

# Mastering Your Board's Culture to Smash Operational Obstacles

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**3:30-5 PM ET**  
**Northern Virginia Chamber of Commerce**  
**McLean, VA**

# *How is culture defined?*

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*"...unwritten rules of engagement."*

(Culture Talk)





# *How is culture defined?*

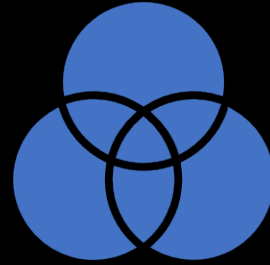
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"Culture does not change because we desire to change it. Culture changes when the organization is transformed; the culture reflects the realities of people working together every day."

*(Frances Hesselbein, Presidential Medal of Freedom winner and past CEO for the Girl Scouts of the USA)*

*How is  
culture  
defined?*

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**“powerful norms derived from shared values  
that influence behavior”**

David A. Nadler, in “Building Better Boards” in  
Harvard Business Review (May 2004)

# *Why does Board culture matter?*

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Successful strategy requires that you know your board culture. *Why?*

1. Loyal to culture, not to strategy
  2. Culture provides resilience
  3. A brittle culture can doom great organizations
  4. When strategy and culture collide, culture wins
  5. Cultural miscues are more damaging than strategic ones
  6. No one can copy your culture
  7. Culture provides greater discipline than disciplinary action
  8. Culture has impact on your bottom line
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# *Healthy Culture*

- Thoughtful resolution
- Willingness to challenge
- Inclusive
- Engaged
- Interactive
- Access to information
- Issue-driven
- Distributed influence
- Collective wisdom
- Open-minded listening
- Constructive dissent
- Transparency
- Confidentiality
- Diligence
- Respect
- Clear expectations
- Accountability



# *Unhealthy Culture*

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- Under-engaged
- Overly powerful executive committee
- Impulsive
- Overly inclusive processes
- Overly clubby
- Overly deferential to the president ...or the staff
- Renegade members
- Governance by sidebar
- Disengaged members
- Board members looking for personal advancement

- Composed of professionals within the community they serve...
- Little or no responsibility for implementation of decisions
- The group decision-making model in associations ≠ corporate environment...
  - hierarchies are meaningful
  - one person is ultimately accountable
  - CEOs own the mission

## *Association Boards are Different*



- Comprised of CEOs
- Consensus not always needed in professional role
- Used to immediate hire/fire
- May assume association should mirror business/industry



*Trade Associations*

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- Board role can provide enhanced identity, prestige
- Academics can be used to committee-driven systems
- Healthcare professionals understand hierarchical decisions
- Resource scarcity can be the norm



