Maine Association of Nonprofits
Executive Leadership Forum

How Engaged Should an Engaged Board Be?

November 10, 2016
9:30am – 12:00pm

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Susan Meier

- Principal, Meier and Associates
- Senior Governance Consultant, BoardSource
- Former Vice President of national organizations
- Twenty-eight years of experience working with nonprofit organizations
- Corporate experience
- National and local board member and officer experience
Our Objectives

- Learn about a board’s fiduciary, strategic and generative work and how to bring that work into the boardroom
- Deepen our understanding of generative thinking and the value it brings to a board’s work
- Identify generative opportunities facing our organizations and explore how to engage the board appropriately

The Nonprofit Organizational Lifecycle Model

“Board engagement” evolves as an organization evolves.
Silent Start

New York and Mississippi Valley Printing Telegraph Company – Western Union
Blockbuster -- Netflix
CVS -- CVS Health
Macintosh – i6
“Discovery consists of seeing what everybody else has seen and thinking what nobody else has thought.”

-Albert Szent-Gyorgi, 1937 Nobel Prize for Medicine

Reframing the Work of the Board

Board Engagement that Matters
### What’s the Problem?

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

#### The Governance Triangle

- **Fiduciary**
- **Strategic**
- **Generative**

**Governance as Leadership**
Core Practices

Board institutionalizes a culture of inquiry*, mutual respect and constructive debate that lead to sound and shared decision making.

Board asks good, and sometimes tough, questions. How a question is asked has everything to do with the conversation that follows.

Board re-designs meeting agendas to focus on that which is most important, and to ensure the board is working appropriately in all three modes.

Board governs 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 (BoardSource)

3 Modes of Governance

I. Fiduciary. Stewardship of tangible assets. Oversee operations; deploy resources wisely; ensure legal and financial integrity; monitor results.

II. Strategic. Partner with senior staff to scan internal & external environments; design & modify strategic plans; 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

<table>
<thead>
<tr>
<th>Oversight</th>
<th>Inquiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due diligence?</td>
<td>Hold what in trust for whom?</td>
</tr>
<tr>
<td>Scandal free?</td>
<td>Safeguards in place?</td>
</tr>
<tr>
<td>In compliance?</td>
<td>Voluntary measures to earn trust?</td>
</tr>
<tr>
<td>Can we afford it?</td>
<td>What’s the opportunity cost?</td>
</tr>
<tr>
<td>Clean audit?</td>
<td>Insights from audit?</td>
</tr>
<tr>
<td>Budget balanced?</td>
<td>Budget matches priorities?</td>
</tr>
<tr>
<td>Do we manage risk?</td>
<td>Do we take sensible risks?</td>
</tr>
<tr>
<td>New program meets market?</td>
<td>New program serves mission?</td>
</tr>
<tr>
<td>Is it legal?</td>
<td>Is it ethical?</td>
</tr>
</tbody>
</table>

## Value-Added Strategic Work

<table>
<thead>
<tr>
<th>Planning</th>
<th>Thinking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money, space, personnel?</td>
<td>Business model viable?</td>
</tr>
<tr>
<td>Resource generation?</td>
<td>Social entrepreneurialism?</td>
</tr>
<tr>
<td>Compensation plan?</td>
<td>Great place to work?</td>
</tr>
<tr>
<td>Size of market?</td>
<td>New markets?</td>
</tr>
<tr>
<td>What is? (Extrapolation)</td>
<td>What could be? (BHAGs)</td>
</tr>
<tr>
<td>Valid assumptions?</td>
<td>Make new rules?</td>
</tr>
<tr>
<td>Traditional competitors?</td>
<td>Nontraditional competitors?</td>
</tr>
<tr>
<td>Internal preferences?</td>
<td>Customer value propositions?</td>
</tr>
<tr>
<td>Management must do what?</td>
<td>Board must do what?</td>
</tr>
</tbody>
</table>
Generative Thinking

• 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.

Case Study: A Triple Helix

St. Paul’s Cathedral
Why Is Generative Work So Important?

- Brings deeper meaning to our work
- Deepens our understanding of why something matters
- Challenges us to go beyond what is presented and get to the real issue
- Is the most underutilized aspect of a board’s work so it offers great possibilities to most boards
- Leads to discovery and breakthroughs
- Informs our strategic and fiduciary work

Remember...

