



Board Role in Human Capital Management (Draft)

Responsibilities	Relevant Actions to Accomplish Responsibilities
<p>Leadership and Governance of Human Capital Management: the board should have goals and metrics for HCM and exercise oversight just as it would for fundraising, governance, or any other key responsibility. Additionally, the board should have an established system and process for performing its HCM duties. Examples of specific HCM responsibilities are below.</p>	<p><i>Committee(s): The board establishes a HCM committee that works with matters related to human capital management. Only board members have votes on the committee. This committee makes recommendations to the board for approval (rather than deciding matters on its own).</i></p> <p><i>The board should include HCM metrics on its dashboard for organizational performance and review such metrics along the same frequency that it reviews financial goals.</i></p> <p><i>The board should make efforts to ensure that it has the necessary HCM knowledge and skills.</i></p>
<p>1. Chief Executive Performance Management: The board is responsible for helping the CEO/ED:</p> <ul style="list-style-type: none"> a. Establish performance goals on an annual basis, b. Provide coaching and discussions throughout the performance period – on a quarterly basis often works – reviewing goals, progress, and changes needed to meet objectives c. Collect performance data and conducting a performance review of the executive d. Discussing performance - providing opportunity to review the evaluation with CEO/ED, identifying actions toward enhancing performance and establishing a new set of performance standards for the coming year 	<ul style="list-style-type: none"> a. The board should use the annual planning process which requires a review of the strategic plan and the annual operating plan/ business plans to identify annual goals and objectives for CEO/ED b. The board can provide coaching and discussions around performance through periodic check-ins with the CEO/ED as well as direct observation of the CEO/ED at work, being sure to have time to provide feedback c. The board should collect evaluations and reviews from people within the organization and others outside of the nonprofit who have knowledge of the CEO/ED performance and a self assessment by the CEO/ED, analyze the data, and create a document outlining the overall performance against the goals/objectives and highlighting strengths and weaknesses to discuss with the CEO/ED d. The performance discussion is scheduled in advance and typically



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<p><i>Please see the CEO Performance Management Guide for detailed process advice.</i></p>	<p>takes place between the board president (or head of the evaluation committee) and the CEO/ED. It is also the time to review the CEO/ED’s compensation package.</p> <p><i>Please see the CEO Performance Management Guide for detailed process advice.</i></p>
<p>2. Aligned Goal Setting: The board is responsible for assisting the CEO/ED and the organization’s leadership in ensuring that the organization has clear goals.</p>	<p>The board sets goals for itself that are aligned with strategic goals. It helps the leadership team in setting strategic goals or approving strategic goals. It approves annual operating goals and the chief executive’s annual goals. It ensures alignment between the strategic goals, annual operating goals, and the executive director’s goals. It may, as part of a process of driving the discipline of aligned goal setting into the organization, review the goals of key departments or executives for a year or two.</p>
<p>3. Workforce Planning: The board HCM committee should track the strategic needs of the organization as it grows, as well as general sector trends in order to provide advice to the leadership team about staffing models needed for the future.</p>	<p>The board HCM committee should meet every quarter to discuss organizational needs and sector trends. A workforce plan should be created periodically.</p> <p>In situations where the organization is in financial trouble, steps that management is taking to deal with that financial situation -- whether layoffs, paycuts, new income strategies, or others -- should be discussed with the board and the board should bless or put a hold on management actions.</p>
<p>4. Succession Management: The board should begin planning for a CEO/ED transition as soon as the current CEO/ED takes on the role. This process should be done in</p>	<p>During the board president and HCM Committee’s check-ins with the CEO/ED, board members and the CEO/ED can discuss possible successors. Board members can meet with these individuals and observe their work.</p>



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consultation with the CEO/ED.	Outside candidates can also be courted and assessed. Placing outside candidates on the board or on board committees can be a useful means of building an effective external candidate pipeline.
5. Leadership Development: Leadership development is tied to succession management, and the board’s role may involve developing high-potentials and coaching leaders in their development.	The board may take part in formal leadership development programs, as well as 9-box and talent reviews. Additionally, individual board members may coach the organization’s leaders on particular leadership skills.
6. Compensation Philosophy: While the board does not determine individual staff members’ salaries, it does consider the strategic matters related to compensation: whether the salary schedule is in line with the organization's values, whether there is appropriate internal equity or differences among positions and departments, whether specific positions are appropriately placed on the scale, whether compensation is in line with that at similar organizations, and/or whether the compensation supports (rather than hinders) the organization's ability to recruit qualified staff. The board HCM committee considers the strategic factors that impact benefits, in the same way that it considers those of salary scales.	The board’s HCM committee reviews the rate schedule (salary ranges for each position or category) of salaries (which was drafted by the organization’s executive staff). The salary schedule is sent by the committee or task force to the whole board for approval. The benefits schedule -- health insurance, long-term disability insurance, 401(k), and so forth -- is reviewed by the board annually as part of the budget process, with costs projected for the coming year. The human resources committee should review the benefits package at least every two years and suggest changes (additions or subtractions), and their financial implications, to the executive director, the board's finance committee, or both.
7. Talent Acquisition: When board members have particular expertise, they may be called in to interview candidates for relevant, high-level positions. For example, the Board Treasurer may participate in interviews of potential CFOs.	In these situations individual board members are acting as advisors to staff. It should be made clear to everyone involved that the final decision is made by the staff person to whom the new hire would report.



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<p>8. Diversity: If an organization has established goals or principles regarding a staff that is diverse in race, ethnicity, gender, age, disability, or other characteristics such as client status, the board should monitor the organization’s performance in maintaining diversity.</p>	<p>A board-staff diversity committee, or the board or board-staff HR committee, can assist with making sure that recruitment efforts reach out effectively (for example, through the ethnic press), be on the alert for indicators of weak management of a diverse workforce (such as a string of resignations from Latina nurses), and with monitoring progress towards goals.</p>

Composition a Human Capital Management Committee

Depending on the size of the board and the complexity of the human capital management goals, different structures can be used:

- The committee can be standing (permanent) or a taskforce (temporary)
- It can include just board members, additional members that are not board members but that may provide useful expertise (such as an employment lawyer), and/or additional members from staff (such as the HR Director) (Note that if non-board individuals are members of the committee, either they should be as non-voting advisory members of the committee, or the committee's recommendations should come back to the board for approval.)

In some cases, the human resources committee is also responsible for developing plans and strategies for appropriate recruitment and utilization of volunteers, while in other organizations the human resources committee looks only at paid personnel.

Finding the right way for the board and ED to work together on these issues can be initially challenging, but finding the right solutions will ultimately make things better for both the board and staff, and make your organization better able to achieve its mission.