

# FOUNDATION BOARD LEADERSHIP

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A CLOSER LOOK AT FOUNDATION BOARD  
RESPONSES TO *LEADING WITH INTENT* 2017

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# INTRODUCTION & METHODOLOGY

In September of 2017, BoardSource released *Leading with Intent: 2017 National Index of Nonprofit Board Practices*, which reported on responses from more than 1,300 nonprofit organizations about the leadership composition, culture, and practices of their boards. Overall, *Leading with Intent* is based on survey responses from 1,759 chief executives and board chairs representing more than 1,300 organizations. This included 141 foundation leaders – 111 chief executives and 30 board chairs – from a variety of types of foundations.

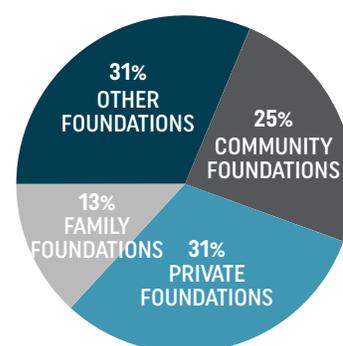
In an effort to better understand the particular dynamics of foundation boards, this follow-up report takes a closer look at the subset of responses from these 141 foundation leaders. Because this sample of foundation responses is relatively small and a convenience versus representative or randomized sample, there are limitations to how much can be generalized to the broader foundation community. That said, it provides insight into the relative strengths and challenges of these 111 foundation boards that may be applicable to the foundation community more broadly.

## SURVEY RESPONDENTS

	All Respondents		Public Charities		Foundations		All Other Organizations	
	N	%	N	%	N	%	N	%
Chief Executive	1,378	78%	879	81%	111	79%	388	72%
Board Chair (or board designee)	381	22%	201	19%	30	21%	150	28%
<b>Total</b>	<b>1,759</b>	<b>--</b>	<b>1,080</b>	<b>--</b>	<b>141</b>	<b>--</b>	<b>538</b>	<b>--</b>

## FOUNDATION RESPONDENTS

Community Foundations	28
Private Foundations	35
Family Foundations	14 <sup>1</sup>
Other Foundations (Includes organizations that identified themselves as public foundations, operating foundations, and other grantmaking institutions)	34
<b>Total Foundations</b>	<b>111</b>



## For More Information

For more information on *Leading with Intent*'s methodology or to download a complimentary copy of the full study, please visit [www.leadingwithintent.org](http://www.leadingwithintent.org).

<sup>1</sup> Because of the small sample size for family foundation boards, responses from family foundation boards are reported together with other foundations throughout the report. Occasionally, data are presented with the family foundation responses excluded, which is noted wherever appropriate.

# ACKNOWLEDGMENTS

BoardSource could not have conducted *Leading with Intent 2017* without the insights, guidance, support, and dedication of many leaders in the field of nonprofit governance and leadership. We want to thank the following groups, individuals, and organizations:

## BoardSource Research Advisory Council

The Research Advisory Council shared valuable input on the survey questions, key analysis areas, key findings, and development of this report. The members of the council are:

- **Alan Abramson, Ph.D.**, professor and director, Center for Nonprofit Management, Philanthropy and Policy, George Mason University
- **Marla Bobowick**, BoardSource senior governance consultant and principal, Bobowick Consulting
- **Will Brown, Ph.D.**, professor and director, Nonprofit Management Program, Bush School of Government & Public Service, Texas A&M University
- **Anne Cohn Donnelly, D.P.H.**, clinical professor, Kellogg School of Management, Northwestern University, and former member of BoardSource's board of directors
- **Donald Haider, Ph.D.**, professor of social enterprise and director of the Center for Nonprofit Management, Kellogg School of Management, Northwestern University
- **Judith Millesen, Ph.D.**, professor, Voinovich School of Leadership and Public Affairs, Ohio University
- **Rick Moyers**, independent consultant, and chair of BoardSource's board of directors
- **Una Osili, Ph.D.**, director of research, Lilly Family School of Philanthropy, Indiana University
- **David Renz, Ph.D.**, director, Midwest Center for Nonprofit Leadership, University of Missouri-Kansas City
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- **Cathy Trower, Ph.D.**, president, Trower & Trower, Inc., and vice chair of BoardSource's board of directors
- **Sylvia Yee, Ph.D.**, senior advisor, Evelyn & Walter Haas, Jr. Fund, and member of BoardSource's board of directors

## Collaborators & Partners

In addition to a number of organizations that helped disseminate the *Leading with Intent* survey to their networks, we offer special thanks to the Center for Effective Philanthropy and the Council on Foundations for their advice and counsel on questions related specifically to foundation governance and their ongoing partnership and collaboration as we work to support and strengthen foundation board governance.



## Support for This Report on Foundation Governance

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# KEY FINDINGS

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**1. When it comes to the board’s perceived impact on foundation performance, there are three board characteristics that may matter most.**

*Leading with Intent* analyzes the areas of board performance and culture that are most related to positive perceptions of the board’s impact on the foundation’s performance. Within this subset of foundation respondents, there are three characteristics that seem to be especially important: 1) providing guidance and support to the chief executive, 2) the board’s understanding of its roles and responsibilities, and 3) the extent to which the board is adaptable in the face of changes in the environment. Each of these areas is explored further in the BOARD PERFORMANCE & IMPACT section of this report (Page 7).

**2. Foundation boards lack racial and ethnic diversity in profound ways — and current recruitment practices demonstrate that is unlikely to change.**

While *Leading with Intent 2017* highlighted troubling trends in nonprofit board diversity overall, it is notable that within this sample of foundation boards, the results are even more disconcerting. Twenty-four percent of public charity boards are 100 percent white as compared to 40 percent of foundation boards. The unique aspects of family foundation board composition contribute to this high percentage, but — even with family foundation responses excluded — a full 35 percent of foundation boards report that they have not a single leader of color serving on their board. Unfortunately, the data document that this is unlikely to change based on current attitudes toward the importance of board diversity and what is being prioritized in terms of board recruitment. These attitudes and dynamics are explored further in the BOARD COMPOSITION & DIVERSITY section of this report (Page 17).

**3. Foundation boards that assess their own performance regularly report stronger board performance, but too few foundation boards have adopted this recommended practice.**

Across the board, *Leading with Intent* found that the practice of regular board self-assessment is related to stronger board performance, documenting the importance of this essential practice. Within the foundation sample, the variances in ratings of board performance between those that do and do not assess their performance regularly are even more striking than in the general sample. Despite that, foundation boards are significantly less likely to assess their own performance than public charities: 38 percent of foundation boards have conducted a board self-assessment within the past three years, as compared to 48 percent of all public charities. These findings — as well as other aspects of board development — are discussed in the final section of the report, which focuses on INTENTIONAL BOARD LEADERSHIP (Page 23).

# BOARD PERFORMANCE & IMPACT



## WHAT WE FOUND

Foundation CEOs and board chairs agree — boards are performing at a B grade level and are not fully leveraging their potential to positively impact foundation performance.

Foundation chief executives and board chairs are relatively well aligned in their assessment of the board's performance, rating overall performance in the B grade range and noting the same areas of board strengths and challenges (Figure 1).

They also agree on the three most important areas the board should address to improve its performance (Figure 2):

- Outreach and ambassadorship
- Strategic planning
- Commitment and engagement

## WHY IT MATTERS

Boards should be value-add leadership bodies.

While a significant portion of the executives and board chairs who were surveyed report that their boards have a "very positive impact" on foundation performance, the most frequent response for both board chairs and executives is that the board has a "somewhat positive impact" on foundation performance (Figure 3). This signals significant room for improvement, a point that is reinforced by the fact that 14 percent of executives report that their boards have "no impact" or a "somewhat or very negative" impact on foundation performance.

When boards are at their best, they add significant value to an organization. The positive impact of their leadership both within the boardroom and out in the community is evidenced across the organization. Board chairs and executives who are not seeing strong evidence of the board's positive impact on the work of the foundation should consider this an invitation to reflect on the board's leadership and what may need to change.

**FIG 1** RATINGS OF PERFORMANCE IN KEY AREAS OF BOARD RESPONSIBILITY

Area of Board Performance		Executives	Chairs
Strength	Understanding mission	A-	A-
	Financial oversight	A-	A-
	Legal & ethical oversight	B+	B+
Solid Performance	Understanding board roles & responsibilities	B	B+
	Level of commitment & involvement	B	B+
	Knowledge of programs	B	B+
	Guiding & supporting the chief executive	B	B+
	Thinking strategically as a board	B	B
	Evaluating the chief executive	B-	B+
	Adopting & following a strategic plan	B-	B
	Monitoring performance against strategic plan	B-	B
	Community-building & outreach	B-	B
Challenge Areas	Monitoring legislative & regulatory issues	C+	C+
	Increasing board diversity	C	C+
Average across all board performance areas		B	B

FIG 2

WHAT ARE THE THREE MOST IMPORTANT AREAS THE BOARD SHOULD ADDRESS TO IMPROVE ITS PERFORMANCE?

