



Girl Scout Council Board Governance Survey Fall 2010

Final Report

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INTRODUCTION

Survey Methodology

During the fall of 2010, all Girl Scout council chief executive officers (CEOs) and board chairs were invited to participate in an online survey designed to measure their board practices. This research consisted of two surveys: a version for CEOs with 73 questions and a version for board chairs with 33 questions, including 22 overlapping questions. Although they were based on *The BoardSource Nonprofit Governance Index 2010*¹ (*Governance Index*), the surveys were customized to meet the unique needs of Girl Scouts.

The online surveys were distributed by e-mail to 112 Girl Scout councils on September 30, 2010, and completed surveys were received by the close of business on October 20, 2010. Ninety-five of 112 CEOs completed the CEO survey for an 85% response rate, and 94 of 112 board chairs completed the board chair survey for an 85% response rate as well. The distribution by budget of respondents mirrored the national distribution of councils. This excellent response rate for both CEOs and board chairs speaks strongly to the dedication of Girl Scouts and their interest and commitment to the success of the council.

Survey respondents were asked for information regarding the size of their boards, whether specific policies and practices are in place, and whether they agreed--and to what extent--that the board engaged in certain practices, e.g., ensuring that an effective process to orient new board members is in place. Other questions prompted respondents to select their top two or three choices from a longer list of options, such as indicating which criteria were most important in selecting board members. A number of open-ended questions were also included.

Report Structure

The next section of this report provides an overview of the key findings from the survey data. This broad findings section includes various data charts representing averages from all survey respondents. Where appropriate, information from the *Governance Index* is provided as a point of comparison. Please note that the *Governance Index* is a census reflecting board practices and performance in the United States. It is a reflection of common practices and should not be interpreted as best practice. Additionally, the report contains conclusions and recommendations, based on BoardSource's extensive experience and expertise focusing on nonprofit governance for more than two decades. A full report of the survey data has been provided to Girl Scouts of the USA.

¹ The [Governance Index](#) is a comprehensive study of governance practices in the United States. The 2010 *Governance Index* results are based on a respondent pool of 978 chief executives and 780 board members from predominantly 501(c)(3) organizations.

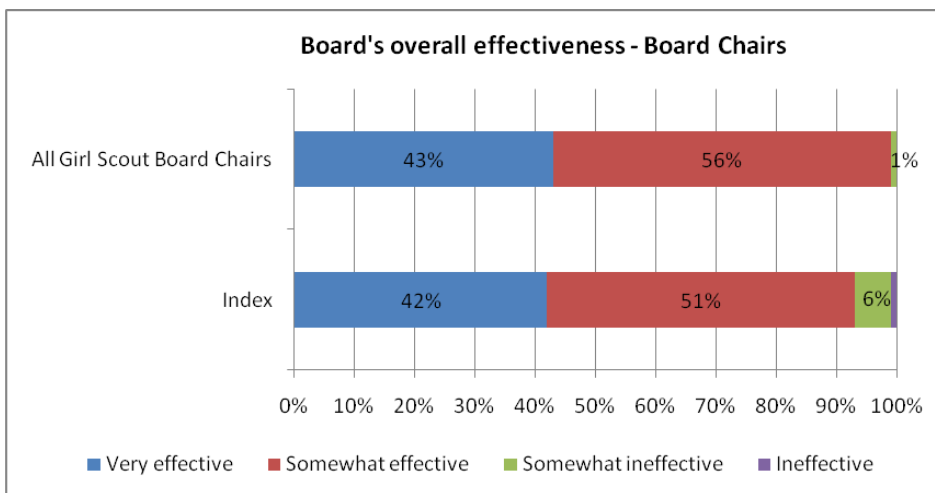
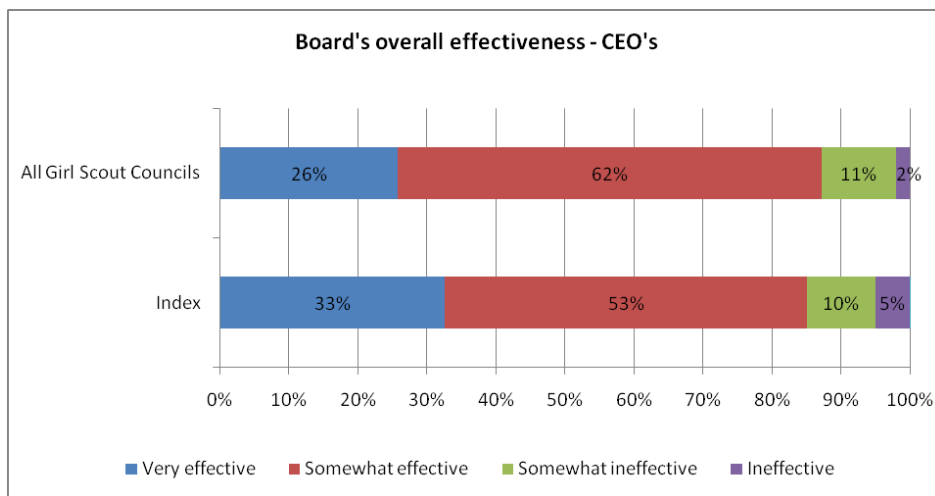
BROAD FINDINGS

This section focuses on:

- Overall board effectiveness
- Key areas identified as needing improvement
 - Fundraising tops the list of needed board improvements
 - Board recruitment and development are major challenges for Girl Scouts
 - Strategic thinking and engagement seen as ways to improve board performance
 - Stronger advocacy and community outreach needed to improve the board
- CEO support
- Important board practices needing enhancement

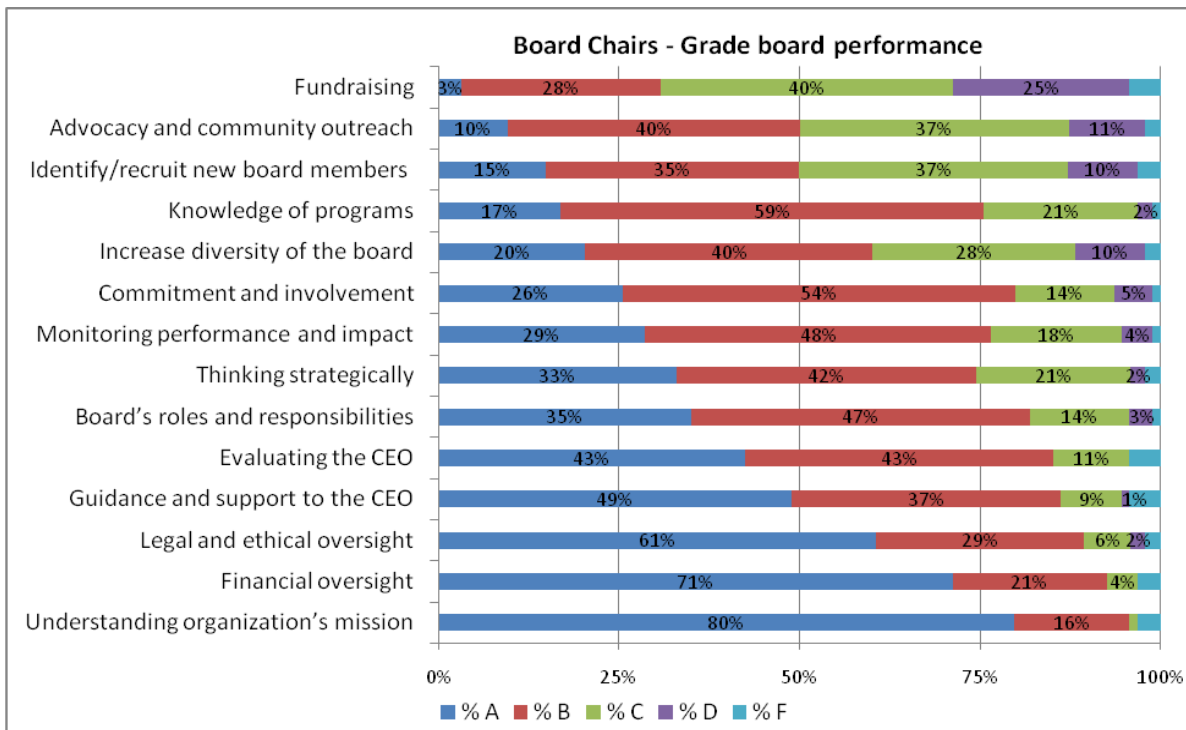
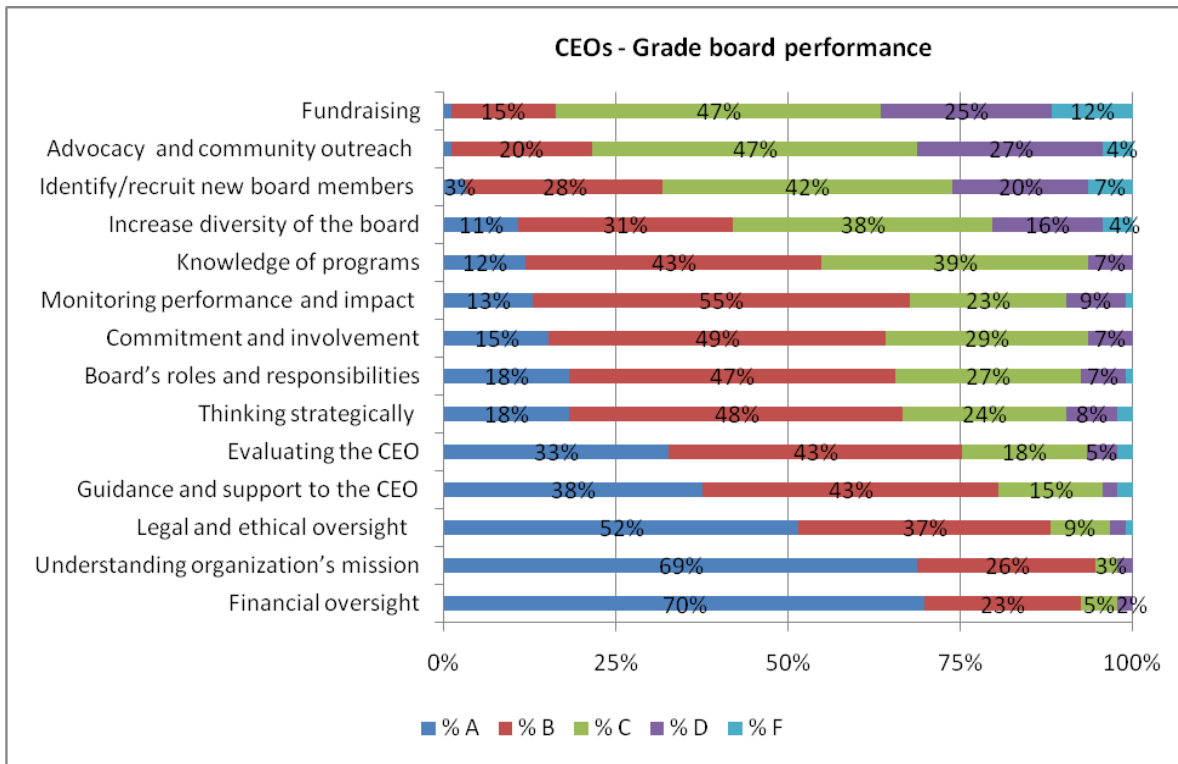
Overall Board Effectiveness

