10 THINGS EVERY BOARD MEMBER NEEDS TO KNOW

Strong Partners:

Building An Excellent Working Relationship Between the Nonprofit Board and Its Chief Executive

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Mission

Our mission is to foster effective risk management practices and the overall development and advancement of nonprofits through unique, creative initiatives.

Ten Things Series for Nonprofit Boards

Welcome to this series of short briefing papers for nonprofit board members. Whether a seasoned leader or first-time trustee, there is a continual need to revisit the expectations and demands of the critical board member roles in steering, supporting and safeguarding nonprofit organizations. In this series, First Nonprofit Foundation has identified topics of particular interest to board members and will provide digests of time-tested wisdom, emerging thought, and the insights of highly experienced practitioners. We trust these papers will succeed in helping nonprofits to develop and advance.
As always, we welcome your comments and suggestions.

"The unique and multifaceted relationship between the board and its executive is perhaps the most important relationship leading to organizational success or failure. Like the two partners in a skating competition, each side can either bring out the best in the other or prevent the other from skating well."[1]

Jan Masaoka

Organizational success in the nonprofit arena requires an engaged and accountable board, sound strategic direction and "real time" organizational agility – all of which hinges on a balanced cooperative partnership between the nonprofit board of directors and the organization's chief executive. Nonprofit organizations blessed with effective boards and chief executives who work well together focus attention on creating and sustaining excellent relationships. While the following ten elements will need to be customized to each nonprofit's unique structure and culture, they can guide boards and their chief executives in actively developing a strong partnership:

1. ***Fulfill the Board's Core Duties***
2. ***Hire Wisely and Anticipate Succession***
3. ***Be Clear About Roles***
4. ***Commit to Building a Strong Relationship***
5. ***Be Clear About the Chief Executive's Mandate***
6. ***Jointly Determine What to Include in Regular Board Reports***
7. ***Jointly Determine the Preferred Communications Formats***
8. ***Evaluate the Chief Executive's Performance Regularly***
9. ***Focus on Governance as Leadership***
10. ***Learn Together***

The history of nonprofit board and chief executive relationships has evolved considerably. Originally, in the United States, nonprofits were exclusively voluntary organizations and all power accrued to the board. As a nonprofit grew, the voluntary leadership might appoint an individual to administer the organization. Often that person's title was "secretary," which was common into the 1950s. Even in large nonprofit institutions, board members tended to be greatly involved in the range of day-to-day affairs.

As nonprofits continued to grow in sophistication and size, responsibilities and powers gradually shifted to the chief executive and "best practices" management concepts from for-profit counterparts were introduced.

The new expectation was for a level of management and leadership expertise necessary to meet the complexities of running a modern day nonprofit "business." In the 1980s, John Carver addressed evolving nonprofit leadership dynamics with *The Carver Model of Policy Governance*. [2]"The Carver Model" suggested a strict separation of the powers between the board and executive director based on comprehensive board policymaking and monitoring of executive director performance. Today, the generally accepted rule of thumb is that boards are primarily to "govern and support" and chief executives are primarily to "manage", a starting point for a nonprofit to further define roles and negotiate the right balance of authority.

In his 2004 book, *The Not for Profit CEO*, [3]Author Walter P. Pidgeon Jr., describes what most nonprofit boards and executive directors now strive for: a balanced cooperative partnership. "The relationship of the CEO with the volunteer leadership has been transformed into a partnership relationship. The leadership, both volunteer and professional, of successful nonprofits understands the administrative balance needed to get things done… the bonds are much more cooperative." Every nonprofit board has the ultimate authority to hire and fire its chief executive. Beyond this commonality, each organization's history, context and players are unique. "Balanced and cooperative" means that boards and chief executives must continually work together to clarify their roles, set and meet mutual expectations, and practice the fine points of bringing out the best in the other. With focused attention, the partnership model offers the potential to release the energy, talent and passion of all of the organization's leadership.