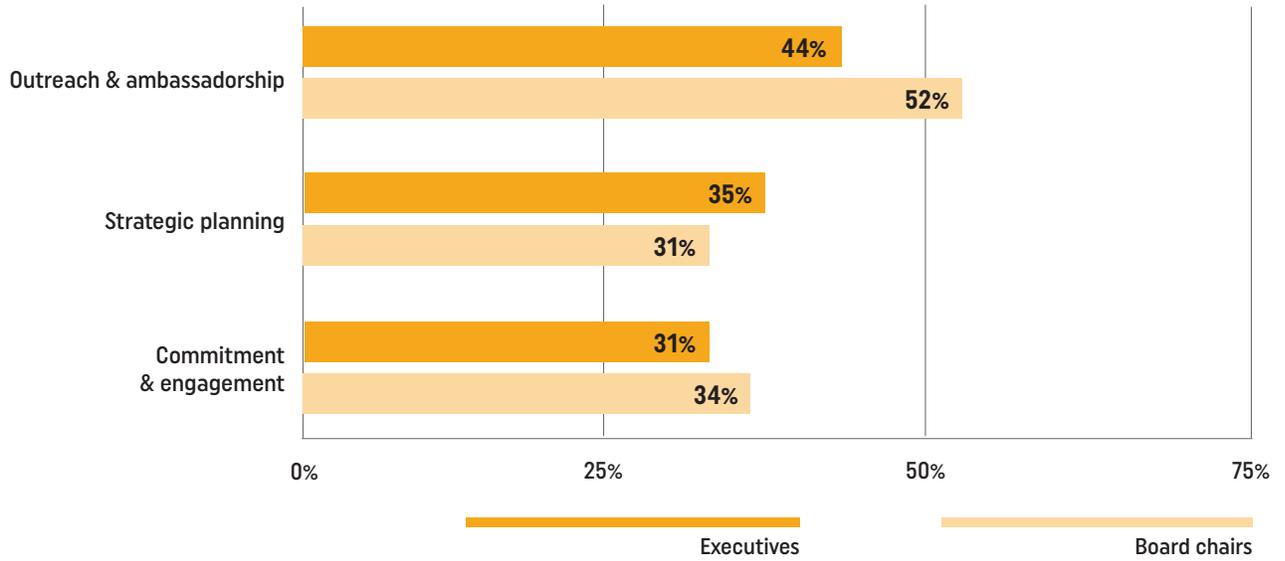
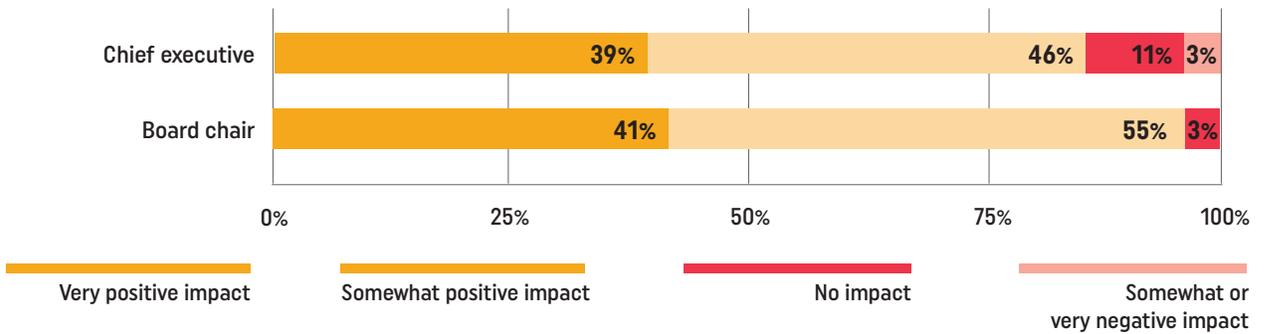


FIG 3

WHAT IMPACT DOES YOUR BOARD HAVE ON THE OVERALL EFFECTIVENESS OF YOUR ORGANIZATION'S PERFORMANCE?



## WHAT WE FOUND

When it comes to impact on organizational performance, some board characteristics may matter more than others.

An analysis of relationships between responses to the question about the board's perceived impact on organizational performance reveals that — within this sample — there are some board characteristics that are more closely related to the board's positive impact than others. This provides a window into what may matter most as it relates to board performance.

As Figure 4 outlines, there are three board characteristics that are closely related to stronger perceptions of board impact on organizational performance within both executive and board chair responses:

1. Providing guidance and support to the chief executive
2. Understanding the board's roles and responsibilities
3. Board adaptability in the face of environmental change

## WHY IT MATTERS

Understanding what matters most gives clues about high-impact opportunities for board development.

While the data cannot document causation, they suggest that foundation boards may be wise to pay particularly close attention to these three aspects of board performance. By investing in each, they will not only strengthen the board's performance, but may in fact position the foundation for stronger performance as well.

Given the potential significance of each of these board leadership characteristics, they are explored further in the following sections:

- Providing guidance and support to the chief executive (Page 10)
- Understanding the board's roles and responsibilities (Page 15)
- Board adaptability in the face of environmental change (Page 16)



**BOARD CHARACTERISTICS MOST LINKED TO BOARD'S PERCEIVED IMPACT ON ORGANIZATIONAL PERFORMANCE (IN RANK ORDER)**

### Strongest Relationship to Perceptions of Board Impact on Organizational Performance

	Chief Executive Responses	Board Chair Responses
Work Characteristics	1. Level of commitment and involvement	1. Monitoring legislative and regulatory issues that have the potential to impact the organization
	2. Thinking strategically as a board	2. Community-building and outreach
	3. Knowledge of your organization's programs	3. Understanding your organization's mission
	4. <b>Providing guidance and support to the chief executive</b>	4. <b>Providing guidance and support to the chief executive</b>
	5. <b>Understanding the board's roles and responsibilities</b>	5. <b>Understanding the board's roles and responsibilities</b>
Culture Characteristics	1. Success is celebrated on the board.	1. Our board is a collaborative team that works well together toward a common goal.
	2. Board members share accountability and take collective responsibility for failures and mistakes.	2. Most board members are eager to stay on the board for the maximum time allowed in the bylaws.
	3. <b>The board is adaptable in the face of changes in the environment in order to sustain the mission and organization.</b>	3. I see a clear linkage between board priorities and organizational goals.
	4. The board is able to resolve internal conflicts in a professional, positive way, allowing progress to be made.	4. <b>The board is adaptable in the face of changes in the environment in order to sustain the mission and organization.</b>
	5. Board members listen attentively and respectfully to each other.	5. Our board members share clearly articulated core values that guide decision making, even though members may disagree on details.

## Providing Guidance and Support to the Chief Executive

### WHAT WE FOUND

The quality of partnership between boards and chief executives matters.

The boards that are rated as having a strong, positive impact on organizational performance also perform highly in providing guidance and support to the chief executive (A or B grade); those that have a negative impact on organizational performance are more likely to have weaker performance (D or F grade) in providing guidance and support to the chief executive:

- Seventy-six (76) percent of executives who report their boards have a positive impact on organizational performance also report that the board does a good job in providing guidance and support to them as the executive.
- Only one (1) percent of executives who report their boards have a positive impact on organizational performance report that the board does a poor job in providing guidance and support to them as the executive.

This compares to the following:

- Sixty-seven (67) percent of CEOs who report that the board has a negative impact on organizational performance also report that they do a poor job of providing guidance and support to them as the executive.
- Not a single respondent indicated that the board was good at providing guidance and support but had an overall negative impact on organizational performance.

### WHY IT MATTERS

A strong partnership between boards and executives is essential.

The board's leadership role relies heavily on a strong, constructive partnership with the chief executive. Boards that are effectively providing guidance and support to the chief executive are signaling that they are

- committed to the foundation and its work
- invested in the chief executive's leadership and success
- sharing accountability and ownership of the foundation's mission and overall impact

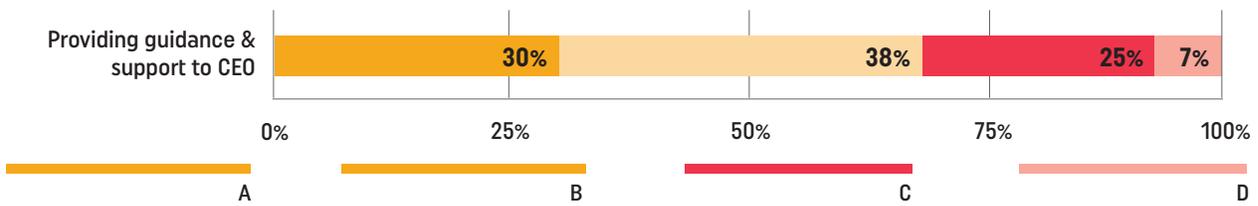
Conversely, boards that are not doing well in their role of providing guidance and support to the chief executive may be signaling

- a lack of interest in the foundation's work
- a lack of confidence in — or commitment to — the chief executive's leadership
- a lack of understanding or unwillingness to engage in the work of the board

While most foundation CEOs give their boards A or B grades in providing guidance and support to them as CEOs, this is not true of all CEOs. A third of all foundation CEOs (32 percent) give their boards a C grade or lower, and seven (7) percent of foundation CEOs give their boards a D or an F grade in this critical area (Figure 5).

FIG 5

CEO PERSPECTIVES ON THE BOARD'S PERFORMANCE IN PROVIDING GUIDANCE AND SUPPORT TO THE CEO



**WHAT WE FOUND****Board chairs get high marks in building a constructive partnership with the chief executive.**

The foundation executives surveyed give their chairs high marks as it relates to building a strong and trusting board chair–executive partnership (Figure 6).

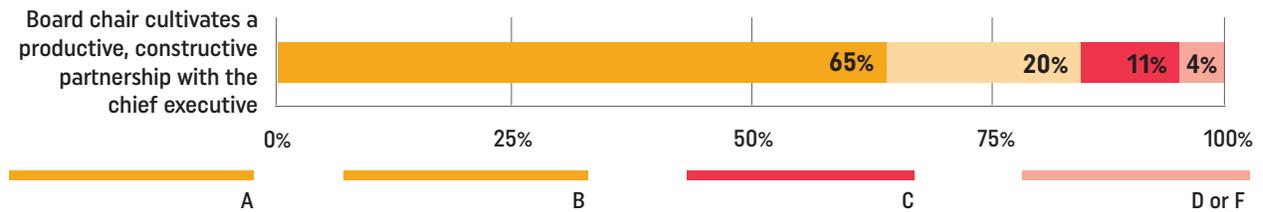
- Eighty-five (85) percent of executives give their board chair an A or B grade when it comes to cultivating a productive, constructive partnership.
- Eighty-three (83) percent give them an A or B grade for fostering an environment that builds trust.

It is also notable that when BoardSource asked these foundation chief executives to identify who they are likely to rely on when counsel is in need on a difficult issue, 85 percent included their board chair among their top three choices, with 64 percent naming the chair as their top choice.

**WHY IT MATTERS****The board chair plays an important role in building a strong partnership with the chief executive.**

While it's the full board's responsibility to build a strong and constructive partnership with the chief executive, there's no question that the board chair sets the tone for how well that partnership does — or does not — work.

As the board's primary liaison to the chief executive, the board chair's goal should be to cultivate an open, honest, and productive relationship that enables the board and chief executive to do their best work. That requires intentionality and focus from both the chief executive and the board, as well as a willingness to address challenges that may emerge within the partnership proactively and constructively.

**FIG 6****HOW WOULD YOU "GRADE" THE LEADERSHIP OF THE CURRENT BOARD CHAIR IN THE FOLLOWING AREA?**

## WHAT WE FOUND

**Executives report stronger performance from the board when both the board chair and the full board are good at partnering with them.**

As Figure 7 highlights, the boards that have the highest average ratings of culture and performance have board chairs and boards that are given top grades in “building a constructive partnership” and “providing guidance and support” with/to the CEO, respectively. These organizations outperform their peers’ “partnership ratings” by significant margins.

That said, when comparing the average ratings for organizations that have board chairs with strong “partnership ratings”<sup>2</sup> (but not boards) versus organizations with strong partnership ratings for their boards (but not their chairs), the organizations with stronger boards and weaker chairs are rated higher by executives.