# *Professional Associations*

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*2019*  
*RESEARCH*

*Erin Fuller & Greg Schultz*

# Fuller-Schultz Suggested Culture Drivers



Risk Tolerance



Social Cohesion



Strategic Approach



Transparency & Function



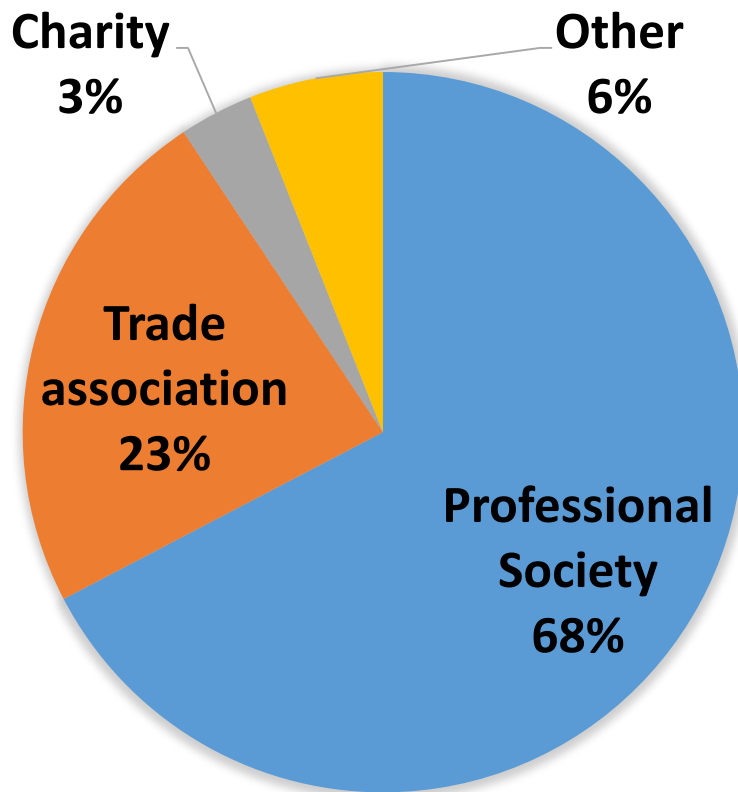
Inputs & Inquiry

# *Organizational Performance*

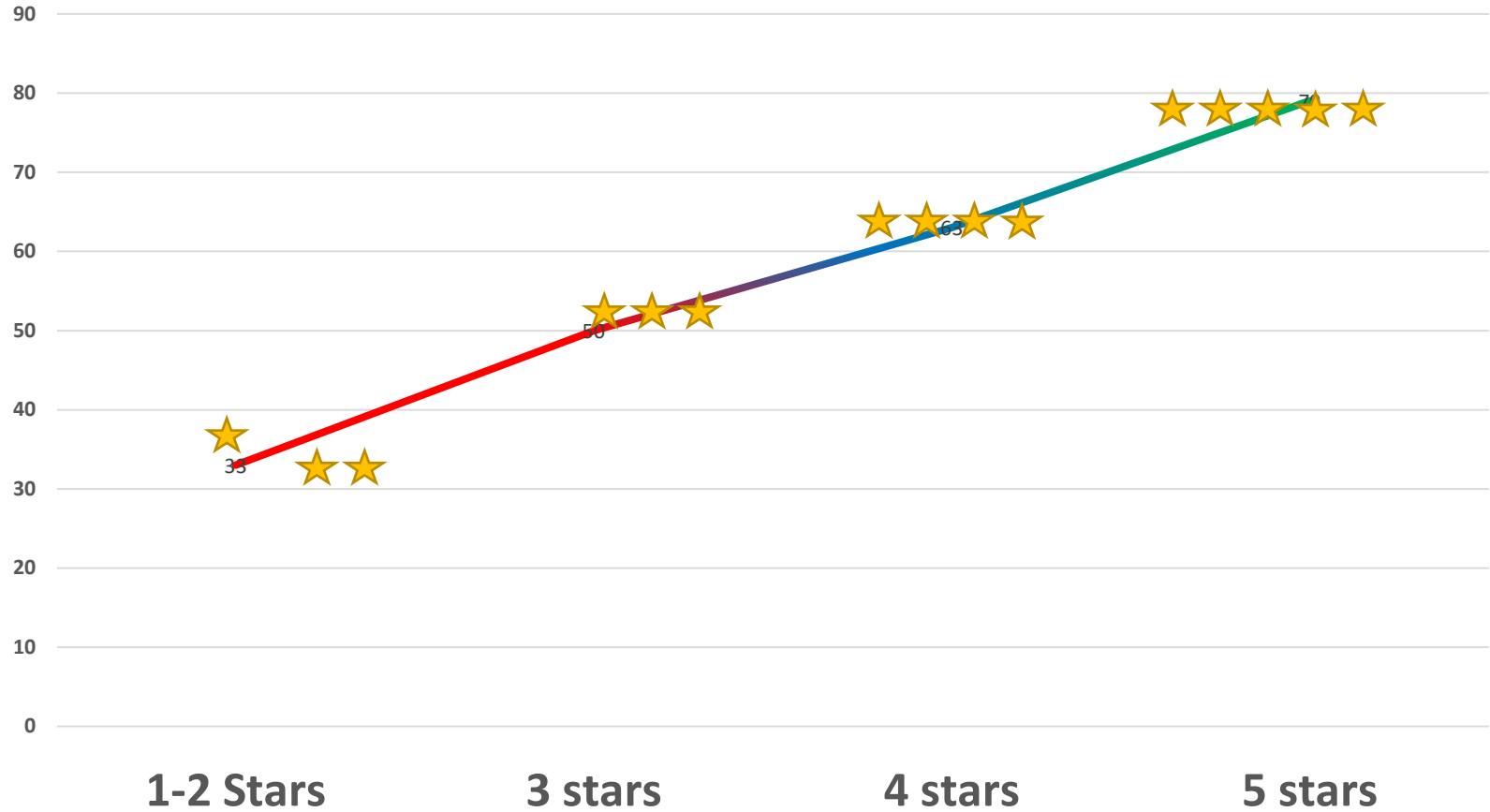


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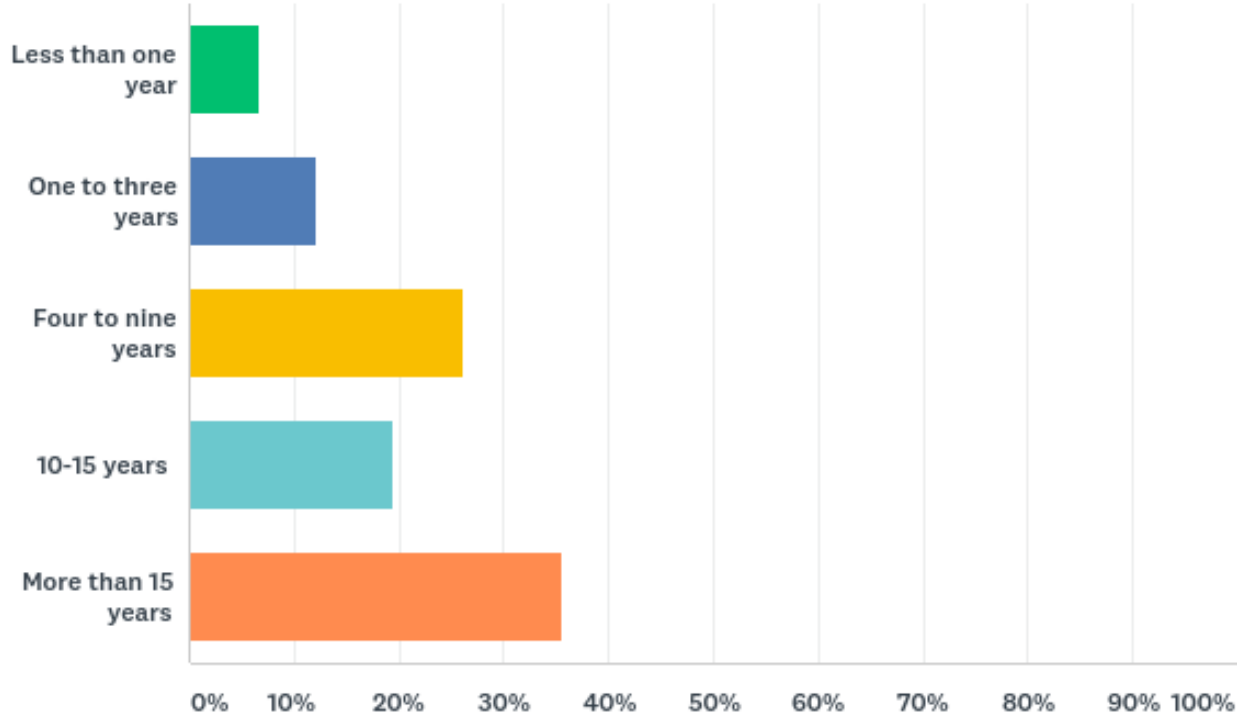
# *Org Type*