The CEO and board chair surveys asked respondents to evaluate their boards’ overall effectiveness (CEO Q-10.3, BC Q-5.5). As demonstrated in the charts below, only 13% of CEOs and 1% of board chairs rated their boards “somewhat ineffective” to “ineffective.” These results mirror responses in the *Governance Index* (referred to as “*Index*” in the charts).



The surveys also asked CEOs and board chairs to rate their boards' performance (CEO Q-10.2, BC Q-5.3) in a number of areas. Their responses are consistent in the rank order of their grades from average highest to lowest as illustrated below.

Grade your board's performance in the following areas (A = 4, B = 3, C = 2, D = 1, F = 0)	<i>Index</i> CEO	<i>Girl</i> Scout CEO	<i>Index</i> to Girl Scout CEO	<i>Index</i> Board	<i>Girl Scout</i> Board Chairs	<i>Index</i> to Girl Scout Board
Understanding your organization's mission	3.33	3.61	-0.28	3.65	3.69	-0.04
Financial oversight	3.15	3.60	-0.45	3.36	3.57	-0.21
Legal and ethical oversight	2.94	3.35	-0.41	3.19	3.44	-0.25
Providing guidance and support to the chief executive	2.86	3.12	-0.26	3.24	3.26	-0.02
Evaluating the chief executive	2.75	2.99	-0.24	3.06	3.19	-0.13
Understanding the board's roles and responsibilities	2.72	2.75	-0.03	2.97	3.12	-0.15
Thinking strategically	3.15	2.73	0.42	2.94	3.01	-0.07
Level of commitment and involvement	2.81	2.73	0.08	3.04	2.98	0.06
Monitoring organizational performance and impact	2.61	2.70	-0.09	2.87	2.99	-0.12
Knowledge of your organization's programs	2.76	2.60	0.16	3.12	2.88	0.24
Increasing the diversity of the board	1.98	2.28	-0.30	2.39	2.67	-0.28
Working with board development committee to identify and recruit new board members	NA	2.02	NA	2.62	2.49	0.13
Advocacy and community outreach	2.04	1.87	0.17	2.70	2.45	0.25
Fundraising	1.29	1.69	-0.40	2.25	2.01	0.24



As in the *Governance Index*, areas that CEOs consider indicators of board strength include understanding the mission, financial oversight, legal and ethical oversight, and providing guidance and support to the CEO. Board chairs identified the same four areas as indicators of highest board performance. Again, like the *Governance Index*, areas of board weakness include fundraising, advocacy, and board recruitment.

Like other nonprofit leaders, Girl Scouts CEOs and board chairs identify fundraising as their boards’ greatest weakness. Challenges in fundraising, however, may be symptoms of a bigger problem—that of board disengagement. In addition, Girl Scout council boards’ low scores on program knowledge fall below those of the *Governance Index*. Board members who cannot talk about a council’s programs and services cannot be good fund-raisers or advocates in the community.

Girl Scout councils also struggle with finding the right people to serve on boards. Having the right board composition is key to a successful nonprofit, and the board development committee (BDC)² needs to cast as wide a net as possible and work closely with the board chair and CEO to ensure that the BDC is on the right track. Board development remains a challenge and critical need for nonprofit boards. The results of this survey show this true for Girl Scouts as well.

Key Areas Identified as Needing Improvement

Even though a majority of respondents saw their boards as generally effective, they agreed that their boards need to improve in many areas. Top responses to the question about the three most important areas boards need to improve performance are listed in the following table.

What are the three most important areas the board could undertake to improve its performance (CEO Q-8.4, BC Q-5.4)	CEOs	Board Chairs
Fundraising	93%	94%
Strategic thinking	36%	34%
Board recruitment	34%	29%
Advocacy/Community outreach	17%	35%

These key areas of board responsibility and related issues are discussed below.

Fundraising Tops the List of Needed Board Improvements

The need to improve fundraising is rated particularly high for councils compared to the *Governance Index*--40 percentage points higher on average for CEOs. Fundraising is identified as the most important area needing improvement by most organizations, but responses from Girl Scout council CEOs and board chairs to questions posed in different parts of the survey indicate that board composition and practices do not strongly support fundraising success on the part of the board, and 48% of comments about the most pressing challenges mention fundraising (CEO Q-10.7, BC Q-5.8).

The presence of fundraising expertise on boards is found to be less than adequate, and the ability to attract financial resources is found to exist only “to some extent.”

² The board development committee (BDC) is responsible for partnering with the board and CEO to build a high performing board that is as effective as it can be. In its expanded role, the BDC goes beyond recruiting and slating nominees for council leadership. It works closely with the board to ensure board orientation, ongoing education, and assessment. In its expanded role, the BDC is accountable to the membership for presenting a balanced slate and the board for ongoing development and education.

Rate the level of professional expertise currently on your board 1=Weak; 2=Adequate; 3=Strong (CEO Q-3.5)	CEOs (Avg)
Fundraising	1.48
When thinking about your council's board, to what extent 1=Not at all; 2=Some extent; 3=Great extent; 4=Very great extent (CEO Q-3.6)	CEOs (Avg)
Does the board have the right composition to connect the agency to high net worth individuals?	2.29
Does the board have the right composition to connect the agency to foundation leaders, corporate leaders, and media?	2.53

More than a quarter of CEOs indicated that their boards did not have defined responsibilities for individual board members related to fundraising. In addition, CEOs indicated that fund development expertise on the board is lacking. Considering how large a challenge fundraising is for Girl Scouts, it is surprising that practices such as recruiting the right people for the board, ability to attract financial resources, and having defined board fundraising responsibilities are rated so low.

The table below confirms that only a few board members have participated in activities such as the ones listed, with CEOs perceiving less activity than board chairs.

When thinking about fundraising, indicate what portion of board members participated in these efforts 1=None; 2=Very few; 3=Some; 4=Almost all (CEO Q-7.4 and BC-Q-2.4)	CEOs (Avg)	Board Chairs (Avg)
Connected the agency to foundation and corporate leaders	2.38	2.63
Provided in-kind/pro bono professional services to the council	2.36	2.71
Written letters to thank donors	2.35	2.53
Made phone calls to potential donors	2.28	2.47
Accompanied others in making the "ask" for the organization	2.24	2.35
Connected the agency to high net worth individuals	2.17	2.46
Hosted an event to cultivate potential donors	1.94	2.16

In addition, some council boards may not be structured for effective fundraising. For example, almost a quarter of boards do not have a fundraising/fund development committee (CEO Q-2.5) that works closely with development staff to plan fundraising and ensure the participation of the entire board in development activities and personal giving. Such a lack may hinder fundraising efforts.

Further, the fact that only 51% of Girl Scout boards require board members to write thank-you letters to donors indicates that boards are not utilizing some proven tactics and ideas for achieving greater success with members in their fundraising efforts (CEO Q-7.6). Councils need to engage board members in the full donor cultivation, solicitation, and stewardship cycle.

