BoardSource

• Advances the public good by building exceptional nonprofit boards and inspiring board service

• Supports and promotes excellence in nonprofit board service

• Is the premier source of cutting-edge thinking and resources related to boards

• Engages and develops the next generation of board leaders
Susan Meier

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- Principal, Meier and Associates
- Former Vice President, Consulting & Training at BoardSource
- Former Vice President of Chapter Services for national federated nonprofit
- Corporate experience
- National and local board member and officer experience
Today’s Objectives

- To learn more about the governance practices of high performing boards
- To explore how to reframe the board’s work in the fiduciary, strategic and generative modes, with an emphasis on the latter
- To look ahead at how we can continue our journey to becoming the highest performing board possible
Rules of Engagement

“To create learning organizations, we must understand the underlying agreements we have made about how we will be together.”

-Margaret Wheatley

• Please turn off cell phones...
• Technology in the room will be used only for the purposes of our session...
• Everyone is encouraged to actively participate...
• Let’s consciously choose to engage in a culture of inquiry, i.e., candid, open and constructive discussions...
• Assume positive intent...
Agenda

✓ Setting the Context
✓ Opening Exercise: Assessing Where Our Boards Are
✓ Four Practices of High Performing Boards in Today’s Complex World
✓ Reframing the Work of the Board
✓ Exercise: The Triple Helix
✓ Tools that Help Drive the Work
✓ Navigating the 3 Modes in Your Boardroom
✓ Bringing Generative Work into the Boardroom
✓ Next Steps and Closing Thoughts
Introductions

• Name/Position/Orchestra
• How long have you served?
• The vehicle that best describes your orchestra’s board
What is Governance?

To govern is to steer, to control, and to influence from a position of authority.

- BoardSource
Setting the Context: New Thinking

• Governance does not need to be oversimplified or reduced to lowest common denominator.
• Expanding leadership brings better governance.
• Governance is tantamount to leadership.
• There’s more to governance than compliance and fiduciary work.
Setting the Context: Assessing Where Our Boards Are

1. If you could make 2 changes to greatly enhance your board’s effectiveness, what would you change?
2. On a 1-10 scale, how engaged is the full board?
3. If you could wave a magic wand, how many board members would you remove from your board?
4. What is the single greatest contribution, other than fundraising or donations, that you wish your board would make to your organization over the next 18-24 months?
Four Practices of High Performing Boards

• Understand that governance is a process, not an event
• Invest in building a constructive partnership between Board and Chief Executive
• Are attentive to boardroom culture
• Spend most time on issues of consequence
The Governance Continuum

- Dysfunctional
- Functional
- Responsible
- Exceptional

- Unconscious
- Conscious
- Enlightened
Context: Organizational Lifecycles

- **Start-Up**: founder-driven; minimal or no staff; small, passionate, hands-on board; minimal governance
- **Adolescence**: staff grows; board begins to expand; greater diversity; small committee structure; changing roles; rocky waters
- **Mature**: clarity of board/staff roles; larger board; competent staff; governing board focuses on strategy, oversight, fundraising
- **Stagnant**: routines rule; complacency leads to stagnation; energy wanes; low staff morale; unengaged board
- **Defunct**: if organization can’t be resuscitated, time to close

*Navigating the Organizational Lifecycle, BoardSource, 2006.*
“Exceptional boards govern in constructive partnership with the chief executive, recognizing that the effectiveness of the board and chief executive are interdependent.”

-The Source: Twelve Principles of Governance That Power Exceptional Boards
Constructive Partnership

Any good relationship entails...

- respect for differences
- regular and clear communications
- clarity of roles
- setting mutual expectations

The Board/CEO partnership also requires...

- conducting mutual assessments
- balancing the board’s role in support & oversight
- seeing trust-building as a process, not an event
- asking the hard questions
Ensure CEO & Board Engagement

CEO Engagement

CEO
→ Is Displacing Board
GOVERNANCE AS OBSERVATION

CEO
→ Is Going Through the Motions with Board
GOVERNANCE AS ATTENDANCE

CEO
→ Is In Constructive Partnership with Board
GOVERNANCE AS LEADERSHIP

CEO
→ Is Displaced by Board
GOVERNANCE AS MICROMANAGEMENT

Board Engagement

Source: Chait, Ryan, Taylor, “Governance as Leadership”
Silent Start
Culture of Inquiry

Exceptional boards institutionalize a culture of inquiry, mutual respect, and constructive debate that leads to sound and shared decision making.