Among smaller nonprofits, many board members continue to supply the volunteer labor force that keeps the nonprofit running. Current counsel is for such nonprofits to teach their board members to wear two hats. One of those hats is as a board member, and when they wear that hat, the executive is their employee. However, when the board member is volunteering to carry out some aspect of the work of the nonprofit, he or she should follow the direction of the person who supervises that work. Learning to wear two hats takes some practice, but when other board members set the tone for this, it can be accomplished. This model is still evolving, and little has been written about it to date.

1. Fulfill the Board's Core Duties

Governance, both for-profit and nonprofit, recently has the attention of the public. As legislative and regulatory frameworks evolve, boards must be vigilant about understanding and carrying out their defined responsibilities. To set a high standard of credibility and trustworthiness in its relationship with the chief executive, a nonprofit board should be well-informed and well-organized, regularly assess its own performance, and hold its members accountable for the fulfillment of their commitments.

Principles of nonprofit corporation law prescribe three traditional board member duties: Care in decision-making, loyalty to the best interests of the organization, and obedience with regard to the nonprofit's mission, values, and goals. In terms of building an excellent working relationship with its chief executive:

- *Duty of Care* translates into a board-approved chief executive job description, an excellent hiring process, clearly agreed upon annual goals, competitive compensation[4], and a mutually developed performance review process that is carried out annually.
- *Duty of Loyalty* requires that the board have and respect a conflict-of-interest policy and define and honor accepted lines of authority and communication between the board, executive director, volunteers and staff.
- *Duty of Obedience* means that the board – even after vigorous debate over mission, goals, strategies or policy positions – unanimously supports governance decisions outside the board room and backs the chief executive in carrying them out.

A sound working relationship between the board and its chief executive starts with the board paying attention to its own core duties and discharging them well. Beyond the essential basics, ideas and understandings about good governance are constantly evolving. To help ensure excellence on their side of the board and chief executive equation, board members should work with their chief executive to stay apprised of relevant laws and regulations, examine stimulating models and, when needed, gain expert assistance.

Board members now have ready access to a wealth of commentary via the Internet and a nonprofit press that is teeming with books, articles and reports on nearly every possible aspect of board service. Additionally, workshops and conferences are offered in many communities and skilled volunteer and professional nonprofit governance consultants are available to help educate and assist boards across North America and around the world.

2. Hire Wisely and Anticipate Succession

Of all the decisions that a nonprofit board makes, choosing a new chief executive may be most critical. In some cases, a chief executive position is being newly created and represents a major developmental step which calls on the board to carefully consider a whole new set of dynamics. Other boards deal with the departure of a charismatic founder or successful long-time executive and must develop new clarity regarding the organization's vision and future leadership needs. All boards that currently employ a chief executive are encouraged to develop succession plans. Such planning encompasses a range of issues from who will lead day-to-day operations should a chief executive be temporarily incapacitated to initiating sensitive conversations with a chief executive who is nearing retirement.[5]

Ideally, succession and hiring are orderly and positive streams of events. However, as Kurt J. Jenne and Margaret Henderson of the University of North Carolina Institute of Government point out, "The transition to a new director may come when the agency is in turmoil. The transition itself may cause anxiety among board members and staff. The emotions generated by the transition may distract people, especially if the transition is abrupt, for whatever reason. During the transition, the board may feel pressure from staff, clients, or other stakeholders in the community to act quickly or to place undue emphasis on one or another interest or agenda. Therefore it is important throughout the hiring process to balance immediate and long-range needs, personal and institutional agendas, and political and objective standards of evaluation."[6]

In their paper, *Hiring a Director for a Nonprofit Agency,* Jenne and Henderson provide further insight into the decision-making process, excellent sample forms for candidate evaluation, and a clear set of steps for the board to determine organizational needs, develop a profile of the ideal executive director candidate, and plan and carry out the recruitment, screening, and selection process.

