MAXIMIZING BOARD EFFECTIVENESS

A PRACTICAL GUIDE *for* ADAPTIVE GOVERNANCE

JAMES C. GALVIN

FOREWORD BY ROBERT C. ANDRINGA

MAXIMIZING BOARD EFFECTIVENESS

"One size does not fit all! Jim Galvin practically guides us through the maze of board structure options to help any size organization develop an effective board. The fluidity of his three base structures supplies great insight and direction to make every board function at its maximum contribution. Having been on many boards, this book has the ring of both truth and reality. Every board member and organizational leader should read this excellent work."

Jerry E. White, Ph.D., International President Emeritus and Chairman Emeritus, The Navigators

"If you're looking for clarity for your board, its role, how it should best function, and how to optimize its contribution to the success of your organization—this book is for you! Jim has written it in straightforward, practical, layman's language that demystifies the jargon, differentiates board types, and clarifies the realities you're looking for in improved board performance and impact. This book is more than a great read. It's a valuable reference tool. It can be your game-changer."

Bill Anderson, former President and CEO, Christian Booksellers Association

"Help boards stamp out dysfunctional governance. This phrase is one of the framing statements in the opening pages and perfectly characterizes the content of the book. Jim has done an excellent job of creating a textbook for helping boards and the organizations they serve, understand their roles, and have access to tools that help them operate with excellence there. A must-read!"

Greg Ligon, former Chief Innovation Officer, Leadership Network

"Jim Galvin has tremendous practical and everyday experience shepherding CEOs and boards in how they govern their organizations and ministries. His new book is the result of Jim's research and the application of years of wisdom gained through guiding those charged with leading organizations. Personally, as the leader of a historic Jewish ministry I found the book to be very helpful, eminently readable and filled with sensible and practical advice."

Mitch Glaser, Ph.D., President, Chosen People Ministries

"As a senior leader, I appreciate Jim Galvin's idea of 'navigating boards.' Their expertise and wisdom can help senior leaders craft new visions and futures for their organizations using the power of the group. This is an excellent guide for developing greater added-value boards."

John Pellowe, MBA, D.Min., CEO, Canadian Council of Christian Charities

"Wise board governance is absolutely vital! Dr. James C. Galvin helps readers understand why some boards underperform and shares practical yet innovative insights to help organizations navigate breakthroughs to high performance in board governance."

W. Scott Brown, Vice President, Leadership Experiences & Resources, Christian Leadership Alliance

"In my experience working with hundreds of boards, most of them lack a clear understanding of governance. Many boards are unsure of what type of board they want to be. This much needed book offers a pragmatic perspective on governance. I am a huge fan of any board member that wants his or her board to be more effective!"

Kevin Ford, M.Div., Chief Catalyst, Leighton Ford Ministries

"Far too many boards, especially nonprofit boards, do not function well. Usually, this is out of ignorance of principles of being a good board member. Jim Galvin brings fresh, practical answers to malfunctioning boards out of his many years of expertise in this field."

Marvin J. Newell, Ph.D., former Senior Vice President, Missio Nexus

"Jim Galvin has put his finger on the number one make or break factor for most nonprofits–the board of directors. With exceptional clarity, Jim guides board members through a simple process that absolutely ensures board effectiveness. Read this book and learn from the best in the industry."

David Van Patten, MBA, Chief Operating Officer, Prison Fellowship International

"Want a relevant and valued board? Here is a direct and practical guide for you. It offers situational governance options and helpful do's and don'ts for board members. This is a must-read for church and nonprofit leaders!"

Frederick A. Ohlde, former Senior Vice President, Thrivent Financial

"In this book, Jim Galvin has compiled a thorough set of principles and techniques to help any new board get started or an existing board to achieve a higher level of performance. He creatively infuses examples, stories, and exercises to actively engage any reader. A very effective guide for either non-profit or for-profit boards."

Paul Rigby, former Managing Director, JP Morgan Chase & Co.

"After years of experience, Galvin thoughtfully goes beyond the essentials to the complexities and varieties of actual governance. His book offers real help and understanding for board members who want to be diligent about making meaningful contributions to their board's effectiveness."

Dave Coleman, former Program Director, M.J. Murdoch Charitable Trust

"I have been on boards of large and small nonprofits and I generally hate books on governance. But Jim Galvin, with his years of experience advising boards, gives practical perspective so many boards need. This book is fresh, insightful, accessible, thorough, and refreshing."

Byron Spradlin, President, Artists in Christian Testimony International

"In my professional and volunteer work with church and community boards, I have often recommended Jim Galvin as a consultant and resource. And now I'm excited to recommend this book to any board that is interested in functioning more effectively and in adding more value to the organization they serve. The practical concepts, examples, and tools will be a blessing to any board as they evaluate and improve the way they govern."

Tim Schwan, former Vice President of Church and Community Engagement, Thrivent

"Jim Galvin's book drives home that effective boards must take time to 'know thyself' to have healthy relationships and structures. This book doesn't give pat answers but is full of excellent practical advice that stimulates one to consider how a board functions and how it could improve. I am certain that if any board engages Galvin's work and implements these principles and practices, the organization will be much more effective!"

Baruch Brian Kvasnica, President, Jerusalem Seminary

"Great leaders agree to serve on a board and then go 'stupid,' often neglecting best practices to avoid making waves. This book shows us how we can contribute, challenge, and evaluate all while being supportive of organizational leaders. An effective board is the pathway to exponential growth!"

Doug Franklin, CEO, LeaderTreks

"Three years ago we hired Jim Galvin to help us do strategic planning at our organization. When he said the core of any strategy or strategic plan should fit on one side of one sheet of paper, I was sold! Straightforward, practical, and to the point, this book is a must-read for all board members."

Brad Meuli, President/CEO, Denver Rescue Mission

"Jim Galvin has done it again. He has the gift of pulling together concepts, ideas, reflections, experiences, and meaningful and effective portraits to enable church leaders to better comprehend and take seriously the significance of effective and exciting board management in their congregations and other ministry settings. His clarifications and distinctions between managing Boards, governing Boards, and navigating boards is worth reading alone. I promise–you won't be Bored!"

Rich Bimler, Ed.D., CEO Emeritus, Wheat Ridge Ministries

"As a consultant and professor who teaches leaders how to do governance, I am familiar with what is available on the market for boards. This new book stands out among the rest because it is the best one for explaining what kind of board organizations need. Wondrously, this book is filled with business sense that makes great sense. If enough of us will sit down and read it, it just might make it common for boards to get past their notorious confusion and dysfunction and instead learn how to add value."

Sarah Sumner, Ph.D., MBA, President, Right On Mission

"Jim Galvin has become one of my absolute gurus when it comes to board governance. His understanding and practical application of what it takes to make governance work, especially in faith-based institutions, is far and above the best that is currently available. This book is a testament to his deep belief (and mine) that good governance supports and facilities great ministry."

Donald Christian, D.M., President and CEO, Concordia University Texas

"This book is a must-read for those that desire to turn board success from a dream to reality. This practical and insightful book will help leaders make immediate and meaningful impact on board results. Get your highlighter ready to work hard!"

Dave Schunk, President and CEO, Volunteers of America Colorado

"This book is Jim Galvin's gift to the world of nonprofit governance. Every page is filled with practical insights to equip organizational leaders as they make decisions, establish policy, and set direction. Use this book as a continuous improvement tool for your board; it will help you assess your board's performance, educate new board members, and increase board effectiveness."

David Alexander, Ph.D., former President, Northwest Nazarene University

"Once again, Dr. Galvin does deep thinking to solve problems for faith-based and not-for-profit communities. Exploring beyond the known, he offers innovative thinking to improve board functions and, especially, organizational excellence."

Norb Oesch, D.Min., former Executive Leader, Pastoral Leadership Initiative

In straight-forward, clear language, Jim Galvin provides an incisive analysis of board effectiveness. While acknowledging that managing boards and governing boards each have their place in the history of not-for-profit organizations, Dr. Galvin makes a strong case for the importance of navigating boards which help reinvent and repurpose organizations, especially in uncertain and turbulent times. This is a thoughtful and helpful book for those who lead organizations in our uncertain and turbulent times."

Kurt Krueger, Ph.D., President Emeritus, Concordia University Irvine

"Are you in search of an exceptional resource for new board members, to remedy board governance confusion, or to transition a board for optimal effectiveness? Look no further! This instructional book is a topnotch handbook for board members to understand their responsibilities and to improve mechanics in all areas."

Susan Hewitt, Ed.D., Board member

"If you are looking for a definitive guide for working with your board, this is a must read from an author who has advised hundreds of non-profit organizations for over 20 years. I have personally benefited from Jim's knowledge and expertise and can say he is right on target with his assessment of more effective and less effective boards."

Ken Ellwein, former Executive Director, Orange Lutheran High School

"Jim has a thorough understanding regarding about not-for-profit organizations and how they should be properly governed by board of directors. During our strategic planning retreat, Jim was instrumental in helping our organization find the appropriate direction to ensure our success well into the future. For anyone who needs to learn about the appropriate roles of a board, Jim has the answers."

Sarah Ponitz, J.D., Executive Director, PADS of Elgin

"I have chaired, participated on and been responsive to boards in the for-profit, non-profit, religious, secular and public realms. Jim Galvin is a theoretical and experiential treasure trove of organizational management, governance and navigation knowledge and application, especially at the pivot point where boards meet the organizational leader. Even if you think you are pretty good at this process, this book will open unique and enlightened perspectives for organizational effectiveness and fulfillment."

John D. Eckrich, M.D., Physician and Founder, Grace Place Wellness Ministries

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FOREWORD

My calendar just turned to May 2020. The planet is in crisis because of the corona virus. We are watching many elements of what life was, now turn into anxious uncertainty about the future. Many are wondering if their organization will survive and remain sustainable?

If you are a nonprofit leader, this book has dozens of good answers. Board members figuring out how to govern during this pandemic or in a future crisis will find help. Exhausted chief executives will see their role more clearly. Most are coming around to the conclusion that we will never return to what was normal. No, almost everything we've done is going to change–if our organizations can just survive.

