



Fostering and Accelerating Generative Governance

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Board Governance as Leadership Summary

Introduction

We live in a time of profound change. Faced with shrinking budgets, rapidly evolving needs, a hostile political climate, and ever more intense public scrutiny, nonprofits are finding that it's not enough to simply update a mission statement or patch over a list of outdated goals. In order to meet the challenges of building long-term financial sustainability, planning for leadership succession, and more, boards need to think and act differently. Some boards are already making the transition by applying the lessons of the book, *Governance as Leadership*. This leadership model challenges boards to engage in three modes of thinking and decision-making: fiduciary, strategic and generative. While all three are important, the third, generative thinking, is receiving the most attention. Thinking further into the future about new possibilities through generative mode thinking, can lay the groundwork for leaders to develop breakthrough strategies that will assure increased mission impact and sustainable growth in the future.

The "Governance as Leadership" concept reframes the way we look at Board work with a goal to raising Board work and awareness to a higher standard. By thinking about Board work under three components: Fiduciary, Strategic and Generative, Boards can address their roles and achieve results in new ways.

These three concepts of Board thinking are diagramed below as a triangle, graphically illustrating the landscape of governance. Boards typically work within a preferred position within the triangle. Ideally, a Board would be prepared to shift and to welcome different thinking approaches as the situation warrants. It's a great self-awareness for a Board to realize the variety of choices possible for their leadership and decision-making processes. This concept of thinking styles is in addition to the traditional Board functions, strengthening good practices already in place.



Many Boards are working towards updating their thinking with this fresh framing of Board work. Boards who are implementing these ideas are experiencing greater Board engagement and stronger governance, challenging our traditional approaches to Board Governance.

Summary of the Fiduciary, Strategic & Generative Frames of Governance

Fiduciary: Focus is on “Oversight” – Control Mechanisms

Fiduciary duties and activities embrace the familiar “Board work” found on the agenda of any Board. Once ground level basic board functioning is in place, then in their Leadership role, Boards can take fiduciary governing and stewardship to new and higher levels of thought. Traditional fiduciary roles include:

- Financial oversight
- Legal responsibility and accountability to members, governments & stakeholders, including liability and risk management
- Board role as the permanent entity for the organization (even though Board membership changes)
- Trustee role on behalf of the public, ensuring effective use of resources

Strategic: Focus is on “Performance” – Direction Setting

The Board is responsible for strategic thinking and decision making at the highest levels. Strategic thinking and wisdom can take a Board member beyond the immediate professional skills he/she brings to the table to value-added leadership in:

- Policy Making for Governance Policies
- Problem Solving
- Strategic Planning
- Strategic Decision Making (different from the planning role)

Generative: Board thinking leading to Understanding of the “New” – Sense Making

Working in concert with the CEO, generative thinking invites the board to take a fresh look at opportunities and challenges from a broader perspective. Using knowledge and data plus Board insight, generative leadership provides long term impact and meaning to the non-profit organization by creating a fresh understanding of complex and ambiguous situations. This activity is called “sense-making” or “problem- framing”. Reorganizing data into new patterns; Seeking different frames of reference. For major turning points, the Board needs to be involved when an issue is at the level of “Wow, we’ve never had to think about this; we need to work on this”.

Generative thinking is characterized by:

- Noticing cues and clues.
- Looking at an issue from different perspectives and viewpoints. Reorganizing data into patterns, seeking different frames of reference.
- Thinking retrospectively to uncover patterns and to recognize the compelling organizational stories and history.

Source: Summary adapted from Judy Hansen, Board Leadership Calgary & Impact8 Inc.