## WHY IT MATTERS

**The board should not try to delegate the partnership with the CEO to the board chair.**

The data support the notion that a strong partnership with the chief executive requires effective engagement from both the board chair and the board as a whole. The data may also point to the possibility that a strong CEO-board partnership can in part make up for a weak CEO-board chair partnership, but not vice versa.

This may provide insight into the gap between the ratings of chair performance in this area, which is quite high, and board performance, which is more tempered. It also makes the case for full board investment in the partnership with the CEO, rather than thinking that the board chair can serve as its delegated partner to the chief executive.

Just like with all board responsibilities, the board can empower individual board members (officers and chairs) and groups of board members (committees and task forces) to take the lead on specific functions or bodies of work, but that does not abdicate the board of that responsibility.

**FIG 7 THE RELATIONSHIP BETWEEN STRONG GUIDANCE AND SUPPORT FROM THE BOARD CHAIR AND FULL BOARD AND THE BOARD'S OVERALL PERFORMANCE AND CULTURE**

"Partnership Ratings"		Average Rating of Board Performance in Core Roles & Responsibilities	Average Rating of Board Culture
Strong Board = A or B grade in "providing guidance and support to the CEO"	Strong Chair = "Strongly agree" or "agree" that the "board chair cultivates a constructive partnership with the CEO"		
Organizations with strong board and strong chair		2.98	3.20
Organizations with strong board (but not strong chair)		2.89	3.11
Organizations with strong chair (but not strong board)		2.24	2.51
Organizations with weak board and weak chair		1.85	2.25
Average score across all boards		2.69	2.94

<sup>2</sup> As defined in Figure 7.

**WHAT WE FOUND**

**CEO evaluation practices show room for improvement.**

One way that boards provide guidance and support to the chief executive is through formal evaluations of performance. A solid majority (67 percent) of the foundation executives surveyed report they have received a performance review in the past year, but there are also some troubling findings related to executive evaluation practices (Figure 8):

- Eighteen (18) percent of all the foundation executives surveyed report they have never been formally evaluated by the board.
- Eleven (11) percent of the executives surveyed report they do not have any written goals.

**WHY IT MATTERS**

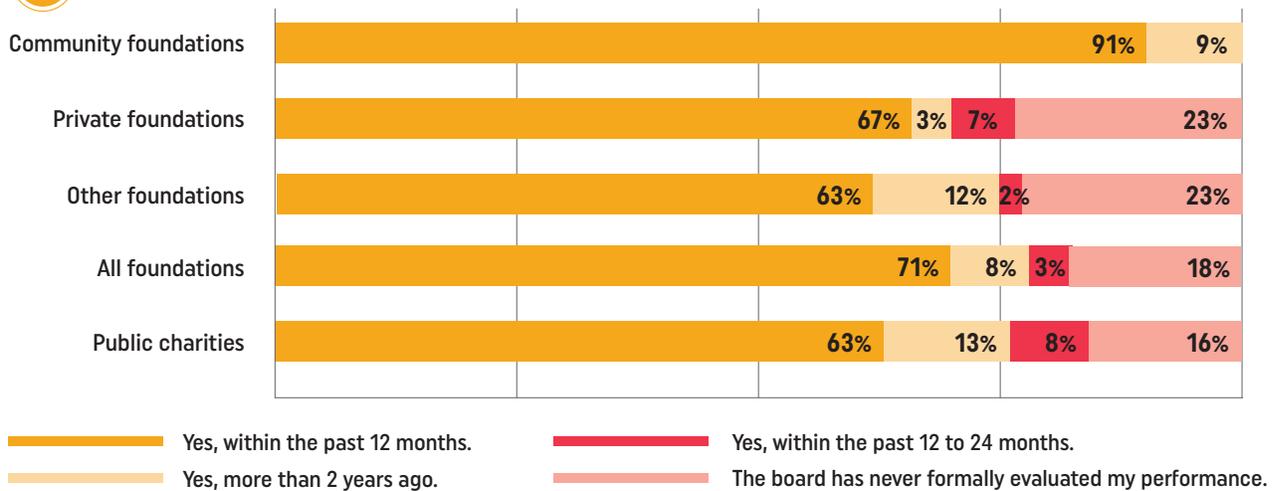
**Regular feedback is the cornerstone of a strong and effective partnership.**

While some would argue that formal evaluations are not the only way to provide feedback about job performance, when it comes to board oversight of chief executives, BoardSource considers a formal, annual review of performance to be essential. That's because — unlike traditional manager-supervisor relationships — the board has less visibility into the day-to-day leadership of the chief executive and less opportunity to provide meaningful ongoing, informal feedback. For similar reasons, BoardSource also recommends that chief executive assessments include a structured mechanism for soliciting feedback from the chief executives' direct reports as a part of the assessment process.

A structured annual review that builds on a formalized goal-setting process helps ensure that there is reflection and communication about how the chief executive is performing in his or her leadership role. It provides an opportunity to celebrate successes, address any challenge areas, and clarify expectations for the future.

**FIG 8**

**CHIEF EXECUTIVE PERFORMANCE EVALUATION PRACTICES BY TYPE OF FOUNDATION<sup>3</sup>**



<sup>3</sup> Excludes those executives who have been in their positions for less than a year.

**WHAT WE FOUND**

When it comes to CEO job satisfaction, the board's leadership matters.

*Leading with Intent* asked questions about overall job satisfaction as well as the board's impact on job satisfaction, and — as one might expect — the relationship between the two is quite strong:

- Fifty-four (54) percent of executives who report their boards have a positive impact on their job satisfaction also report that they are satisfied with their position overall.
- Only two (2) percent of executives who report positive board impact on job satisfaction report being dissatisfied with their position overall.

This compares to the following:

- Only seven (7) percent of CEOs who report that their board has a negative impact on their job satisfaction are happy with their position overall.
- Thirty-six (36) percent of executives who report that their board has a negative impact on their job satisfaction are unhappy with their position overall.

**WHY IT MATTERS**

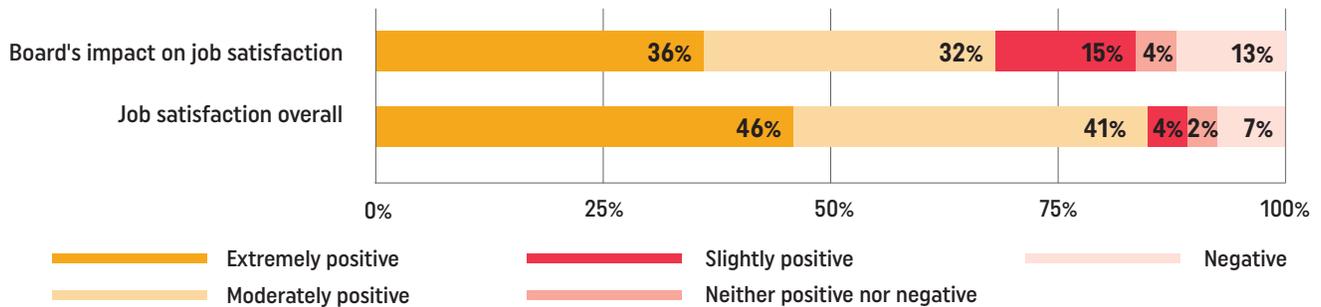
Job dissatisfaction at the CEO level is a major organizational challenge.

A chief executive who is unhappy in his or her position is unlikely to provide the visionary and strategic leadership that the foundation needs. For that reason, boards are wise to pay attention to the CEO's level of satisfaction with the position.

That is not to say that it is the board's job to "keep the CEO happy," but — rather — to understand what the issues may be and assess how best to address them so that the organization does not suffer through an extended period of dissatisfaction and disengagement.

Notably, most foundation CEOs report that the board has a positive impact on their job satisfaction and that they are satisfied with their positions overall (Figure 9).

**FIG 9 EXECUTIVE JOB SATISFACTION AND THE BOARD'S IMPACT ON IT**



## Strong Understanding of Board Roles & Responsibilities

### WHAT WE FOUND

The board's understanding of its roles and responsibilities is fundamental to its overall performance.

For both the executives and chairs who were surveyed, there is a strong correlation between their ratings of the board's understanding of its roles and responsibilities and their perceptions of the board's impact on organizational performance:

- Sixty-seven (67) percent of executives who report that their board has a negative impact on foundation performance also report that the board has a weak understanding of its roles and responsibilities.
- Only thirty-three (33) percent of CEOs who report that their board has a negative impact on foundation performance report that the board has a strong understanding of roles and responsibilities.

This compares to the following:

- Seventy (70) percent of executives who report their board has a positive impact on foundation performance also report that the board has a strong understanding of its roles and responsibilities.
- Only five (5) percent of executives who report positive board impact on foundation performance report weak board understanding of roles and responsibilities.

The board's understanding of its roles and responsibilities is also fundamental to strong performance across other areas of board responsibility. Within these responses, the foundation boards that have a strong understanding of their roles also tend to have stronger performance across all other performance areas (Figure 10).

### WHY IT MATTERS

Role understanding plays a powerful role in creating a strong partnership between boards and chief executives.

These findings about the importance of the board's understanding of its roles and responsibilities are not surprising. It goes to reason that to effectively fulfill any role or responsibility, an individual or group must first understand what that role or responsibility is.

But *Leading with Intent's* findings about the significance of role understanding to the board's overall impact on organizational effectiveness may also be pointing to something that goes to the heart of a strong relationship between boards and chief executives: trust and mutual respect. When chief executives and boards have a shared understanding about their respective roles and responsibilities, they have a foundation from which trust and mutual respect can grow. Boards can ensure that they are respecting the CEO's role by not crossing the line between governance and management. This creates trust with chief executives that enables them to confidently engage the board in deeper, more open-ended conversations about the foundation's work, which is essential to high-level thinking and strategy.

FIG 10

### HOW DOES BOARD UNDERSTANDING OF ROLES RELATE TO PERFORMANCE IN OTHER AREAS?<sup>4</sup>

	Strong Understanding of Role (A or B)	Weak Understanding of Role (D or F)	Variance
Adopting and following a strategic plan	2.95	1.25	1.70
Thinking strategically as a board	3.05	1.63	1.42
Monitoring legislative and regulatory issues	2.36	1.00	1.36
Evaluating the chief executive	2.98	1.63	1.36
Level of commitment and involvement	3.34	2.00	1.34
Increasing the diversity of the board	2.41	1.13	1.28
Monitoring performance and impact against strategic plan	2.82	1.63	1.19
Community-building and outreach	2.80	1.63	1.18
Providing guidance and support to the chief executive	3.23	2.13	1.10
Legal and ethical oversight	3.45	2.50	0.95
Knowledge of your organization's programs	3.19	2.63	0.57
Understanding your organization's mission	3.63	3.13	0.50
Financial oversight	3.69	3.25	0.44
<b>Average across all performance areas</b>	<b>3.07</b>	<b>1.96</b>	<b>1.11</b>

<sup>4</sup> These numbers are as reported by chief executives. The board chair results were very similar with an average variance across all performance areas of 1.10.