Jim Galvin is one of those governance consultants who could honestly say, "I've seen it all." Until now. Well before COVID-19, Jim began sharing what makes some boards effective and others mostly dysfunctional. This book is full of Jim's clear, direct, totally understandable, plain talk counsel. I commend you for getting started on this book. For you, the sooner you spend a couple of hours marking up the text that resonates with you, the easier the path forward.

The common message of many during this virus is, "We are in this together." And that should apply to any of the 1.5 million-plus incorporated nonprofits and 350,000 churches in the US. Every one of them must have a board. All but the smallest have a designated chief organizational leader. Together, the board and organizational leader are the main people who will determine whether their missions survive or collapse. All of them should read this book and come to a consensus about what is right for them. There is simply no time to waste.

I am intrigued by Jim's confident statement that there are only three types of boards. All boards are derivatives of one of these types. I

happen to be a governance consultant, too. The book has me thinking of clients with good governing boards that need to be challenged now to become navigating boards. Jim clearly describes the pros, cons, whys, and hows of each. Some who read the differences will decide they need a task force of outside people who can help in areas the current board is ill-equipped to do well. Many choices. But decide you must.

Whichever of the three types of boards you are, the next year and more is becoming the most challenging yet for many nonprofits. If you have depended on gathering people in groups to work, learn, or serve, what's next in this "social distancing" environment? Will investments in technology be wise? Can you absorb a significant decrease in giving? If your board members are themselves consumed with how they, their families, their businesses, or their churches will survive, how can that board design the organization's roadmap for an uncertain future? Some are already exploring a merger. Others are asking how to dissolve their organization with dignity. This common colloquialism now seems very real: "Only God knows." But every board must step up, be more effective than ever, and make the difficult decisions in a timely manner. No going back.

Robert C. Andringa, Ph.D., former CEO, Education Commission of the States
Scottsdale, Arizona
May 2, 2020

INTRODUCTION

This book is for those who chair a board, those who serve on a board, as well as those who report to a board. It was written to help boards stamp out dysfunctional governance.

Adaptive governance refers to boards that can shift their governing approach or mode when needed. Sometimes a board needs to lean in and get more involved in organizational decision making. Sometimes a board needs to step back and focus on policy. Sometimes a board needs to pay more attention to how the relevant environment is changing. If it is difficult for an organization to change, it is twice as hard for its board. Board members rarely reflect on their governing style or type. Just like our organizations need adaptive leadership today, they also benefit from adaptive governance.

There are a wide variety of words used to describe boards and governance. Let's keep the terminology simple.

- The group of people who oversee the organization are variously called the board of directors, board of trustees, council, or elder board. This book will use the term *board.*
- The person who leads the board is called the chairman, chairwoman, chair, president, or CGO (chief governance officer). This book will refer to this person as the *board chair.*
- The people who serve on the board are variously called, trustees, directors, representatives, or at-large members. This book will call them *board members.*
- The individual selected by the board to lead the organization is alternatively titled director, executive director, executive leader, president, senior pastor, principal, manager, or CEO (chief executive officer). This book will refer to this individual as the *organizational leader.*

I want to thank Peter O'Donnell, a colleague who walked alongside me as I worked on this manuscript from the first rough outline to the final draft. He did not laugh when I postulated that there are three types of boards. This book asserts that the purpose of a board is to ensure sustainable mission fulfillment. I borrowed this concept from his writing. He pressed me to develop a fuller definition of *navigating boards* and provided constructive feedback on every chapter.

CHAPTER 1

WHY BOARDS UNDERPERFORM

In theory, governance is straightforward. In real life, not so much. Most boards fail to reach their potential. Many boards even manage to make things worse for the organization they are supposed to oversee. Boards are supposed to make a significant contribution to their organizations, not waste time, money, and other resources. Why are so many boards ineffective? Why are so many boards dysfunctional?

Let me lead you through a thought experiment. Suppose you joined with five or six friends, invested a significant chunk of your savings, and secured a bank loan to build a minimart. Think: BP, Circle K, 7-Eleven, Love's, Pilot Flying J, ExtraMile, QuickChek, QuickTrip, Kwik Fill, Kwik Stop. You get the idea.

These are the combination gas station and convenience stores located at busy intersections where you can refill your gas tank, buy a coffee or soft drink, and common food items with one stop. (Note:

In real life, you should probably avoid buying your food and your fuel from the same store.)

Your investment group was able to secure a great location, plus get the building and infrastructure completed on time. Next, you need to order the fuel, stock the merchandise, and hire people to staff it. But you do not want to work in the minimart. Nobody in the group even wants to manage it. As a group, you want to *own* it and watch it throw off cash. So, you must hire a manager to do this work for you.

After a thorough recruiting process and a dozen interviews, you find a young woman who is a recent graduate from the state university. She was a business major and appears to have excellent people skills. She seems perfect to everyone and is eager to meet the challenge of opening a new store. So, you hire her to be the manager.

As the manager, you ask her to hire the rest of the team to run the minimart. You specify hiring only part-time workers to avoid paying benefits. You also ask her to schedule all the fuel deliveries, order all the inventory for the store, coordinate with the accountant, and keep the place looking nice. In other words, she is in charge.

For clear communication and accountability, you ask her to meet with you as a group once a month in a regular board meeting. In the meeting, you ask her to go over the financial statements with you, inform you on any problems she has encountered, any significant staff issues, or anything else she might want help with. Her job is to make a profit for the owners. In return, you agree to give her free reign to make daily decisions and run the business for you.

Reflection:

- Are you comfortable with this arrangement for overseeing the manager?
- Do you feel a need for more control?

- Will you ask for more detailed information about the business in your monthly owner meetings?
- Do you want her to check with you before making "big" decisions?

Opening day arrives. The Chamber of Commerce conducts the ribbon cutting ceremony. You are now a business owner. It feels exciting. You have your first monthly meeting and the minimart is profitable after its first month of operation. The manager is enthusiastic and easy to work with.

After six months, the minimart continues to be consistently profitable. Each month, the manager comes in with the financial reports and informs the board of any significant problems she had and how she solved them. Board meetings tend to last an hour or so each month. The manager continues to demonstrate excellent people skills with the staff and the board. Owning a business is easy!

As a group, you try to stay out of the mundane details of running the minimart. But you do purchase your gas there. After all, you are not going to buy your gas from a competitor. You might also stop in to buy a "healthy" snack from time to time. So, you cannot help but notice the store is not looking brand new anymore. The tile often has a gray haze from wet shoes on rainy days. The products on the shelves appear disorganized. The counter is crowded with odds and ends. As a group, the owners begin talking to each other about their concerns. After all, they want the business to throw off as much cash as possible.

Reflection:

- How should you address your concerns?
- Should you remain silent because the business is making a tidy profit?

- Should each board member speak to the manager and comment every time they visit the minimart?
- Should you bring up these concerns at the next board meeting?
- What action would you want the board to take?

At the next meeting, the manager cheerfully brings another positive financial report. She explains that two employees have given notice, but she has already hired replacements. As a group, you have decided to bring your concerns to her during the board meeting. You want to share these concerns in as gentle of a way as possible. You share the concern about the dirty floor, and she explains that the floor is mopped after closing every day. The board instructs her to have an employee mop more often during inclement weather. You bring up the messiness of product on the shelves and ask her to pay more attention to how the inside of the store looks to customers. She agrees to have employees spend more time organizing the shelves. Then you explain how terrible the counter looks. You tell her to clear all the junk off so that people can more easily pay their bill. She agrees but looks a bit dismayed. You thank her for her good work and assure her of your confidence in her as the manager.

After the meeting, you all agree that as a board you shared these requests as politely and gently as possible. You all agree that other than these few exceptions, the manager is doing a great job.

Next month, the manager explains that profit is down a bit but that she has fully implemented the changes requested by the owners. She is as upbeat as normal. The following month, she brings a financial report showing the profit has gone down to zero. The board sits in stunned silence for a while. Then one of the board members cannot hold back. "What's going on? How could profit drop to zero? Do you have an attitude problem?"

The manager takes a deep breath and patiently explains, "You told me to take all the impulse items off the counter. Where do you think your profit comes from? It is not from selling gas. I had to add an hour to the shift of some employees to straighten the shelves during the day. They all get straightened at night anyway. Messy shelves are a good thing. They are an indicator of customer traffic. Oh, and we have had three elderly people slip on the floor during the past few weeks after mopping. I think we should go back to mopping only after closing to avoid personal injury lawsuits."

Reflection:

- Was the board right to be concerned about the sloppy appearance of the business?
- Was the board right in asking the manager to make certain small changes?
- Were any boundaries overstepped?
- Should the board have kept their collective mouth shut?

Unintentionally, the owners made things worse. They thought they were being helpful, even smart, but they reduced the value of their business. They unintentionally made matters worse. Nonprofit boards often do the same. They ask detailed questions about the budget, get involved in operations, and give counterproductive advice to the organizational leader.

Becoming an effective board is not as easy as it sounds. Effective boards make a significant contribution but stay out of the weeds.

ALL BOARDS NEED TO MAKE A CONTRIBUTION

Most people would agree that all boards of nonprofits should make a net contribution to the organization. But merely holding a board meeting only uses up resources. Hearing reports does not contribute value. Asking questions about the budget does not contribute value. Approving requests by the organizational leader does not contribute value. Let me explain using widgets.

Consider the processes of a manufacturing line making widgets. One worker brings in sheets of metal to the first station. The sheets are cut into 8" by 8" squares. The next station drills four holes near the corners. Then another part is bolted onto those squares. Next it is spray painted and put under heat lamps. When dry, it is boxed for shipment. A quality inspector stands at the end of the line. He opens a box, looks at the widget, make sure it functions properly. Then he puts a small sticker on it that says it is approved and puts it back in the box.