- 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 increases as the board:
  - Becomes more proficient in more modes;
  - Does more work in the third mode;
  - Chooses the appropriate mode/s of work.
## Board’s core work

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Generative Mode</th>
<th>Strategic Mode</th>
<th>Fiduciary Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board’s core work</td>
<td>III</td>
<td>II</td>
<td>I</td>
</tr>
<tr>
<td></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>
</tbody>
</table>

## Board’s principal role

<table>
<thead>
<tr>
<th></th>
<th>Generative Mode</th>
<th>Strategic Mode</th>
<th>Fiduciary Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board’s principal role</td>
<td>Sense maker</td>
<td>Strategist</td>
<td>Sentinel</td>
</tr>
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</table>

## Key question

<table>
<thead>
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<th>Generative Mode</th>
<th>Strategic Mode</th>
<th>Fiduciary Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key question</td>
<td>What's the key question?</td>
<td>What's the plan?</td>
<td>What's wrong?</td>
</tr>
</tbody>
</table>

## Problems are to be

<table>
<thead>
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<th>Generative Mode</th>
<th>Strategic Mode</th>
<th>Fiduciary Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problems are to be:</td>
<td>Framed</td>
<td>Solved</td>
<td>Spotted</td>
</tr>
</tbody>
</table>

## Deliberative process

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Generative Mode</th>
<th>Strategic Mode</th>
<th>Fiduciary Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliberative process</td>
<td>Robust and sometimes playful</td>
<td>Empirical and logical</td>
<td>Parliamentary and orderly</td>
</tr>
</tbody>
</table>

## Way of Deciding

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<th>Strategic Mode</th>
<th>Fiduciary Mode</th>
</tr>
</thead>
<tbody>
<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>
Typical Nonprofit Board Approach

Boards tend to rush to find solutions before they have identified the real issue.

Policy Need
Business Issue
Problem Solving

Decision Making

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

- Richard Chait
Bringing Generative Thinking into the Boardroom

Catalytic Questions

• What will be most strikingly different about our organization in 5 years?
• On what list do we want to rank #1?
• What are we most resistant to, and why?
• What is our greatest hope for how our organization will be in 10 years?
• What if our reserves quadrupled tomorrow? What would we do differently? What would the board spend its time on?
• What are our 3 greatest assets (other than our human resources)? Now, name 2 hidden assets.
• What is most distinctive about this organization? Is that quality/service becoming more or less valuable in the world in which we live?
Embedded Issues ➔ Missed Opportunities

A local social service agency
- Stated problem: voluntary turnover of staff
- Reframe: quality work place

A food bank:
- Stated problem: increased community need
- Reframe: prevention or sustainable strategies

An art museum:
- Stated problem: opportunity to purchase a prized and expensive work of art
- Reframe: owning art vs displaying art?

Opportunities for Generative Thinking

• Intentionally tee up generative discussions prior to:
  • Any significant decision or one that will be long lasting
  • Fundraising/Capital campaign
  • Strategic planning
  • Consideration of merger, acquisition, or expansion
  • Leadership transition
To Bring Generative Thinking into Your Boardroom...

- Work in Constructive Partnership
- Build a High Level of Board Trust
- Embrace a Culture of Inquiry
- Create Thoughtfully Crafted Agendas
- Ask Great Questions

But, remember: not everything is a generative issue!

Optimize Board Meetings to Allow for Meaningful Board Engagement

EFFECTIVE & ENGAGED MEETINGS

- “Mission Moment”
- Consent Agenda
- Dashboards
- Strengthen the “social fabric” of the board
- Efficiently handle the “business of the board”
- Board Education
- Accountability reigns
- Meaningful discussion about issues of consequence
- Engage in all 3 modes of governance
Discussion vs Dialogue*

**DISCUSSIONS**
- Different views are presented and defended.
- Decisions are made.
- Convergence on a conclusion or course of action occurs.
- Action is often the focus of the discussion.

**DIALOGUES**
- Different views are presented as a means of discovering a new view.
- Complex issues are explored.
- Divergence—not seeking agreement, but a richer grasp of the issues—is the goal.
- New actions emerge as a byproduct of dialogue.

*Flipping the Boardroom for Trustee Engagement: Why and How, Cathy Trower, Trusteeship, AGB.

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**Exercise**

1. Identify 1 big and important issue facing your organization over the next 1-3 years.
2. What is the board’s role/work regarding that issue?
3. What questions might you pose to your board to engage them in addressing this issue?
   - Generative questions?
   - Strategic questions?
   - Fiduciary questions?