## Board's Adaptability in the Face of Change

### WHAT WE FOUND

Foundation boards do well in their adaptive role, and that matters.

Of the foundations surveyed, both executives and board chairs agree that their boards are adaptive in their leadership and strategy: Eighty-seven (87) percent of foundation executives and 90 percent of chairs report that their boards are adaptable in the face of change.

The data indicate that this matters in terms of the board's overall impact on organizational performance. Foundation boards rated as having a strong impact on organizational performance are also reported as being adaptable in the face of change:

- Ninety (90) percent of executives who report that their board is adaptable in the face of change also report that the board has a positive impact on foundation performance.
- Only two (2) percent of executives who report that their board is not adaptable in the face of change report that it has a positive impact on foundation performance.

This compares to chief executives who report that their board is not adaptable in the face of change:

- One quarter of whom report that the board has a positive impact on foundation performance.
- One quarter of whom report that the board does not have a positive impact on foundation performance.
- One half of whom report neither positive nor negative impact on foundation performance.

### WHY IT MATTERS

Adaptability is an important part of strategy.

At its core, the board's ability to adapt relates to its strategic role and relies on an understanding of the external environment and the ways in which that environment is changing. *Leading with Intent* asks boards to rate their performance in strategy. Foundation boards did reasonably well in all areas of work related to strategy, but received higher marks in "thinking strategically as a board" than they did in "adopting and following a strategic plan" and "monitoring performance against a strategic plan" (Figure 1, Page 7).

When it comes to the board's strategic role, however, it is worth asking if formalization and documentation is the most important goal. While there are some differences in ratings of the board's strategic role depending on whether or not a strategic plan exists, they are not as significant as one might expect (Figure 11 and Figure 12).

It's possible that these findings from *Leading with Intent* are documenting what proponents of emergent strategy have long argued — there's no magic in detailed plans that map out tactics for implementation over a three- to five-year time horizon, as traditional strategic plans often do. Effective strategy may be much more about the board's ability to think strategically in a way that is adaptable in the face of constant change.

FIG 11

### BOARD'S PERFORMANCE IN THINKING STRATEGICALLY, BROKEN OUT BY PRESENCE OF STRATEGIC PLAN

	Grade in "Thinking Strategically as a Board"		
	A or B	C	D or F
Organizations with a Strategic Plan	71%	23%	6%
Organizations without a Strategic Plan	53%	33%	13%

FIG 12

### FOCUS OF BOARD MEETINGS, BROKEN OUT BY PRESENCE OF STRATEGIC PLAN

	Extent to which meetings focus on strategy and policy			
	Great extent	Some extent	Small extent	Not at all
Organizations with a Strategic Plan	27%	41%	31%	0%
Organizations without a Strategic Plan	24%	33%	36%	6%

# BOARD COMPOSITION & DIVERSITY



FIG 13

THE DEMOGRAPHICS OF FOUNDATION BOARD LEADERSHIP

RACE & ETHNICITY	EXECUTIVES								
	Caucasian	African American/ Black	Asian	American Indian or Alaska Native	Native Hawaiian or Pacific Islander	Two or more races	Other	Hispanic or Latino of any race	Not Hispanic or Latino
Foundations	89%	4%	2%	0%	0%	3%	3%	7%	93%
Public Charities	90%	5%	2%	0%	1%	1%	1%	2%	98%
	BOARD CHAIRS								
	Caucasian	African American/ Black	Asian	American Indian or Alaska Native	Native Hawaiian or Pacific Islander	Two or more races	Other	Hispanic or Latino of any race	Not Hispanic or Latino
Foundations	95%	1%	3%	0%	0%	1%	0%	7%	93%
Public Charities	90%	5%	2%	1%	0%	0%	2%	3%	97%
	BOARD MEMBERS								
	Caucasian	African American/ Black	Asian	American Indian or Alaska Native	Native Hawaiian or Pacific Islander	Two or more races	Other	Hispanic or Latino of any race	Not Hispanic or Latino
Foundations	85%	6%	4%	1%	0%	1%	3%	7%	93%
Public Charities	84%	8%	3%	1%	0%	1%	3%	4%	96%

GENDER	EXECUTIVES			BOARD CHAIRS			BOARD MEMBERS		
	Female	Male	Other	Female	Male	Other	Female	Male	Other
Foundations	73%	27%	0%	33%	67%	0%	45%	55%	0%
Public Charities	73%	27%	0%	41%	59%	0%	48%	52%	0%

AGE	EXECUTIVES				BOARD CHAIRS				BOARD MEMBERS			
	Under 40	40 to 49	50 to 64	65 or older	Under 40	40 to 49	50 to 64	65 or older	Under 40	40 to 49	50 to 64	65 or older
Foundations	9%	23%	51%	17%	3%	10%	37%	50%	9%	20%	46%	25%
Public Charities	13%	19%	57%	11%	14%	20%	42%	24%	18%	27%	41%	15%



**WHAT WE FOUND**

**Two of every five foundation boards surveyed report that they do not have any leaders of color on their board.**

As was documented in *Leading with Intent 2017*, the vast majority of nonprofit board members are white, and foundation boards are no exception to that. The foundation boards that were surveyed report that eighty-five (85) percent of their board members are white. Within this sample, the lack of board diversity is most concentrated in family and community foundations, which report that board members are 91 and 90 percent white, respectively.

*Leading with Intent* also examines the percentage of boards that are all white, meaning that they have no people of color on the board. In the overall sample, 27 percent of boards report that they have not a single person of color on the board. A closer look at foundation boards surveyed reveals that foundation board composition brought this percentage up in the overall study, as a full 40 percent of the foundations surveyed report that their board is all white.

Given the unique board composition realities of family foundation boards, it is notable that — even with family foundation boards excluded — thirty-five (35) percent of foundation boards report that they are all white. This compares to 24 percent of public charities that report that their boards are 100 percent white (Figure 14).

**WHY IT MATTERS**

**Board composition impacts the way a board thinks and leads.**

As was highlighted in *Leading with Intent*, when diverse perspectives are not included at the board level, a board risks having “blind spots” that negatively impact its ability to make the best decisions and plans for the organization. Foundation boards are not immune to the risks of these strategic blind spots, and may actually be more susceptible to them due to fewer opportunities for honest community feedback to reach them and inform future thinking.

A board's diversity — or lack thereof — is also a statement about organizational values: Whose perspectives are essential for defining community needs, shaping strategies, and allocating grants, and whose are not. The power imbalance between foundations, grantees, and the ultimate beneficiaries of programs complicate these dynamics and warrant deep reflection around the foundation board table.

FIG 14

**ORGANIZATIONS WITH BOARDS THAT ARE ALL WHITE**

Type of Organization	% of All White Boards
Foundation	40%
Public Charity	24%
Association	31%
Other	30%
<b>ALL RESPONDENTS</b>	<b>27%</b>

Type of Foundation	% of All White Boards
Community Foundations	44%
Private Foundations	39%
Other Foundations	37%
<b>ALL FOUNDATIONS</b>	<b>40%</b>

## WHAT WE FOUND

### Foundation leaders are ambivalent about the lack of diversity on their boards.

BoardSource asked both foundation chief executives and board chairs to reflect on their level of satisfaction with their board's demographic diversity. While there are moderate levels of dissatisfaction across all areas of demographic diversity, the highest level of dissatisfaction is in the area of racial and ethnic diversity (Figure 15).

There is, however, less dissatisfaction than one might expect given the low levels of racial and ethnic diversity that was reported. A significant percentage of the foundation leaders that were surveyed report that they are either satisfied or neutral about their board's current level of diversity, a dynamic that exists even within those boards that are all-white. Of the foundation boards that report that they are all-white in composition,

- 55 percent report that they are dissatisfied with their board's racial and ethnic diversity
- 40 percent report that they are neither satisfied or dissatisfied
- five (5) percent report that they are extremely satisfied with their board's racial and ethnic diversity

As one might expect, there are different dynamics at play within family foundations, which — within this report's small sample — report the lowest levels of dissatisfaction with their board's racial and ethnic diversity. That said, across all types of foundations, the level of dissatisfaction with current levels of racial and ethnic diversity is significantly lower than their public charity counterparts (Figure 16), and expanding the board's racial and ethnic diversity is not seen as mission-critical by a full third of foundation executives (Figure 17).

## WHY IT MATTERS

### It is unclear if there is a will for change.

*Leading with Intent* documents that — overall — leaders are dissatisfied with their board's lack of racial and ethnic diversity, but not prioritizing demographics in board recruitment in a way that would make change. This dissonance between attitudes and actions is noted as a key hurdle that needs to be overcome if we are to succeed in diversifying social sector leadership.

Within the foundation community, however, the hurdle seems to be even closer to the starting line. Based on *Leading with Intent's* findings, it seems that foundations are not yet convinced that their individual board's racial and ethnic diversity matters. And, unlike public charities, which may face scrutiny from the community they serve, the public at large, and even their own funders, there are very few external points of leverage or pressure that exist within the foundation community that could spark meaningful change.

This creates a particular challenge as we look to increase diversity within foundation boardrooms and unlock new understanding and commitment to diversity, inclusion, and equity at the board level.