According to W. Edwards Deming and the lean manufacturing community, the quality inspector at the end of a manufacturing line adds no value to the product or the company. It is a pure expense, even an unnecessary one. In fact, if the inspector drops a widget and damages it, he is eroding value to the company. To add value, the quality inspections must be built into the process and occur during manufacturing.

When the first worker brings in the sheets of metal, he should assure it is from the right stock. After the sheet is cut into a square, that worker should check that the size of all pieces is exactly 8" by 8". After the holes are drilled, the piece should be placed over a template with four dowel rods to ensure correct spacing. After painting, the person unloading the parts should check for flaws in the finish.

Quality needs to be built into the system at every step.

Similarly, when boards view budget reports from the previous month or quarter, they are like the quality inspector at the end of the line. They cannot add any value to the organization by hearing activity reports and approving requests made by the organizational leader.

If I am working with a board with experienced executives, I sometimes share this illustration at the beginning of the day and ask, "So, how does the board add value to this organization?" They usually struggle to answer.

Many boards unintentionally make things worse for the organizational leader and organization at times. If they feel unsure about making a major decision and ask for more information or more time to discuss what to do, it ties the hands of the leader. The organization cannot move forward until the next board meeting. If the board wants to be involved with interviewing candidates for all significant positions, they complicate the hiring process without increasing the quality of the candidate pool. If they reject all the candidates brought forward, they are unintentionally doubling the cost of the entire hiring process.

Dysfunctional boards do not add value. They erode value. They fail to make a net contribution. They use up valuable time of the director, create conflict, slow down decision making, block urgent strategic moves, give unwelcome advice, make poor decisions, distract leaders from their work, and otherwise cause problems. Obviously, board members who do not speak up during a board meeting do not make a contribution. They are taking up space and using up oxygen.

COUNTING THE COST

Boards are put in place by law to oversee nonprofit organizations and make sure they comply with all governmental regulations. Ideally, they should be contributing to the nonprofit rather than wasting time, money, and other resources. However, most boards cannot describe precisely how they contribute value.

As an exercise, calculate how much it costs for your organization to plan, prepare, and hold all your board meetings over the course of a year. If you are a larger organization and reimburse for travel, include that. If you pay for lodging and meals, include that. Then calculate the time it takes your director and staff to prepare for the meetings, write all the reports, compile handouts, and sit in the meetings. Add up their hours worked and multiply by their hourly wage.

Next, ask what benefits the board brings to offset those expenses. It will take a significant contribution to get up to the breakeven point. (Warning: This can be a sobering exercise.)

Individual board members can bring boardroom capital. This can include such things as significant financial contributions, strategic thinking, network connections, knowledge of the industry or relevant environment, experience in governance, spiritual discernment, and wisdom.

If a board is eroding value, the organization would be better off if they met as seldom as permissible by law. If the board members are not regular donors, they are bringing a net negative stewardship to the organization. But legal requirements or organizational bylaws often specify that a board is appointed to oversee the work of the nonprofit organization. So, many boards meet and are unsure how to govern. This is not easy because there is a lot of contradictory advice and confusion surrounding governance.

CHAPTER 2

GOVERNANCE CONFUSION

Ask for advice from a couple friends about your golf swing and you are highly likely to receive conflicting tips. Similarly, ask experienced board members about governance practices and you are highly likely to receive contradictory guidance. Professional governance consultants might give you different advice. Even authors of books on governance give conflicting instruction. It's even worse than golf.

Where do you land regarding some of this conflicting advice? Where does your board land? Place an X in the scale below.

ON THE ONE HAND...								ON THE OTHER HAND...
The organizational leader should be a full member of the board with a formal vote.								The organizational leader should report to the board and not have a formal vote.

You should have term limits to rid the board of deadwood and members who need a break.	☐ ☐ ☐ ☐ ☐ ☐ ☐	Let turnover happen naturally. Term limits lead to an automatic brain drain.
You don't need any more than five or six committed board members. How many people does it take to oversee the organization?	☐ ☐ ☐ ☐ ☐ ☐ ☐	You should have a larger board because it gives you access to so much more talent and potential donors.
Don't bother moving to policy-based governance. You want an active and engaged board, not a bunch of people wordsmithing policies.	☐ ☐ ☐ ☐ ☐ ☐ ☐	Most boards should transition to policy-based governance. This directly addresses some of the frustrations the organization is facing.
Include key staff people as a regular part of your board meetings.	☐ ☐ ☐ ☐ ☐ ☐ ☐	Don't include any staff people as a regular part of your board meetings.
Keep board committees to a bare minimum. Use ad hoc committees on a temporary basis if needed.	☐ ☐ ☐ ☐ ☐ ☐ ☐	A good board will have several standing committees such as finance and governance.
Recruit people such as corporate managers, small business owners, and professionals to bring the talent you need to the board.	☐ ☐ ☐ ☐ ☐ ☐ ☐	Recruit people who want to oversee the organization and can refrain from getting involved in operational matters.

The board should delegate authority and avoid telling the organizational leader how to manage the organization.	☐ ☐ ☐ ☐ ☐ ☐ ☐	Board members have a wealth of experience and should offer advice to the organizational leader for improving the organization.
Periodically, the board should review and revise the mission statement and core values document of the organization.	☐ ☐ ☐ ☐ ☐ ☐ ☐	The mission statement and core values document are management tools that should be revised and updated by the staff.
A good board will strive to achieve consensus on every important decision even if it takes more time.	☐ ☐ ☐ ☐ ☐ ☐ ☐	Consensus is good but not practical. After enough discussion, the board should vote.
Every board needs a capable treasurer to oversee the finances of the organization.	☐ ☐ ☐ ☐ ☐ ☐ ☐	If your state or province does not require a treasurer, then do not appoint one.
If you have an under-performing board, ask for resignations and find more capable people.	☐ ☐ ☐ ☐ ☐ ☐ ☐	If you have an under-performing board, work with who you have and ask for renewed commitment from all.
After a new board is in place, the board should select its own chair from the members of the board.	☐ ☐ ☐ ☐ ☐ ☐ ☐	The chair of the board is an officer and should be elected separately from the board members-at-large.

The board chair is the leader of the board and should lead like he or she would lead any other team.	☐☐☐☐☐☐☐	The board chair is the leader of the board and should focus on making sure all members are heard.
A board should recruit people to represent the differing constituencies that are a part of the organization.	☐☐☐☐☐☐☐	A board should recruit people capable of representing the whole of the organization and not any single constituency.
Invite people with major donor potential to serve on your board and get them involved with fundraising.	☐☐☐☐☐☐☐	Rather than inviting major donors to serve on your board, create a separate affinity group for them.
Every board should use the procedures in *Robert's Rules of Order* for board discussions.	☐☐☐☐☐☐☐	Please, no. Strive for natural conversation using good principles of dialogue instead.

CONFUSION LEADS TO INEFFECTIVENESS

All the contradictory advice to board members produces confusion about how to govern on any board. Governance confusion is a leading cause of board ineffectiveness. Board members need absolute clarity about the mission of their organization, the purpose of the board, how the board should function, and their role as board member. Clarity is crucial because governance confusion can produce unwanted consequences such as these.

Awkward structure: Board members often feel uncertain about

whether their board should be larger or smaller. They add standing committees that make meetings unnecessarily complex and waste the time of busy members. With some boards meeting once a month and others only three times a year, they wonder how often to meet. They feel uncertain about whether to keep or extend term limits.

Recruitment ambiguity: Board members wonder whether they should recruit aggressive leaders or team players or both. They wonder whether to ask people who represent their key donor groups or beneficiaries or both. They struggle over whether to fill the board with people who have major donor potential. This confusion also leads to weak orientation experiences.

Misaligned leadership: Board chairs can feel uncertain about their role in the meetings. It can lead to a board chair who is paralyzed or overbearing. Governance confusion opens the door to the organizational leader trying to run the board as well as the organization.

Disagreement over process: Board members can get confused about how to get their work done. They wonder whether it is better to vote or strive for consensus. Board chairs don't know when to call an end to a long meeting. Confusion can lead to overly detailed reporting on operations and programming. Some feel uncertain about when and how to appoint a temporary committee.

Disengaged members: Confusion about board member roles and responsibilities can lead to increasing board member disengagement. Without clear expectations, board members arrive unprepared for the meeting. Some don't show up and don't let anyone know ahead of time.

Unclear boundaries: Governance confusion leaves board members uncertain about when and how to intervene in operations. Some board members desire to take more action and end up dragging the entire board into the weeds. It leads to lack of clarity of who makes

what decisions: Board, staff, or both together.

Vague strategy: Confusion also leads to weak organizational strategy. Board members can feel uncertain about whether they develop the strategy or simply approve it. They don't know if commenting on long-range strategy is stepping over the line. Some might wonder if their small nonprofit even needs a long-range strategy.

Unacceptable behavior: If a board has any level of governance confusion and you add unhealthy group dynamics, governance quickly becomes even more confusing. If a board member, officially elected by the organizational constituency, regularly yells and pounds the table during board meetings, what should be done? If a governing board devolves into two opposing groups, how can it be united? Interpersonal conflict and board members with unacceptable behavior can derail the agenda of any meeting. Boards have a hard time making a positive difference if they can't get along.

This widespread confusion surrounding governance can grow into a breeding ground for frustration. How can a board sort through this governance confusion? Wait, it gets even more complicated.

VARIETIES OF BOARDS

Different organizations need different types of boards. Just consider the amazing array of nonprofit organizations: Universities, social service agencies, tutoring ministries, homeless shelters, congregations, denominations, animal rescue groups, sports for children, museums, foundation boards, homeowner associations, and hospitals.

Hospitals, especially, are large and complex organizations. It is literally a life and death enterprise. All hospitals have a board, yet none of the board members know how to manage a hospital, supervise physicians, or control a budget as enormous as what is set before them.

In fact, for most of them their only real qualification is that they have been to the doctor. How is the board going to add value to the hospital?