Despite the expressed high need for resource development, only 13% of CEOs and 11% of board chairs indicate that being a major donor or having the ability to contribute is an important criterion for selecting board members (CEO Q-3.2, BC Q-1.4). On a positive note, however, nearly 93% of board members made personal financial contributions last year (CEO Q-7.5), 8 percentage points

above the *Governance Index* average, and 89% of boards require a personal monetary contribution (CEO Q-7.6), 19 percentage points above the *Governance Index*.

Governance Index research has shown a positive correlation between boards that required personal contributions and a higher percentage of board giving. The fundraising mantra of “give and get” begins with personal giving. It is much easier to ask others to support your organization when those closest to it—starting with the board—have dug into their own pockets. Expectations about giving and getting should be explained during the recruitment process and again at orientation. In addition, board chairs should reinforce these expectations and hold board members accountable.

Board Recruitment and Development Are Major Challenges for Girl Scouts

A number of comments indicate that, as a result of realignment, there has been considerable change in board composition. CEOs and board chairs see board recruitment as one of the top areas needing improvement.

Grade your board's performance in the following areas 4=A; 3=B; 2=C; 1=D; 0=F (CEO Q-10.2 and BC Q-5.3)	CEOs (Avg)	Board Chairs (Avg)
Working with board development committee to identify & recruit new members	2.02	2.49

It is critically important that the board development committee works in partnership with the board to understand board recruitment needs for the future. Although the BDC is the committee charged with recruitment and putting together a balanced slate, all board members are responsible for identifying candidates who might fit the board’s future needs. Building a pipeline of potential board members is a yearlong and continuing process. As one board chair notes, “It takes time to cultivate the people needed to serve. In the past, we weren’t very purposeful about finding the right people, so we have to work at it.”

Board Terms and Size

Nearly all councils have term limits for board members (CEO Q-2.3), compared with 70% of boards in the *Governance Index*. Term limits can be helpful in revitalizing boards through planned turnover. They also provide a painless way to rotate a board member off the board who has been ineffective. The typical length of service for the majority of council board members is four years, with 55% of boards having terms of two years, and 56% of boards having a maximum of two consecutive terms (CEO Q-2.2 and Q-2.3). With this practice, however, board recruitment becomes a critical activity.

On average, Girl Scout council boards are somewhat larger than boards that participated in the *Governance Index*, with an average of 21 members per board for Girl Scouts compared to an average of 16 members per board in the *Governance Index* (CEO Q-4.1). This size, however, still falls within the “sweet spot” BoardSource discovered: Boards with 15-22 members are rated more effective by chief executives and repeatedly report better governance practices. As boards get larger, they can experience problems commonly associated with large boards, such as lower attendance at meetings and less engagement. In determining the best size for their boards, councils should think about engaging support from the community in ways other than as board members, such as serving on board committees or on advisory groups or task forces.

Board Recruitment

Moreover, finding the right people to serve on the board is clearly a challenge.

Recruitment (CEO Q-3.3 & BC Q-3.1)	Index CEO	Girl Scout Council CEO	Index Board Chair	Girl Scout Council Board Chair
Very easy	12%	6%	10%	2%
Somewhat easy	44%	20%	45%	31%
Somewhat difficult	39%	59%	41%	58%
Very difficult	5%	15%	5%	9%

Nearly all (94%) councils have a board development committee (CEO Q-2.8). This committee on the whole is seen as fulfilling its recruitment charge--73.3% to a “great extent” (CEO Q-2.9). Yet, the above data implies that although recruitment is happening, the BDCs are finding it challenging to recruit the right people for boards. One comment states, “I think my board is somewhat half-hearted about recruitment. Many members do not feel accountable for identifying good candidates.”

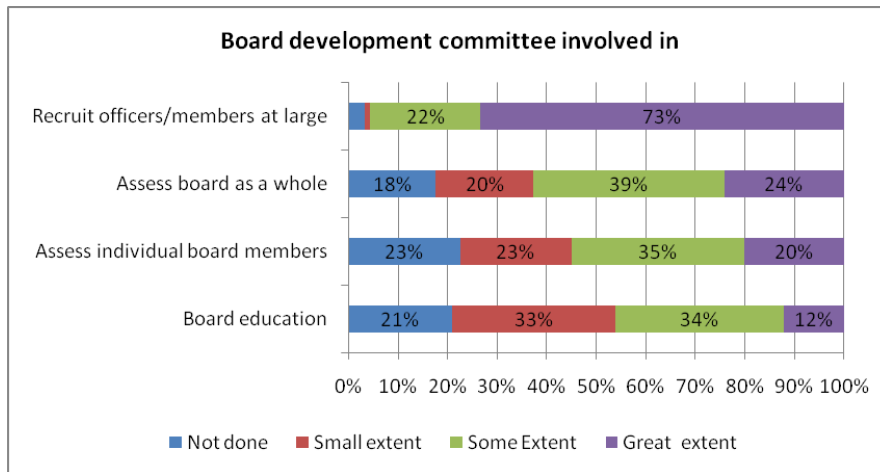
There seems to be a disconnect between the board and the BDC in terms of the BDC’s working with the board to figure out where gaps exist, identifying board needs, and then recruiting on that basis. And even if a council has a BDC, identification of potential board members and board development is the responsibility of all.

Board composition is strongly related to board performance and to the resources available to each council. Identifying, recruiting, and incorporating board members with the capacities needed by the organization, in addition to a commitment to the mission and interest in service, is a strategic task for any board. As one CEO notes, “As we move forward with implementing our new strategy, which will lead up to a major capital campaign, the board recognizes that its make-up will need to change to include individuals who can effectively connect the organization to funders and major donors in our community.”

In terms of election, 96% of board members are elected by council membership per bylaws versus 23% in the *Governance Index* (CEO Q-3.1). Thus, there is a major difference between Girl Scouts and the majority of the nonprofit sector where 72% of nonprofits have self-perpetuating boards (governing boards whose board members elect subsequent members). Historically, many membership organizations elect boards from the membership, but this structure can pose some challenges. For any board to be effective, it is important to have a cohesive group that works well together. In member-elected boards, consensus building may become tougher. It is important to seek competent candidates and inform members objectively about board member expectations to facilitate the election of qualified board members. Elected board members need to be able to leave their personal and professional agendas behind and make decisions only for what is best for the entire council.

The survey results also seem to indicate that BDCs are in a “transitional” phase in some councils as they move from traditional nominating committees to a more expanded and important role. Members of a BDC need more than education about the gaps and needs of the board; they need to understand why this information is important and why their role to find competent candidates should be proactive. To put the right people on the board, a council first needs the right people on

its BDC. It is critical for members of the BDC to have a broad understanding of their role, the board’s role, and the board’s future needs in order to be successful in slating the right people.



The BDC must also better understand and fully embrace its expanded charge. Not only should the BDC find accomplished, enthusiastic people with assets the board needs, but it should also work with the board to teach these high performers what it means to be on the board and continually engage them in its work. The BDC, in partnership with the board, should work year-round to ensure that the board takes responsibility for its own development, learning, and behavior; sets and enforces its own expectations; and allots time, attention, and resources to understanding its stewardship role.

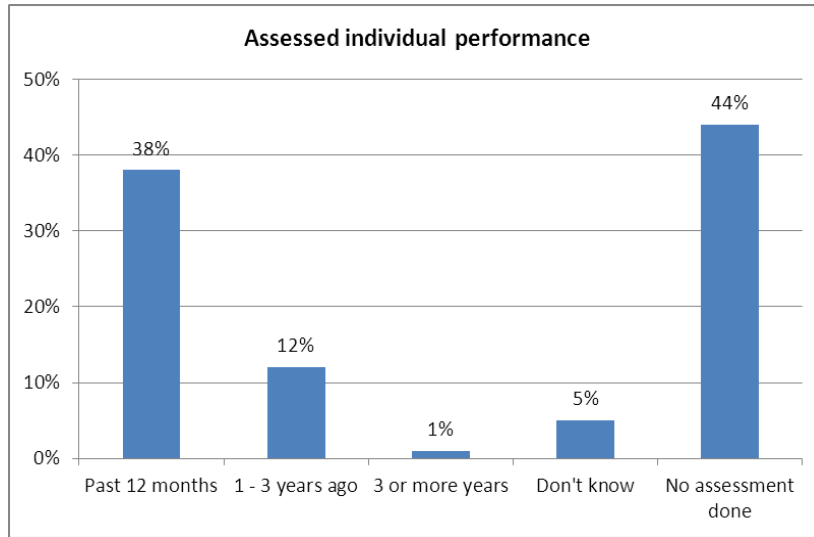
The BDC should work closely with the board chair to ensure there is an effective process in place for:

- Evaluating the work of the board and individuals
- Making sure the board is living up to its potential
- Identifying and cultivating leadership talent
- Ongoing learning and board education

