

It All Starts With Governance

May 8, 2010

How Do I Get the Board to Stop Picking the Colors of the Exhibits?



Get Them Focused on the
Real Work of the Board.

What is the *Real Work* of the Board?

Basic Description

- Develop & Conserve Resources
- Set Mission & Overall Strategy
- Monitor Performance
- Hire, Evaluate, Support and potentially Replace CEO
- Serve as Advocates, Bridges & Buffers for the Organization and Community

But isn't the
job of the
Board to
Lead?

Who is Providing Leadership in Your Organization?

Often, it's the CEO and/or senior management team.

They think the big ideas and frame the issues, while the Board monitors performance.

Could that model actually be upside down?



Is the Board managing and the staff leading??

Bored Boards Squander Trustee Value

Annoying Scenario

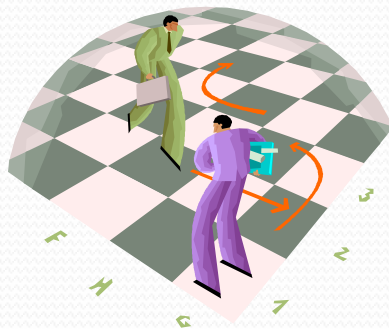
In search of meaningful work, frustrated trustees **meddle in management**. So to keep them out of it, the **staff creates the illusion** that the Board is valuable and valued.

Tragic Scenario

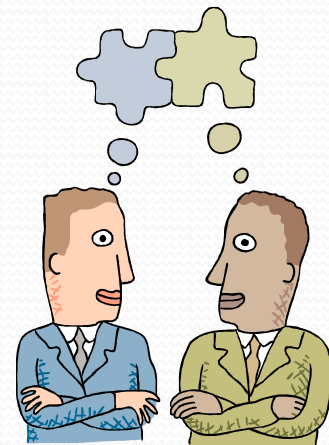
Finding no meaningful work, frustrated trustees feel irrelevant, detached, and underutilized, leading to **accountability failures**.

So How Do We Get the Board to Lead?

Recognize and Nurture the
Three Types of Governing



Type 1 Fiduciary
Type 2 Strategic
Type 3 Generative



Type 1 Governing – Fiduciary Stewarding Tangible Assets



- Key Question: What's wrong?
- Problems: Spotted
- Board's Core Work: Technical/oversee operations, assure accountability
- Central Purpose: Maintain What We Have

Type 2 – Strategic

Setting Priorities and Course

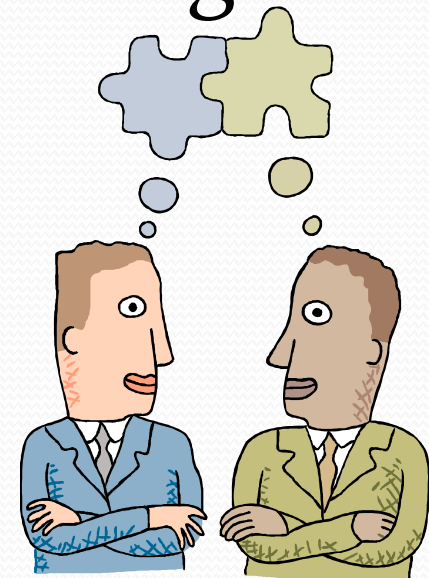



- Key Question: What's the Plan?
- Problems: Solved
- Board's Core Work: Analytical/Shape Strategy, Review Performance
- Central Purpose: Strategic Partnership with Management

Type 3 – Generative Thinking

Identifies Problems, Frames Issues

- Key Question: What's the Question?
- Problems: Framed
- Board's Core Work: Creative/Discern Problems, Engage in Sense-Making
- Central Purpose: Source of Leadership for the Organization





My Board Does Type 1 (Fiduciary) Most of the Time and Type 2 (Strategic) Sometimes. Isn't that Good Enough?