To add to the complexity, a nonprofit organization may have several boards that govern different areas. For example, a local congregation may have a mission board, youth board, fellowship board, finance board, children's ministry board, facilities board, worship board, education board, and an investment committee. A large, national nonprofit may have regional boards that make decisions and determine policy in their territory. A nonprofit with a highly federated structure may have hundreds of local boards or committees that are largely autonomous. A university may have a faculty group that shares governance with the governing board.

MOVING FROM CONFUSION TO CLARITY

Therefore, every board needs to reduce the confusion surrounding governance so they can figure out how to make a significant contribution to their nonprofit organization. Given the opportunity, most boards would want to achieve clarity on their purpose, board member roles, and how to make a significant contribution to their organization. Not always, but most of the time, they would want to reduce dysfunctional behavior in the board meetings and stop wasting the valuable time of the other board members. They would want to promote healthy change for the sustainability of their nonprofit. But board chairs and board members keep getting conflicting advice.

What if most of the conflicting advice was right, given different circumstances? What if different organizations need different kinds of boards? What if there were different types of boards that could be clearly differentiated?

What if there were only three types of boards?

CHAPTER 3

THREE TYPES OF BOARDS

In addition to the various kinds of nonprofit organizations, there are many different flavors of boards. For example, some terms used by nonprofit organizations include:

- Board of directors
- Trustee board
- Operational board
- Policy board
- Board of reference
- Patron board
- Advisory board
- Fundraising board
- Management board
- Council of advisors
- President's council
- Executive board

- Leadership roundtable
- Governing board
- Futures council
- Vision board
- Ambassadors council
- Elder board
- Cabinet
- Board of observers
- Blue ribbon task force

Though many use the term "board," some of these do not have authority over the organization. They are auxiliary groups formed for a specific purpose such as fundraising or obtaining specific advice. But a fundraising board or advisory board typically has no legal authority over an organization. They are simply called "boards" by the organization to lend credibility or prestige. A more accurate term would be committee, council, roundtable, or task force.

BOARDS WITH AND WITHOUT AUTHORITY

When registering with the government, most states or provinces require that a board of directors be established. The board is placed in authority over the organization and its staff as a fiduciary. A fiduciary is legally bound to make decisions that are in the best interest of another. For nonprofit board members, the fiduciary duties have three aspects: duty of care, duty of loyalty, and duty of obedience.

Duty of Care: This means board members are exercising care in their position. They prepare adequately, actively participate in meetings, ask questions, and stay informed about governance. The legal expectation is that they are making decisions for the organization

at the same level of care as a prudent person. In other words, they are not careless or disengaged.

Duty of Loyalty: This means board members have an undivided loyalty to the organization. They readily reveal any real, potential, or perceived conflicts of interest. They make decisions in the best interest of the organization, not for themselves or others. In other words, they avoid self-dealing and corruption.

Duty of Obedience: This means board members are ensuring that the organization is obeying all applicable laws. They also follow their own governing policies, stick to the ultimate purpose of the organization, and make sure assets are not diverted to noncharitable uses. In other words, they are not doing anything illegal or unethical.

So, a board with authority over a nonprofit is a legal requirement. The constitution, bylaws, or statutes of the organization clearly describe how board members are selected, the length of their terms, and the expectations of service.

Boards without authority may provide a useful function, but they do not count as true boards. They are serving some other purpose besides overseeing the organization. A true board represents the moral owners of the organization and has authority over it. They are legally able to hire and fire the organizational leader, approve or disapprove the budget, buy or sell property, change the mission of the organization, or shut it down.

If we strip away all the pseudo boards or board-like groups, and we focus on boards with legal authority over the organization, then we are left with a limited number of types of boards. Three, to be exact.

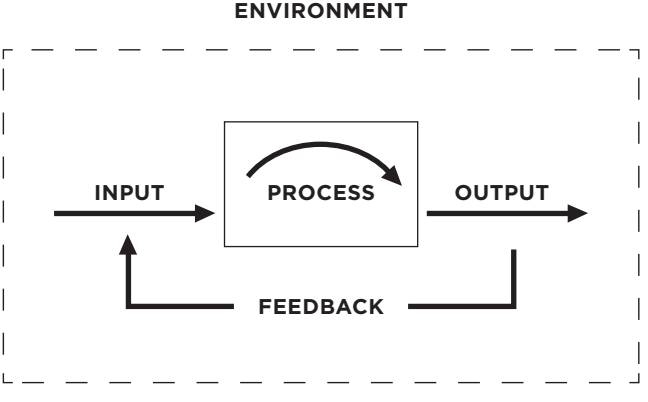
Systems theory can help us think more clearly about these three types and how boards can make a net contribution to their organization.

THE BLACK BOX

General systems theory was developed by the biologist Ludwig von Bertalanffy in the mid-twentieth century and captured in his book published in 1968. Systems theory is not complicated but attempts to show how everything is interrelated and interdependent. Any phenomenon can be described from a systems viewpoint. This includes nonprofit organizations and their boards.

A basic system has five aspects: input, process, output, feedback, and the environment. Inputs include everything coming into the system such as people, data, and things. Process is described as how the system acts on the inputs and what it does. Outputs describe what is coming out of the system as benefits or waste. Feedback is the information about the outputs that is fed back into the system as new information. Feedback allows the system to self-correct.

The environment includes all the outside forces acting on the system. The relevant environment is the space inside the dotted line. But forces outside the dotted line, which the system does not easily recognize, can intervene and impact the system. A relatively closed system will describe a limited relevant environment. A relatively open



system will pay attention to other forces in the wider environment.

The outputs of one system become the inputs of another system. The inputs of a system come from the outputs of other systems. Systems impact other systems and are connected in nonobvious ways.

Anything can be viewed from a systems perspective. For example, let's consider a widget factory. The input includes the employees, raw materials, customer orders, and other information. The process includes all the activities happening inside the widget factory such as manufacturing, supervision, and bookkeeping. The output includes the products, services, and benefits the company provides to others. Feedback includes quality assurance data, customer satisfaction ratings, and suggestions for improvement. The environment includes everything that is happening in the widget market and general economy that impacts the company.

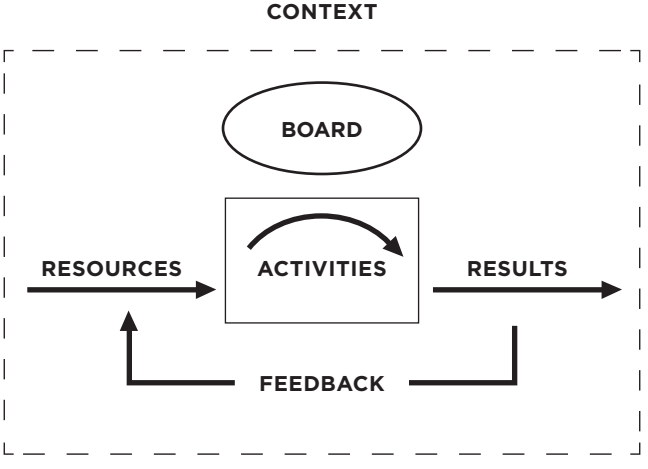
We can adapt this general systems theory to a nonprofit context. Input becomes the resources coming into the organization, including staff, volunteers, charitable gifts, clients, and relevant information. The process becomes all the activities that happen inside the organization, both to serve clients and maintain the organization. The outputs can be interpreted as the results the organization is realizing. This includes immediate outcomes, intermediate outcomes, and ultimate outcomes. Feedback involves any information about process improvement or relative success in achieving organizational outcomes. It can be gathered by regular monitoring or by direct observation. The environment includes any outside forces acting on the organization.

For example, let's consider a tutoring ministry at a public grade school in an under-served neighborhood. Input includes students, volunteer tutors, curriculum materials, teaching methods, and funding to make it all happen. Activities include all that happens after school when students engage in tutoring, games, snacks, and study time. The

results include student performance in class and positive attitude toward learning. Feedback includes attendance rates, measures of academic progress, graduation rates, and other useful data. The environment includes level of parent support, legal requirements, and the local political situation.

The board is a part of the nonprofit organization, but above the operational level. A board with authority is above the organization but still connected.

The activities happening inside the organization are like a black box to the board. They see the resources going in and the results



coming out, but they do not have detailed information about all the activities happening daily.

From a systems perspective, any board only has three options for how to deal with what is happening in the black box of operations. They can open the box and make decisions, they can oversee the box and set policies, or they can pick up the box and move it.

If a board wants to open the lid, look inside, and make decisions

about activities or operations happening inside the box, then it is a managing board. If a board wants to keep the lid shut, delegate management, and set policy for what actions the organizational leader and staff may not take, then it is a governing board. If a board wants to change the mission of the organization, its clients, its services, or its geography, then it is a navigating board acting on the box directly and shaping it in a significant way.

How does the focus of these three differ? Managing boards focus on making decisions and improving procedures. Governing boards focus on organizational results and board policies. Navigating boards focus on making major shifts in the organization to exploit new opportunities or ensure a sustainable future.

Governing boards are not superior to managing boards or navigating boards. Each can be an appropriate response to what the organization needs at a certain point in time. Each can also be the wrong response to what an organization may need.

Managing boards open the black box and get involved in operational decision making. They are helping the organizational leader to manage the organization. Governing boards are above the box overseeing all that is happening. They stay out of the box and delegate the ongoing operations to the organizational leader. They focus on resources going in and results coming out. They ask if resources are adequate for sustainability and if the results justify the resources going in. Navigating boards keep an eye on the environment and determine whether major changes in the organization or its mission are needed.

For example, suppose a small ministry to homeless men has run a shelter in a part of a city that is slated for rapid development of high-rise offices and apartments. The homeless population they serve has shifted away from their current location. The city mayor has asked them to leave and if they don't, they will likely be forced out. But they

own their building outright and this property has become extremely valuable. If they sold, they would be able to build a more modern facility and still have a net gain. This represents a prime opportunity for the ministry.

A managing board would get actively involved in deciding where and how to relocate. They would figure out the assessed value of their current property, estimate the long-range costs of maintaining their current building, and research several available parcels where they could build a new facility. The board would make these decisions as a group together with the organizational leader.