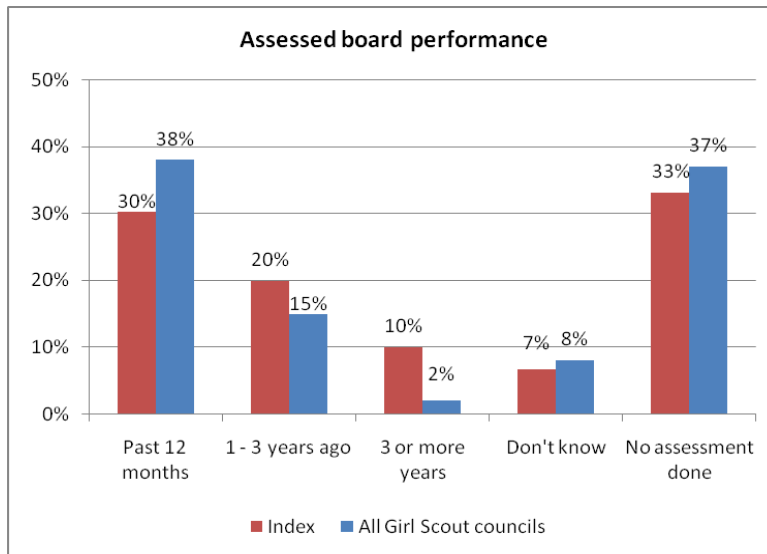
How strongly do you agree or disagree with the following statements 1=Strongly disagree; 2=Disagree; 3=Agree; 4=Strongly agree (CEO Q-9.1 and BC Q-5.1)	CEOs (Avg)	Board Chairs (Avg)
We have the right board members to effectively oversee and govern the organization.	2.94	3.20
We have an effective process in place for succession of board officers.	2.49	2.78
The board’s level of financial expertise is sufficient to monitor the organization’s financial health.	3.49	3.59
The orientation process is effective and enables board members to get “up-to-speed” quickly.	2.95	3.09

The results from both CEOs and board chairs, above, show particular concern about making sure the board has the right people, proper leadership succession, and thorough orientation for new board members. The BDC should be working closely with board and staff leadership to ensure that board members understand the council’s history, programs, pressing issues, finances, facilities, and structures. When thinking about building the board and the need to strengthen the entire process, councils should refer to the GSUSA resources on board development and succession planning.

Board Self-Assessment



Board assessments provide excellent opportunities for strengthening board performance. An individual self-assessment is an opportunity to remind board members of their responsibilities and the commitments they've made to the council. However, as the chart above demonstrates, 44% of board development committees have not been doing a good job of evaluating individual board members (CEO Q-8.2). BDCs should clearly communicate expectations in the cultivation and recruitment process, and work with the board chair to hold board members accountable for fulfilling them. If the individual assessment shows that a board member is not fulfilling her/his responsibility, this person should not be reelected.

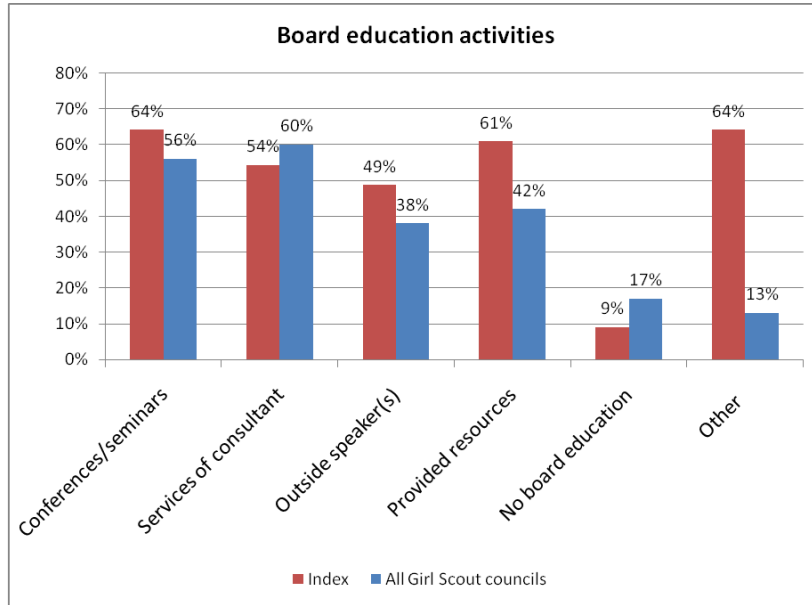


In addition, 37% of Girl Scout boards have not conducted a formal written assessment of the performance, of the board as a whole. This percentage is higher than the *Governance Index* figure of 33.1% (CEO Q-8.1). The *Governance Index* shows that 60% of nonprofit boards have conducted a formal written evaluation. The index also shows a correlation between self assessments and board effectiveness. In the index, CEOs rated boards that had performed board assessments more effective

than those that had not performed board assessments. This suggests that holding a mirror to performance can produce real results.

Board Education

The percentage of councils that undertake board education activities (CEO Q-8.5) to help develop board members is lower than that in the *Governance Index*.



Respondents were asked to check all that apply

Given that 30% (CEO Q-8.3) of CEOs reported that their board members were not well informed or only somewhat informed about their legal and governance responsibilities, BDCs should be working more closely with the board chair to provide ongoing opportunities to educate board members about their roles and responsibilities, trends in the sector and how to become better board members.

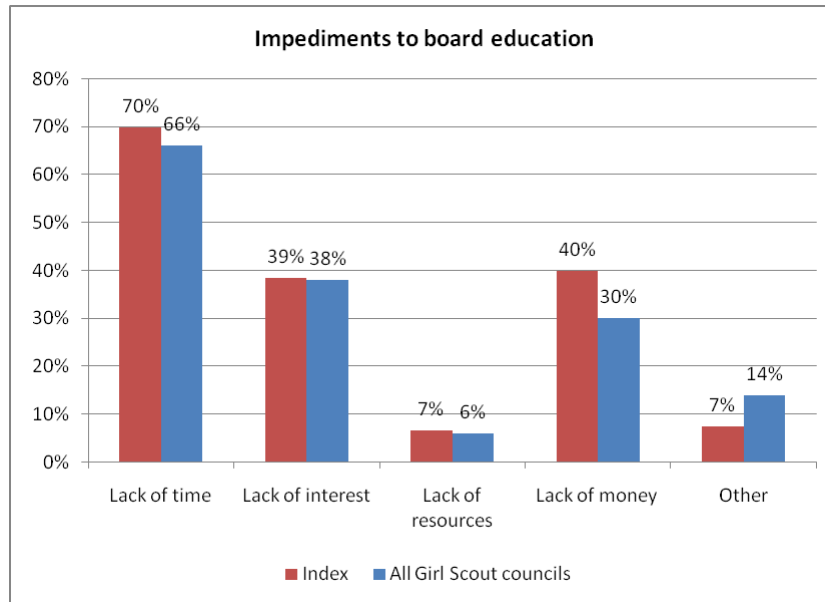
These activities might include:

- Online courses, books, and webinars
- Promoting exploration of issues facing the organization, such as using outside speakers at board meetings
- Encouraging board development activities by sending board members to seminars and workshops.
- Holding retreats

An annual retreat is an important tool to help strengthen ties between board members and staff as well as focus the full board on a shared set of priorities for the coming year and better engage members in their work. At the very least an annual retreat is an opportunity for board members to revisit the council’s mission, vision, and strategic priorities.

In addition, having an annual retreat and time for fellowship outside the boardroom can lead to increased engagement. As more councils hold meetings using teleconference technologies, extended, in-person retreats will be even more critical to building the board as a team.

When asked about the impediments to providing board education (CEO Q-8.6), two-thirds of CEOs said lack of time was the biggest obstacle, and approximately a third cited lack of interest among board members and lack of money to access resources as the causes.



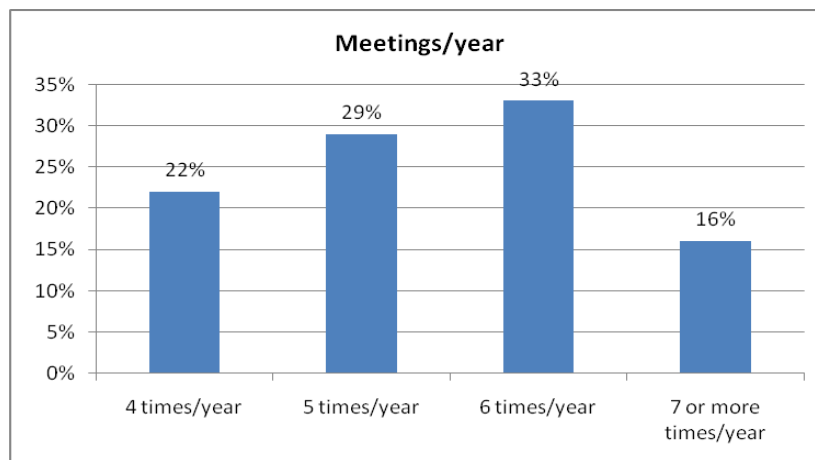
Respondents were asked to check all that apply