Most boards do oversight & strategy – they understand & are comfortable with this work.

As a result, they are essentially providing counsel - rarely engaging in generative work and missing the opportunity to govern.

The entity with the ultimate power exercises precious little of it!



Which Might Lead You to Ask:

If my Board took a year off,
would our organization be
deprived of powerful ideas,
keen insights or important
perspectives on problems?

How Do I Inspire

Type 3 Generative Work?

Encourage Constructively Candid Conversations

- What were the most important problems and lessons learned last year?
- What does the budget imply about the mission?
- What should be most different about this museum in five years?
- What headlines would we most /least like to see about this organization?
- What is the biggest gap between what we claim we are and what we actually are?

Encourage Board to Probe Executive Generative Thinking

- What sense of past is embedded in this future plan?
- How did you arrive at this sense of the problem?
- How would you handle this problem with fewer/more resources?
- What keeps you awake at night?


How Do I Know When the Board is Doing Generative Work?

- Collaboration/fusion, not a division of labor
- Ambiguity, high stakes, strife, irreversibility abound
- Board is working at the Boundaries –
 - Internal – Border between the Board and the organization
 - External – Border between the Board and the wider environment



What Generative Work Looks Like

- Deliberations similar to lively case-based discussion at a law or business school, not a typical board meeting!
- Discussions should enter a mode of *playfulness* and temporary relaxation of the rules that encourage experimentation – difficult for trustees and executives!
- Who better than CMs to create an environment that encourages generative governing, as playfulness helps people envision new possibilities, patterns and problems?
- Process reveals the *collective mind* of the Board.



So, Now That We Have the Board's
Collective Generative Thinking, What Do We
Actually Do With It?

Move to a
Policy Governance[®] Model



Policy Governance[®] Model

Policy Governance separates issues of *organizational purpose* (ENDS) from all other *organizational issues* (MEANS), placing primary importance on those Ends. Policy Governance Boards demand accomplishment of purpose, and only limit the staff's available means to those which do not violate the Board's pre-stated standards of prudence and ethics.

How Would My Board Work in a Policy Governance[®] Mode?

- Develop a Board Policy Manual – the “one voice” of the Board in a well organized document of 15-20 pages, which is constantly improved as the Board learns and adjusts to changing internal and external factors.
- The BPM does its job by helping the Board and the CEO do their jobs.



How the BPM Fits In

- Federal and State Laws (Staff should monitor)
- Articles of Incorporation (Rarely changed)
- By-Laws (Should be revised and updated regularly)
- **Board Policy Manual**
- CEO Level Policies (Planning documents, personnel manual, etc.)
- Other Organizational Policies (Often determined in and by various staff units)



What Goes In a BPM?

- Part 1: Introduction and Administration
- Part 2: Organizational Essentials (mission, vision, values, moral owners, primary beneficiaries, major functions, primary strategies, organizational goals)
- Part 3: Board Structure and Process (governing style, Board job description, Board member criteria, orientation, chair's role, Board meetings, standing committees, advisory groups/councils/task forces, Board member code of conduct, Board finances)



What Else Goes In The BPM?

- **Part 4: Board – CEO/Staff Relationship** (delegation to the CEO, CEO job description, communication and counsel to the Board, monitoring executive performance, staff compensation, staff treatment, CEO transition)
- **Part 5: Executive Parameters** (finance parameters, budgeting, financial controls, asset protection, investment principles, program parameters, fundraising parameters, public affairs, audit and compliance parameters)

**Now you have
a High
Functioning,
Policy
Governing[®]
Board.**

And they
don't pick
the colors of
the exhibits!





Presentation Sources

- **Governance as Leadership**, by Chait, Ryan and Taylor
- **Good Governance for Nonprofits**, by Laughlin and Andringa
- Board Source www.boardsource.org
- The Policy Governance[®] Model at www.carvergovernance.com
- Karen Coltrane
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