Governance as Leadership: Three Modes of Governance

	Fiduciary Mode	Strategic Mode	Generative Mode
Board's Role	<i>Sentinel</i>	<i>Strategist</i>	<i>Sense Maker</i>
Board Activities In This Mode	<ul style="list-style-type: none"> Financial oversight Legal responsibility and accountability to members, governments & stakeholders, including liability and risk management Board role as the permanent entity for the organization (even though Board membership changes) Board role on behalf of the public, ensuring effective use of resources 	<ul style="list-style-type: none"> Policy making for governance policies Problem solving Strategic planning Strategic decision making (different from the planning role) 	<ul style="list-style-type: none"> Noticing cues and clues. Looking at an issue from different perspectives and viewpoints. Reorganizing data into patterns, seeking different frames of reference. Considering alternate futures Thinking retrospectively to uncover patterns and to recognize the compelling organizational stories and history.
Action Verbs That Reflect This Mode	<ul style="list-style-type: none"> Oversee operations Ensure effective and efficient use of resources Ensure legal compliance and fiscal accountability Evaluate CEO Monitor organization results 	<ul style="list-style-type: none"> Ensure mission is relevant Scan internal and external environments Monitor outcomes & impact via critical success factors and benchmarks Review & modify strategic plan Select the CEO 	<ul style="list-style-type: none"> Discover strategies, priorities, and realities Perceive and frame better problems and opportunities Suspend the rules of logic to tap intuition and intellectual playfulness Encourage robust discourse not quick consensus

McKinsey & Company's Dynamic Board Framework

The Three Core Board Governance Responsibilities

1. Shape mission and strategic direction
 - a. Shape the mission and vision
 - b. Engage actively in strategic decision making and policy decisions
2. Ensure leadership and resources
 - a. Select, evaluate, and develop the CEO
 - b. Ensure adequate financial resources
 - c. Provide expertise and access for organizational needs
 - d. Enhance reputation of organization
3. Monitor and improve performance
 - a. Oversee financial management and ensure appropriate risk management
 - b. Monitor performance and ensure accountability
 - c. Improve board performance

Key Environmental Factors Impacting the Focus of the Board

Monitor external and internal environment to highlight areas for board attention

- Life stage of an organization.
- Skills of CEO and staff.
- Stability and adequacy of income.
- Changes in underlying social issue.
- Changes in competitive or philanthropic landscape.

Quality of Board Effectiveness Enablers

Well executed, these enablers build on the passion board members have for the mission by making their service personally rewarding, efficiently delivered and valuable to the organization:

- Careful decisions on board size and structure
- Actively managed board composition
- Inspired board and committee leadership
- Simple administrative practices and processes made routine

Profile of the Future-Focused Board¹

For a nonprofit to succeed, it must have a board that is passionately committed to the mission, possesses substantial leadership skills, and is organized for strategic leadership. Nothing less will do during this time of heightened change. Boards continue to face the challenges of building long-term financial sustainability, weighing strategic restructuring options, planning for leadership succession, and more. The unrelenting pace of change challenges nonprofit boards to look and act differently. Some boards have already made the transition. They possess a number of qualities and characteristics that together define a new profile of board effectiveness.

The boards that fit this new profile possess the following characteristics:

- They are *visionary and future-focused*, spending most of their decision-making time looking forward.
- They possess an *entrepreneurial spirit*, understanding that their organizations operate in a fast-changing marketplace, which seeks products and services to meet emerging customer needs.
- The new-thinking boards' leaders are *risk-takers*, balancing the need to take chances with the traditional stewardship responsibilities of board service.
- They are *strategic decision makers* who, in partnership with staff leadership, utilize a range of planning approaches and tools.
- They are *effective communicators*, understanding the importance of good communication at all levels. They organize the board and its committees accordingly.
- They are *systems thinkers*, seeking to understand the root causes and forces that shape the issues and challenges they will face in the boardroom. They look for courses of action that will exert the highest possible leverage as they respond to those issues.
- In these "new" boards, leaders also look for creative ways to connect their organizations to the world around them, exploring and imagining new forms of partnership and alliances that will support their missions and advance their strategic plans.
- The "new" boards' leaders also have a deep appreciation of the strength of diversity. They understand that diversity helps assure a higher level of responsiveness to customers and also promotes creativity, innovation and organizational learning.

These qualities and characteristics that define effective boards equip their members to exercise a more visionary and strategic leadership style.