A governing board would note the need to relocate and think deeply about alternative ways to move forward. They would revisit their ends policies and ask the organizational leader to research all alternatives and come back with a proposal for relocating and renovating an existing property or building a new facility. They might set criteria for the proposed solution, such as access to public transportation or distance from grade schools. Alternatively, they might form a committee to do this work with the organizational leader serving on the committee. Later, the board would approve the proposal that best meets their criteria and helps achieve the desired outcomes of the ministry.

A navigating board would note the need to relocate and use this as a trigger to examine what else is changing in their relevant environment. They would look at other organizations ministering to homeless people and see where they might best fit in. They might discover the face of homelessness is changing and the need for men's shelters is adequately served, but the emerging need in their city is shelter for women and children. This kind of board might change their ends policies and their target audience, approach a struggling hotel that is not for sale, purchase it, renovate it, and revamp all their

programs to serve women and children.

As another example, consider a once-vibrant youth ministry now struggling to survive. They have a difficult time attracting high school students to their outdated programs. They are seeing almost no teenagers coming to faith. What used to work so well in the 1970s does not work as well today. They have lost the ability to attract talented staff and volunteers, their donors are aging out, and now they are only a tenth of the size they were forty years ago. Part of the problem is that youth are busier than ever. They spend their time with cell phones, competitive sports, and video games. The youth ministry can't compete with technology and they don't know how to join it. They are also finding that the increasingly secularization of society is making youth more resistant to the gospel. How should the board respond?

A managing board would dig into the details, explore how to recruit more volunteers, secure new donors, hold more fundraisers, and improve the branding of the youth ministry. They might research new youth ministry methods. Their goal would be to work together with the organizational leader to get the ministry performing well again.

A governing board would dig into the details, refine their ends policies, and task the organizational leader with getting better results. They would give the organizational leader wide latitude to innovate and accomplish what needs to happen. Their goal would be to clarify expectations, support the organizational leader, and monitor implementation.

A navigating board would dig into the details of their context, look at the broader picture, observe how youth ministry is changing and how youth are changing. They might learn that the challenges they faced in high school are now faced by children in middle school. They might make a major shift to abandon high school ministry

and launch a new focus on middle school students, or shift their whole approach to meeting the needs of students facing specific life challenges, such as preparing for college entrance exams, learning basic life skills, or dealing with substance abuse such as drinking or vaping. Their approach would be to start with a blank slate and consider all reasonable options.

THREE TYPES OF BOARDS

So, there are three types of boards, depending on how they deal with the black box. Any other board with authority is a derivative of one of these three types.

Each type of board requires a different focus, tools, and board member skills. Each way of functioning can be executed either more effectively or less effectively.

Different contributions: Managing boards want to improve operations and efficiency. Governing boards want to improve effectiveness and overall productivity. Navigating boards want to spot new opportunities, overhaul the existing system, or innovate to adapt to what is changing around them.

Different interventions: Managing boards intervene in operations all the time. This is how they get things done. Governing boards want to stay out of operations but will intervene in a crisis or failure of management to get things back to normal. Navigating boards intervene to make major changes and create a new normal.

Different skills: Managing boards need people with professional skills such as finance, HR, and legal. They need experienced managers, whether middle managers in large corporations or small business owners. Governing boards need people staying above the fray, staying out of operations, and focused on results. These are people who want

	MANAGING	GOVERNING	NAVIGATING
	EXECUTIVE MANAGEMENT	**POLICY-BASED GOVERNANCE**	**TRANSFORMATIVE GOVERNANCE**
MORE EFFECTIVE	Leadership team C-Suite skills Disciplined conversation High-level decision making Tactical planning Skillful delegation ***Delegating to the organizational leader***	Disciplined board members Proactive Results-oriented ends policies Clear limitations policies Strive for consensus Speak with one voice ***Empowering the organizational leader***	Breakthroughs Focus on the future Strategic leadership Generative thinking Learning way forward Bold vision ***Charting a new course***
	MICROMANAGEMENT	**MICROGOVERNANCE**	**STATUS QUO GOVERNANCE**
LESS EFFECTIVE	Intervening board members Hands-on approach Operational decision making Focus on administrative detail Present-oriented Short-range planning ***Micromanaging the organizational leader***	Policy-fixated board members Reactive Focus on wordsmithing Too little too late Unclear or missing ends policies Confusing limitations policies ***Paper handcuffs for the organizational leader***	Guided by defaults Tweaking the past Change-adverse Focus on maintaining usual state Institutionalized processes Indecisive ***Don't rock the boat***

to delegate management and not get involved in operational decisions. Navigating boards need people with experience in the area of service or ministry, retired organizational leaders, and people with expertise in the sector.

Different focus: Managing boards focus on making operational decisions and setting guidelines to move the organization forward. Governing boards focus on establishing policies to set strategic direction and set boundaries for the staff. Navigating boards focus on what is changing in the relevant environment. They act to respond to new opportunities or adjust the organizational mission, purpose, recipients, programs, or services for long-range viability.

Different levels: Managing boards delegate tasks, projects, and specific responsibilities to the organizational leader or even to certain staff. They actively track execution on these items. Governing boards delegate management to the organizational leader. If they have any concerns about how things are being done, they express these as limitations policies all written in the negative to avoid interfering with management. Navigating boards delegate governance, either by forming a committee to handle this work, or by spending the least amount of time possible on it. If a board is about to make sweeping changes in an organization, it doesn't matter if the budget is a little off or if the policy manual is not perfect.

Different tools: Boards use tools to do their job. Managing boards develop operating procedures captured in an organizational handbook. This document sets forth how things are to be done at this organization. They also use the budget report as a tool to manage. Governing boards focus on establishing board policies. These policies, captured in a board policy manual, address what is out of bounds for the organizational leader and staff rather than telling them what to do. They also specify the outcomes the organization should

strive to achieve. Navigating boards focus on the preferred future of the organization. When they sense major change in the relevant environment, they assess organizational strengths, assets, and what is changing outside of the organization. They determine what is needed now and how the organization must change.

WHICH TYPE OF BOARD IS RIGHT FOR YOUR ORGANIZATION?

Managing, governing, and navigating are all valid options. All three allow a board to fulfill its basic responsibilities. Robert T. Ingram, author of BoardSource's all-time best-selling book, has described ten basic responsibilities of nonprofit boards.

1. Determine mission and purpose
2. Select the chief executive
3. Support and evaluate the chief executive
4. Ensure effective planning
5. Monitor and strengthen programs and services
6. Ensure adequate financial resources
7. Protect assets and provide financial oversight
8. Build a competent board
9. Ensure legal and ethical integrity
10. Enhance the organization's public standing

Managing, governing, and navigating boards all fulfill these basic responsibilities, but in different ways.

What is best depends on your organization and the relevant environment. According to the National Center for Charitable Statistics, there are over 1.5 million nonprofit organizations registered

in the US. The most common type is the managing board. This is simply because many of these nonprofits have no paid staff, so they cannot delegate management. The next most common type is the governing board. This has been popularized by the writings of John Carver and others as policy-based governance. The least known is the navigating board, which has been described by Ram Charan, Richard Chait, and others as boards that go beyond writing policies and monitoring performance.

The next three chapters detail how to decide what your organization needs and how to be effective when adopting any of these three types.

CHAPTER 4

MANAGING BOARDS

DEFINITION: A managing board is a group of people who oversee an organization and focus on making decisions about how the organization will operate and what it accomplishes. They tend to reserve important decisions for themselves and delegate smaller operational decisions to the organizational leader and staff. In terms of the black box metaphor, the board oversees the box, opens the lid, looks inside, and works to improve how the organization is functioning. This can be done effectively or ineffectively.

This type of board is also called a working board or a traditional board. Working board means there are no paid staff in the organization and the board must make the decisions and then do all the work. A traditional board is a generic term to refer to how a board with staff usually functions without the discipline of policy-based governance. They involve themselves in operational decisions and developing operating procedures in order to manage the organization. They vote to approve proposals and requests brought forward by the organizational leader.

Many board consultants will directly teach or imply that policy-

based governance is the best option of governance for all nonprofit boards. The problem with this viewpoint is that many nonprofit boards do not have the requisite resources in place to implement policy-based governance. If an organization is volunteer-based and has no paid staff, they simply cannot function as a governing board. Or if a nonprofit has an organizational leader who is not fully competent in managing the work, they cannot safely delegate authority to the leader. They must function as a managing board because there is no one else capable of managing the organization to the standard they desire. For these boards, policy-based governance is out of reach.

For a new start-up organization with no staff in place, or only a brand-new organizational leader, the new board will almost certainly begin functioning as a managing board. For an organization like a homeowner's association board, which has paid, professional, outsourced staff, the board must make almost all decisions involved with spending money or making changes in the community.

WHO AND WHAT IS INVOLVED?

Managing boards need people who are elected or invited to serve who have management skills. Managing boards do well with people who like to solve problems and make decisions. They need people who can work together well as a high-performing management team.

They need board members who have C-suite skills. Like any large company, managing boards need people with expertise in operations, finance, human resources, and marketing. Nonprofit organizations would naturally add fundraising expertise to this list.

For recruiting new board members, they would look for people who are experienced managers, administrators, or people with valuable professional skills such as lawyers, accountants, or financial advisors.

They would look for people who own their own businesses or work as a middle manager in a larger firm. They want people who would embody what is found on an effective executive team. To be effective, they might stay away from front-line supervisors and professionals who work independently. They want board members with a higher-level management perspective and experience.

Tools that managing boards use include an annual plan for the organization, an annual budget, meeting minutes, and an operations handbook. The operations handbook is the place where the board and staff capture the standard operating procedures for the organization. Sometimes the personnel policies are included in this handbook and sometimes they are captured in a separate employee handbook.

WHAT IS THE PURPOSE OF THIS BOARD?

