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# PERILS AND POTENTIALS OF YMCA GOVERNANCE

YMCA WORLD URBAN NETWORK  
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# MY BACKGROUND

- Former CEO of YMCA Canada and SVP of YMCA of the USA
- Former CEO of two “in crisis” YMCAs: Montreal (now Quebec) and Winnipeg
- Directly involved/supported over 25 CEO Searches and over 30 indirectly in Canada and the US
- Advised and supported 15 “in crisis” YMCAs and indirectly another 15

# SOME THINGS OFTEN HEARD IN GOVERNANCE



- I have a really great Board
- We have very good Board meetings
- We get lots of updates and reports from the CEO and all the committees
- We have a great CEO who is dynamic and charismatic
- I have a Board member who is a trouble maker and not a team player
- My Board Chair wishes he/she was the CEO – always meddling in operations

# SITUATIONS I HAVE SEEN

- Board didn't know they were governing an insolvent organization
- Board had no energy and was in a state of inertia
- Board didn't know their banking relationship was with the "work out" group of the bank/lender for at least two years
- Y had over time lost its relationship with its community and donors and no one did anything about it
- Y had almost liquidated itself over many years and staff were exhausted

# SITUATIONS I HAVE SEEN

- A Board when hiring a new CEO was convinced that YMCA professionals were not capable of sound fiscal management and so would not consider a YMCA professional
- Board Chair was told by CEO not to communicate serious issues with Y-USA
- CEO had no performance evaluation in years
- Board meetings were nothing but show and tell and committee reports
- Search processes where the YMCA candidates appeared as operators and not strategic
- CEO acted as a gatekeeper

**VIDEO:**

**WHAT MAKES A HIGH  
PERFORMING BOARD**

**EXPECTATIONS OF BOARD  
CHAIR/CVO AND BOARD MEMBERS**



# BOARD STRUCTURES, POLICIES AND PRACTICES

Lots of attention has been paid to Board structures, policies and practices in recent years such as:

- **Committees** – e.g. audit, finance, risk management, nominating, governance, mission and program, marketing and communications, external relations, human resources, executive performance and compensation etc...
- **Policies** – e.g. conflict of interest, diversity, attendance, risk management, purchasing, capital, investment etc..
- **Practices** – e.g. succession planning for Board members, CEO and senior management, roles and responsibilities, evaluation – both Board and CEO, risk management, diversity etc...



# GOVERNANCE AS LEADERSHIP

Chait, Ryan and Taylor of Harvard University developed a framework of three types of governance:

- **Fiduciary** – governing practices set in concrete such as committees and work on budgeting, accounting, investment, program etc...
- **Strategic** – Board and management think together to discover strategic priorities, board structure mirrors strategic priorities and meetings are strategic content driven
- **Generative** – where goal setting and direction setting originate, Board and management practice retrospective thinking that enables sense making

**HOWEVER...**

**DON'T FORGET THE IMPORTANCE  
OF THE HUMAN ELEMENT**

# SUCCESSFUL BOARDS

Manzoni, Strebels and Barsoux of INSEAD and IMD write about the need for Boards to create an intensive support and control/challenge environment:

- CEOs are not always the best receivers of feedback
- Boards are not the best providers of feedback
- The relationship between Board and CEO can be ambiguous
- Board members develop a view/initial impressions
- CEO also categorizes and forms impressions



# SUCCESSFUL BOARDS

Boards should be aiming for the “high-high” quadrant in the matrix below

	Low support	High support
High challenge	“Challenge or control trap”	Support and challenge
Low challenge	Absentee board	“Support trap”

# CONTROL TRAP

- Triggered when the Board starts having doubts about CEO
- Board develops an unfavorable impression of CEO
- Board steps up its level of control and monitoring
- CEO will tend to react negatively
- Interactions between Board and CEO become less collaborative and partnered and often shows up in two ways
  - escalating withdrawal from the Board
  - escalating conflict between Board and CEO

# SUPPORT TRAP

- Board develops high opinion of CEO
- Takes a great deal of evidence to change the Boards mind – an information bias develops in favor of CEO
- Board does not monitor performance objectively or intensely
- Problems are blamed on others and CEO is given benefit of the doubt
- Organization increasingly at risk

# SUPPORT AND CHALLENGE

Develop the right balance between...

- Providing ideas, protection and encouragement and...
- Ensuring the CEO does not get carried away with hubris and self-righteousness
- Where challenge becomes a routine aspect of interaction and Board and CEO can interact with each other in a robust way.

**VIDEO:**

**A STRONG BOARD AND CEO  
RELATIONSHIP**

**WHAT DO BOARDS WANT FROM  
THEIR CEO**





# SOME CONDITIONS FOR AN EFFECTIVE SUPPORT AND CHALLENGE ENVIRONMENT

- Role of Chair
- Effective feedback system in place
- Remain diversified on the Board
- Diversify sources of information
- Encourage initial dissenters and avoid pluralistic ignorance
- Maintain a strong bond between Board and CEO
- Agree on rules of the game
- Watch out for snap judgments

# BOARDS AS ROBUST EFFECTIVE SOCIAL SYSTEMS

Jeffrey Sonnenfeld of Yale University describes that a board should be a robust and effective social system where a virtuous cycle exists of three important characteristics.

- **Respect** – members and management develop mutual respect which then helps to build...
- **Trust** – mutual respect for each other develops an environment of trust that then allows for...
- **Candor** - can share difficult information and can challenge each other assumptions and conclusions coherently which makes for better and more informed decision making.

# BOARDS AS EFFECTIVE SOCIAL SYSTEMS

- **Create and nurture a climate of trust and candor**
- **Foster a culture of open dissent**
- **Utilize a fluid portfolio of roles**
- **Ensure individual accountability**
- **Evaluate the Board's performance**



**VIDEO:**

**WHAT HAVE YOU LEARNED AND  
WHAT SHOULD BE AVOIDED?**

**FINAL COMMENTS**



# MY EXPERIENCE WITH CEO SEARCHES AND WHAT BOARDS WANT

- Proven track record
- Sound stewardship and sound administration is a given
- Understanding of governance – how to engage a Board
- Builds effective staff teams
- Vision – Big Ideas
- Strategic mindset
- Communicator
- Ambassador – able to partner in community
- Philanthropic mindset and competency

# SITUATIONS I HAVE SEEN

- The Y Board, CEO and management tackled/debated a difficult decision to the ground which lead to a great result
- Board and CEO monitor performance by using evaluation methods that keeps all informed about effectiveness, engagement, performance etc...and they act on what they learn to constantly improve
- Board recruiting practices that keep the Board a “best in class” Board in community
- Where the CEO drives content and strategy and doesn't just rely on charisma



# SITUATIONS I HAVE SEEN

- Monitor and share critical information and data where no surprises exist – open and transparent and regular
- Board is truly engaged in “big ideas” and making a difference in their community and the related decision making – so much so that they can’t wait for next Board meeting
- Board Chair and CEO are in a strong and effective partnership and they nurture a Board culture of respect, trust, and candor

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**THANK YOU**

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