Once a new chief executive is on board, there is bound to be some "culture change." Some destabilization is always the result of the introduction of new leadership into an organization and more than one executive succession has failed – even when change was the official mandate – because not enough attention was given to what the transition really meant. The culture of an organization, like the culture of a people, is host to subtle assumptions, beliefs and values that go unspoken. When a new executive comes to an organization – even from within - they often have experiences confronting ingrained patterns of "how things are done" that are surprising and, at times, distressing. Talking about the dynamics of change immediately contributes to a healthy board and chief executive relationship and can avert dangerous dynamics of secrecy and misunderstanding. Forging a cooperative partnership from the start means the board must welcome discussion and new insights about the assumptions, beliefs and values of the organization.

The First Nonprofit Foundation Booklet, *Sustaining Great Leadership: Succession Planning for Nonprofit Organizations* by Tom Adams provides excellent detail on the board's role in this process.

3. Be Clear About Roles

In the *CompassPoint Model of Board Governance and Support,* Jan Masaoka illuminates "two fundamental types of nonprofit board responsibility – governance and support - each of which has distinctive characteristics."[7] When discharging its core duties, including succession planning and hiring the chief executive, the full board, acting as the formal representative of the public, is governing the organization's affairs. Masaoka explains, "In its governing role, the board represents the interests of the community. It asks: is this organization using public and private resources to benefit the community and the public? In a sense, the board stands in the community, looking through the door into the organization. It represents the community and speaks to the organization in the community's voice." In its governing role, the board as a whole provides direction to the chief executive through policy-making, strategic planning, monitoring of results, and formal votes on issues and questions that rise to the level of governance decision-making.

As individuals, board members not only participate in governance duties and decision-making but generally take on invaluable roles that help support the organization - through participation on committees and task forces, by personally advising and coaching the chief executive or other staff members, and by volunteering to do everything from pro-bono legal work, to arranging a meeting with the Mayor, to chairing capital campaigns. "In its support roles," Masaoka continues, "the board also represents the organization's interests to the community. In this sense, the board stands in the organization facing out and speaks to the community in the organization's voice."

Masaoka goes on to point out that much of the confusion about board responsibilities is confusion between what the board should do as a group and what individual board members should do. The confusion magnifies and can lead to troubled waters in the board/chief executive relationship when individual board members are perceived to be exercising governance authority. Board members do and should provide counsel to the chief executive and other staff, especially in sensitive situations. However, because of the inherent power differential – the board, after all is "the boss" – it is incumbent on individual board members, including the board president, to be cognizant and competent about "role switching" between governance and support.

Should a strong difference of opinion arise between individual board members and a chief executive on an important matter, board members always have recourse to bring their point of view to the full board's attention for governance consideration. For their part, chief executives should always welcome board members' thoughtful advice, probing questions, and offers to make promising community connections. However, unless there has been a specific governance decision to empower a committee or individual board member in a specific oversight role, the chief executive is not obligated to accept work direction from individual board members - and it is very much up to board members to respect and support this boundary.

As Cyril Houle points out in Governing Boards[8], "Nobody outside a board can ever fully understand its complexities and its involvements with its executive and staff. Inherent in its very nature are several seeming contradictions; delicate balances must constantly be achieved if it is to succeed."

4. Commit to Building a Strong Relationship

This is indeed a two way street. Board members and the chief executive must display mutual respect for the unique contribution each brings to the joint endeavor. They each must listen closely for and value the diversity of perspectives that are the strength of voluntary community organizations. They each must promote an environment that rewards frankness and truth telling. Leaders with the courage to talk about misgivings and mistakes – as well as vision and goals - set the tone for the environment. Their mutual commitment to open and honest communication is a cornerstone in building a strong relationship.

Trust develops over time when leadership puts values into action. Boards and their chief executives should create intentional structures and practices that foster relationship excellence. Examples include:

- Well-designed annual board and staff retreats, in some cases with an outside facilitator.
- Bi-monthly board and staff “learning conversations” on critical issues or trends in the nonprofit’s field.
- Frequent one-to-one meetings between the chief executive and the board president.
- One-to-one meetings at least annually between the chief executive and each individual board member.
- Planned and spontaneous ways to recognize and celebrate one another’s contributions and accomplishments.

