

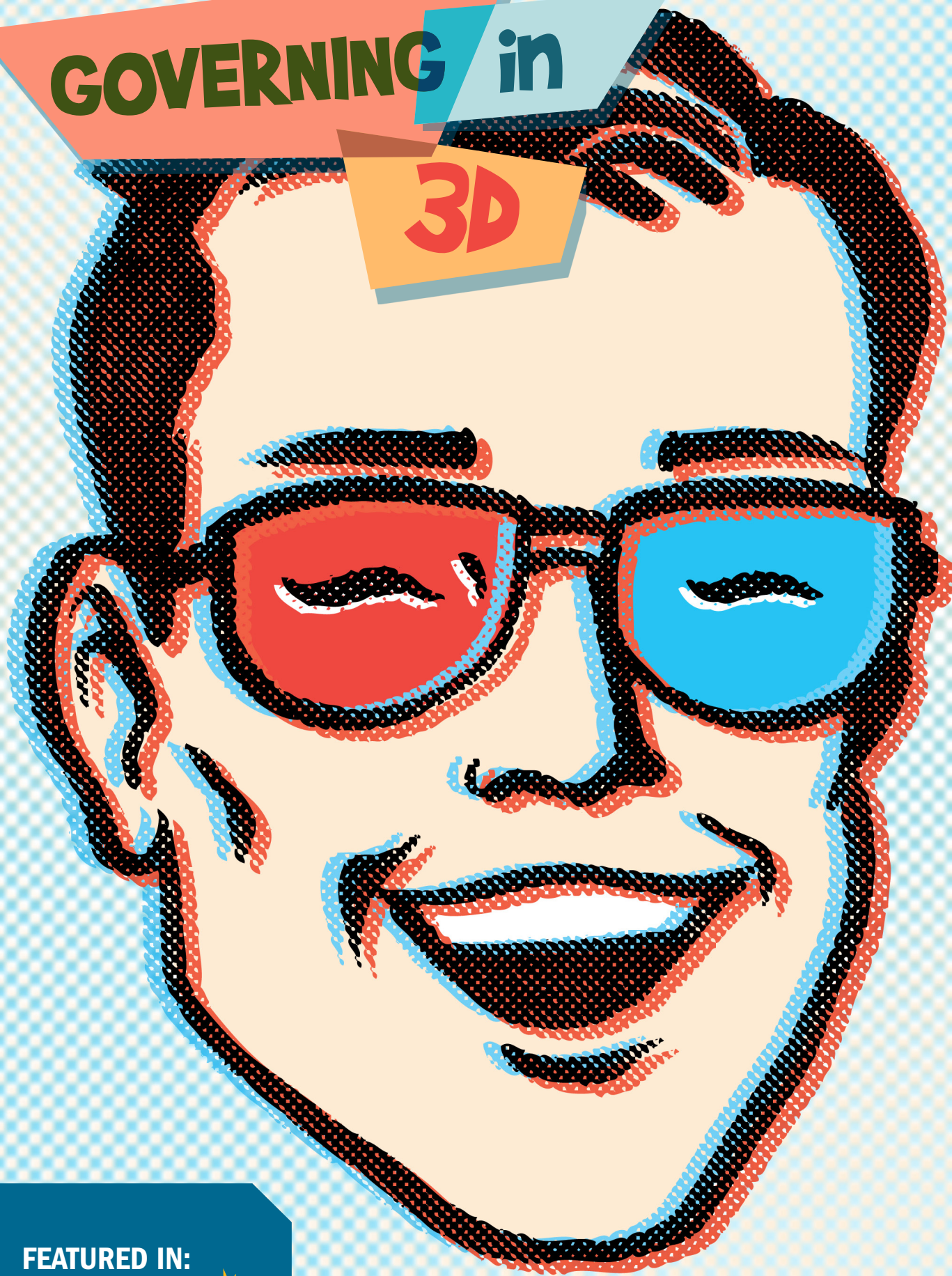
GOVERNING in

3D

201
KEY
ISSUES

FEATURED IN:

THE BOARDSOURCE SPARK!