¹ By Frank Martinelli, appearing in *YOU and Your Nonprofit Board: Advice and Practical Tips from the Field's Top Practitioners, Researchers and Provocateurs*, published by Charity Channel Press 2013.

Meeting Techniques for Generative Boards

- Silent Starts- Set aside 2 minutes for each board member to anonymously write on an index card the most important question relevant to the issue at hand.
- One Minute Memos- At the end of discussions give each board member 2-3 minutes to write down any thoughts or questions that were not expressed.
- Future Perfect History- In breakout groups develop a narrative that explains in future perfect tense how the organization moved from its current state to an envisioned state.
- Counter Points- Randomly designate 2-3board members to make the powerful counter arguments to initial recommendations.
- Role Play- Ask a subset of the Board to assume the perspective of different constituent groups likely to be affected by the decision at hand.
- Breakouts- Small groups counter group think and ask: Do we have the right questions? What values are at stake? How else might this issue be framed?
- Discussion questions
 - Analytic Questions: What is the biggest gap between the case we make for membership/support and our actual actions and accomplishments? What does that say about the nonprofit?
 - Retrospective Thinking: What are our nonprofit's successes or setbacks? How and why did they happen? What does this mean for the future?
 - Future-Perfect History: It is the year 2030 and we have achieved desired recognition! This achievement could not have happened if this board of directors had not
 - Dominant Narratives: How do you trace the nonprofit's past trajectory or saga? What does it mean? What does it suggest about what to do next?
- Simulations – Board members can simulate some decisions – not to second guess- but to provoke discussion about the tradeoffs that management faces.
- Surveys – The board can administer a survey anonymously prior to the discussion of a major issue. For instance: What should be at the top of the Board's agenda next year? What are we overlooking at the peril of organization?"

Source: The Practitioner's Guide to Governance as Leadership by Cathy A. Trower

Tips for Building the CEO/Board Chair Relationship

- Ensure current job descriptions are in place for CEO, board chair, and board members and that they reflect the three modes of governance: judiciary, strategic, and generative.
- Meet regularly outside of regular board meetings to have candid, meaningful discussions about your relationship and about issues facing the organization to ensure no surprises for either partner.
- Keep track of key concerns about your relationship and about the board, set goals, and develop an action plan to work on them.
- Seek clarity about each other's point of view by asking questions and being open to learning and by sense-making together.
- Be realistic about what you can accomplish and discuss more than one avenue to success on any given issue (for example, could something be asked to addressed by the chair of the governance committee or by the executive committee?).
- Establish a process for measuring progress and set markers for success.
- Avoid becoming a "two-person" board, avoid creating a dynamic in which the CEO and the board chair so dominate the governance process that no one else has input or impact
- Approach assessment as tool to strengthen board chair and executive performance.

Source: Adapted from The Practitioner's Guide to Governance as Leadership by Cathy A. Trower

Generative Challenge Brief

Developing generative challenge briefing papers is an important part of the “generative thinking”² that leaders have begun to engage in. Generative thinking is an opportunity to educate ourselves about new emerging opportunities and challenges that we may not have had to think about before now. Developing the generative challenge briefing papers is a warm-up for future Strategic Planning that will follow.

Your Generative Challenge: _____

1. Related to this generative challenge, what are some of the emergent developments that prompt new questions we will need answers to?
2. Based on your research, readings, and discussions, are you able to make sense of this challenge? What are you discovering and learning?
3. Are there any barriers, obstacles or ways of thinking that will impede our ability to make sense of this challenge?
4. Does your sense-making about this generative challenge enable your team to frame more focused critical strategic issue statements that can be addressed in our future strategic planning? If so, what are they? Word the issue statements in the form of questions. See the example below³.

³ EXAMPLE: For a public library, the Generative Challenge was: “What will artificial intelligence (AI) mean for libraries in terms of workforce and library service in the future?” Potential strategic issue statement: “What kind of information and training will best equip Library leadership to explore and pilot applications of AI to enhance library workforce and service provision in the future?”

