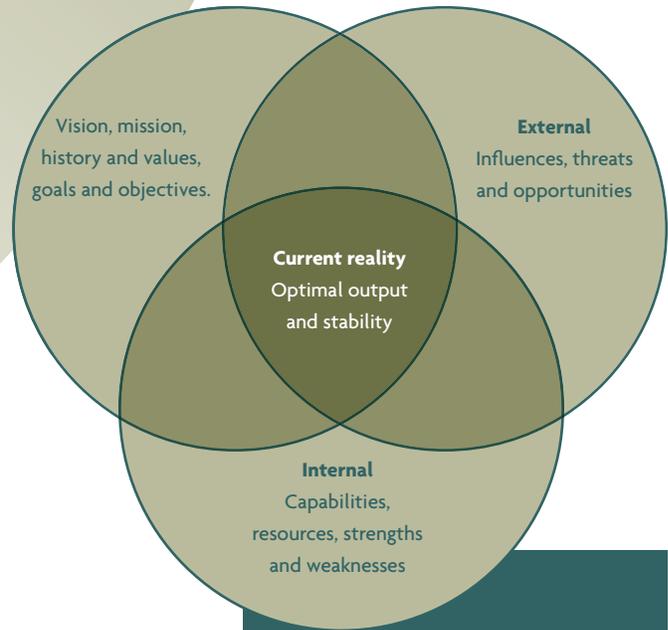
- Community and marketplace value
- Product/Program success
- Revenue stability

In other words, the organization has established at least a moderate level of sustainability and continuity. In the case of those nonprofits that are dependent on renewable grant funding the financial aspect of this phase may be extremely difficult to achieve.

The key tasks of this phase include:

- On-going evaluation of the internal environment (capabilities, resources, strengths and weaknesses)
- On-going assessment of the external environment (Influences, threats and opportunities)
- Annual strategic planning that incorporates and integrates the above information

The atmosphere is often one of security, stability and professionalism. Grass roots origins are not forgotten but remain a key part of the vision, mission and values. The healthy board sees planning as being an essential responsibility and leaves operationalizing the plan to the CEO and staff. It is always best to expand from a solid base, so now is the time for building and expansion. The board can consider expanding the organization's reach, its own relationships and/or the product/service line. In any case, opportunities for expansion should always be in alignment with the organization's vision, mission and values. A best outcome is that the organization is committed to on-going learning and growing.



### *Your organization*

The three above spheres are constantly developing and changing. In addition, they are constantly interacting and affecting each other. Thus, these force fields consistently and constantly influence your organization.

Key to the success of your organization is understanding that it is only from the center, where all of these forces and factors meet, that you can maintain clarity of perspective. It is from this vantage point only, that you have the greatest chance of success at decision-making, goal setting and attainment, and task completion.

It is important to remember that there exists an on-going "creative tension" between your vision, mission and values and your current reality. Your vision, mission and values should always be pulling you toward an improved future.

Developmental phases for boards include regression. Developmental phase regression occurs when a group reverts to an earlier phase of development. To characterize this as negative or as a failure is both inaccurate and not helpful. Each developmental phase is determined by the current needs and abilities of the group. It is not a measure of the group's achievements.

Developmental phase regression may be occasioned by a high percentage of new members, a rapid and significant change in the organization's scope of operations, or a significant decrease in the energy board members have to do its work. Phase regression is more often experienced by nonprofits because of changes in funding streams. Nonprofit boards must guard against the "chasing the dollars" phenomena. That is, a board should not alter the vision, mission or values of the organization in order to meet the expectations of a funding source. For-profit organizations meet similar ethical challenges when facing the needs and demands of their financial backers and stockholders.



## 5 **Dissolution**

the closing down of an organization in its current state, is more common than one might think. It is a time of mixed emotion. An organization can be dissolving because of merger, takeover, bankruptcy, or because it has completed its work. Therefore, there are many different types of atmospheres for this phase. Yet, we suggest it is a time of planning and reflection. The key tasks include:

- Responsibly informing and appreciating the staff, stakeholders and constituencies and, as appropriate, helping them define their next steps
- Honoring current and past board members and key contributors
- Where appropriate, honoring key staff
- Reflecting on the history of the organization and determining if there is some lesson or legacy that should be handed down.
- The board is responsible for ensuring that all assets are disposed according to the organization's official documents such as the By-laws.