Governance as Leadership: Reframing the Work of Nonprofit Boards (or GAL as BoardSource affectionately refers to it) rocked the nonprofit governance world when first published eight years ago.

Written by Richard Chait, William Ryan, and Barbara Taylor and developed in partnership with BoardSource, GAL introduced us to “3D” governance. It encouraged boards to add a critical third dimension of effective governance — the generative dimension — to their traditional fiduciary and strategic work (see sidebar).

*While GAL has transformed the way many boards govern, others have wished for practical tips and tools on how to apply the generative mode in particular. Cathy A. Trower, PhD, senior research associate at Harvard University’s Graduate School of Education and author of the new *The Practitioner’s Guide to Governance as Leadership: Building High-Performing Boards*, recently spent some time with us discussing the practicality of the GAL model and sharing some tips and tools on how to start — or jumpstart — your efforts to becoming a GAL board. Along the way, we learned that ‘Governance According to GAL’ can even be, well, sexy!*

For those of our readers who are not familiar with the governance as leadership model, can you briefly explain what it is?

Governance as leadership provides boards with a significant opportunity to steer their meetings away from straight reporting and toward an adaptive leadership model. Adaptive does not mean leadership on the fly, however. Instead, it’s about adapting how organizations respond to changing circumstances. It starts with asking the right questions, which spawn the right conversations. Public leadership specialist Ron Heifetz and author of *Leadership Without Easy Answers* noted that great leadership is when boards and management work together to be proactive and reflective at the same time.

To do that, boardroom conversations need to be about more than a review of data and the allocation of resources. They need to include more abstract, but equally critical, topics, such as mission, markets, and values. They need to bring potential sources of conflict into view to ensure that decisions stay focused on the public good.

The key to achieving adaptive leadership and good governance is having the foundations in place to combine three mindsets: fiduciary oversight, strategic foresight, and generative insight. By paying heed to all three, boards can ultimately ensure that fiduciary obligations are met more effectively, that the right strategic questions are asked and answered, and that their organization stays true to its mission and values.

A lot of people have read and loved *Governance as Leadership* and have implemented practices mentioned in the book, but a lot of boards also have had questions. They’ve struggled to get started and gain traction on the concepts. Some have got stuck and reverted back to their old ways, which is so easy to do because all groups have their comfort zones. The fact is, you can’t just tell everyone to read GAL and then magically do it. It’s hard work! There can be resistance. There can be missteps and frustrations. Boards need a map, examples, tools.

Should GAL be what every board aspires to?

GAL should not be force-fit, because the path is not the same for every board. GAL is not a panacea for what ails every board. The key is for the board and management to decide together that they want higher performance through governance, that they want to partner in leadership, and then take the time to figure out together what that means for them. Therefore, I don’t think it’s important for all nonprofits to consider implementing GAL. Quite the contrary. It would be disastrous for some, because ‘GAL Light’ is worse than none at all. This process takes intentionality, focus, and diligence, and that’s not for every board, in every situation, or at every stage in an organization’s lifecycle.

How does a chief executive determine whether his or her board and organization is ready for GAL?

It’s actually more than determining if the board is ready. Before CEOs just dive in, they need to think about their own views and values. They need to ask themselves, ‘Do I really want this?’ It’s the old saying, ‘Be careful what you ask for,’ because in the GAL model, you’re asking for an engaged board, which is much different than a managed board.

When boards are managed, it’s hub and spoke: The CEO has more power and decides what information to bring

Three Dimensions of Governance

In *Governance as Leader: Reframing the Work of Nonprofit Boards*, Richard Chait, William Ryan, and Barbara Lawrence posited three different dimensions of governance constitute governance as leadership.



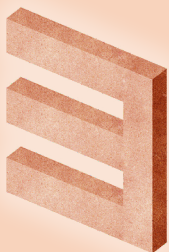
FIDUCIARY

The fiduciary dimension is where boards are concerned primarily with the stewardship of tangible assets. This constitutes the bedrock of governance – the work intended to ensure that nonprofit organizations are faithful to mission, accountable for performance, and compliant with relevant laws and regulations.