Strategic Thinking and Engagement Seen as Ways to Improve Board Performance

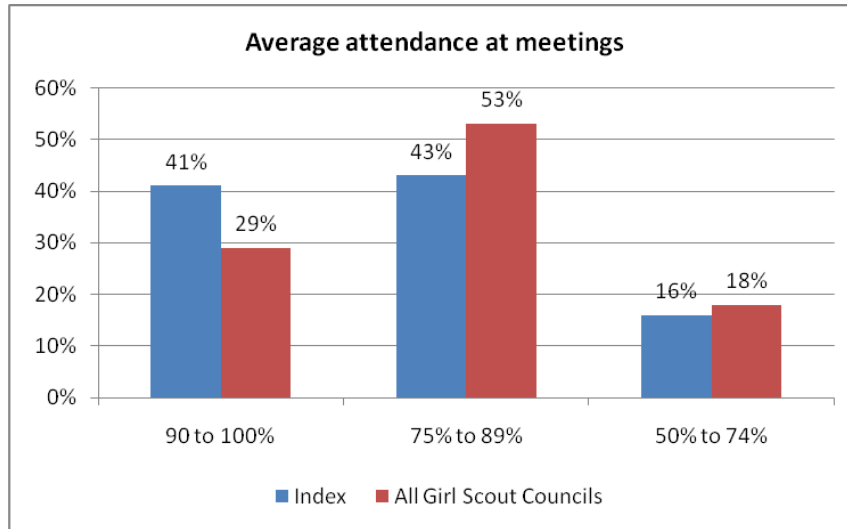
Boards need to allocate time to what matters most and continuously engage in strategic thinking to hone the council’s direction. Among council boards, 23% of CEOs and 15% of board chairs “disagree” or “strongly disagree” that “the majority of board members are actively engaged in overseeing and governing the organization” (CEO Q-10.1, BC Q-5.2). Board engagement was ranked as the fourth most important area needing improvement by CEOs.

Board Meetings

Meetings bring the board together as a collective body and are the most tangible moments of board service. It is not the quantity of time spent in meetings, but rather the quality of that time that is important. A third of councils meet six times a year (CEO Q-6.1), and nearly two-thirds meet for two to five hours (CEO Q-6.2).

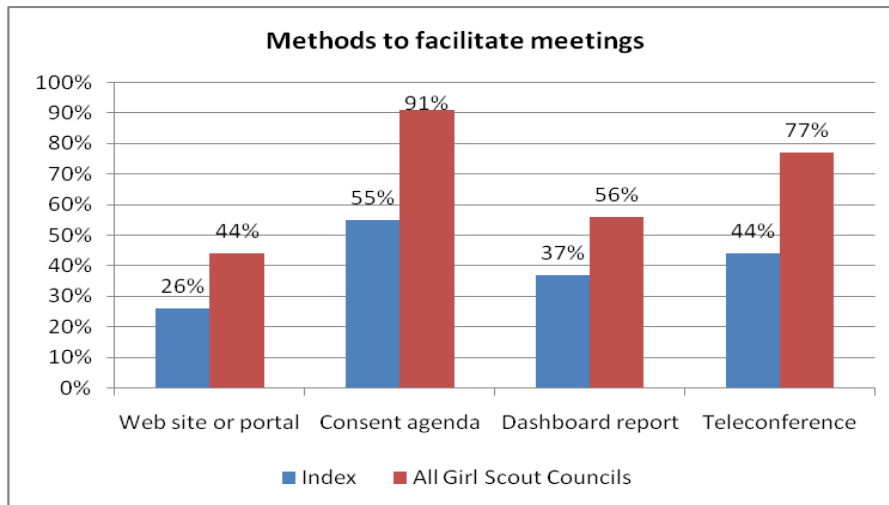


Low attendance--with only 29% of boards having 90%-100% attendance versus 41% in the *Governance Index* (CEO Q-6.3)--may contribute to or be a result of board disengagement.



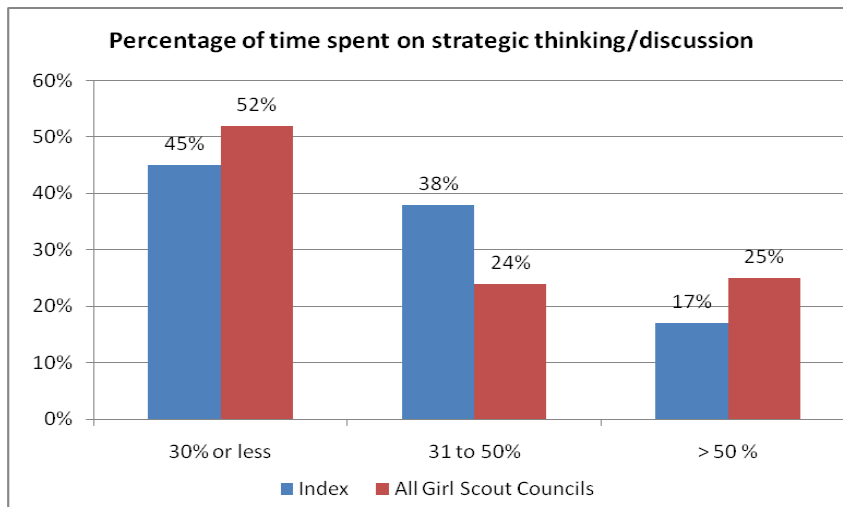
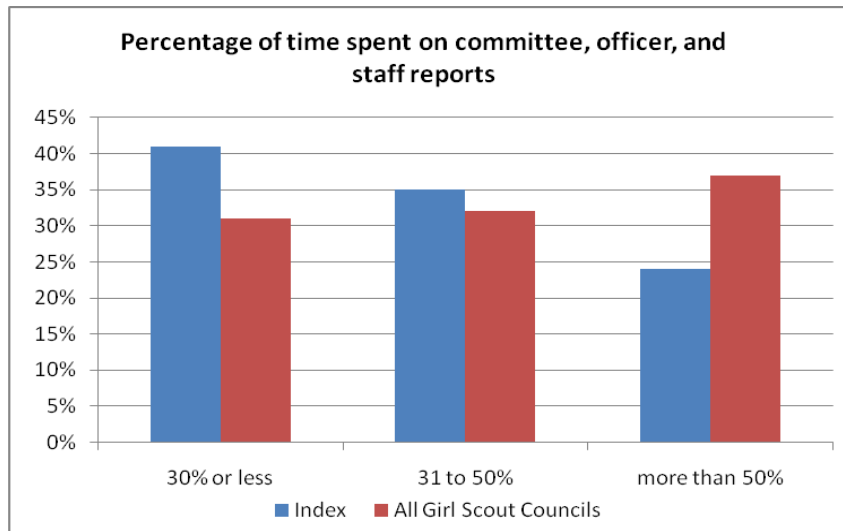
Board meetings are crucial times to effectively use the intellectual capital of board members. The quality of the meetings is much more important than the quantity, and having longer meetings, even if it means having fewer meetings, can help build board engagement.

Council boards' use of various methods to facilitate meetings is much higher than those used by the boards in the *Governance Index*.



Respondents were asked to check all that apply

There is near unanimous use of consent agendas for board meetings (CEO Q-6.5), which, if used properly, can save time typically spent on reports (CEO Q-6.6). Yet, as the charts below show, 37% of council boards still spend more than 50% of their time at board meetings on officer, committee and staff reports, and more than half of council boards spend 30% or less of board meeting time on strategic thinking and/or discussion (CEO Q-6.7). As one board chair notes, “Most of the board time is spent on reports. Discussion is rare and when it occurs it is rushed. People are not engaged because we give them no opportunity to build a relationship with the organization.”



These results indicate that although consent agendas may be used, they may not be used appropriately and that board meetings are still too report driven. Consent agendas should be the portion of a meeting agenda that combines routine and uncontested items for a single vote. These items require board action without further discussion--such as approval of minutes, acceptance of reports from committees and the CEO, and final approval of other items on which the board has previously deliberated. Using a consent agenda effectively reduces the amount of time a board must dedicate to handling routine matters, allowing the board to focus its time on meaningful discussion that will shape organizational strategy and actions. Materials for the consent agenda should be sent to board members in advance of meetings so that they can review the items and come prepared to approve them as a group or suggest withdrawing any items from the consent agenda that a board member feels needs further discussion at a later time.

Also, just over half of councils are making use of dashboards (CEO Q-6.5). Dashboard reporting can make it possible to present succinct, easily readable performance indicators that allow the board to view organizational status at a glance. Being able to quickly review critical indicators can generate more time in board meetings for meaningful discussions and allow the board to monitor the progress of its work in a timely fashion. Dashboards can also help with evaluating the performance of the CEO. And as councils begin to use the new program outcomes to measure performance, boards will be better able to assess the council's impact.

In responding to the open-ended questions, a few councils highlighted their successes in transitioning to more strategically-focused board meetings. One CEO states, “Our board is still in transition from an operational to a governance board and the growing pains are still evident. We are just now moving to a consent agenda, dashboard reporting and strategic discussions during board meetings.” The progress is good, but there are still a few “oldies”.

Strategic Thinking

Exceptional boards allocate time to what matters most and continually engage in strategic thinking to hone the organization’s direction. The essential role of a board is to set the organizational course, provide direction, and look for horizons in years, not months. Exceptional boards do not relegate strategic thinking to a periodic exercise, but rather make it part of regular, ongoing board work.