Making the commitment and creating time and space allows people to get to know one another and for relationships to deepen. In the ideal, board members and chief executives come to regard one another as trusted colleagues. When in conversation, each should remember to listen closely, suspend judgment, ask questions and attempt to truly reflect on the other person’s point of view. Chief executives must also remember that board members are “our most valuable volunteers”[9] and apply the principles of volunteer management that lead to satisfying relationships. Board members should recognize that nonprofit chief executives spend a significant percentage of their time on board matters and strive to make every interaction productive. Given that even strong relationships sometimes go through periods of stress, boards and their chief executives are also advised to have policies and structures in place should a serious grievance or conflict arise between them.

5. Be Clear About the Chief Executive's Mandate

One of the key ways a board and its chief executive can strike the delicate balances for effective organizational action is through clear definition of the chief executive's mandate. The mandate for a nonprofit executive has two dimensions: accountability and authority. The executive is accountable for mission-based results, financial performance, and healthy organization development. The chief executive's authority consists of the range of powers and scope of decision-making he or she may exercise on behalf of the organization.

In order to be clear about the chief executive's accountability, the organization should have a well-articulated strategic direction that is understood and supported by the board.[10] When the board, chief executive, volunteers, and staff assess a nonprofit organization's environment and determine the organization's vision, highest priorities, and financial prospects in concert, the outcome is coherence of focus and common understanding of desired results. A good planning process in itself serves to strengthen the board/chief executive relationship. It also sets the stage for the board and chief executive to be clear not only about his or her accountability in taking the organization where it wants to go, but the board's as well.

Well-thought out policies that govern the chief executive's authority should be crafted in the areas of finance, contracts and purchasing, human resource management, risk management, collaborations and partnerships, public policy advocacy, and in other areas specific to a nonprofit's field or particular context. Today, abundant explanations, examples, and digital templates covering virtually every aspect of governance policy are available. A "nonprofit board policy" keyword search on the Web quickly reveals many resources.

In both of its dimensions, a chief executive's mandate evolves over time. The marching orders for a new executive will likely be more short-term and circumscribed than those of a seasoned leader. New endeavors may dictate departures from the norm. For example, the chief executive of a community art museum is likely to have substantial authority for negotiating exhibition contracts and making many high level programmatic decisions. However, the same chief executive may be required to initially obtain "sign off" from a board committee on details of a business plan for a new social enterprise that employs at-risk teens in a picture framing shop.

Sometimes there is not so much a question of the chief executive's mandate, but the board's. Many nonprofits are initially driven by an entrepreneurial founder and only slowly does the board's accountability and authority take shape. It may be the founder's departure – or the retirement of a trusted long-time chief executive – that galvanizes the board into a more engaged governance mode. And, on occasion, with founders or fledglings, a board may determine to pull in the reins. Should a chief executive's judgment or performance be seriously in question, the board has the right and the obligation to increase its oversight, work with the chief executive on his or her professional growth, fashion a mandate for short-term improvement and, if warranted, shepherd a plan for graceful departure.

6. Jointly Determine What to Include in Regular Board Reports

A great communication system in a nonprofit enhances relationships and organizational performance. It is the current that sends its leaders accurate, stimulating, and invigorating information, the lifeblood of an organization.

Transparency in organizational affairs is vital to the excellent board/chief executive relationship. Here, the partners should work together to determine the specific content and frequency of formal reporting that is most useful to both the board and the chief executive. This most often includes outcome information related to achievement of the organization's mission, regular recaps of financial status, progress reports on strategic goals, and updates on emerging challenges and opportunities. The mantra: no surprises. Once content and frequency are determined, it becomes the responsibility of the chief executive to deliver crisp summaries and reliable supporting data. Done well, such reporting is anything but dry and impenetrable. Rather, the information serves to release the collective energy of the organization's leadership to focus on its mission, goals, and pressing decisions.