STRATEGIC

The strategic dimension is where boards develop strategy with management to set the organization's priorities and course and to deploy resources accordingly.



GENERATIVE

The generative dimension is where boards, in partnership with chief executives, frame problems and make sense of ambiguous situations – which in turn shapes the organization's strategies, plans, and decisions. Because most organizations lack frameworks and practices for this work, it's easy for boards to become bystanders to it – even though it is central to governance.

to the board, which is often pre-packaged solutions for approval, and that works for some organizations. We believe, however, that you drive higher performance and better engagement using the GAL model. So, CEOs need to determine whether they have a board that's capable, poised, and thoughtful enough to provide that partnership and that leadership. Those are not necessarily easy things to think about. In the Guide, I talk in detail about the five critical things that CEOs must be able to do to implement GAL, but, in general, they should

- ensure that nothing is 'undiscussable' in the boardroom
- not think they have all the right answers or even all the right questions

- invite dissent
- share information, power, and leadership opportunities
- not be completely wedded to the past or too far out in front on the board

GAL CEOs should

- invite the board in at the headwaters of decision-making by bringing top-of-curve challenges to frame rather than downstream proposals to approve
- emphasize the criticality of sense making prior to decision making and be comfortable in guiding the board in sense-making processes and discussions
- highlight rather than downplay the really difficult, ambiguous issues and challenges

- engage the board collectively rather than manage individuals
- discuss and deliberate important issues, opportunities, and problems

When I say that CEOs need to highlight rather than downplay the really difficult, ambiguous challenges, I'm not referring to pie-in-the-sky issues or brainstorming. And that's where you get resistance, with CEOs asking, "Wait, you want me to expose the messy stuff in the boardroom?" Yes, you absolutely should. While it's much easier to manage something through than to engage something through, the board should have a say in the thinking and can help CEOs as they grapple with murky matters. That's where the board's sweet spot should be. GAL requires the CEO to address the board as a collective and to ask that it engage in deliberations rather than a series of one-off conversations. Again, it adds to the complexity, but you get better outcomes. You actually have governance, instead of board members sitting around a table and talking — that's the old habit of 'same board meeting, different day.'

But boards can be ambivalent as well. Why is it that boards are bored? And what can they do to change that?

Boards are bored because they're not asked to think! They spend most of their time in board meetings in a passive mode: listening to reports, rubber-stamping management's proposals. Every now and then, they're asked to vote on something.

So first, agendas need to change. Every board meeting agenda should have goals listed: Why are we here, what are we trying to accomplish? Among the tools I provide in the book — and here, as well — are before and after meeting agendas that show you how to change an agenda from a series of reports to something that actually engages the board in critical thinking within the same time period. It's those deliberations that help drive things forward in an organization.

This is how you build a high-performing team. On a team, you've got a common purpose — an endgame. On a team, people know how they can add value. On a team, everyone has a purpose. On a team, leadership is shared. On a team, people are held accountable for their performance. So, to

the extent that we can apply teamwork to a board, you can look at your board and say, 'Hey, we aren't doing any of those things!' And yet, in reality, those are pretty simple things to do.

You've said that it's easy for people to slip into old habits or get stuck. What can a board do to get unstuck?

A good place to start is to ask the board to identify the impediments to critical thinking. I do a lot of this with big audiences; it's fun. Because once you list the impediments — and I think there are three killer ones — you realize that those impediments are, to a certain degree, our own creations.

Time often comes up as a problem: We spend too much time looking at reports. So why not turn the agenda upside down in a way that encourages more critical thinking? I call it flipping the boardroom — just like in some higher-learning classrooms. As a professor, I tell my students to do their reading as homework, because when we come to class, we're going to talk about what we think. It's pretty simple. It's amazing to think how much intelligence is assembled around the boardroom table, and yet we don't ask our members to think when they come together. This failure to ask, to expect that our board members come prepared to talk about what they think, are impediments to GAL and the generative mode.