Guiding Principles for Governing Board Effectiveness

1. A board of directors that understands the distinction between governance and management - and focuses on governance.
2. The Governance as Leadership framework as the foundation for board development.⁴
3. An executive director, accountable to the board, with the authority and board support to function as the executive leader.
4. A solid board/executive director partnership.
5. An effective recruitment, training and development process resulting in board members who are passionate about the mission, have needed skills, knowledge, values, and contacts.
6. A committee and workgroup structure that helps the board do its governance work and the executive director do her management work.
7. The committee and workgroup structure provides for engagement of board, staff, members and other stakeholders/ partners.
8. Information systems that deliver data to the board to support effective governance are in place.
9. Everything aligned with mission, vision, core values and strategic priorities resulting from development of a strategic plan that the board has had a hand in creating and to which it is deeply committed.

High Leverage Areas for Board Development

The four elements of board functioning are often the most important areas to focus on in board development initiatives:

1. Recruitment and On-Boarding
2. Leadership Development/Succession Planning
3. Committees, Workgroups, and Other Ad-hoc Structures
4. Board and Committee Meetings

⁴ In Governance as Leadership: Reframing the Work of the Nonprofit Board, the authors describe 3 modes of governance: **fiduciary mode**, where boards are concerned with the stewardship of tangible assets; **strategic mode**, where boards set higher level strategy in partnership with management; and **generative mode**, where the board's central purpose is to be a source of leadership for the organization and its principal role is as a "sense maker", discerning those emerging new forces and factors that will have future impact on the organization, people served, and community in general.

Effective Governance Resource Bibliography: A Starter List

Governance as Leadership/Generative Governance

- BoardSource Website <https://boardsource.org/>
- Governance as Leadership: Reframing the Work of the Nonprofit Board. PEW Charitable Trust <https://tinyurl.com/y95hmk3j>
- The Practitioner's Guide to Governance As Leadership. Cathy A. Trower <http://tinyurl.com/npv46bk>
- Governance as Leadership: Reframing the Work of Nonprofit Boards by Richard P. Chait, William P. Ryan, Barbara E. Taylor. <https://tinyurl.com/4ft44fna>
- The Board Chair-CEO Relationship: Dynamics that Create Value for Nonprofit Organizations. Mary Hiland <http://tinyurl.com/z8saksb>
- Culture of Inquiry: Healthy Debate in the Boardroom. Nancy R. Axelrod. BoardSource <https://boardsource.org/product/culture-of-inquiry-healthy-debate-boardroom/>
- YOU and Your Nonprofit Board: Advice and Practical Tips from the Field's Top Practitioners, Researchers, and Provocateurs. CharityChannel Press. <http://tinyurl.com/q2wl5tt>
- The Dynamic Board: Lessons from High-Performing Nonprofits by McKinsey & Co. https://haas.berkeley.edu/wp-content/uploads/McKinsey_Dynamic_Board_Report_w_Assessment_Grid.pdf

Scenario Thinking and Planning

- What If? The Art of Scenario Thinking for Nonprofits. Global Business Network. <https://www.ncfp.org/knowledge/what-if-the-art-of-scenario-thinking/>
- Making Sense of Uncertainty: Nonprofit Scenario Planning in the COVID-19 Pandemic. The Bridgespan Group <https://www.bridgespan.org/insights/library/strategy-development/nonprofit-scenario-planning-covid-19>
- Futures Thinking Now: Futures Wheels. KnowledgeWorks Foundation <https://knowledgeworks.org/resources/futures-thinking-now-futures-wheels/>
- Scenario Thinking for an Unpredictable Year. Paul Schmitz <https://www.collectiveimpactforum.org/resources/scenario-thinking-unpredictable-year>
- Futures Thinking Now: Communicating the Future, KnowledgeWorks Foundation <https://knowledgeworks.org/resources/futures-thinking-now-communicating-future/>
- Human Progress & Human Services 2035: A Scenario Exploration. Institute for Alternative Futures https://kresge.org/sites/default/files/library/iaf_human_services_and_human_progress_2035.pdf
(NOTE: This scenario exploration, published one and a half years before the Pandemic, is offered as an example of scenario thinking for the human service nonprofit sector. However, the introduction of new critical uncertainties like COVID and severe funding gaps, call into question some of the assumptions and projections of the report. Hopefully, the document will be updated)