IRS and other federal, state, and local requirements – as well as the myriad data required by certifying bodies, funders, and others – provide starting points for determining the content of reporting to the board. Existing reporting schedules and the time and organizational resources already devoted to documentation should be taken into account when determining what will be formally brought to the board. Following are a set of criteria for a board and chief executive to help determine what qualifies as useful information[11]:

1. *Relevant:* Is it clear why this information is needed? Does the information help the board discharge its duties?
2. *Meaningful:* Does the information address a significant factor, such as changing participant characteristics, an organizational strategic goal, financial performance, or an unfolding opportunity?
3. *Best Available:* Does the information rely on the best available indicators of the situation or condition being described? Can better indicators be developed?
4. *Reliable:* Will the methods used to gather and analyze data hold up to scrutiny?
5. *Timely:* To be relevant to the current agenda, how up-to-date must the information be? (Keep in mind that in certain conditions, such as a potential cash flow crisis or rapid change in staffing, the board may need to change its definition of timely or it will not receive information quickly enough.)
6. *Judicious:* Is the value of the information in line with the time and organizational resources it takes to gather, analyze, and report it?

Nonprofit board structures hold a variety of configurations, from those with multilevel hierarchies to those where the full board deliberates everything. Executive committees, finance committees, and other standing committees and special-assignment task forces each require different levels and types of information. As with the full board, these groups should work in partnership with the chief executive or other designated staff to specify the content, frequency, and level of detail necessary for their work.

Good information begets good questions. While never shying from the right to know, the board and its individual members should strive to balance ongoing requests for new information with the awareness that responding to any request taps the valuable time of the chief executive and his or her staff.

7. Jointly Determine the Preferred Communications Formats

Deciding the formats for communicating information is nearly as important as determining what to communicate. Core materials, such as a board orientation binder, are updated periodically and necessarily contain lengthy background materials including Articles of Incorporation, Bylaws, organizational history, board member position descriptions and accountabilities, and established governance policies. On an annual basis, organizational budgets may be formatted in complete detail just once for review and approval, with periodic updates charted only on variances that reach a specified amount. Similarly, an overall strategic plan document can be marked up and used for appraisal by the full board once per year. And at the same time, committees and task forces may receive frequent e-mail briefings on goals and strategies that fall under their purview.

Formats for regular reporting to the full board should cut to the heart of the matter. Many board members are attracted to the idea of a "dashboard"[12] which, like its automotive namesake, allows the driver to quickly check a set of graphic indicators that display overall system performance. CompassPoint's Jan Masaoka provides a dashboard example in the May, 2005 issue of Board Café:

Example Nonprofit Dashboard*

Reporting period: 1st six months of fiscal year

Key: **RED**: Act now **BLACK**: Watch **GREEN**: Celebrate!

Performance Indicators:

1. Program

- Number of first-time clients. Target = 360 per year.
  Current status: 205. **GREEN**.
- Post-test scores. Target = 80% have increase of 50% or more.
  Current status: 65%. **RED**.
- Client satisfaction. Target: Average score of 4.2 out of 5.0.
  Current status: 4.6. **GREEN**
- Volunteer hours. Target: 960 per year. Current status: 569. **GREEN**.

2. Finance

- Days of cash on hand. Target: 30 days. Current status: 14. **RED**.
- Net surplus or deficit compared to budget. Target: within $25,000.
  Current status: $28,000. **BLACK**.
- Days after month end for financial statement preparation. Target: 21 days. Current status: 41. **RED**.

3. Fund Development

- New individual donors. Target: 100 this year. Current status: 82. **GREEN**.
- New foundations or corporations. Target: 10 this year.
  Current status: 5. **GREEN**.
- Total non-government revenue. Target: $600,000 this year.
  Current status: $178,000. **BLACK**.

4. Human Resources

- Performance evaluations completed on time. Target: 90%.
  Current status: 82%. **BLACK**.
- Staff meeting or exceeding goals in core job functions. Target: 95%.
  Current status: 97%. **GREEN**.