**FIG 15**

### LEVEL OF SATISFACTION WITH CURRENT DEMOGRAPHIC DIVERSITY (AS REPORTED BY EXECUTIVES)

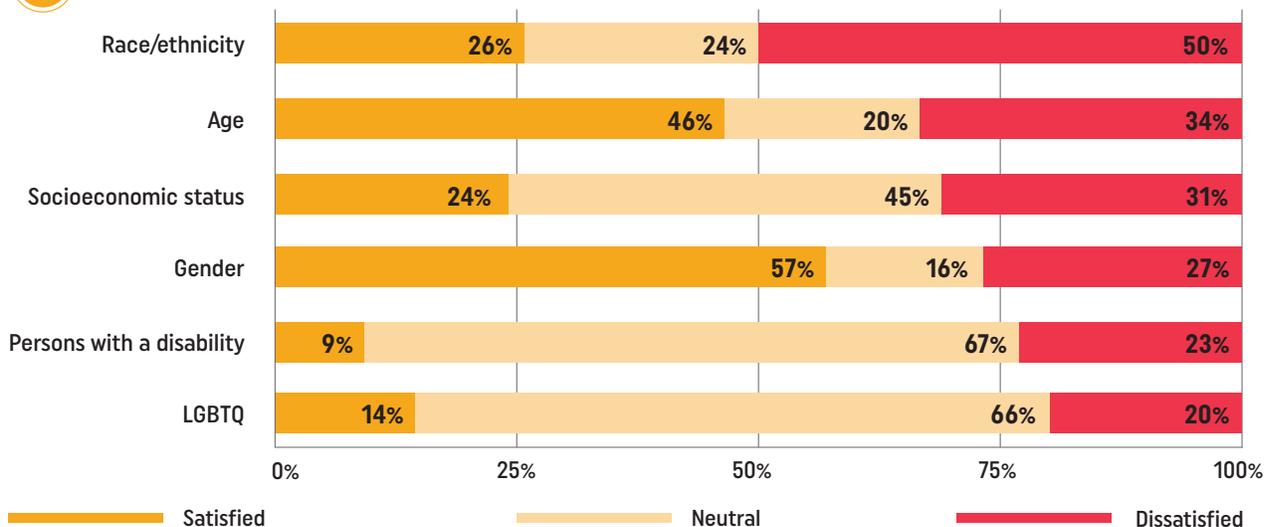




FIG 16

EXECUTIVES' SATISFACTION WITH THE BOARD'S RACIAL AND ETHNIC DIVERSITY BY FOUNDATION TYPE

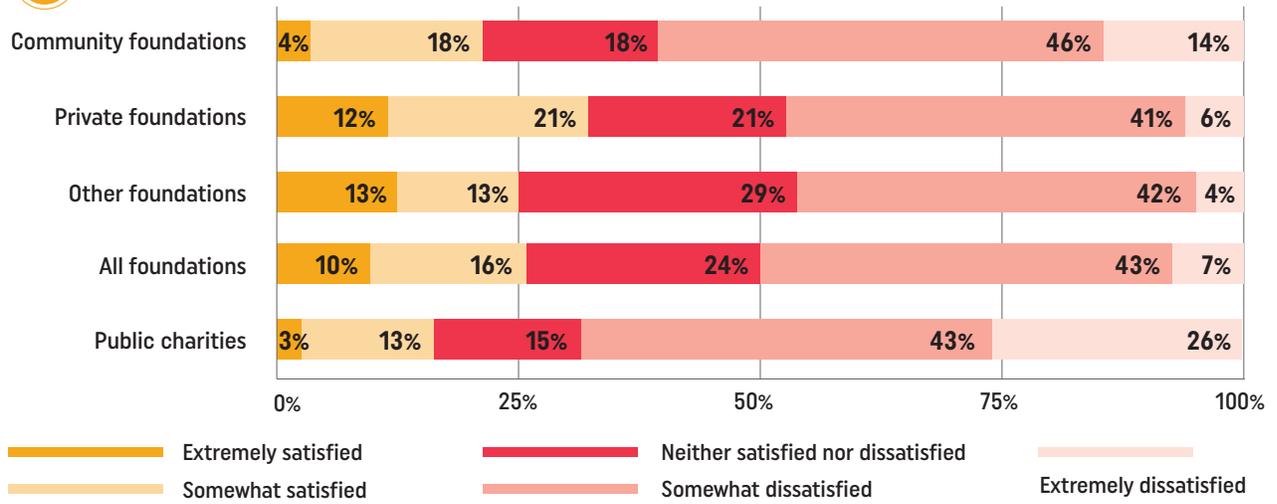
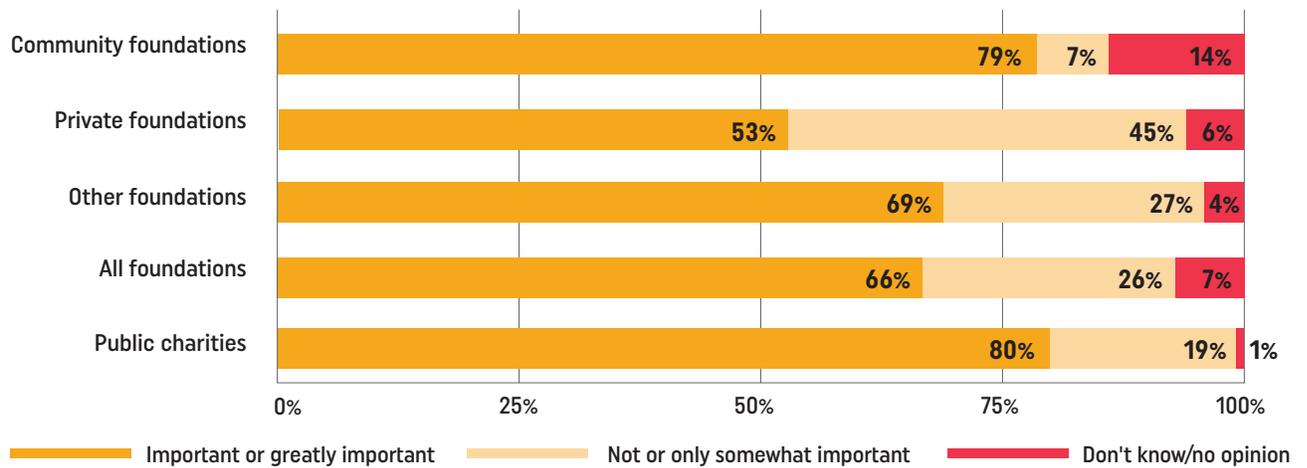


FIG 17

IMPORTANCE OF RACIAL AND ETHNIC DIVERSITY IN ADVANCING THE ORGANIZATION'S MISSION (ACCORDING TO EXECUTIVES)



## WHAT WE FOUND

### Foundation leaders report relative ease in recruiting board members, but they are not prioritizing diversity in those efforts.

Forty-two (42) percent of the foundation executives surveyed report that it is easy or very easy to find board members (Figure 18). While this could be considered good news, it is cause for pause within the context of a conversation about diversifying foundation board leadership.

Questions about board recruitment practices reveal that the majority of foundation executives surveyed do not report demographic diversity as a high priority in board recruitment (Figure 19).

This is true even among those who express dissatisfaction with current levels of diversity, demonstrating real dissonance between attitudes and actions, a dynamic that existed within the broader *Leading with Intent* sample as well. Nearly one in five of the foundation chief executives surveyed (18 percent) indicate that they are both

- dissatisfied with the board's racial and ethnic diversity and
- placing low or no priority on demographics in board recruitment.

Of those foundation executives who say they are "extremely dissatisfied" with the board's racial and ethnic diversity, only 25 percent report that demographics are a "high priority" in board recruitment.

## WHY IT MATTERS

### Change is needed — but it won't be easy.

Strategic board composition does not happen on its own. Boards must define what the ideal board composition looks like — in terms of demographics, representativeness, expertise, experience, and networks — and then be vigilant about finding it through focused and disciplined board recruitment.

For some boards, this means changing the way they identify potential candidates by moving beyond the personal networks of existing board members and considering nontraditional recruitment strategies, such as a posted board search or use of a search firm. Unfortunately, changing board recruitment practices does not rank as a top priority for most foundation boards. When asked what they should do to improve their board's performance, only 16 percent of the foundation executives surveyed report "change or strengthen recruitment practices." Within the all-white foundation boards surveyed, changing recruitment practices ranks even lower, with only 11 percent of those executives ranking it as a top three priority.

Without the will for change and the commitment to act, foundation board diversity is unlikely to change. That said, we should not underestimate the power of internal and external change agents who can start a different conversation emphasizing the importance of board leadership that is positioned to lead authentically on diversity, inclusion, and equity. There are plenty of examples of how even one committed leader can create change within an institution, serving as a powerful internal agent of change. There is also no question that peer-to-peer influence is strong within the foundation community, which could prove to be a compelling motivator for change as more and more foundations prioritize diversity, inclusion, and equity — and racial equity in particular — as a primary focus for their leadership and work.

FIG 18

EXECUTIVE PERSPECTIVES ON THE EASE OF FINDING BOARD MEMBERS

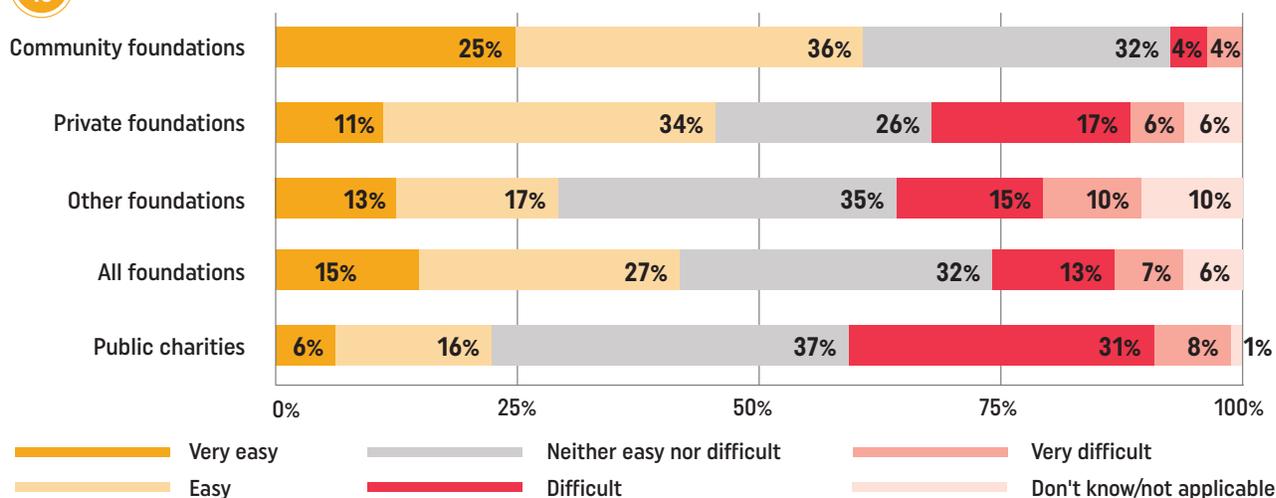
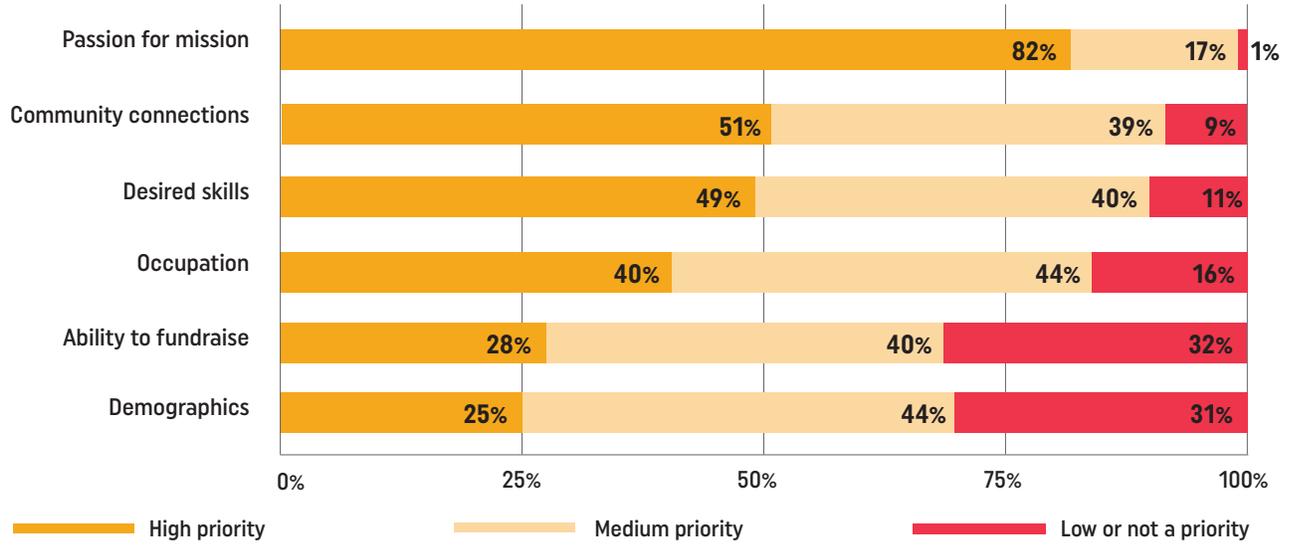