Systems Thinking

- Systems Thinking For Social Change: A Practical Guide to Solving Complex Problems, Avoiding Unintended Consequences, and Achieving Lasting Results by David Peter Stroh <https://tinyurl.com/y845paq9>
- The Systems Thinker Website <https://thesystemsthinker.com>
- Thinking in Systems: A Primer by Donella H. Meadows <https://tinyurl.com/z4uyhmv>

Board Meetings

- Virtual Meetings Untangled by BoardSource (Free) <https://boardsource.org/product/virtual-meetings-untangled/>
- Running Effective Virtual #Nonprofit Meetings: 9 Best Practices for Facilitating Engagement <http://www.bethkanter.org/virtual-meeting-best-practices/>
- The Consent Agenda: A Tool for Improving Governance. BoardSource. http://niqca.org/documents/Consent_Agenda.pdf

Board Succession Planning

- Board Leader Development & Succession Toolkit by Frank Martinelli, The Center for Public Skills Training <https://tinyurl.com/54h3fy2u>
- Succession Planning for the Non-profit Board Chair by Social Venture Partners of Boulder County <https://libraries.idaho.gov/wp-content/uploads/Board-Succession-Planning-2012.pdf>
- Elevating Pool Governance Through Inclusivity by Dr. Robin Stacia <http://tinyurl.com/yxzdkgb3>
- Staying Engaged, Stepping Up: Succession Planning and Executive Transition Management For Nonprofit Boards Of Directors. The Annie E. Casey Foundation <https://www.aecf.org/resources/stepping-up-staying-engaged/>

Strategic Restructuring

- Board Members' Guide to Partnership Planning by the AIM Alliance <https://lodestar.asu.edu/sites/default/files/2021-12/aimboardmembersguide.pdf>
- Models of Collaboration Nonprofit Organizations Working Together by the AIM Alliance https://lodestar.asu.edu/sites/default/files/2022-12/coll_models_report-2009.pdf
- New Models To Achieve Your Mission: Strategic Restructuring for your CAA https://communityactionpartnership.com/wp-content/uploads/2018/08/16_Strategic-Restructuring.pdf
- Mission+Strategy Website <http://www.missionplusstrategy.com/>

Nonprofit Advocacy

- Board Source Stand for Your Mission Campaign <http://standforyourmission.org/>
- Bolder Advocacy. Bolder Advocacy, a program of the Alliance for Justice <http://www.afj.org> and <https://www.afj.org/our-work/bolder-advocacy>

The Visionary Leader

Max DePree ends his book “Leadership Jazz” with a captivating story about leaders whose actions were inspired by vision. This story demonstrates to us the vital link between strategic planning, vision and the stewardship responsibilities of board leadership. It's a lesson for all of us: our strategic leadership will touch the lives of individuals and communities of the future.

In the late fourteenth century, the members of New College at Oxford, moved into their quadrangle, the first structure of its kind, intended to provide for the residents all that they needed. On the north side of the quadrangle sit the chapel and the great hall, beautiful buildings and, as you might imagine, the focus of the life of the college.

In the middle of the nineteenth century, almost five hundred years later, the college hired architect Sir Gilbert Scott to restore the roof of the hall. The roof and the great oak beams that supported it had badly rotted. And so representatives from the college with Sir Gilbert visited Great Hall Woods, in Berkshire, where they expected to find trees for replacement beams. Sure enough, the replacements were standing there, waiting to be hewn out of the living oak trees planted a century before for just that purpose.

An anonymous leader's promise had been fulfilled. The voice and touch of a distant leader had been joined.



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