*Board Culture Contributes to Advancing the Mission*

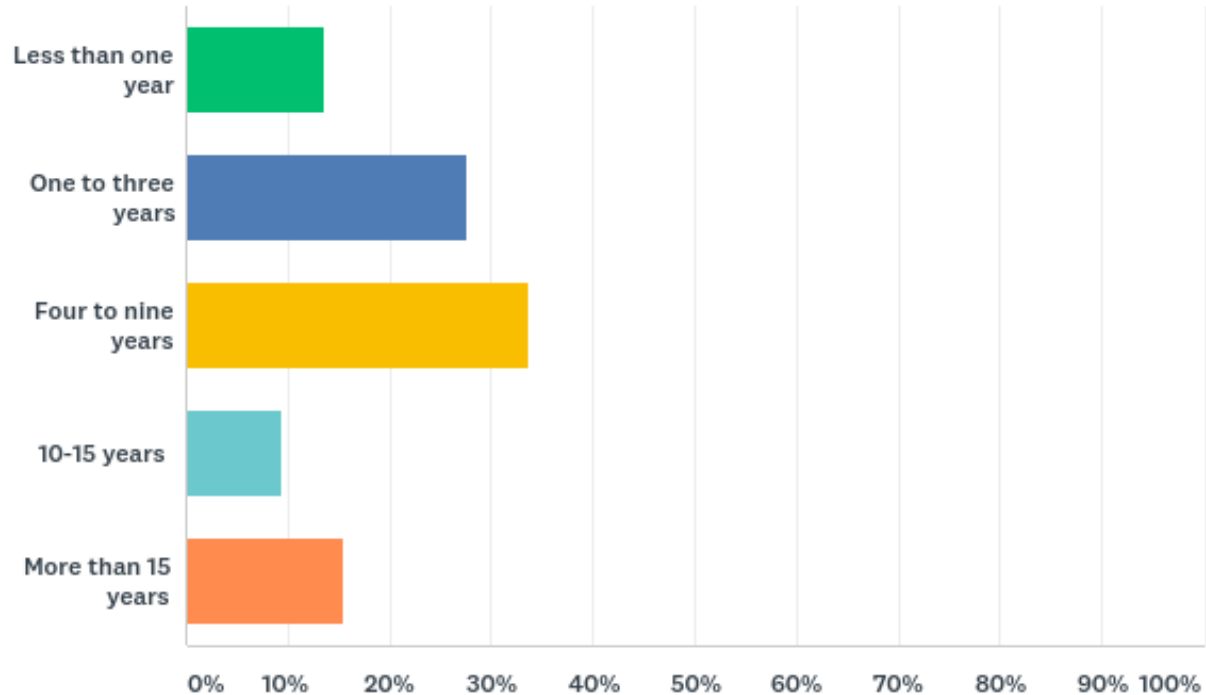


# *Average ED Career Experience*





# *Average Tenure with Current Organization*



# Board Cultural Characteristics



Overall skill at strategy



Decision speed



Transparency of actions



Risk tolerance



Questioning/  
Acceptance



Social relationships outside the boardroom



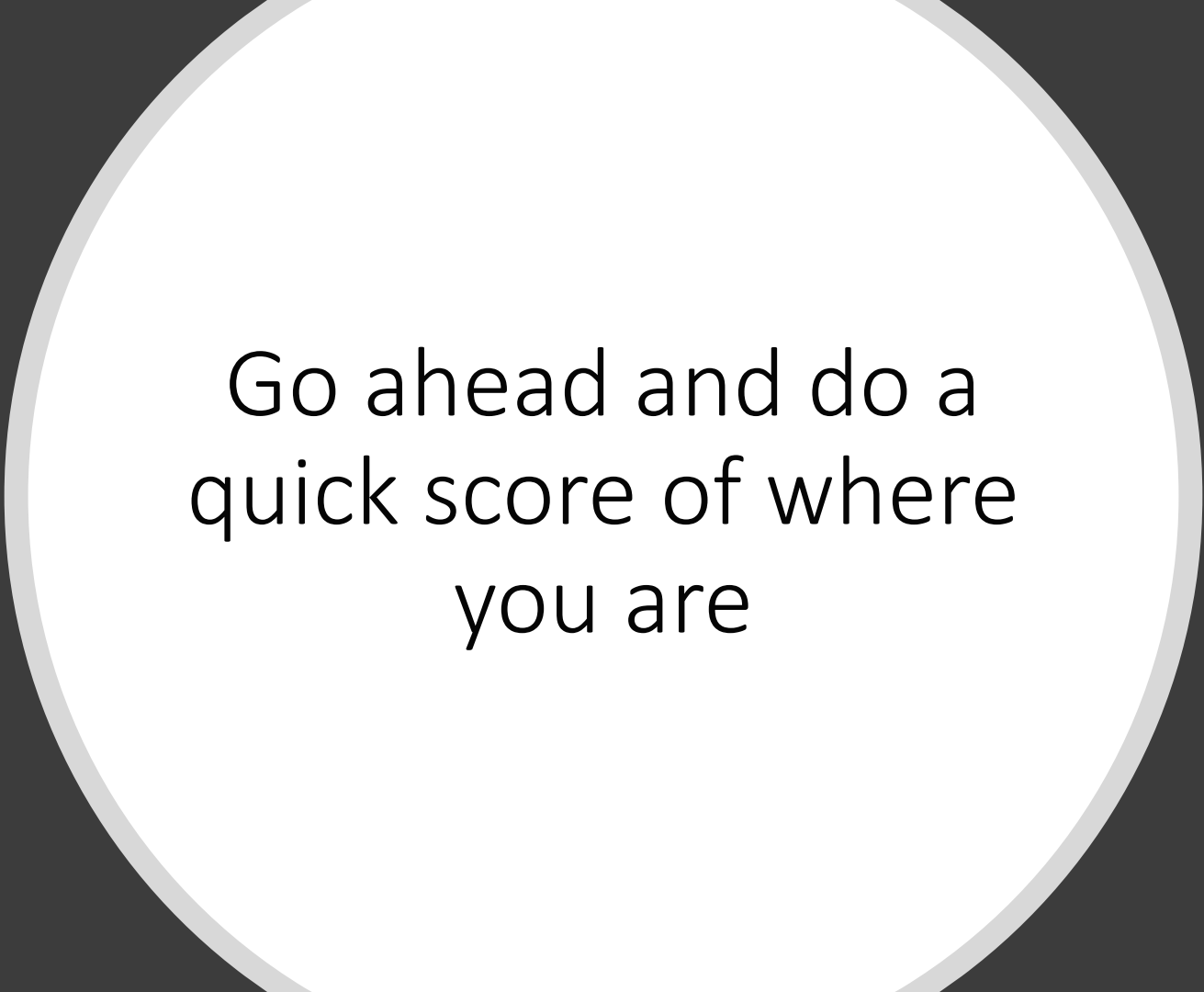
Level of formality



Information preference:  
qualitative v.  
quantitative



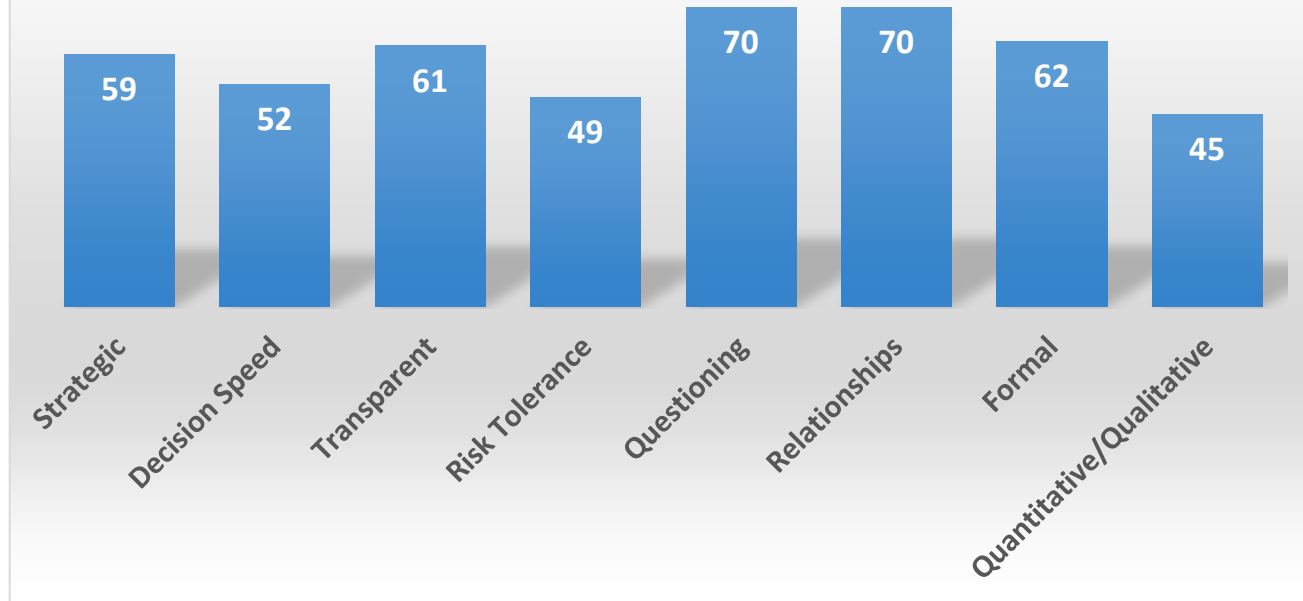
Board makeup mirrors membership



Go ahead and do a  
quick score of where  
you are



## Characteristics Averages



Membership is diverse

Board is diverse

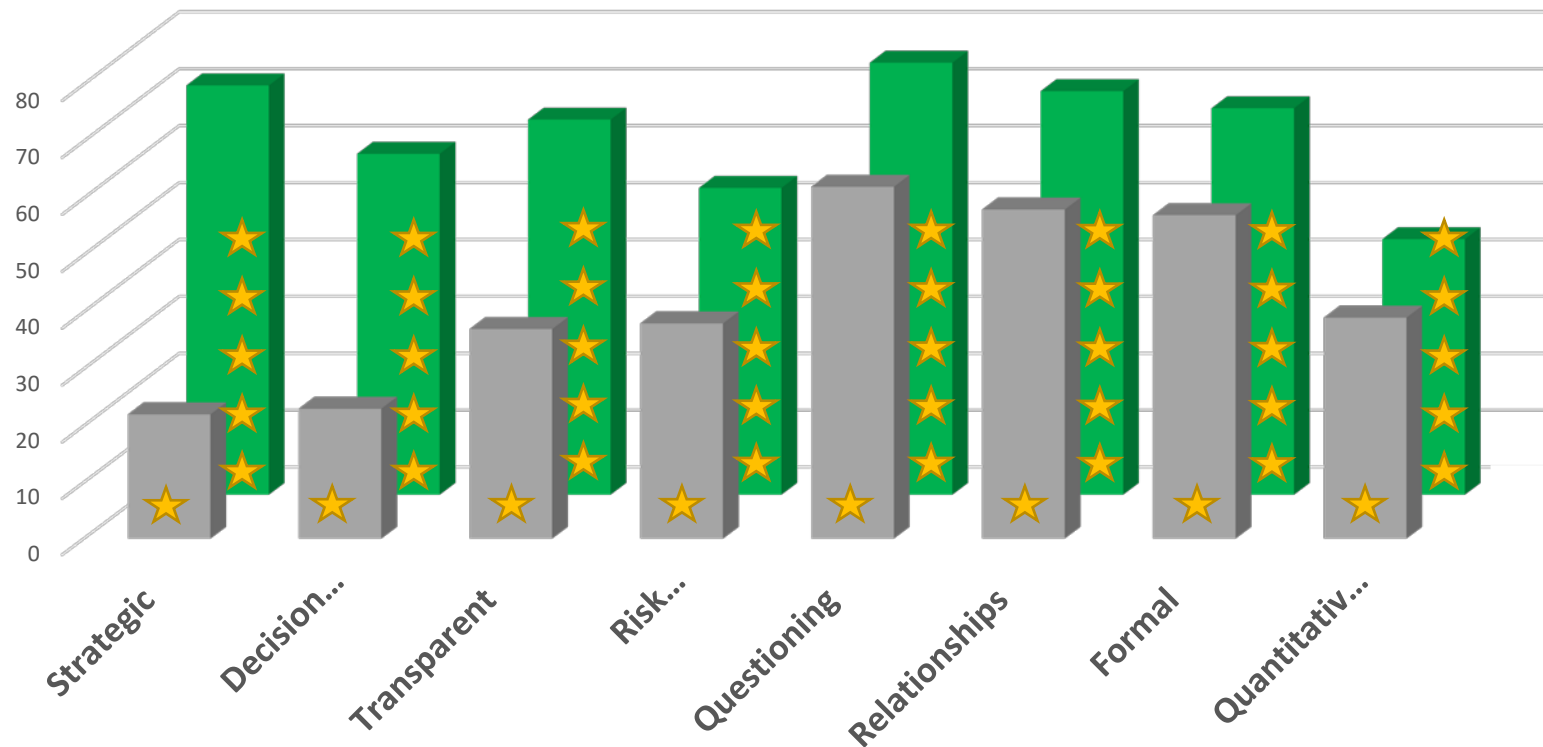
**Representation Differential**

52

45

7

# Characteristics Comparison



*Reading board materials is like flossing.*



## *What matters most?*

- |                                       |             |
|---------------------------------------|-------------|
| <b>1. Strategic Focus</b>             | <b>227%</b> |
| <b>2. Decision Speed</b>              | <b>161%</b> |