FIG 19

WHAT IMPORTANCE DOES THE BOARD ASSIGN TO THE FOLLOWING ITEMS WHEN RECRUITING BOARD MEMBERS?



# INTENTIONAL BOARD LEADERSHIP



## WHAT WE FOUND

### Foundation boards report positive cultures.

Across the sample, the foundation boards surveyed report relatively high levels of agreement with most positive statements about board culture, indicating that these foundation boards are doing a good job cultivating a collegial environment focused on advancing the goals of the foundation (Figure 20).

## WHY IT MATTERS

### Culture can make or break a board's leadership.

Culture informs everything a board does; a negative or dysfunctional culture can plague all areas of the board's work. Boards that have challenging cultures should address that as a top board development priority. Boards that have strong cultures should not take that for granted, finding ways to steward and support the culture so that it continues to flourish.

FIG 20

EXECUTIVES' RESPONSES TO QUESTIONS ON FOUNDATION BOARD CULTURE BY TYPE OF FOUNDATION

Foundation Board Culture Characteristics		% Agree or Strongly Agree				
		Public Charities	All Found.	Cmty. Found.	Private Found.	Other Found.
Areas of Strength	Board members listen attentively and respectfully to each other.	91%	93%	95%	93%	91%
	We have a clear vision that inspires me to work with enthusiasm and commitment.	84%	89%	87%	90%	89%
	Most board members are eager to stay on the board for the maximum time allowed in bylaws.	77%	88%	86%	93%	86%
	The board is adaptable in the face of changes in the environment, funding levels, etc., in order to sustain the mission and organization.	79%	87%	91%	83%	87%
	There is honest communication between board members.	79%	85%	91%	90%	78%
	The board encourages, supports, and listens to creative and innovative suggestions.	88%	85%	76%	84%	89%
	The board is able to resolve internal conflicts in a professional, positive way, allowing progress to be made.	83%	83%	86%	86%	80%
	I see a clear linkage between board priorities and organizational goals.	79%	82%	87%	84%	78%
	Success is celebrated on the board.	79%	82%	86%	86%	78%
	Board members have the interests of the organization uppermost in discussions, rather than the interests of their personal agendas.	86%	81%	86%	80%	80%
Challenge Areas	Our board is a collaborative team that works well together toward a common goal.	74%	78%	81%	80%	76%
	The majority of board members is actively engaged in overseeing and governing the organization.	71%	75%	71%	70%	80%
	Our board members share clearly articulated core values that guide decision making, even though members may disagree on details.	77%	72%	61%	81%	71%
	Board members balance short-term and long-term needs.	66%	63%	73%	55%	64%
	Board members share accountability and take collective responsibility for failures and mistakes.	54%	58%	50%	68%	55%
	The board continuously raises the bar by encouraging higher performance from its members and from the organization.	44%	47%	32%	37%	61%
	Board members' own further learning and growth about the organization and the board's work is a high priority.	52%	47%	39%	45%	52%
	<b>Average across all culture categories</b>	<b>74%</b>	<b>76%</b>	<b>75%</b>	<b>77%</b>	<b>74%</b>



**WHAT WE FOUND**

**Boards and chief executives do not see eye to eye when it comes to the board's management of itself.**

There are significant variances in chairs' and executives' responses to questions about the board's management of itself and ability to act as a collective leadership body, with board chairs rating board performance significantly higher than executives (Figure 21). This includes the extent to which

- board members' further learning and growth about the organization and the board's work is a high priority
- board members share clearly articulated core values that guide decision making, even though members may disagree on details
- board members share accountability and take collective responsibility for failures and mistakes
- board members have the interests of the organization uppermost in discussions, rather than the interests of their personal agendas

While this dynamic of higher scores from board chairs than executives is true across most questions — and was true in the larger *Leading with Intent* data set as well — the variances on these self-management questions for foundation boards are especially high, which is notable.

**WHY IT MATTERS**

**The board must manage its own performance.**

While the chief executive plays a strong role in supporting and strengthening the board in its leadership role, the board must own the responsibility of managing its own performance, particularly if there are challenges.

BoardSource encourages boards to formalize the responsibility for ongoing board development and board self-management as a part of a governance committee charter. The most essential functions of a governance committee include

- strategic board composition and recruitment
- ongoing board education about the foundation and its work, the external operating environment, and the board's own leadership role
- regular reflection on board performance, including the engagement and performance of each individual board member

While a governance committee may be the ideal structure for board self-management — regardless of how the board chooses to structure itself — what is most important is the board's commitment to thoughtful and intentional reflection and development.

**FIG 21**

**BOARD CHAIR AND EXECUTIVE PERSPECTIVES ON THE BOARD'S SELF-MANAGEMENT**

<i>Foundation Board Culture Characteristics</i>	% Agree or Strongly Agree		
	<i>Executives</i>	<i>Chairs</i>	<i>Variance</i>
Board members' further learning and growth about the organization and the board's work is a high priority.	47%	72%	25%
Our board members share clearly articulated core values that guide decision making, even though members may disagree on details.	72%	93%	21%
Board members share accountability and take collective responsibility for failures and mistakes.	58%	75%	17%
Board members have the interests of the organization uppermost in discussions, rather than the interests of their personal agendas.	81%	97%	16%

## WHAT WE FOUND

### Board chairs play an important role in cultivating a strong board culture and building a collaborative board team.

The foundation executives surveyed give their board chairs high marks for leading the board's culture, with the majority of chief executives reporting A or B grades in all categories (Figure 22).

The importance of strong leadership from the chair is reinforced by findings that indicate that the chair's leadership in two key areas is related to the board's overall ability to act as a collaborative team working toward shared goals.

Specifically,

- the chair's ability to resolve conflict, build consensus, and reach compromise
- the extent to which the chair establishes clear expectations of board service.

When chairs perform well in these two areas, the board is highly likely to also be described as a collaborative team working toward shared goals. This is much less likely to be the case when the chair is not performing well in these two areas.

When executives report that the board chair is able to resolve conflict, build consensus, and reach compromise,

- 85 percent also report that the board is a collaborative team that works well together toward shared goals
- three (3) percent indicate that the board is not a collaborative team

When executives report that the board chair is not able to resolve conflict, build consensus, and reach compromise, half report that the board is a collaborative team and half report that it is not.

When executives report that the board chair establishes clear expectations of board service,

- 91 percent also report that the board is a collaborative team that works well together toward shared goals
- two (2) percent indicate that the board is not a collaborative team

When executives report that the board chair does not establish clear expectations for board service, equal numbers report that the board is – and is not – a collaborative team.

## WHY IT MATTERS

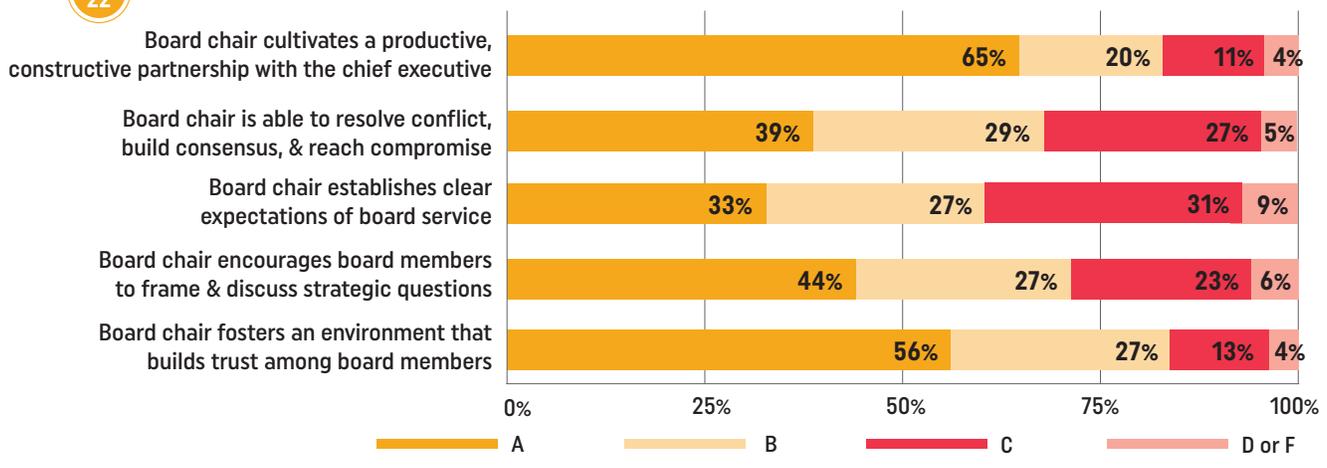
### Without a board chair who is a strong leader of culture, board culture may be left to chance.

While the data cannot demonstrate causation, they appear to support the notion that it's much more difficult to create a positive board culture when the chair isn't successfully leading those efforts.