OK, you've mentioned two impediments to critical thinking. What's the third?

The first two — time pressure and lack of preparation — are pretty obvious and easy to fix, so let's take a brief look at group dynamics, which is the third area where boards get stuck. In the book, I discuss hedgehogs and foxes — which come from Isaiah Berlin's treatise about Tolstoy's view of history — and the boardroom lions (we all know who those are) and the humble hounds, which New York Times columnist David Brooks also has talked about. Yes, these may sound esoteric, but I drive it right down into boardrooms. At its most simple, the point boils down to egos, dominance, power, and certainty on the part of some board members (hedgehogs and lions). At the other extreme are those who are self-critical, listen for doubt, are good at self-overhearing, and accept ambiguity (the foxes and humble hounds).

While we recognize these as extremes, we don't realize that this dynamic is pervasive in most boardrooms — and this is because nonprofits also have a culture of politeness and congeniality. Well, boardroom lions don't care about stepping on toes. They rule the day by sheer brute force and can suck the critical thinking, the possibility for good deliberations, and the prospects for better decision making right out of the room. So the other members just defer and let themselves be sidelined. They respond by saying things like, 'He's our biggest donor, or she's the CFO of X, and we should just listen to him or her.' And while it's true that she may be an expert on finances, in GAL, problems are not always solely fiduciary and not just monetary decisions.

This is where people who bring a different perspective can play a role: 'What if it's not just a market issue or economic reality? Before we jump to the financial solution, how else can we frame the problem?' This approach provides everyone with the opportunity to add value. Now, some 'money people' or 'Wall Street types' (a couple of terms used for certain board members) might harrumph at that. I worked with a board member who said, "If I hear the word frame or reframe again, I'm going to barf." Some people don't have a tolerance for that. And yet, if you really push people in their thinking — for example, ask a lion to make a counter-argument to his or her own or provide another point of view — you get better decisions. The group dynamic is a critical issue for board members to recognize as an impediment. The book provides tools to help boards get to the point where everyone can say what they think.

This speaks to the value of having a diverse board.

Absolutely. Most boards think of board composition in terms of expertise and demographics — a bit like Noah's Ark: We need two lawyers, two finance types, two corporate CEOs. They also think in terms of demographics: Do we have the right balance of men and women, enough racial/ethnic diversity, or geographic diversity? I'm not saying those aren't important, but what's missing is the dynamic in the boardroom and attention to the quality of minds and how members interact with each other. So it's not just what these people think, but *how* they think — because along with their expertise, board members can bring personal, group dynamic liabilities.

In the book, I provide questions you can ask to determine what gaps your board might have: Do we have divergent and

convergent thinkers? Do we have consensus-builders and devil's advocates? Do we have any foxes or humble hounds? Or do we have a room full of lions? That might affect who your next board member should be. Instead of assuming that you need to replace a lawyer going off the board with another lawyer, ask what that departing board member brought to the table besides his or her legal expertise. Looking at your organization as an asset and at whatever decisions you are making to protect this asset as a legacy can help shape the way your board governs. That's pretty powerful stuff.

Insight and wisdom, rather than technical expertise, is what matters in generative conversations. I think boards tend to get hung up on fiduciary or operational matters because that's where their members' expertise is, but the messy, ambiguous stuff is where boards can really add value, where we can draw on the members' critical thinking. Once we figure out how to look at an issue critically, then we can drive it down to strategic or fiduciary mode. Generative is a matter of getting a board to think upstream, even in crisis.

Speaking of crisis, let's chat about Penn State for a minute. You write that no issue should be undiscussable in the boardroom, if it's buried or considered taboo, it cannot be managed rationally. Was Penn State an example of that?

It's not that GAL per se functions well in crisis mode, it's that boards that are proficient in the GAL model — that have built a team, have a culture of inquiry, are well led, and have accountability — will do well in calm times and in crisis; the culture is there to support it.