5. Board of Directors

- Attendance at board meetings. Target: 75%. Current status: 83%. **GREEN**.
- New board members joining. Target: 6 this year. Current status: 2. **RED**.
- Executive Director performance evaluation completed on time. Target: yes.
  Current status: on timeline but not competed. **BLACK**.

* Permission pending

"Imagine getting a dashboard like this at every meeting," suggests Masaoka. "With a glance board members could see how the organization is doing, and go to the important questions. The board would also be able to discuss what indicators should be added to the dashboard, and which might not be necessary. If this dashboard is distributed at each board meeting, the board can zero in on key issues."

Masaoka cautions that a well-constructed dashboard shows a lot, but not everything. Particularly in the program area, it is important for the chief executive and board to interpret what the numbers mean in relationship to the organization's mission. In the above example, successful progress on enrolling first-time clients might mean that the organization's new early intervention model is indeed contributing to the desired result of reducing client mortality rates – an indicator that is reviewed annually. Reports and discussion can thus help reinforce the relationship between a statistic and the accomplishment of the organization's mission.

Board orientation packets, core annual information, regular dashboard-style reporting materials for board meetings, and information relevant to committees and task forces together create the outline for a chief executive's responsibilities in reporting to the board. In addition, the chief executive and board members will communicate less formally based on the ongoing stream of events. The chief executive and the board need to agree not only on the content, tone, and format of formal reporting, but also the most effective forms of communication. In the modern world of overnight package delivery, email, cell phone conference calls, CD burners, and interactive web sites, countless communication options present themselves. The chief executive should poll the board to determine what works best for whom and, within reasonable limits, communicate with board members according to their preferences.

It is always good to remember that just because information has been sent or presented, it doesn't necessarily mean that real communication has occurred. Board members and chief executive should check-in with one another frequently to ensure that the best available information is being exchanged on a timely basis and that it is considered reliable, relevant, and meaningful.

8. Evaluate the Chief Executive's Performance Regularly

It is a pivotal duty of the board to evaluate the chief executive's performance and review his or her compensation on at least an annual basis. Doing so requires the board – usually through its executive or personnel committee and in consultation with its chief executive – to design a process for performance appraisal and to exercise a rigorous self-discipline in carrying it out.

A fair and competent chief executive evaluation requires choosing indicators to reflect various aspects of performance and a strong design for carrying out the overall appraisal process. Indicators should flow from the chief executive's job description, the chief executive's board-approved mandate, and the organization's strategic plan. Categories for performance evaluation may include:

- Strategic objectives and mission-based results.
- Public relations and communications.
- Human resources management.
- Fund development.
- Effectiveness in working with the board and helping the board fulfill its roles.
- Planning.
- Management of fiscal and other resources.
- The chief executive's professional and career development.

The following list of elements for a strong performance appraisal process is based on recommendations by the Minnesota Council of Nonprofits[13]:

- Input from all of the individual Board members.
- Self-evaluation on the part of the chief executive.
- Feedback at regular intervals.
- A rating system for the more concrete aspects of the chief executive's performance.
- A qualitative system for the more subjective aspects of the chief executive's performance.
- An open-ended discussion of professional development and career goals.
- An opportunity for formal dialogue with the chief executive.
- Agreement on fair and reasonable compensation.

An evaluation process should include both written and oral components and conclude with an outline of performance goals for the following year. Typically, the executive committee or a special committee of the board, under the leadership of the board president, briefs the full board and then conducts a formal evaluation session with the chief executive. A written report should follow for full board review and inclusion in the chief executive's personnel file.

While the primary purpose for appraising chief executive performance is to give constructive feedback, there are circumstances in which the negatives outweigh the positives and the board must formally address unacceptable performance. At any point that an aspect of a chief executive's performance is considered unacceptable, the chief executive should receive informal or formal feedback from the board president. The annual performance evaluation may be one of many steps that occur should the board mandate improved performance or begin to consider dismissal as a possibility. In any such circumstances, the board is wise to obtain legal and human resources management consultation. The initial goal is to produce performance improvement, and, failing that, a separation process that minimizes risk to the organization is respectful to the chief executive.