Although a little more than a third of CEOs and board chairs (36% and 34% respectively) said strategic thinking is one of the most important ways their boards could improve their performance (CEO Q-8.4, BC Q-5.4), less than three-quarters of CEOs gave their current board chair an A or B for encouraging board members to frame and discuss strategic questions (CEO Q-9.2). A third of the comments concern strategic thinking, and several comments indicate the boards are too operational. This is an example: “Our board does not think or work at the strategic level; they are very operational in their thought process and the way they conduct business.” Board meetings need to focus on crucial issues and lead to more relevant, timely, and constructive decisions. Having thoughtful conversations will make board attendance at meetings feel even more worthwhile.

Stronger Advocacy and Community Outreach Needed to Improve the Board

Board chairs rated advocacy and community outreach as the third most important area the board should address to improve its performance. This responsibility received the next to lowest grade from both CEOs and board chairs. As ambassadors, board members represent the board outside the boardroom. They should be prepared to inform others about the organization and programs.

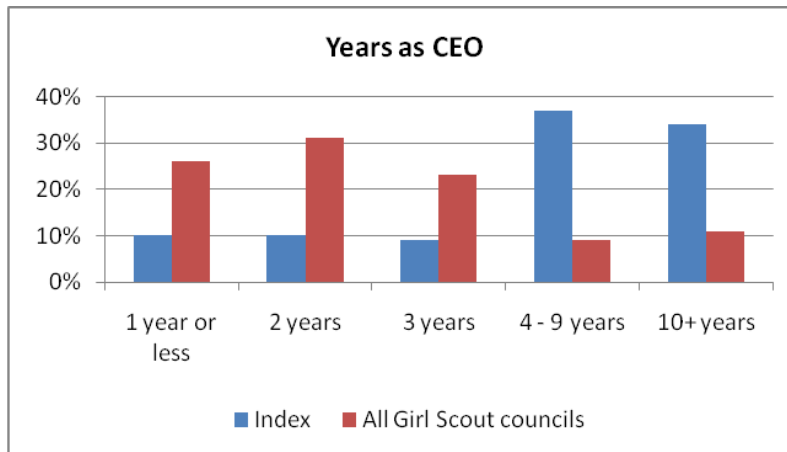
In order to perform this important responsibility, it is critical for boards to understand and be able to articulate the benefits of the Girl Scout Leadership Experience (GSLE). Girl Scout council boards’ low scores on program knowledge (CEO Q-10.2, BC Q-5.3) fall below those of the *Governance Index*. Board orientation and ongoing education can provide opportunities to help board members understand the GSLE. Having a solid understanding of the GSLE prepares board members to be effective ambassadors and fundraisers.

Being an ambassador also means bringing information back to the council that might be relevant for its current or future actions. Being an ambassador, though, does not include expressing personal opinions as though they represent organizational positions or making commitments on the organization’s behalf. All board members need to be informed of what to do if approached by representatives of the media concerning anything related to the council or the board.

CEO Support Is an Important Area Needing Enhancement

Many councils have undergone tremendous change over a short period of time. There has been significant change (CEO Q-10.6) at the top with 43% of the councils under the leadership of new CEOs, compared to 18% from the *Governance Index*. In addition, the length of tenure for CEOs is much lower than that in the *Governance Index*--3.86 versus 8.21 years--and 80% of CEOs have

served three years or less (CEO Q-1.4), due most likely to recent retirements and new hires caused by realignment.



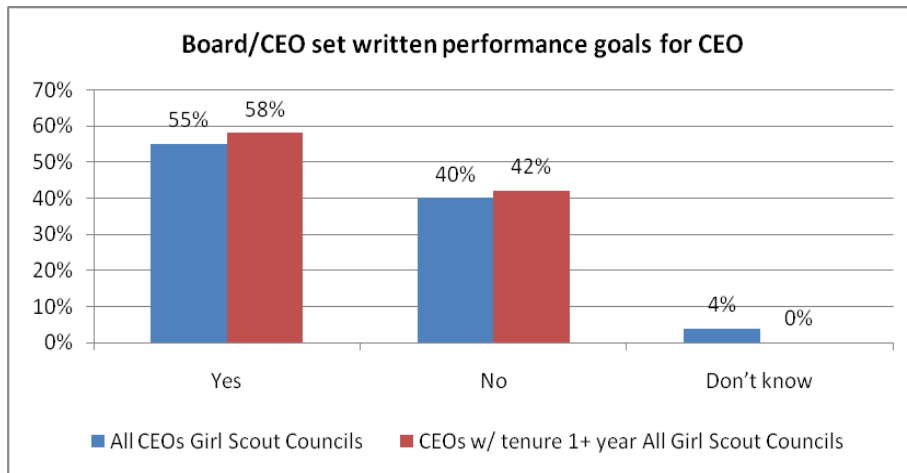
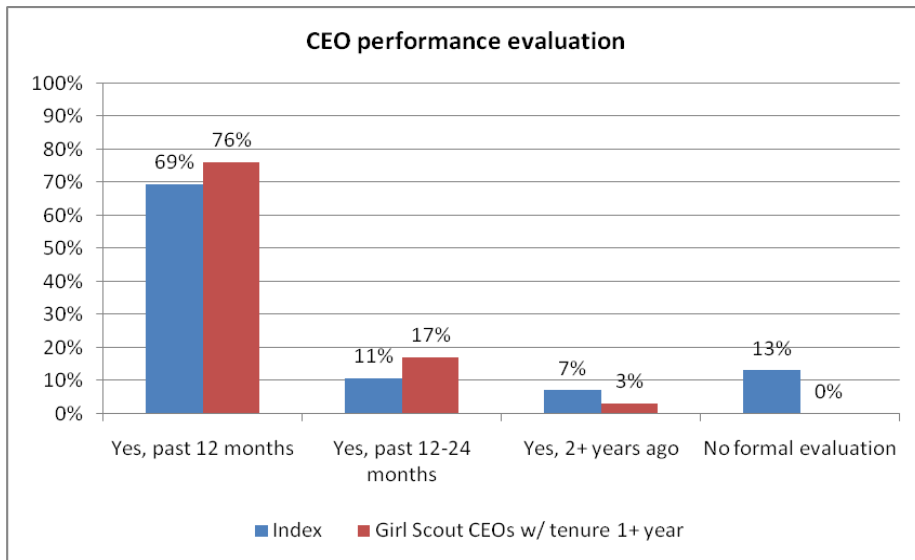
CEOs also indicated that they are nearly unanimously satisfied (55%) to very satisfied (43%) with their jobs (CEO Q-9.12), and 94% follow the effective practice of being an ex officio, non-voting member of the board (CEO Q-2.1). Most nonprofits have the chief staff executive as an ex officio nonvoting member of the board. Six percent of CEOs, however, did report that they are a voting member of the board. In order to avoid conflicts of interests and any perception of the inability to carry out a board decision due to strong personal convictions, BoardSource recommends that CEOs *not* serve as voting members of the board.

The working relationship between the board and the CEO is a key factor in an organization’s effectiveness. In the chart below averages show agreement by CEOs with a set of statements describing a positive relationship with their board. In addition, CEOs and board chairs are very similar in their ratings.

How strongly do you agree or disagree with the following statements 1=Strongly disagree; 2=Disagree; 3=Agree; 4=Strongly agree (CEO Q-9.1 and BC Q-5.1)	CEOs (Avg)	Board Chairs (Avg)
There is effective collaboration between the chief executive and the board on major decisions.	3.60	3.66
The chief executive actively involves the board in leading the organization.	3.38	3.49
The communication between the chief executive and the board is open and honest.	3.72	3.66

Performance Evaluation

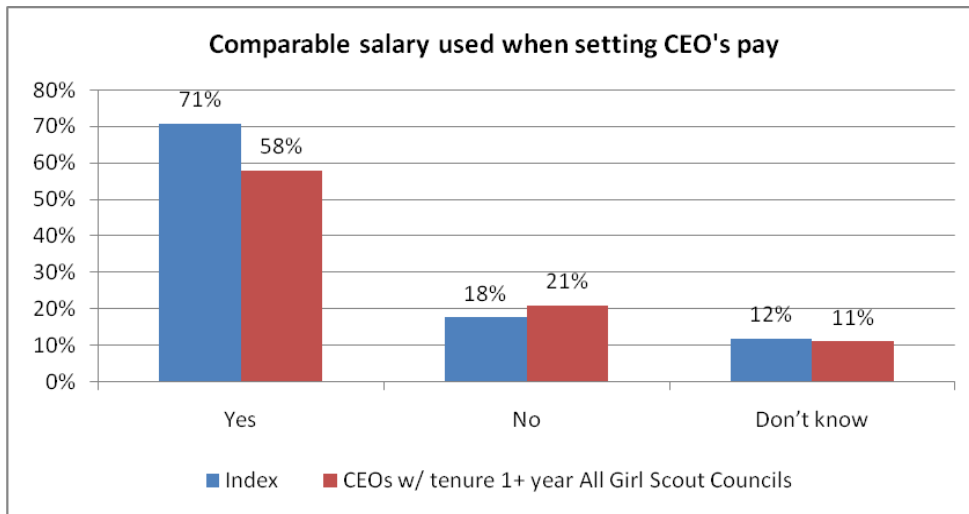
For CEOs who have been at their councils more than one year, 76% have received a performance evaluation within the past 12 months (CEO Q-9.3), only two-thirds of boards typically share the results with the full board (CEO Q-9.6), and only a tenth involves the full board (CEO Q-9.5). Regardless of who leads the CEO evaluation process, the full board should have input. Forty percent of CEOs report that their performance goals were not cooperatively established by them and the board (CEO Q-9.7). Annual performance reviews serve as an important CEO support mechanism as well as a way to ensure that the board and the CEO are “on the same page.”