A managing board serves as the main decision-making body for the organization. Working together with the organizational leader, they oversee operations and control finances. They essentially supervise the organizational leader. As a group, they make major decisions, approve or reject proposals brought by the organizational leader, delegate authority for certain areas of responsibility, and delegate all day-to-day decisions to the organizational leader.

If the board has a competent organizational leader in place, they can delegate most operating decisions to that person while keeping watch over finances and organizational health. If the board has a weak organizational leader, then they must step in to fill the gaps in performance, whether it means setting annual goals, developing the budget, resolving staff conflict, or any other area of management. The goal is to ensure that the organization is being well-managed.

HOW DOES THIS TYPE OF BOARD WORK?

In meetings, a managing board tends to get involved in operational matters and reserves all the "big decisions" for themselves. Desiring to be a good management team, they go over budget reports in detail, dig into any problems or issues the organization is experiencing, and looks for ways to contribute to the organization by giving suggestions for improvement.

Managing boards tend to meet monthly, but some meet quarterly. If a board does not have a written board policy manual, it will tend to default toward behaving like a managing board.

Regarding number of board members, managing boards can be small, medium, or large. Small boards will tend to function like any management team. Large boards will tend to structure itself with permanent committees to break down the work of management. They may have committees for areas such as finance, human resources, properties, long-range planning, or fundraising. They will usually also have an executive committee because medium to large-sized boards will have difficulty deliberating together in a productive way with so many people around the table.

WHEN IS THIS THE BEST ALTERNATIVE?

Between the three types of boards, the managing board is the best alternative if the organization has no organizational leader, a part-time leader, a weak leader, or nobody else capable of overseeing operations appropriately.

By far, most new start-up nonprofits begin with a board functioning in management mode. The board members are usually

passionate about the mission and the new organization. They want to help the organization get off to a good start. Only a few years later as the organization matures do they realize that they must move to a governing mode.

Many small, nonprofit organizations function best with a managing board. Often, the only qualified leader they can find has great passion for the work but does not have all the skills required to manage a nonprofit. Usually, the nonprofit cannot afford to hire all the expertise needed to round out the staff team. The board then needs to step in and assist the organizational leader where needed. This is common for smaller organizations. Larger organizations can afford to add staff to cover any areas of weakness.

Typically, when an organizational leader departs or retires from a nonprofit, the board will seek a replacement from within the organization. This assures that the new organizational leader understands the organizational culture and has a deep knowledge of the work. But often, the person promoted has passion for the mission but does not possess all the skills needed. Most of the paid staff in any nonprofit joined the organization because of the work, the cause, and the mission.

For example, let's say a youth-serving organization that employs a dozen youth workers needs to find a new organizational leader. The board will sometimes offer the position to one of the existing staff. However, that person may be reluctant to take the position because he or she signed up to work with youth, not the board, not donors, and not to supervise other staff. Let's say one of the youth workers who is respected by the other staff reluctantly agrees to take on the new position of organizational leader. That person will need some time to grow into the role. That person will need extra support from the board. This situation will require the board to step in and assist the

new leader in certain areas. He or she will need coaching from the board or someone else outside the organization.

Managing mode is also useful for nonprofits that have become rundown or gotten into financial trouble. Due to poor leadership, they have gotten off track and need to get back to basics, terminate low performers, focus on the fundamentals, or rebuild their donor base. But if new competition has arisen, or a shift has occurred in the relevant environment making them obsolete, merely getting back to basics will not save the organization.

Managing mode is not a good fit if a nonprofit has a highly skilled, experienced leader or is a large, complex organization. For example, community hospitals are complex organizations. Board members are often selected from the surrounding community. Sometimes, the only qualification hospital board members possess is that they have been to the doctor. Large, complex organizations need boards that operate in the governing mode and delegate management to the professional staff.

WHAT IS EFFECTIVE?

A managing board that is effective will open the lid of the black box carefully when they meet to avoid unintentionally making things worse for the organization. They will ask questions but avoid unnecessary intervention. They will attempt to be proactive and not reactive as they make decisions.

The ideal for them is to function like the high-level executive team of a business or large nonprofit organization. As a team, they make key decisions together as a group. They want to stay focused on organizational performance rather than organizational processes. They want to delegate skillfully and avoid micromanagement.

Skillful delegation to the organizational leader involves clearly explaining 1) the context of the delegation, 2) the desired end result, 3) the specific assignment or project, 4) any key measures of effectiveness, 5) level of authority for making decisions, 6) support the board will provide, and 7) how to keep the board informed.

For example, suppose a managing board decides to try hosting a special banquet to raise up new donors, something their organizational leader has never organized before. Suppose the board does not want to coordinate the banquet through a committee and feels that the organizational leader is up to the task. Instead of telling the leader how to organize the banquet, they could delegate skillfully in the following way. 1) Point out that the donor base of the organization is growing older and the mailing list is getting smaller. 2) Describe the desired result of a successful banquet that generates new donors excited about supporting the work. 3) Ask the leader to plan and coordinate the new banquet. 4) Set targets such as at least 200 attendees, $10,000 in donations, and over 100 new giving units. 5) Explain that the leader will have a budget of $10,000 to coordinate the event and full authority to set the date, rent the banquet space, and determine all the details of the program. 6) Let the organizational leader know the board will be available as individuals to offer feedback or advice on any aspect of the banquet if asked and will willingly serve as volunteers at the event. 7) Request that the leader email a short report on progress every two weeks from now until the event happens. Then the board should simply stay out of the way.

Sometimes the board must step into operations. For example, if the organizational leader is a person who tends to focus on day-to-day operations and has a difficult time with long-range planning, the managing board will need to assist the organizational leader with strategic thinking, and possibly even with setting annual goals. After

all, in some nonprofits if the board did not do it, then nobody would.

Suppose a mid-sized congregation has a single board structure with a pastor who is a warm person and an exceptional counselor, but not gifted at leadership, management, or administration. Let's assume that he never balances his personal checkbook. Short of hiring a business manager or calling a new pastor, this board will be forced to open the black box and fill in the gaps of leadership. An effective board in this situation, will meet with the pastor regularly, carefully monitor the budget reports, discuss tactics for achieving ministry goals, but stop short of telling the pastor how to do his job. Every board meeting can present tempting situations for middle managers and professionals to get into the weeds.

An effective managing board will tend to want to meet monthly. Typically, their bylaws might specify meeting at least ten times per year. Their meetings will be timed to coincide with the monthly budget reports. A budget is a management tool and they will want to use it to be informed of the financial condition of the organization while avoiding fixating on the details. A few line items with a variance over 100 percent is less significant than a downward trend in income or a dangerously low cash reserve.

To stay at an executive team level as much as possible, the board will want to capture their decisions and concerns by developing standard operating procedures and writing them in an operations handbook. A simple example would be determining regular office hours. This will reduce the number of times a managing board will need to intervene inside the black box or be asked to decide about an inconsequential operational matter.

Managing boards can function effectively or ineffectively.

WHAT IS INEFFECTIVE?

A managing board that cannot avoid micromanaging is almost always ineffective. In fact, the only thing worse than a micromanager is a bunch of micromanagers serving as a board.

Why don't managing boards simply avoid ineffective practices? Because micromanaging is easy and fun! Governing boards also tend to step over the line and dive in with detailed questions about operations. At least governing boards have written policies to keep themselves in check. Managing boards have no clear lines of demarcation. Managing boards, by definition, are actually managing the organization, whether together with the organizational leader or by themselves in authority over the leader.

A board that opens the black box and becomes overly tactical increases the chances of them missing larger, strategic issues. Ineffective boards are usually not talking about how the relevant environment is shifting. They are not wondering how their clients, members, or donors are changing. They just keep looking inside the black box and talking about ways to get the numbers back up.

Another difficulty with managing boards is trying to manage an organization with a group of middle managers who have differing values or approaches. For example, should the nonprofit organization pay their bills 30, 60, or 90 days after receiving the invoice? Should the board conduct annual performance reviews with all staff? The deeper a board delves into operations, the more pronounced the disagreements between themselves become with regard to how things ought to be done.

Managing boards that are too big quickly become dysfunctional. It is common for larger boards to have few members who say nothing at all during their two-day meeting. This is one reason why so many

boards use a committee structure. This spreads out the work of managing the organization and allows for smaller groups to make decisions.

When using committees, boards need to make sure that the whole board does not remake the decisions and proposals brought forward. In one new church, a small committee was tasked with researching and proposing the purchase of a lighted sign near the highway. The group did its work and reported back with a specific design. The whole board then asked to see the other alternatives. They discussed the pros and cons extensively as a large group before coming to the same conclusion. What should have taken about five minutes took forty-five minutes.

Executive committees are another way of getting around the dysfunctional aspects of larger boards. The executive committee sets the agenda for the meetings of the larger board and sometimes usurps the authority of the full board. Even if the executive committee is serving ethically, it still leaves a feeling among many board members that some board members are flying business class and the rest are back in coach.

Managing boards also feel the uncertainty of trying to manage an organization by meeting one day a month. They don't have all the information they need, so they often ask to invite one or more key staff members to answer their questions, and in effect, help them manage the organization. This practice weakens the ability of the board to hold the staff accountable and does not allow them the freedom to speak plainly about organizational performance.

Some managing boards meet quarterly or less. This makes effective management even more difficult. If a problem emerges, it can be allowed to fester for three or four months before the board can act. If this kind of a board can stay at the executive team level, it can work.

But no board can micromanage once a quarter without making a mess. Some organizational leaders purposely keep their board members in the dark to reduce their tendency to meddle.

Most managing boards just enjoy the thrill of helping make key decisions for the organization without bothering to capture these decisions or the principles behind them in an operations handbook. Documenting the standard operating procedures for an organization can be a useful contribution. Telling the organizational leader or staff how to do their jobs is not.

Ineffective managing boards can produce a lot of humorous stories. One small church decided they needed to replace their van used for youth and seniors. A board member found a good deal on a white van just coming off lease and proposed that the church buy it. Another board member objected because the van had power windows. He said the church didn't need those fancy extras. The other members replied that they were not paying anything extra for those features because it was a used vehicle. The one board member insisted that they look for a different van to demonstrate that they were being good stewards with the money entrusted to them.