| <b>3. Transparent</b>                 | <b>78%</b>  |
| <b>4. Board Represents Membership</b> | <b>68%</b>  |
| <b>5. Risk Tolerance</b>              | <b>42%</b>  |

## *What matters less?*

<b>6. Competitive Nominations Process</b>	<b>26%</b>
<b>7. Questioning</b>	<b>23%</b>
<b>8. Relationships</b>	<b>22%</b>
<b>9. Formal Process</b>	<b>19%</b>
<b>10. Quantitative/Qualitative</b>	<b>15%</b>
<b>11. Recognition</b>	<b>11%</b>



*How can I  
help my  
Board be  
more  
Strategic?*



Create a level  
playing field



Add strategy to  
scorecard



Change the agenda



Appoint a strategy  
champion



Measure progress  
against strategic  
plan



Use “imagined  
futures” discussion  
framework



Create a weed-eater  
culture

*How can I  
improve my  
board's  
decision  
speed?*



Impose time limits



Limit options for  
consideration



Schedule larger  
decisions for earlier  
in meetings



Systemize processes  
for smaller decisions



Identify decisions  
that are reversible



Exercises around  
embracing  
uncertainty



Promise evaluation  
offers opportunity  
for modification

*How can I  
improve my  
board's  
transparency?*



Open up decision-making  
when possible



Encourage face-to-face  
communication



Open up financial  
information



Make leaders available



Respond to feedback



Evaluate gaps between  
layers in governance (board  
to committee, etc.)

*How can I  
help my board  
become more  
representative  
?*



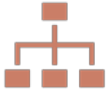
Measure current  
levels



Recruit from broader  
areas



Provide training to  
the board



Provide training to all  
organizational levels



Create mentorship  
programs



Rethink criteria



Set mandates for  
slates



Expand board size

*How can I help my board's risk assessment and tolerance?*



Discuss risk in orientations



Develop a risk tolerance statement



Create a risk management matrix



Embed risk assessment in product development process



Evaluate investments in mission like investments in markets



The goal is not to avoid risk

*What do you think are the most immediate initiatives you can launch to bring culture change?*

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*WHAT CAN YOU  
DO IN THE NEXT  
90 DAYS?*



The data sample is not random



Cause or relationship of leadership tenure with associations



Did not control for association resources/budgets/staff size



We did not provide concrete measures or tests for each characteristic

*What we don't know*

*HOW CAN I USE MY  
UNDERSTANDING OF  
BOARD CULTURE TO  
IMPROVE OUTCOMES?*





- Discuss culture with your board
  - What is it? Where are they now?
- Provide board members and staff with tools and guidance to create the desired culture
  - Orientation, agreement, modeling, self-awareness
- Recognize obstacles to culture, and, as such, to progress
  - Individual agendas, collective stage
- Assess board culture with your team, understand your board and how they process information

# *Mastering Board Culture*



1. Positive climate created by "tone at the top"
2. **Agreement on how they will operate as a group**
3. Opportunities to gather informally
4. Forums designed for continuous education
5. Articulation of competencies needed
6. Intentional design of meetings

*Nancy Axelrod, consultant and past CEO of BoardSource*

# *Six Pillars to Establish Culture*

# Thank You!

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