Based on written performance goals, the full board should have an opportunity to provide input to the CEO’s performance review because it is a reminder that the CEO works for the whole board, not just for the board chair or the executive committee, and because all board members need to take responsibility for their part in the board/CEO relationship. The survey indicates that 18% of CEOs are dissatisfied with the process the board uses to evaluate their performance and 20% are dissatisfied with the process the board uses to set their compensation (CEO Q.9-11).

Executive Compensation

Concerning executive compensation, only 39% of full boards approve and adequately document the process they use to determine the CEO’s total compensation package (CEO Q-9.8), and only 60% of boards consider salaries at comparable organizations before setting the CEO’s total compensation package (CEO Q-9.9). Boards must benchmark their CEO’s compensation against survey data of comparable organizations, document the process and explain it on form 990, and have the full board approve compensation.



In recent years, excessive executive compensation has become an issue for many nonprofits. Those who believe that the nonprofit sector has become too professionalized and "corporate" cite excessive compensation as an example of how many organizations are losing sight of their mission and their distinctiveness as nonprofits. The Intermediate Sanctions regulations were published in 2002 and they enable the IRS to impose excise taxes and other penalties on nonprofit executives who are overcompensated. When determining appropriateness, the IRS evaluates whether: the compensation was decided by an independent board, appropriate comparable compensation data was obtained, and whether the process for determining compensation was documented. This power allows the IRS to penalize individuals receiving more compensation than their positions warrant instead of revoking the tax-exempt status of the organization.

Important Board Practices Needing Enhancement

Committees

Girl Scout council boards have a higher number of standing committees than those in the *Governance Index*.

Standing Committees (CEO Q-2.4)	Index	Girl Scout Council
1-3	19%	12%
4	18%	13%
5	36%	22%
6	17%	21%
7	10%	17%
8 or more	17%	15%
Average	5.56	5.73

Board chairs feel that committees generally work well and support the work of the board at a higher performance level than CEOs do (76% BC-2.6 versus 48% CEO Q-2.6). Boards should periodically assess committees and take an intentional and strategic approach to committee

structure. With committees, form needs to follow function. Having a zero-based or modified zero-based committee structure can help make sure you have only the committees you need. This method of forming committees prevents committees from becoming cumbersome and helps the organization remain innovative. Under a zero-based committee structure, the board starts every year (or two) with a clean slate of no committees. When the council decides its priorities, for example through a strategic learning process, committees are formed to address these priorities.

Although 86% of councils have an executive committee (CEO Q-2.5), many council boards are instituting effective practices by having them meet on an as-needed basis (40% CEO Q-2.7). A danger of executive committees is that when a select group handles many of the major deliberations and decisions, other board members may begin to feel underutilized, unwanted, or disenfranchised. If an executive committee operates as a board-within-a-board, it can inadvertently disengage or disempower the rest of the board.

Standard Board Practices

CEOs report that their boards have approximately 100% compliance pertaining to directors’ and officers’ liability insurance, conflict-of-interests and disclosure statements, approval of strategic priorities, audits, and minute records. Several standard organizational board practices, however, were far from 100%.

Does your organization have or do the following (CEO Q-7.1)	Girl Scout Council
A “whistleblower” policy	89%
A document retention and destruction policy	88%
A written statement of ethics	78%
Post your IRS Form 990 to a Web site not your own	51%
Post your IRS Form 990 to your Web site	27%
Post financial statements to your Web site	22%

Does your board have or do the following (CEO Q-7.2)	Girl Scout Council
Receive a copy of the Form 990 before filing	84%
Ensure that the organization’s impact is assessed	79%
Meet as a full board with the auditor	73%
Hold an annual retreat	66%

Executive Compensation (CEO Q-9.8 and Q-9.9)	Girl Scout Council
Comparable salaries used when setting CEO pay	58%
Full board approves and documents CEO compensation	39%

Based on the details now required on Form 990, councils will want to ensure they can answer the questions the way the IRS prefers. Throughout the form, questions are asked with respect to whether the organization has various governance policies in place or whether it follows particular "good governance" practices. For example, Part VI of the Form 990 core form is dedicated entirely to statements regarding governance, management, and disclosure. It asks the following questions:

- How many voting members are on the governing body? How many of them are independent?
- Does the organization have a written conflict-of-interest policy? Does the organization consistently monitor and enforce compliance with the policy?
- Does the organization have a written whistleblower policy? A written document retention and destruction policy?
- Does the organization contemporaneously document the meetings of the board and its committees?
- If the organization has branches or affiliates, does it have written policies and procedures governing their activities to ensure that their operations are consistent with the organizations?
- Did the board receive the Form 990 before it was filed? Describe the process used by the organization to review this Form 990.
- Does the organization make the following available to the public: governing documents, conflict-of-interest policy, Form 990, Form 990-T, financial statements? If so, how?
- Did the process for determining compensation of the CEO and other key employees include a review and approval by independent persons, comparability data and contemporaneous substantiation of the deliberation and decision?

These questions are consistent with good governance principles and practices, and the IRS has indicated that it intends not only to continue but increase its focus on governance.

Thus, board members should review the Form 990 before it is filed. The IRS also requires nonprofit organizations to make the Form 990 available for inspection or duplication to anyone requesting access to it. If the council makes its Form 990 widely available--on its own Web site, for example, or on a public Web site such as GuideStar--then it may refer requesters to that posting. The council, however, must still comply with any requests to inspect the form in person.

Since all board members are responsible for the fiduciary health of the council, BoardSource recommends that the full board meet with the auditor without staff present. This allows the board to have a candid conversation about the audit and management letter with the goal of reinforcing all board members' understanding of the financial condition of the council in order to serve and protect it. In addition to the audited financial statements and the management letter, the federal and state governments, granters, donors, or affiliated organizations may request to see the council's Form 990, an annual report filed with the IRS that now poses questions to either encourage the adoption of good practices or reveal where these practices are missing.

Finally, council boards need to understand how successful they really are in advancing their mission. Developing performance metrics for the board to track results and measure the impact of programs and services will help engage board members more and help with setting the strategic direction for the future by knowing what is working well now and where change is necessary. As shown in the chart below, scores are low in program oversight.

Grade your board's performance in the following areas 4=A; 3=B; 2=C; 1=D; 0=F (CEO Q-10.2, BC Q-5.3)	CEOs (Avg)	Board Chairs (Avg)
Monitoring organizational performance and impact	2.70	2.99
Knowledge of your organization's programs	2.60	2.88

However, as councils begin to use the 15 Girl Scout program outcomes to measure effectiveness, board members will be better able to measure impact and effectively communicate and advocate to the community about the important work of the council.

CONCLUSIONS AND RECOMMENDATIONS

1. *Board Development* - Board development should be a priority throughout Girl Scouts.

Because governing boards are charged with strategic leadership responsibilities, board composition and effective board operations are never-ending tasks, especially in a rapidly changing environment. The future of Girl Scouts depends on developing strong council boards. In approaching the task of developing a board that is both more strategic and better able to support a council's financial resource needs, boards need to:

- Thoughtfully examine their composition and develop multi-year plans for recruiting members with the characteristics needed by the board
- Follow through on recruitment plans and orient and engage new members
- Ensure that the board makes use of all that members bring to the table by actively encouraging participation in board discussions and tasks that need attention outside of board meetings
- Encourage board members to keep learning about issues facing the council, trends in the nonprofit sector and governance, and how to keep improving as a board
- Strengthen the board development committee to ensure that board development is more than an episodic effort to find willing board members

2. *Board Member Engagement* - Recruiting, keeping, and engaging the right people will often require a restructuring of board meetings.

Busy and influential people will not attend meetings that fail to engage their active participation or do not give them the sense that their time is effectively and efficiently spent. Because of the multiple demands on board members, council boards should:

- Explore using meeting time more effectively and efficiently
- Spend less time on reports and more on exploration of strategic issues
- Focus more on outcomes than on activities
- Develop agreements concerning characteristics of effective board meetings and evaluate the meetings with meeting assessments
- Consider important tools, such as an annual board retreat, to help strengthen ties among board members and staff leadership

3. *Roles and Responsibilities* - The board chair, as leader of the board, needs to assist the board in understanding and living by its roles and responsibilities.