For more guidance on evaluating the executive, see the First Nonprofit Foundation booklet, *Evaluating the Executive Director: Your Role as a Board Member* by Vincent Hyman.

Annual self-appraisal of the board's performance should occur with the same regularity and seriousness as evaluation of the chief executive. When both parties to the partnership set goals, make commitments to development and growth, and are accountable, the leadership ingredients are truly in place for excellence in the relationship and for excellence in performance throughout a nonprofit organization.

9. Focus on Governance as Leadership

Much research has been conducted on the role of boards over the past decade. In 2004, Boardsource published a groundbreaking book, *Governance as Leadership: Reframing the Work of Nonprofit Boards*[14], based on a joint research effort conducted with the BoardSource and Hauser Center at Harvard University.. Authors Richard Chait, William Ryan, and Barbara Taylor learned that effective boards exhibited leadership in three areas. The excerpt below sheds light on how boards can lead.

Governance Reframed as Leadership[15]

Boards could govern more effectively by taking a leadership approach to their work. Just as today's complex organizations demand leaders who work in multiple modes, they demand boards that govern in multiple modes.

We posit that there are three modes of governance that together constitute governance as leadership. Unless boards govern in these three modes, it cannot be said that they are truly governing.

Type I: the fiduciary mode, is where boards are concerned primarily with the stewardship of tangible assets. Type I constitutes the bedrock of governance – the fiduciary work intended to ensure that nonprofit organizations are faithful to mission, accountable for performance, and compliant with relevant laws and regulations. Without type I, governance would have not legitimacy. If a board fails as fiduciary, the organization – not to mention its donors, clients, or community – could be harmed.

Type II: the strategic mode, is where boards develop strategy with management to set the organization's priorities and course, and to deploy resources accordingly. Without Type II, governance would have little power or influence. It would be more about staying on course than setting the course.

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

An excellent relationship between the board and its chief executive is the “leavening factor” that enables a board to lead effectively in each of its modes and to unleash the passion and capabilities of all the parties to advance the mission of a nonprofit organization. Part of the board’s role in guiding the organization is to maintain a quality relationship with the executive—one that balances his or her job of leading the organization with the board’s role in leading.

10. Learn Together

If you’re out to win a skating competition, you choose your partner with care, learn to complement your strengths with his or hers, practice hard, take some risks and spills, and keep reuniting behind a vision of success. The same goes for a nonprofit board and chief executive seeking to bring to life the most inspiring vision for a nonprofit organization and the change it can create in the world.

In the complex operating environment of today’s nonprofits, time and opportunity for its board members, chief executive, volunteers, and staff to learn together and mine the collective wisdom and resources of all of its members is a must. Responsibility to make sure this happens belongs with both the board and the chief executive. Margaret Wheatley, renowned author and teacher for authentic relationships and leadership, writes[16]:

> *In this day and age, when problems are increasingly complex, and there are simply not simple answers, and there is no simple cause and effect any longer, I cannot imagine how stressful it is to be the leader and to pretend that you have the answer. And a life-affirming leader is one who knows how to rely on and use the intelligence that exists everywhere in the community, the company, or the school, or the organization. And so these leaders act as hosts,*

as stewards of other people's creativity and other people's intelligence. And when I say host, I mean a leader these days needs to be one who convenes people, who convenes diversity, who convenes all viewpoints in processes where our intelligence can come forth.

In strong board/chief executive relationships, the partners ask tough questions of each other and encourage creative thinking and learning. They put policies and disciplined practices in place that truly bring out the best in the other. They search out fresh perspectives together and continually strive to generate and model balance, cooperation, and excellence in the governance and management of nonprofit organizations.

End Notes

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Additional Resources

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