All groups/organizations should be aware of their sacred cows and taboo subjects. Individuals should be aware of their personal biases. But no issue being undiscussable requires trust, and that's not something that comes fast or easily. It takes time to build. In the book, I give boards a lot of tools and techniques to help them overcome issues around group dynamics and cognitive biases, including helping them say the unsaid, discuss the undiscussables — the things that will bring down a board and can bring down an organization. When people see but won't say, they risk bringing down a board and an organization. While I don't know precisely what happened at Penn State, it seems fairly safe to say that football was a sacred cow, and one gets the sense that the board was overly deferent to the president. That can happen.

We all should be having rational conversations about what we can learn from the public examples, like Penn State, about our own organization, CEO, board, and group dynamics. We should talk about whether anything has become sacred or taboo, why, and what to do about it. We should talk about bad habits and familiar routines that the board has fallen into and then course-correct. We should have mechanisms for the board to have difficult conversations and be better sense makers, conduct pre-mortems, and be explicit about what would otherwise be implicit, like assumptions and sacred cows. We should establish a culture where critical thinking and open deliberations can thrive — the ideas laid out in *The Practitioner's Guide to GAL*.

Can I say that you actually make governance sound kind of sexy? Is that inappropriate?

No! I like that! It IS sexy! It should be sexy! It should be seductive! Otherwise, governance is boring, right? If you think about it, the way it's been practiced is pretty darn boring. I've actually asked myself: Why would anyone want to be on a board if all you're expected to do is sit in a room once a month or four times a year to listen to reports? I've been on boards like that. I've watched board meetings like that. It's horrible! But governance can be sexy, right? No one gets up the morning of a board meeting and says, 'Let me be mediocre for two hours today.' If all we're asked to do is rubber stamp or be on auto-pilot, then it's perfectly understandable why we check out. And if your board isn't engaged, then you're in trouble. So, rather than thinking of the meeting as something you have to get through once a month, think about how you turn it into a meeting that no one wants to miss. No matter who you are, a stay-at-home mom or a high-powered CEO, you want to attend, because it's going to challenge you. Now, you're adding value to an organization that you care deeply about. And that's at the heart of Governance as Leadership.

In addition to serving as a senior research associate at Harvard University's Graduate School of Education, Cathy Trower is president of Trower & Trower, Inc., a governance consulting firm.

Letisha Marrero conducted this interview with Cathy.

Resources

The Practitioner's Guide to Governance as Leadership, as well as Governance as Leadership, can be purchased at www.boardsource.org or by calling 202-349-2500.

Sidebar (following page)

BoardSource is pleased to announce that Cathy Trower will be playing a prominent role at the 2013 BoardSource Leadership Forum. In the past, her BLF sessions on board engagement and building a high-performance board have had big impacts on those who attended them, as was the case with Rob Acton, now executive director of NYC at Taproot Foundation. When Rob attended Cathy's 2009 BLF session (as a Judith O'Connor Memorial Fund Scholar), he was the executive director of Cabrini Green Legal Aid (CGLA). Upon returning to that organization after the conference, he worked with CGLA's board to transform their board meetings for greater member engagement. The 'before' and 'after' meeting agendas provided in The Practitioners' Guide and excerpted here were provided by and used with permission from Rob and Gretchen Slusser, the current executive director of CGLA.