A cousin to dissolution is massive redefinition or reorganization. It is a time when death and rebirth are so closely related they are virtually indistinguishable. We encourage boards to acknowledge any losses as well as celebrate all successes and achievements. Boards should guard against “fleeing” to the new and exciting. The newly formed or reformed organization will most likely experience aspects of creation, launch and refinement in some mixture.

### **Closing**

We hope this information is helpful to you as you work with your board. We find great wisdom in looking at things from a development perspective. Yet, as with any developmental system, it is rare that an organization will clearly fall into a single phase. It is more likely that at any given point in time you will see some aspects of one phase along with certain aspects of others.



LEE BRUDER ASSOCIATES

#### ABOUT THE AUTHOR

*Lee Bruder has been a director and trustee on numerous boards since 1989 and 17 years experience as senior manager and supervisor/coach. He appreciates the challenges and struggles boards face and is dedicated to assisting them achieve optimal performance. Lee also works as a coach to executives and managers.*

*Lee Bruder Associates is available to help your board understand your current developmental phase and to help you grow to the next step of efficiency and effectiveness.*

*Examples of the board development services we offer include:*

- Revisiting Vision, Mission, Purpose and Goals
- Strategic Planning
- Developing New Member Orientation Procedures
- Leadership Development
- Board/Executive Director Role Interface
- Board Responsibilities and Structure

# Board Developmental Phase Thumbnail

Phases	Tangible Key Tasks	Intangible Cultural Keystones	Atmosphere	Key Resources	Best Outcomes
 <b>1 Creation</b>	<ul style="list-style-type: none"> <li>• Define vision, purpose and values</li> <li>• Board representation</li> <li>• Stakeholder/community relationships</li> <li>• Needs Assessment/market study</li> <li>• Formal organizational structure with job descriptions</li> <li>• Initial products and/or services</li> <li>• Secure revenue</li> <li>• Hire, orient, train and supervise CEO</li> </ul>	New ideas and challenging decisions, directions and “group think” is supported	Breaking inertia gaining critical mass; Establishing momentum	Time Energy Commitment	Creation of a highly committed group
 <b>2 Launch</b>	<ul style="list-style-type: none"> <li>• Hiring of staff by CEO</li> <li>• Staff deliver products and services</li> <li>• Ironing out operational details and problems</li> <li>• Networking and marketing with stakeholders and communities</li> <li>• Development of organizational policies (board) and procedures (staff)</li> <li>• Supervision of the chief officer</li> <li>• Establish board committees</li> <li>• Establish level, tone and means of communication between board and CEO</li> </ul>	Participation Contribution Goal attainment	High energy is needed and excitement is shared	Delegation Patience	Bugs and kinks get worked out; issues with board functioning and structure are identified; need for division of labor becomes clear
 <b>3 Refinement</b>	<ul style="list-style-type: none"> <li>• Review board structure</li> <li>• Clarify roles, ensure clear lines of communication</li> <li>• Empower board committees</li> <li>• Establish leadership development</li> <li>• Revisit mission/purpose, and organizational values</li> <li>• Long-range strategic planning</li> <li>• Establish clear and decisive means of pursuing new opportunities</li> <li>• Assess each board members’ role, energy and resources</li> <li>• Assess success of products, programs and relationships</li> </ul>	Newness is wearing off	Moderate level of steady energy is needed; less hectic; some members may be disengaging	Inclination for internal relationships, self observation and planning	Revitalization of the board; board resources are well matched to the phase tasks
 <b>4 Stability</b>	<ul style="list-style-type: none"> <li>• On-going evaluation of the internal environment (capabilities, resources, strengths and weaknesses)</li> <li>• On-going assessment of the external environment (Influences, threats and opportunities)</li> <li>• Annual strategic planning that incorporates and integrates the above information</li> </ul>	Planning seen as essential; organization’s origins are held in the vision, mission/purpose and values	Security, stability and professionalism	Steady revenue; low turnover of experienced board members;	Organization is committed to on-going learning and growing
 <b>5 Dissolution</b>	<ul style="list-style-type: none"> <li>• Responsibly inform and appreciate stakeholders and constituencies</li> <li>• Honor current and past board members and key contributors</li> <li>• Where appropriate, honoring key staff</li> <li>• Reflect on organization’s history and determine legacy</li> <li>• Appropriate disposition of all assets</li> </ul>	Lack of guilt and blame; acceptance of the outcome; determination to create the best transition possible	Varies greatly depending on the reason and nature of the dissolution	Attention to details and thoroughness; ability to process feelings and make decisions based on data	An honorable and respectful transition for all