- Seek more information, question assumptions, and challenge conclusions
- Draw on multiple sources of information and perspectives and ensure all voices heard
- Solicit & explore divergent views in a respectful manner
- Be conscious of corporate vs. nonprofit leadership styles and decision-making
- Voice concerns before reaching a collective decision and yet give 100% support for all board decisions
Spending Time on Issues of Greatest Consequence

“The main thing is figuring out the main thing.”

- Richard Chait
### What’s the Problem?

<table>
<thead>
<tr>
<th>Classical</th>
<th>Diagnosis</th>
<th>Problem of performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>Codify board’s role, clarify tasks.</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Do the work better.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reframe</th>
<th>Diagnosis</th>
<th>Problem of purpose.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>Enrich the job, engage the board.</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Do better work.</td>
<td></td>
</tr>
</tbody>
</table>
The Governance Triangle

Fiduciary

Strategic

Governance as Leadership

Generative
Core Concepts

• Board must think and work in three different modes.
• Each mode emphasizes a different aspect of governance.
• All three modes are important.
• The value added by a board will increase as the board:
  – Becomes more proficient in more modes;
  – Does more work in the third mode;
  – Chooses the appropriate mode/s of work.
• This work is best done in constructive partnership.
The 3 Modes of Governance

• **I. Fiduciary.** Stewardship of tangible assets. Oversee operations; deploy resources wisely; select & evaluate chief executive; ensure legal and financial accountability; monitor results.

• **II. Strategic.** Partner with senior staff to scan internal & external environments; design, review & modify strategic plan; monitor performance accountability via critical success factors, benchmarks, and strengthen comparative advantage.

• **III. Generative.** Source of leadership to discern, frame, and confront challenges rooted in values, traditions, and beliefs; engage in sense-making, meaning-making, and problem framing.
Value-Added Fiduciary Work

Oversight
Due diligence?
Scandal free?
In compliance?
Can we afford it?
Clean audit?
Budget balanced?
Do we manage risk?
New program meets market?
Is it legal?

Inquiry
Hold what in trust for whom?
Safeguards in place?
Voluntary measures to earn trust?
What’s the opportunity cost?
Insights from audit?
Budget matches priorities?
Do we take sensible risks?
New program serves mission?
Is it ethical?
Value-Added Strategic Work

Planning
- Money, space, personnel?
- Resource generation?
- Compensation plan?
- Size of market?
- What is? (Extrapolation)
- Valid assumptions?
- Traditional competitors?
- Internal preferences?
- Management must do what?

Thinking
- Business model viable?
- Social entrepreneurialism?
- Great place to work?
- New markets?
- What could be? (BHAGs)
- Make new rules?
- Nontraditional competitors?
- Customer value propositions?
- Board must do what?
Value-Added Generative Work

• Places current challenges in new light.
• Perceives and frames “better” problems and opportunities.
• Recognizes organizations are not always rational.
• Discovers strategies, priorities & “realities.”
• Suspends the rules of logic to tap intuition and intellectual playfulness.
• Encourages robust discourse not quick consensus.
The Triple Helix

Exercise
<table>
<thead>
<tr>
<th>Attribute</th>
<th>Generative Mode</th>
<th>Strategic Mode</th>
<th>Fiduciary Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board’s core work</strong></td>
<td>Creative: discern problems, engage in sense-making</td>
<td>Analytical: shape strategy, review performance</td>
<td>Technical: oversee operations, ensure accountability</td>
</tr>
<tr>
<td><strong>Board’s principal role</strong></td>
<td>Sense maker</td>
<td>Strategist</td>
<td>Sentinel</td>
</tr>
<tr>
<td><strong>Key question</strong></td>
<td>What’s the key question?</td>
<td>What’s the plan?</td>
<td>What’s wrong?</td>
</tr>
<tr>
<td>Attribute</td>
<td>Generative Mode</td>
<td>Strategic Mode</td>
<td>Fiduciary Mode</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------------</td>
<td>----------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Problems are to be:</td>
<td>III</td>
<td>II</td>
<td>I</td>
</tr>
<tr>
<td>Framed</td>
<td></td>
<td>Solved</td>
<td>Spotted</td>
</tr>
<tr>
<td>Deliberative process</td>
<td>Robust and sometimes playful</td>
<td>Empirical and logical</td>
<td>Parliamentary and orderly</td>
</tr>
<tr>
<td>Way of Deciding</td>
<td>Grappling &amp; discerning</td>
<td>Group process &amp; consensus</td>
<td>Protocol and exception</td>
</tr>
</tbody>
</table>
Opportunities for Generative Discussions