Given that, it is critical that leadership style and approach to board culture and dynamics be considered when selecting a chair. By choosing a leader who has demonstrated his or her ability to work collaboratively with board colleagues, listen and build consensus in collaborative – versus autocratic – ways, as well as be straightforward and clear about agreed-upon expectations, boards are making an important investment in creating or maintaining a strong board culture.

FIG 22

### HOW WOULD YOU "GRADE" THE LEADERSHIP OF THE CURRENT BOARD CHAIR IN THE FOLLOWING AREAS?





## WHAT WE FOUND

**There is a relationship between the way that board meetings are structured and overall board culture.**

When looking across all questions related to board culture, *Leading with Intent* documents a strong relationship between positive board culture and the extent to which board meetings “are well run and use effective meeting practices, such as clear agendas, good facilitation, and timely start and close.”

Interestingly, however, chief executives and board chairs do not agree on what other aspects of meeting structure and practices are most important to a strong board culture.

Executive responses highlight these practices as important:

1. Board meetings staying focused on strategy and policy rather than on operational issues.
2. Board members being prepared for board meetings.

Chair responses highlight the following as important:

1. Board members receive information in advance of the meeting that is necessary to make informed decisions.
2. Meetings allow adequate time for board members to ask questions and explore issues.

A significant majority of board chairs and chief executives say that board meetings are well run, allow time for discussion, and that the board receives the information necessary to make informed decisions — all very positive indicators (Figure 23). That said, both chief executives and board chairs report significantly lower levels of agreement on the question of whether board meetings focus on strategy and policy, with only 26 percent of executives and 33 percent of board chairs reporting that they do “to a great extent.”

## WHY IT MATTERS

**Board meetings are the place where the board does its work as a collective leadership body.**

While there are many ways that board members provide leadership outside of board meetings — both as individuals and as a part of committees — board meetings are the only place where the board works together as a collective leadership body. For that reason, board meeting time should be considered a precious and limited resource that must be leveraged strategically.

Foundation executives currently report that 40 percent of all meeting time is spent on routine reporting, which severely curtails the board's ability to spend time discussing and deliberating on more strategic and generative issues of importance to the foundation's work.

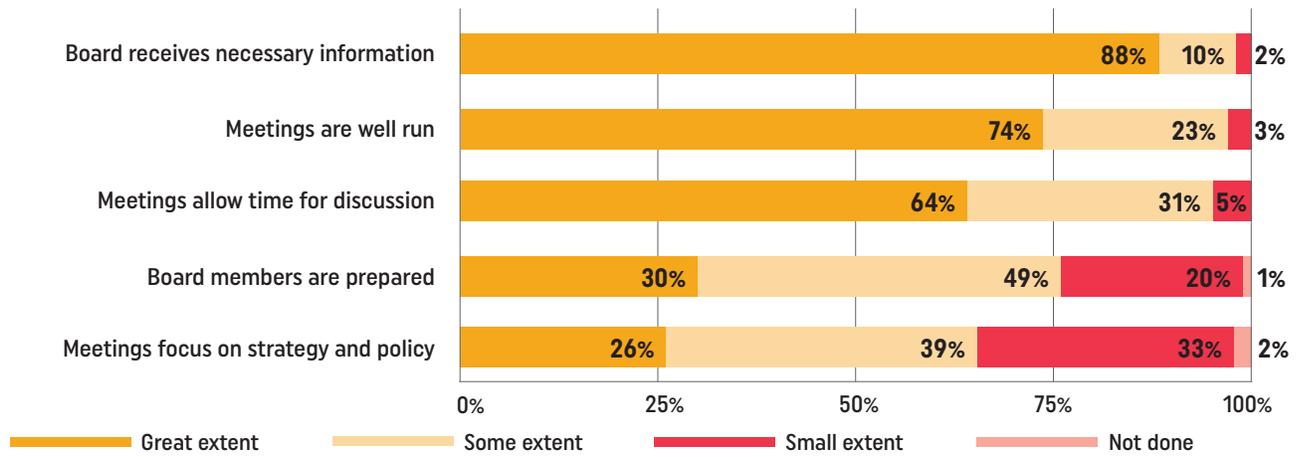
Notably, the board's role in approving grants may be a factor here. Of the boards that report that they review all grants individually, only 61 percent report that their meetings focus on strategy and policy to “some” or “a great extent.” This compares to boards that report that they

- only review grants over a certain threshold (69 percent agreement)
- review grants as a part of an aggregated recommendation from staff (74 percent agreement)

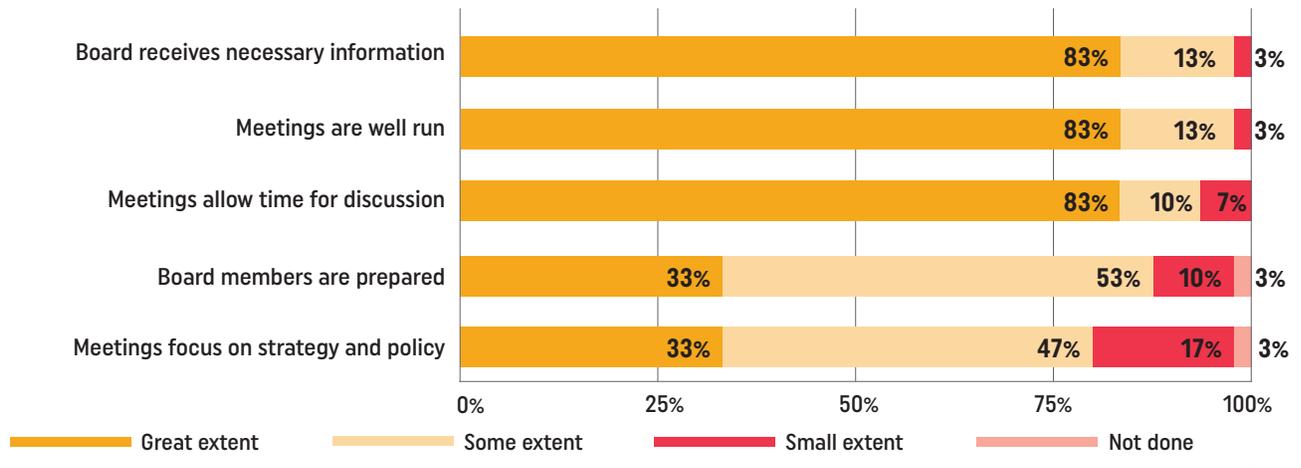
This may explain why such a significant percentage of board time is spent on routine reporting, and may provide important insight for those boards that are interested in expanding the board's role in strategy and policy.

FIG 23

INDICATORS OF BOARD MEETING QUALITY *Chief Executive Responses*



*Board Chair Responses*





**WHAT WE FOUND**

Strong understanding of programs relates to stronger engagement, strategy, and external leadership.

The need for deep understanding of the foundation's programs and work is reinforced by *Leading with Intent's* findings, which highlight how board members' understanding of programs positions them for stronger – or weaker – performance in many areas of board performance (Figure 24), including

- strategic thinking and planning
- overall engagement and commitment
- community-building and outreach

**WHY IT MATTERS**

Board development efforts should include ongoing efforts to cultivate understanding of the foundation's programs and work.

If board members don't have a strong understanding of what the foundation is doing programmatically, it is more difficult for them to feel informed, connected, and engaged in its work. Boards are wise to create opportunities for board members to experience the work of the foundation in the first person. This could be through structured experiences such as site visits or tours, by inviting grantees or beneficiaries to share their stories, or through other experiences that will help board members connect more deeply to the mission of the foundation.



**BREAKDOWN OF BOARD PERFORMANCE RATINGS BY LEVEL OF KNOWLEDGE OF THE ORGANIZATION'S PROGRAMS**

Summary of Finding: Boards reported by executives to have stronger knowledge of organizational programs are more likely to score higher in other areas of board responsibility.

Of those foundation boards with...		
Strongest Knowledge of Programs (A)	Strong Knowledge of Programs (A or B)	Weak Knowledge of Programs (D or F)

What percent receive strong (or weak) scores in these areas?				
Strategic Thinking & Planning	Thinking strategically as a board			
	Excellent (A grade)	48%	24%	0%
	Good (A or B grade)	87%	75%	0%
	Weak (D or F grade)	0%	3%	100%
	Board members appropriately balance short-term and long-term needs			
	Strongly agree	52%	36%	0%
Engagement & Commitment	Strongly agree or agree	74%	72%	33%
	Disagree	4%	7%	33%
	The majority of board members are actively engaged in overseeing and governing			
	Strongly agree	57%	41%	33%
	Strongly agree or agree	87%	87%	33%
	Disagree	13%	11%	33%
External Leadership & Ambassadorship	Level of commitment and involvement			
	Excellent (A grade)	74%	45%	0%
	Good (A or B grade)	96%	89%	0%
	Weak (D or F grade)	4%	4%	67%
	Community-building and outreach			
	Excellent (A grade)	22%	14%	0%
Good (A or B grade)	74%	61%	0%	
Weak (D or F grade)	4%	9%	100%	

## WHAT WE FOUND

### Some foundation boards are missing important opportunities for transparency and accountability.

While there are many areas where the foundations surveyed are doing well in terms of transparency and accountability, there are some areas where a significant portion of boards report that they are not taking advantage of opportunities to reflect and share (Figure 25). Specifically,

- discussing feedback from grantees about their grantmaking relationship with the foundation (58 percent of foundations reporting)
- contributing your foundation's performance information to wider networks to inform the field about what works and what does not (50 percent of foundations reporting)
- sharing information about grantee perceptions of the foundation with the public (30 percent of foundations reporting)

Additionally, a significant percentage of foundations are opting out of recommended accountability and transparency practices related to financial oversight (Figure 26). Of the foundations surveyed,

- 76 percent do not have an annual audit process that includes a meeting with the auditors without foundation staff present
- 66 percent do not post financial statements to the foundation's website; 61 percent do not post their IRS Form 990
- 64 percent do not share information about their board practices and governance with the public

## WHY IT MATTERS

### Transparency and accountability are important choices for foundation boards to make.

Given the fact that there are very few external forces that can influence or mandate foundation leadership, a commitment to transparency and accountability requires a proactive leadership choice on the part of foundation boards and leaders.

Those foundations that seek to lead by example, particularly among their peers and grantees, are wise to consider ways that they can model transparency and accountability in all that they do.