- Board chairs need to understand their position as "first among equals" in relation to the board and foster the development of the board as a mutually accountable group of colleagues.
- As a leader, the board chair is responsible for ensuring that the board operates at the governance level rather than at the management/operational level.
- In planning board meeting agendas with the CEO, the board chair must ensure effective monitoring of outcomes and strategic thinking about the present and the future.
- Board chairs must ensure that board members' time and talents are resources used in effective, efficient, and meaningful ways.

- Board chairs should model appropriate accountability throughout the organization by ensuring that arrangements are made for their boards to evaluate the board's performance and operations as well as to provide well-considered performance reviews for their CEOs.

4. Fundraising - A board should take a strategic approach to fundraising by:

- Assessing its current capacity and readiness for resource development
- Expanding its fundraising/resource development capacity by more focused board recruitment and better preparation of and support for board member involvement
- Developing structures and processes that identify what needs to be done and by whom, as well as how to track results
- Developing a better understanding of the connection between resource development and a strategic approach to the council's future. It is important to communicate a clear sense of direction and a vision that inspires and motivates potential funders using clearly presented information that will assure donors that funds contributed will be responsibly used
- Educating board members about the benefits of the Girl Scout Leadership Experience to the community

5. Board Self-Assessment - Board assessments need to be encouraged in order to support continuous improvement.

Many of the concerns this survey brought to the surface indicate that boards are not always clear about their governance responsibilities, including fundraising, setting strategic direction, and board development.

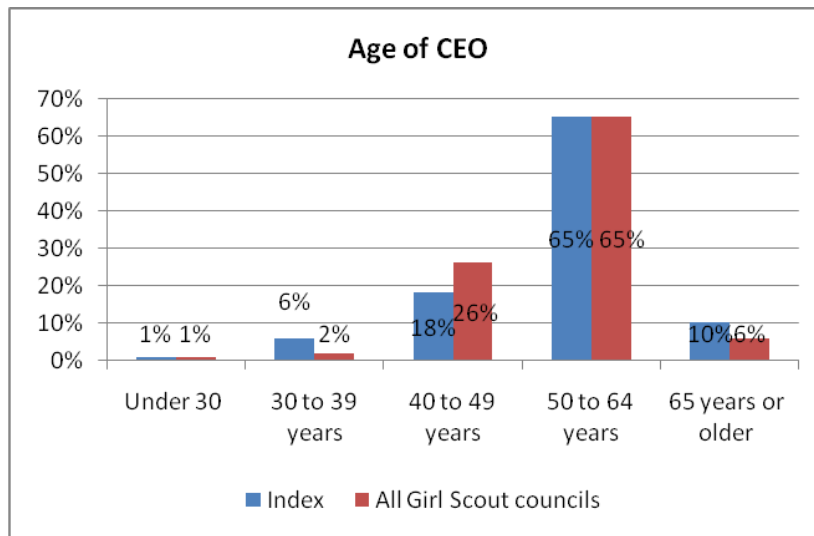
- By periodically engaging in a formal self-assessment, opportunities are created for identifying areas that need clarification and processes and structures that ought to be revised.
- Boards need an understanding both of the benefits of board self-assessments and of ways in which to conduct such assessments as well as how to make use of the results of the assessments.
- Board self-assessment has the potential of strengthening board performance and motivation.

APPENDIX A: Demographics

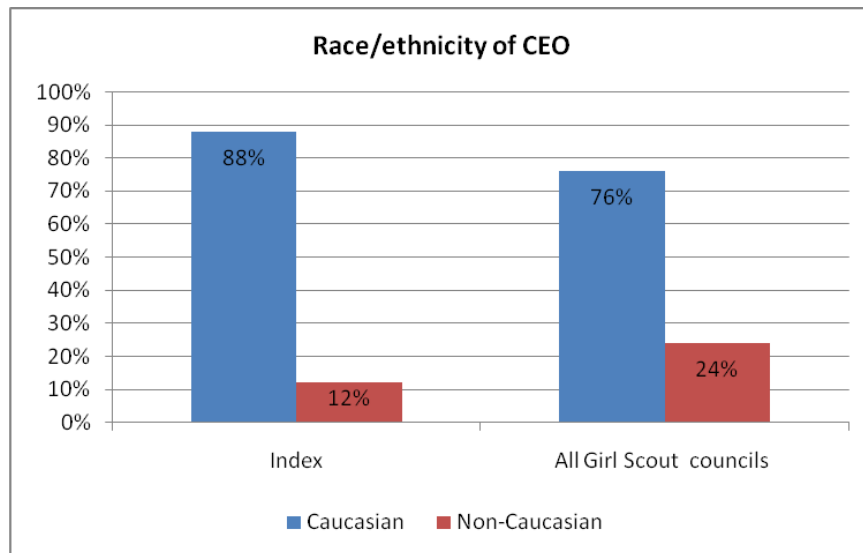
Although more Girl Scout councils have written diversity statements than have contributors to the *Governance Index*--66% versus 41% (CEO Q-7.1), Girl Scouts, not surprisingly given their mission, are still heavily female dominated. Nonetheless, Girl Scout councils have greater diversity in age and race/ethnicity, as shown in the following tables.

CEOs

Although all Girl Scout council CEOs are female (CEO Q-1.6), there is more diversity related to age in the 40 to 49 age group (CEO Q-1.7) than what the *Governance Index* found in nonprofits in general.



Also, the percentage of non-Caucasian CEOs is twice as high for Girl Scouts--24% versus 12% in the *Governance Index*.



The break out of CEOs by race/ethnicity is shown in the table below.

CEO Race/Ethnicity (CEO Q-1.8)	Index	Girl Scout Council CEOs
Caucasian	88.0%	76%
African American/Black	4.0%	13%
Hispanic, Latino, or Spanish ³	2.0%	7%
Asian ⁴	0.6%	2%
American Indian/Native Alaskan	0.2%	1%
Native Hawaiian/Pacific Islander	0.2%	1%
Two or more races	4.0%	0%
Other	2.0%	0%

Boards and Board Chairs

In terms of current board composition, boards have a much lower percentage of men.

Board/Board Chair Gender (CEO Q-4.2)	Index Board	Girl Scout Council Board	Index Board Chair	Girl Scout Council Board Chair
Men	52%	20%	47%	7%
Women	48%	80%	53%	93%

Also, Girl Scout council boards as a whole tend to have more ethnic diversity than the *Governance Index*, as illustrated in the following tables.

Board/Board Chair Race/Ethnicity (CEO Q-4.3 & BD Q-1.8)	Index Board	Girl Scout Council Board	Index Board Chair	Girl Scout Council Board Chair
Caucasian	84.0%	76%	91.0%	82%
African American/Black	8.0%	12%	4.0%	10%
Hispanic, Latino, or Spanish	4.0%	7%	2.0%	4%
Asian	3.0%	3%	0.6%	2%
Two or more races	0.7%	1%	1.6%	1%
American Indian/Native Alaskan	0.1%	1%	0.4%	1%
Native Hawaiian/Pacific Islander	0.2%	0%	0.0%	0%

³ Includes Mexican, Mexican American, Chicano, Puerto Rican, Cuban, and other Hispanic, Latin, or Spanish origins

⁴ Includes Asian Indian, Chinese, Filipino, Japanese, Korean, Vietnamese, or other Asian

The percentage of non-Caucasian board chairs is also twice as high for Girl Scouts--18% versus 9% in the *Governance Index*.

Board/Board Chair Age (CEO Q-4.5 & BD Q-1.10)	Index Board	Girl Scout Council Board	Index Board Chair	Girl Scout Council Board Chair
18 to 30 years	2%	2%	2%	0%
30 to 39 years	12%	13%	7%	7%
40 to 49 years	29%	30%	20%	19%
50 to 64 years	43%	46%	49%	64%
65 years older	14%	8%	22%	10%

The survey inquired about the level of satisfaction with Girl Scout council board composition related to age, gender, race/ethnicity, and geography; the perceived benefits of increasing diversity based on the identified categories; and the priority placed on board member recruitment related to those categories.

The majority of CEOs (56%) and board chairs (70%) are “satisfied” to “very satisfied” with gender diversity (CEO Q-5.1, BC Q-3.3), although women outnumber men on Girl Scout council boards four to one. Also, the majority of CEOs and board chairs are satisfied with generational diversity (59% and 85% respectively) and with geographic diversity (74% and 71% respectively). The area of least satisfaction is with race/ethnicity: 43% “satisfied” to “very satisfied” for CEOs and 59% for board chairs.

Consistent with the findings above, Girl Scout council CEOs and board chairs feel organizational effectiveness would be increased by expanding diversity to “a great extent” or “some extent” (CEO Q-5.2, BC Q-3.4).

Extent to which increasing diversity helps to advance the mission (CEO Q-5.2, BC Q-3.4)	CEOs	Board Chairs
Racial/ethnic diversity	80%	79%
Age	62%	63%
Gender	60%	60%
Geographic	54%	68%

Based on the board’s satisfaction levels, it is not surprising that the board places the greatest priority on race/ethnicity (87% “priority” or “high priority”) when recruiting, though geography is given 75% “priority” to “high priority” (CEO Q-5.3). Gender (47% “priority” or “high priority”) and age (23% “priority” or “high priority”) were viewed as less of a priority by the board.