• Thoughtful listening at regular board meetings
• Reserving time for reflection and catalytic questions during meetings and retreats
• Organizational transitions
• Strategic planning
• Mission reassessment
• Times of significant decision making
• Spotting generative opportunities disguised as business problem/decisions
Red Flags at Board Meetings

- **Ambiguity**: Multiple interpretations of what’s going on or what requires attention
- **Saliency**: Issue means a great deal to a great many
- **Stakes**: Issue touches on core values or organizational identity
- **Strife**: Prospects for confusion or conflict are great
Generative Thinking in Organizations

**Generative Thinking**
- Sensemaking
- Cues & Clues
- Catalytic Questions
- Getting on the Balcony

**New Practices**
- Deliberate differently
- Work at boundary
- Think retrospectively
- Reframing the Problem

**Familiar Processes**
- Policy making
- Strategic planning
- Problem solving
- “SWOT”
- Needs assessments
- Cost-benefit analysis
- Trial & Error

**Implementation**
- Management
- Service delivery
- Evaluation
Catalytic Questions

- What keeps us awake at night?
- If we could absorb another nonprofit, what would it be and why?
- How must our board operate differently in order to provide leadership during these changing times?
- What are our hidden assets?
- On what list do we want to rank #1?
- What is distinctive about our organization? Is that quality/service becoming more or less valuable in the world in which we work?
“Getting on the Balcony”

• Figuratively, stepping out of the action around the board table and seeing things from a higher or different vantage point
  – Observing what is going on around you
  – Developing more than one interpretation
  – Looking through the eyes of others
  – Watching for patterns
  – Reality-testing your interpretation
Boundary Work

External:
• What are other nonprofit and for profit organizations discussing?
• What is changing in our community?
• How do our clients/users see us?

Internal:
• What is our organizational culture?
• Why do you work here?
• What one thing would you change if you could?
Retrospective Thinking

Dominant narratives:

• What is our “dominant narrative” and is it working?

• **Strategy:**
  • What patterns do we see?
  • What can we learn from past successes/setbacks?
  • What do we know now that we didn’t at last plan?
  • Where do we meet resistance and why?
Generative Opportunities *Disguised* as Business Decisions

Embedded issues often lead to missed opportunities.

• A local social service agency
  – Stated problem: voluntary turnover of staff
• A food bank:
  – Stated problem: increased community need
• An art museum:
  – Stated problem: opportunity to purchase a prized and expensive work of art
First Law of Generative Governing:

The opportunity to influence generative work declines as issues are framed and converted into strategic options and plans over time.

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The Generative Curve

- Opportunity for Generative Work
- Cues, Clues, Framing Retrospectively
- Plans Strategies Problems
- Time
Trustee involvement is lowest where generative opportunity is greatest... and trustee involvement increases as generative opportunity declines.
Exercise

1. What are the 1-2 most significant challenges facing your orchestra over the next 1-3 years?
2. Reframe the issue to reflect the main thing.
3. Craft questions to pose to your board. Identify questions in all 3 modes.
Bringing Generative Work into Your Boardroom

• How might you do this?
• What pushback do you anticipate?
• How can you overcome those challenges?
Moving Forward…

Next Steps.....
Governance as Leadership
Cautions

• Do not overuse any one mode.
• Do not be formulaic about working in three modes.
• Do not find generative work everywhere.
• Do not mount the generative curve after the staff or committee work has been done.
• Do not underestimate the costs of the status quo.
The Payoff

• Empowers the board.

• Engages the “collective mind.”

• Exploits board’s talents.

• Enriches board’s work.

• Enhances performance of board and organization.

Governance as Leadership
Closing Thoughts
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