CGLA Board of Directors “Before” Agenda: June 2008

- 6:30 Call to Order, Prayer, and Introductions (Board Chair)
- 6:32 Approve Prior Board Meeting Minutes [Tab A]
- 6:34 Board Development Committee (Committee Chair)
 - Update item
 - Action: Re-elect directors
 - Action: Nominate officers slate
 - Action: Re-elect advisory board members
 - Action: Nominate new directors
 - FY09 scheduled meetings [Tab B]
 - Updated FY09 board and advisory board contact lists, committee assignments, and terms [Tab B]
- 6:50 Executive Director’s Report (Executive Director)
 - FY08 highlights and accomplishments
 - Update on building project (schedule, issues, sources, and uses) [Tab C]
 - FY09 outlook
- 7:00 Program Committee (Committee Chair)
 - FY08 year-end program reports [separate attachment]
 - FY09 program goals [separate attachment]
- 7:15 Strategic Planning Committee (Committee Co-Chairs)
 - Planning worksheet: draft [handout]
 - Update on FY08 plan progress (Executive Director) [Tab D]
- 7:30 Development & Marketing Committee (Committee Co-Chairs)
 - FY09 fundraising plan
 - Report on benefit kick-off reception
 - Report on potential grant
- 7:40 Personnel Committee (Committee Chair)
 - Update on planned changes to benefits structure
 - Executive compensation
- 8:05 Finance Committee (Treasurer)
 - FY09 budget and narrative [Tab E]
 - FY09 (with in-kind included) [Tab E]
 - Action: Approve FY09 budget
- 8:30 New Business & Adjourn (Board Chair)
 - Next board meeting (Date, time, place: TBD)
 - Annual benefit reception and dinner (Date, time, place)

Cathy notes in The Practitioner’s Guide that although CGLA’s ‘after’ agenda reflects several good practices, still more could be done to make it even more effective: Add goals and a purpose statement; provide more time for critical discussions by sending questions in advance, having breakout sessions, and limiting further the reporting time by utilizing technology; and add time at the end of the meeting to summarize what happened, lay out next steps, and evaluate the meeting.

CGLA Board of Directors “After” Agenda: October 2009

- 6:30 Call to Order, Prayer, and Introductions (Board Chair)
- 6:32 Approve Prior Board Meeting Minutes [Tab A]
- 6:35 Board Development Committee (Committee Chair)
 - Action: Nominate new directors
 - Discussion and possible action: It is the recommendation of the Bylaws Committee that the board develop and adopt a member description. The new bylaws will describe board service in a very general manner and will rely on a member description that articulates expectations and responsibilities of board service. The Board Development Committee recommends the attached “Member Description.” Having reviewed the draft member description, what changes (if any) should be considered?
 - Committee membership changes [Tab A]
 - Save the dates: FY10 scheduled meetings [Tab A]
- 6:55 Consent Agenda (Board Chair) [Tab B]
 1. Amend bylaws to increase number of directors from 17 to up to 22.
 2. Pass resolution adopting the amended and restated document for CGLA’s 403(b) Plan
 - Request to remove any items for discussion?
 - Action: Vote on consent agenda
- 7:00 Development & Marketing Committee (Committee Co-Chairs) [Tab C]
 - Discussion: Feedback on 2009 Annual Benefit (strengths and areas of concern)
 - Benefit outcomes, prior year comparisons
 - Benefit budget to actual; prior year comparisons
 - FY10 IQ revenue report
- 7:25 Bylaws Committee (Committee Chair)
 - Presentation of amended version of CGLA’s Bylaws. Pursuant to Bylaws Article XI, Section B, notice date is October 14, 2009. Vote to adopt amended bylaws will be January 30, 2010. [Handout]
 - Action: Vote on articles of amendment to formally remove “Clinic” from name of organization.
- 7:35 Strategic Planning Committee (Committee Co-Chairs) [Tab D]
 - Discussion & Action: It is the recommendation of the Strategic Planning Committee that we adopt the following mission statement: “Our purpose is to answer God’s call to seek justice and mercy for those living in poverty by providing legal services that strengthen lives, families and communities.”
 - CGLA’s current Mission, Values and Vision Statement
 - Year Strategic Plan
 - Review five strategic priorities
 - Update on current activities related to plan
 - Update on plan mileposts already accomplished
 - Scope of multi-layered report related to community expansion & next steps
- 8:10 Finance Committee (Treasurer) [Handouts under separate cover]
 - Review of FY10 IQ financials and six-month cash flow projections
 - Status of FY09 audit and preliminary FY09 financials
 - Update on line of credit, sliding scale fee service
- 8:20 Executive Director’s Report (Executive Director)
 - Quarterly Board Dashboard Report [Handout under separate cover]
- 8:30 New Business & Adjourn (Board Chair)
 - Events (Dates, times, places)
 - Next Board Meeting – Retreat (Date, time, place: TBD)