HOW DOES THE LEADER WORK WITH THIS TYPE OF BOARD?

A managing board can be frustrating for an organizational leader to work with. The best approach is to partner with them. Help the board view the organizational leader as a part of the top management team. Keep them informed with relevant information so they can work with you in making wise decisions.

The elegance of working with a policy-based board is that it offers a clear distinction between ends and means, between governance and operations, between board work and staff work. With a managing

board, that line is not clear. Effective boards and wise organizational leaders will work to define the line between "big" decisions the board wants to reserve for itself and day-to-day decisions the board wants to delegate. Somebody must draw a line somewhere. Creating a list of who makes what decisions can be helpful to clarify this.

Members of managing boards will often feel a temptation to get into the weeds and micromanage the organization. If a board is moving into micromanaging, the organizational leader can offer to take care of that situation with his or her staff. The board chair or another appointed board member can monitor the level of discussion and bring a board back to a higher level of management behavior.

Capturing operational procedures in an organizational handbook can help a managing board avoid making similar decisions over again. These are like limitations policies except they can be stated either positively or negatively.

HOW DOES A BOARD CHAIR LEAD THIS TYPE OF BOARD?

Chairing this type of board is not easy. The main task is to help the board stay out of the weeds. The board chair must clearly explain the difference between managing and micromanaging. This is difficult and is the reason why many boards are eager to transition to policy-based governance.

The board chair should run the meetings like a high-level management team meeting. The focus should be on results and looking ahead to the future. Conversation should be on the strategic and tactical levels without telling the organizational leader or other staff how to do their jobs.

The emphasis should be on teamwork. The board as a team manages the organization, not individual board members. The board as a team

makes key decisions and plans. The board chair should involve the organizational leader and work together with him or her to manage the organization.

When monitoring progress, reviewing the budget, or addressing a problem, individual board members will be quick to drill down, attempt to find the root cause, and suggest corrective actions. The only problem is that this might make matters worse for the organizational leader or staff. Board chairs need to draw a line between what is a board decision and what is a staff decision. If the board identifies a problem, they don't have to find a solution. They can task the organizational leader with coming up with a plan to solve it by the next meeting. Sometimes, though, the organizational leader will want help thinking through how to resolve some particularly sensitive situations.

Develop agendas that help the managing board set goals, track progress, and solve problems. Don't let the board create problems. Stick to big decisions and leave smaller decisions and procedures for the staff to determine. Create a decision-making culture that avoids asking for an exhaustive amount of information and postponing key decisions.

Capture decisions in meeting minutes that clearly describe the action of the board as a group and not opinions of individual board members. As much as possible, translate these decisions into standard operating procedures that will become a part of the operations handbook.

The challenges of chairing meetings of managing boards, reigning in micromanaging board members, and dysfunctional boards unintentionally making matters worse for the organization, make governing boards look quite attractive.

CHAPTER 5

GOVERNING BOARDS

DEFINITION: A governing board is a group of people who oversee an organization and focus on resources going into the organization and results coming out. Rather than making operational decisions, they develop board policies describing desired outcomes to be achieved and staff actions to be avoided. In terms of the black box metaphor, the board leaves the box lid shut, delegates operational authority to the organizational leader, and limits what happens in the box by writing policies that prohibit certain decisions or actions. This can be done effectively or ineffectively.

While a managing board manages the organization, a governing board delegates management and sticks to governing the organization. A governing board does its work by developing policies for the organization that define why the organization exists and empower the organizational leader while holding him or her accountable. This mode is essential when the leader and staff know way more about managing the organization than the board members.

By opening the black box and dabbling in operations, boards can unintentionally make matters worse for the organization. For example,

a board that wants to conduct the annual performance review for all key staff members cannot make a sound evaluation without being able to observe these individuals in action at work. Or a church board that wants to set annual goals for worship attendance may not realize that is the wrong measure to use. Many boards will do better if they operate as a governing board and stay out of management.

Many organizations have attempted to transition to policy-based governance and have had a bad experience. This is usually due to botched implementation. One mistake is that boards sit back and stop monitoring organizational health and performance. Another mistake is transitioning without writing any board policies. It is difficult to be policy-based without any written policies, but I have seen a lot of nonprofits try.

WHO AND WHAT IS INVOLVED?

Governing boards need people who want to stick to governing and stay out of management. Governing boards need members who can think strategically, are focused on the future, have a deep passion for the work, are willing to develop written policies, and who are team players.

These represent different skill sets than are desirable for a managing board. A governing board with two accountants, two lawyers, and two of several other types of professionals is called a Noah's ark board. What works for a managing board becomes problematic for a governing board. A larger nonprofit will have a chief financial officer and marketing professionals on staff. If they need help with writing personnel policies, they can hire a human resources consultant. If they need legal advice, they can hire a lawyer. They don't need to load up the board with people who can help them manage the organization.

What larger and more mature nonprofit organizations need is a board that can define why the organization exists, set limits to staff actions, delegate all operations to the organizational leader while holding him or her accountable, and generally oversee the sustainability and performance of the organization.

Governing boards require written board policies captured in a board policy manual. These are not what are often called organizational policies or operational procedures. Board policies are written at the governing level, above and outside of the black box. Anything dealing with how things are done inside the black box are better called standard operating procedures. These are captured by the leader and staff in an operations handbook.

If a board is following the approach developed by John Carver, then they will create four kinds of board policies: Organizational Ends, Executive Limitations, Board-Management Delegation, and Governance Process.

The first section of the board policy manual, organizational ends, will describe why the organization exists. It is concerned with the resources going into the black box and the results coming out the other side. For any nonprofit organization, the results describe how people's lives are being changed, not how much is happening inside the black box.

The second section of the board policy manual will capture limitations policies. Any board wanting to stay out of the black box will be concerned about what is happening inside. They may be concerned about the level of financial reserves, proper maintenance of facilities, or ethical treatment of clients. Rather than attempting to improve operating procedures, which they might be ill-equipped to do, they can set limits on what actions are not allowed in the black box. So, the board policies in this section are written in the negative.

For example, they may specify that the organizational leader may not make an unbudgeted expenditure above $5,000 without board approval.

The third section of the board policy manual will describe the relationship between the board and the organizational leader. The board delegates all management and all operational decisions to the organizational leader. The leader then manages the organization. But the leader is accountable to the board and regularly reports to the board in the way the board requests. The board oversees the organization while staying out of operational decisions and focusing instead on results.

The last section of the board policy manual describes how the board will conduct its work. This will include expectations of individual board members, how the board will function as a group, and anything else about what happens in a board meeting.

Boards can use the name for each section originated by John Carver or an alternative. These sections can be arranged in any order in the board policy manual. An appendix containing other organizational documents can be added. The key is to ensure that the board has at least these four sections and that each section is comprehensive.

We can compare these four sections of the board policy manual to a diagram of a football stadium. The ends policies are like the end zone. This is how the organization scores points. The limitations policies are like the out of bounds line. We want the organizational leader and staff to stay in bounds.

With these two sections of policies, the board has the organization under control. If the organizational leader and staff implement the policies, then the organization will be heading in the right direction and will avoid actions and behaviors the board has prohibited.

After making the ends and limitations clear, the board can then tell

LABEL	SUMMARY
Organizational Ends OR **Desired Outcomes**	Desired outcomes describe the ends or purposes of the organization. Desired outcomes policies, or ends policies, describe what results the organization is here to achieve, who the recipients will be, and the cost of those results. These policies do not address means, methods, activities, or specific programs. Every policy in this section must address either results, recipients, or cost. Desired outcomes reflect the never-ending work of the board in determining what the organization will attempt to accomplish in the future.
Executive Limitations OR **Staff Limitations**	Executive Limitations policies address staff means—what the organizational leader and staff may and may not do. They define the out-of-bounds lines. These policies communicate what behaviors, methods, and practices are acceptable and not acceptable. Unless restricted by the policies, all other reasonable actions are considered acceptable. This approach empowers the staff from needing to delay action until the board can approve each new initiative. It also allows the board to responsibly minimize involvement in the details of day-to-day operations. These policies are addressed to the organizational leader rather than the entire staff. The organizational leader is held accountable that all staff actions fall within the boundaries established by these policies.
Board-Management Delegation OR **Board-Staff Relationship**	Board-Staff Relationship policies address how the board and organizational leader relate to each other. In general, the board speaks with one voice and all board authority is delegated through the organizational leader. This means the organizational leader reports to the board as a whole, not to individual board members, officers of the organization, or board committees. This also means the board works only with the organizational leader and does not direct the work of staff or volunteers.
Governance Process OR **Board Process**	Board process policies describe the standards of behavior for individual board members and the board as a group. These policies describe the way the board operates. They clarify the governing style of the board, role of the board chair, board member conduct, board member responsibilities, and the use of committees. If any board process issue arises that is not specified by these policies, the board chair should guide board process. The board represents and serves the moral owners of the organization.

the organizational leader that any operational decision that is making progress toward the end zone and stays in bounds is automatically pre-approved by the board. This is empowering for the organizational leader and staff. They can move ahead with confidence instead of worrying whether the board will approve of their operational decisions.

Meanwhile, on the stadium diagram, the board is up in the suites. They are up high and can see everything happening on the field. There are some rules about how they behave in the suite, no yelling or swearing for example. These rules are like the board process policies that show us how to do our work.

There is a red phone in the corner of the suite that is connected to the headset of the coach. With this phone the coach calls up with reports on players who are hurt or information about plays he is going to run. He is not asking permission to run the plays, just keeping the board informed. This is like the board-staff relationship policies that show how the board empowers the leader while at the same time holding the leader accountable.

WHAT IS THE PURPOSE OF THIS BOARD?

A governing board is a group that generally oversees an organization for sustainable mission fulfillment. They develop board policies and govern the organization through them. Rather than manage the organization, they hire a competent leader, delegate all management and day-to-day decisions, and hold him or her accountable.