Examples of strong leadership could include

- regularly soliciting grantee feedback about the relationship with the foundation (e.g., grantee perception reports)
- encouraging grantees to solicit beneficiary feedback to ensure that programs are meeting and serving needs (e.g., Listen for Good or other beneficiary feedback programs)
- adopting recommended governance practices, including those related to audits and financial reporting (e.g., BoardSource Recommended Governance Practices)
- sharing information about the foundation's learning, grantee and beneficiary feedback, finances, and governance on the organization's website or via a public transparency platform (e.g., GuideStar)



## ACCOUNTABILITY AND TRANSPARENCY PRACTICES - GRANTMAKING STRATEGY AND EFFECTIVENESS

	All Found.	Cmty. Found.	Private Found.	Other Found.
Discuss the impact of the foundation's grantmaking programs and philanthropic investments	78%	85%	71%	55%
Discuss feedback from grantees about their grantmaking relationship with the foundation	58%	62%	61%	80%
Contribute your foundation's performance information to wider networks to inform the field about what works and what does not	50%	62%	52%	41%
Share information about the impact of the foundation's grantmaking programs and philanthropic investments with the public	75%	100%	71%	64%
Share information about grantee perceptions of the foundation with the public	30%	23%	26%	36%



FIG 26

ACCOUNTABILITY AND TRANSPARENCY PRACTICES – GOVERNANCE AND OVERSIGHT

	All Found.	Cmty. Found.	Private Found.	Other Found.
Post financial statements to organizational website	34%	63%	35%	18%
Post IRS Form 990 to organizational website	39%	63%	29%	34%
Board receives a copy of the Form 990 before filing	70%	79%	71%	64%
Share information about board practices and governance with the public	36%	62%	39%	18%
Conduct an external audit annually	81%	100%	84%	69%
· Meet with auditors to discuss findings (of those who conduct an audit)	75%	83%	58%	83%
· Meet with auditors to discuss findings (overall)	66%	83%	52%	60%
· Meet with auditors to discuss findings, without staff present (of those who conduct an audit)	37%	38%	35%	40%
· Meet with auditors to discuss findings, without staff present (overall)	24%	38%	32%	29%
Have a written conflict of interest policy	96%	100%	94%	96%
Require signed annual disclosure of potential conflicts from each board member.	92%	100%	94%	87%
Carry Directors & Officer's liability insurance	91%	96%	87%	91%

WHAT WE FOUND

**Regular board self-assessment is linked to stronger board performance.**

Across the board, *Leading with Intent* finds that the practice of regular board self-assessment is related to stronger board performance, documenting the importance of this essential practice.

Within the foundation sample, foundations that have assessed board performance in the past two years report significantly higher ratings across all areas of board performance than their peers that have not assessed their board's performance (Figure 27).

WHY IT MATTERS

**The majority of foundation boards are not assessing their own performance.**

Despite clear indications that regular board self-assessment is related to stronger board performance, only 38 percent of the foundation boards surveyed report that they have conducted a board self-assessment within the past two years and almost half (48 percent) of all foundation boards report that they have never assessed their board's performance (Figure 28).

This is a missed opportunity for reflection about board performance, and a high-leverage opportunity for board development.

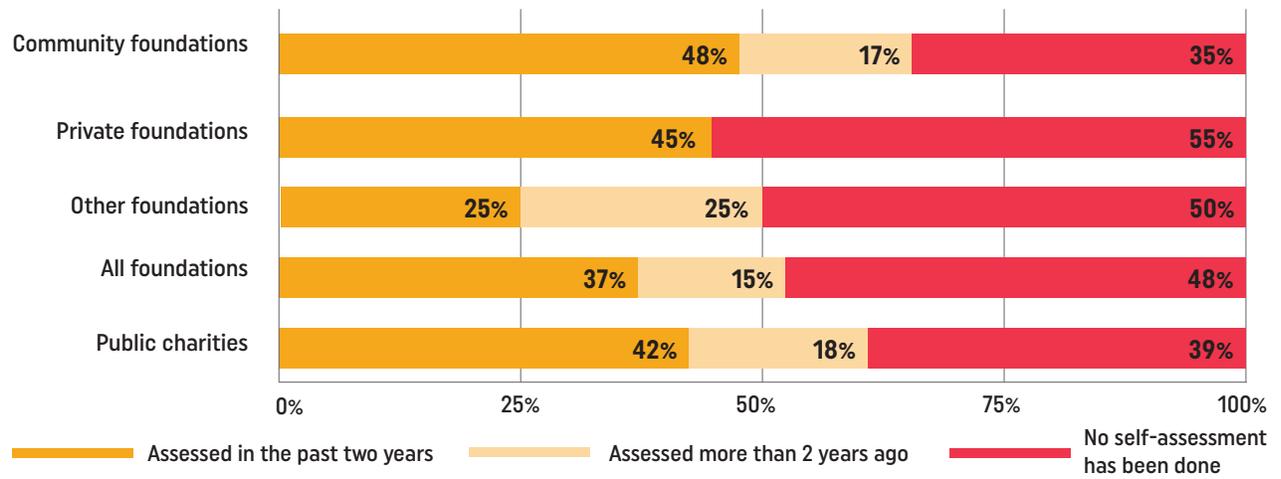
**FIG 27**

**COMPARISON OF FOUNDATION BOARD PERFORMANCE BASED ON FREQUENCY OF BOARD SELF-ASSESSMENT**

Area of Board Performance (Ratings reported by chief executives based on a four-point scale.)	Assessed in past 2 years	Never assessed	Variance
Adopting and following a strategic plan	3.18	1.84	1.34
Monitoring performance against strategic plan	2.91	1.98	0.94
Understanding the board's roles & responsibilities	3.24	2.32	0.92
Increasing the diversity of the board	2.44	1.53	0.90
Evaluating the chief executive	2.91	2.07	0.84
Thinking strategically as a board	3.09	2.36	0.72
Community-building and outreach	2.76	2.12	0.65
Level of commitment and involvement	3.26	2.73	0.54
Providing guidance & support to the executive	3.12	2.64	0.48
Legal and ethical oversight	3.38	2.91	0.47
Monitoring legislative and regulatory issues	2.35	1.90	0.45
Financial oversight	3.62	3.21	0.41
Knowledge of your organization's programs	3.03	2.86	0.17
Understanding your organization's mission	3.44	3.30	0.15
<b>Overall average grade</b>	<b>3.05</b>	<b>2.42</b>	<b>0.64</b>

**FIG 28**

**HOW RECENTLY HAS YOUR BOARD CONDUCTED A FORMAL WRITTEN SELF-ASSESSMENT OF ITS PERFORMANCE?**



# OPPORTUNITIES FOR REFLECTION

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*Leading with Intent* identifies many opportunities for board development and reflection. As you consider how these opportunities relate to your foundation's board leadership, BoardSource offers the following suggestions for board reflection and consideration.

## **1. Help your board cultivate a deeper understanding of your foundation's work and what it means to those you seek to serve.**

Make it an ongoing priority to deepen your board's understanding of your foundation's work — what you do, why it matters, and how you know you are having an impact. To understand your starting point, reflect on the following questions within your governance committee, or whichever group of board leaders has responsibility for investing in the board's leadership:

1. To what extent do each of our board members understand our funding priorities and strategies? Is the level of understanding strong enough to give us confidence in our ability as a board to make strategic decisions about our foundation's future? If our chief executive left the room during a board meeting, would our board members be able to continue a robust discussion about what we have prioritized programmatically and why?
2. How effectively are we creating opportunities for our board members to experience our programs and/or hear from those we fund and serve? Does our approach to board education include enough "show," instead of just "tell"?
3. How are we ensuring that we are hearing from the beneficiaries of our work, and listening to the feedback they share? How are we cultivating a deeper understanding of the communities and people we serve and challenging what we think we know about them? How are we partnering with our grantees to develop a deeper understanding of how they do their work and — through them — how we are having an impact as a foundation?

## **2. Start a conversation about your foundation's commitment to diversity, inclusion, and equity.**

Invite the board to consider what diversity means to your foundation, and what a commitment to diversity, inclusion, and equity would look like for your board, your foundation, and your work in the community. Consider the following questions as a part of a full board conversation:

1. How well are we cultivating a deeper understanding of the community or communities that we serve and bringing their perspectives, needs, feedback, and priorities into our strategic boardroom discussions? Are we ever at risk of making decisions without fully understanding how these decisions may affect those we seek to serve? How might changing our board composition to include more leaders from the communities we seek to serve help us cultivate new and deeper insights about how to approach our work?
2. Is our foundation's reputation being negatively (or positively) impacted by our board's current composition vis-à-vis diversity? If someone were to make assumptions about our organizational values based on our board composition, what would they be likely to think?
3. If we were to make a deeper commitment to diversity, inclusion, and equity, what would that mean for our mission, our work, our grantees, and the communities and people we seek to serve?
4. For more on the board's leadership role on issues related to diversity, inclusion, and equity, visit [boardsource.org/initiatives/diversity-equity-inclusion](https://boardsource.org/initiatives/diversity-equity-inclusion).

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### **3. Check in regularly on how well your board understands — and is fulfilling — its roles and responsibilities.**

Ensure that every board member starts board service with a firm understanding of his or her roles and responsibilities — both what they are and what they are not — and continually reinforce the importance of operating within the board’s scope in all board discussions and deliberations. Reflect on the following as a part of a governance and/or executive committee meeting:

1. How confident are we that each of our board members has a firm understanding of the board’s responsibilities and governing role?
2. How clearly have we defined the board’s role in approving grants, and is that role aligned with the way that we want to use our time together as a board? Are we ensuring that we have enough time to discuss strategy and changes in the external environment that should inform the way that we are prioritizing resources?
3. If we are veering toward micromanagement in a board conversation, do we have the understanding, culture, and leadership among our board members that would enable us to self-identify that and recalibrate in the moment, or would it go unchecked or rely on the chief executive to say something?
4. What mechanism do we have for regularly reflecting on our overall performance as a board? Are we having productive conversations about what we are doing well as a board and what we could do better? How are we investing in ongoing board development efforts to strengthen our leadership as a board?

### **4. Reflect on how your board’s practices align with recommended practices.**

As your board considers how it can invest in its own leadership, consider the following, whether as a part of a governance committee discussion or a full board meeting:

1. How aligned are we with recommended governance practices from BoardSource and other leaders in the field? Is there anything that we are doing (or not doing) that we’d be uncomfortable with others knowing? Is there anything we should consider changing as a result?
2. Does our board set an example that other boards might follow, whether they are our foundation peers, our grantees, or other organizations? If so, why? If not, why not?
3. Are we asking or expecting anything of our grantees that we are not also asking of ourselves? If we were to ask ourselves the same questions that we ask about grantee (or potential grantee) governance and leadership, is there anything about our own responses that would flag concerns if a grantee were to respond similarly?
4. Is it important to us as a foundation to be transparent about our own practices and strategies? What are the benefits — both to us and others — of being open about what we are learning and practicing as a foundation?



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