If the board has an organizational leader whose performance is unacceptable, the board has the option of replacing the leader or keeping the leader and tightening staff limitations policies so more operational decisions must be approved by the board. For example, the board may limit unbudgeted expenditures to $1,000 without board

approval. Or the board may retain the responsibility of developing a long-range strategic plan rather than delegating it.

HOW DOES THIS TYPE OF BOARD WORK?

The meeting agenda and all reports should be sent to board members before the meeting. All board members should prepare thoroughly. In meetings, a governing board will receive and discuss monitoring reports about the organization at the frequency and in the format they determine.

Budget reports, for example, may be one page in length or extensively detailed. The board determines what level of detail will best give them the information they need to monitor the organization.

If the organizational leader brings a proposal or key decision to the board for approval, the board will first check to see if this is covered by their existing policies. If it is not, they will determine whether a new policy or an adjustment to an existing policy is needed. After the policy change is made, the organizational leader may proceed without approval from the board. Sometimes the organizational leader will bring an issue to the board, the board will discuss it thoroughly, then determine if the existing policy provides adequate guidance for the organizational leader to make the call alone or together with staff.

Governing boards may meet monthly, but some prefer to meet quarterly or two times a year face-to-face. ECFA guidelines specify that boards meet at least three times per year and one of those may be a conference call. If a well-run organization has a highly competent, organizational leader, there is often little reason for governing boards to meet more than four times per year.

Governing boards may be small, medium, or large. If large, they may create a governance committee to draft policies, review every section at

least once a year, and keep the board policy manual up to date.

If you compare a nonprofit to a cruise ship, the board represents the owners of the ship. They hire the captain, determine the destination, and maybe have some input on the preferred course. But the board members need to stay out of the engine room.

WHEN IS THIS THE BEST ALTERNATIVE?

When dealing with professionally trained staff, it is extremely difficult for a typical board to supervise them. The board needs to up its game and move from managing mode to governing mode. Then they must develop their board policies and stick to governing.

When dealing with large or complex organizations, like hospitals or universities, functioning in the governing mode is almost mandatory. People selected for university boards may be successful businesspeople, but they usually have no idea what it takes to balance the demands of students, parents, staff, major donors, a unionized faculty, accreditation, and government regulations. Any university board that starts making management decisions for a university is sure to create a mess.

The governing approach will also work with small nonprofits. A local social service agency can be quite complex with professional certifications, government funding of services, writing of grants, and taking legal precautions. Local citizens recruited to serve as a part of this board will usually not have the knowledge or experience to manage the organization or staff adequately.

The governing mode will also work well with fast growing nonprofits that are well-led. It provides a structure that helps the board stay out of the way and allows the staff to manage the rapid growth.

Governing boards can function effectively or ineffectively.

WHAT IS EFFECTIVE?

A governing board that is effective keeps the lid on the black box closed and focuses on the outside of the box: resources going in and results coming out. They hire a competent leader and hold the organizational leader accountable for organizational performance and results. They oversee the organization to ensure good stewardship of all resources, general health of the organization, and effective performance.

Governing boards delegate operational procedures and the operating handbook to the organizational leader and staff. The board focuses on developing governing policies and capturing those in their board policy manual.

Effective governing boards make sure they have compelling ends policies that meet real needs in society. They always state limitations policies in the negative to prohibit actions instead of specifying them, thereby keeping them out of management. They focus on results to be attained and don't tell the organizational leader or staff how to do their jobs.

Effective governing boards review each section of their policy manual at least once a year. They also review their bylaws annually to make sure the board and the organization is remaining in compliance with them.

Effective boards communicate with their constituents, stakeholders, members, or donors to keep them informed and inspire passion for the work.

In general, governing boards will pay more attention to quarterly financial statements than monthly budget reports. A budget is a management tool and extremely useful for the organizational leader and staff for making operational decisions. A governing board ought to be more concerned for the actual financial condition of the

organization as opposed to line item budget variances. Quarterly reports tend to even out the blips that show up in monthly reports due to holidays or weather or other seasonal factors.

Effective boards monitor organizational performance closely but are careful to stay on their side of the line. Board members can ask questions about operations but should avoid giving advice. Effective boards refrain from managing and stick to governing.

WHAT IS INEFFECTIVE?

Governing boards can reduce their effectiveness by micromanaging, microgoverning, or becoming passive.

Micromanaging is the most common failure. If the organizational leader brings up an issue the organization is facing, board members who are skilled managers, or who own their own business, want to jump in and fix the problem. They want to drill down and get to the root cause. They are good at this. They are genuinely trying to help. But if the organizational leader does not need or want their help, they are unintentionally making matters worse.

Limitations policies are written in the negative to prevent board members from stepping over the line into management. But some board members want to use limitations policies as a back door into management. For example, a board might have a limitations policy stating that the organizational leader shall not fail to have bathrooms that are fully accessible to young children, handicapped clients, and older adults. That is a perfectly acceptable limitations policy. A limitations policy steps over the line when it states something like this: The organizational leader shall not fail to install Kohler elongated, comfort height toilets, in a white finish, with stainless steel grab bars on both sides of the stall.

For many board members, it is a continuous temptation to open the black box, take a peek, and start making suggestions for improvement. Members of governing boards may be curious but must stay on their side of the line. Boards waste organizational resources when they get in the way.

Microgoverning is being so concerned over the wordsmithing of policies and the polishing of the board policy manual that they lose track of how the organization is performing. Reviewing existing policies and getting them just right tends to be more attractive for some than discussing why charitable gifts are down for the past three years.

Writing excessively restrictive policies result in paper handcuffs for the organizational leader. The purpose of the board is not to write a manual or control details of operations, but to ensure good stewardship of resources and organizational performance.

Sometimes, governing boards become passive. They stop actively monitoring organizational performance and do not inject any new ideas or energy into the organization.

One sign of passivity is when board members neglect preparing for the meeting. If reports are sent out ahead of time, all board members should study these and come prepared with comments and questions. One organization sent all their handouts to board members across the nation at great expense by FedEx. At the beginning of the meeting one of the board members sat down and opened his box for the first time.

Another sign of passivity is board members who make no comments during the meeting. If they have nothing to say for the entire board meeting, it makes one wonder how these individuals got recruited for the board in the first place?

Passive board members do not think ahead, do not initiate new

ideas, and do not monitor organizational performance. They are not making a useful contribution to the organization.

HOW DOES THE LEADER WORK WITH THIS TYPE OF BOARD?

If a board implements policy-based governance well, many typical board problems can be avoided, and the board can make a significant contribution as they govern. The biggest temptation for governing board members is a compelling desire to start managing the organization.

A thorough board orientation process can help all new board members get started with the right mindset. With term limits, a board tends to end up with all new members over time who have never had any training in policy-based governance.

Organizational leaders should refrain from asking the board for advice in board meetings. The board will tend to ask for more detail, start problem-solving, and will gladly offer advice. But if a governing board offers advice, does the organizational leader have to take it? An organizational leader should not ask for advice about operational matters. If a board offers advice, the leader can thank them and remind them the decision falls into his or her realm of authority. An organizational leader can always seek advice or counsel from individual board members apart from the board meeting without dragging the board into operations.

HOW DOES A BOARD CHAIR LEAD THIS TYPE OF BOARD?

Chairing this type of board is not easy. The biggest challenge is keeping board members out of staff work and doing board work. Some board

chairs pass out red cards that any board member can hold up if a discussion is heading into the weeds. When the indicator is held up, the question can be asked if the board is doing staff work or board work. This technique can be quite effective. No player wants a red card.

To keep a governing board on track, build a solid agenda. The board policies should offer a typical agenda format and a list of tasks to be accomplished at each meeting throughout the year. Combine these two items then talk with the organizational leader. What else does he or she want to include on the agenda. Rule out anything that is a management decision by reminding the leader he or she can simply make that decision and report it to the board later.

Building a solid agenda is not easy. I served on a board where several of the staff would give long, verbal reports on their work. I was getting frustrated because I recommend that most boards do this through written reports ahead of time and all board members should come prepared with questions or comments. Being a consultant, I started to analyze why this kept happening. Then I realized that the typical agenda had never been adjusted. To my horror, I realized this was my fault. I was the board chair and had approved every board meeting agenda the past few years. I was not giving the agenda enough attention. The organizational leader put together a draft of the agenda and emailed it to me based on previous meetings. I quickly looked it over and approved it or added an item or two. I was not spending time crafting the agenda we needed to enhance our performance as a governing board.

Find a way to build cohesive relationships outside of the boardroom. This may be done through sharing meals together or meeting at a retreat location. Grill some steaks in somebody's backyard with board members and spouses. These kinds of relationship-building efforts will form the connective tissue that can keep a governing board working

together and helping each other stick to board work.

If the board is having difficulty writing a new limitations policy, ask them to consider what value they are trying to protect. This can help elevate their thinking and create a concise policy that effectively protects the organization.

If any board members are continuously disruptive or rude, deal with the behavior one on one as the board chair. If that does not work, bring it up as a full board discussion. If they refuse to change, ask them to voluntarily step down.

Often, the organizational leader will bring up topics that drag governing boards into management. This is sometimes done by the leader asking for advice on an operational issue. Sometimes it is from excessive operational detail in the leader's report. As the board chair, you want to keep board members focused on what is happening outside the box and not what is happening inside.

Excessive detail in reports reminds me a Jerry Seinfeld joke about riding on a commercial jet. After takeoff, the pilot will sometimes make an announcement giving extreme detail about the cruising altitude and flight plan. Seinfeld said it made him want to walk to the front of the plane, knock on the door, and say, "That's all well and fine. But when you are all done, can you make sure we end up in the place that it says on the ticket?"

The board chair needs to keep the governing board focused on results. In terms of operations, the board chair should use exception reporting, which means the board only talks about what is happening inside of the box if there is a big problem or if a limitations policy is being exceeded.

Turbulent times call for bold action. Sometimes setting policy alone is not enough. That is when navigating boards are needed.

ADDITIONAL RESOURCES

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