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Governing for What Matters

Part 1 - The Analysis

by Hildy Gottlieb

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Governing for What Matters

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If ever a group consistently took the heat for the woes of the Community Benefit sector, all around the world, it is boards. These days one can barely look at a blog or newsletter about this sector without reading about how boards need to “shape up.”

Executive Directors blame boards. Funders blame boards. The media, God knows, blames boards.

They won't fundraise. They don't know their jobs. They leave their brains at the door. They do things they would never do in their own businesses.

You no doubt know the words and could sing along to the litany of things everyone blames on boards.

One of the principles upon which the work at the Community-Driven Institute is built is the principle that people will go where systems lead them - that systems fail before individuals fail.

If every board around the world is a candidate for board development assistance, can it be that each and every one of those millions of individual board members is at fault? Is it possible that we are, as a species, predisposed to being bad board members?

Clearly, it is more likely that this degree of global board dysfunction is trying to tell us something - that the system of “nonprofit governance” as we know it is simply not working.

If this sector is to create an extraordinary future for our planet, it is time to re-examine the whole of what governance is about.

It is time to stop looking at governance as a “problem to be solved,” and instead see governance as an “opportunity to change the world.”

It is time to focus on Governing for What Matters.

Where is Governance Aiming?

Ask board members why they join boards, and we can be pretty confident what the answer will be: They care about the cause. They want to make a difference.

Ask board members if that is what they talk about at board meetings, and we all know the answer to that as well.

If we were to answer, in one sentence, what's wrong with boards, that would be it. They are not focusing on what matters most to them, to the organization, and to their communities.

Therefore, if our organizations are to create the most impact possible in our communities - to create the future of our communities and our world - it doesn't take a rocket scientist to see that THAT is what the people at the top of the org chart must be focusing on. After all, we get what we aim for.

How can your board begin planning to create amazing outcomes?
www.help4nonprofits.com/NP_CTF_Creating_Measuring_Outcomes.htm



So what HAS governance been aiming for?

To answer that, we need to look at all the functions of being a board, and to consider where boards have been told to aim.

The Four Functions of Boards

There are four functions every board addresses in some way or another. The board, by virtue of its place at the top of the internal organizational chart, is accountable for each of these functions.

Leadership:

Ensuring the organization is leading the charge to create as much community impact as possible, on behalf of the community served by the organization.

Legal Oversight:

Ensuring the organization is complying with all its legal obligations.

Operational Oversight:

Ensuring the organization's work is getting done in all program / operational areas, and ensuring that work is being done ethically, legally and effectively.

Board Mechanics:

The day-to-day work of what it takes to be a successful board (recruitment, policy-setting, etc.)

Where Are Boards Aiming Their Efforts?

As we consider those 4 functions of board work, some interesting things reveal themselves.

Observation #1:

Only the first one - leadership - is about creating end results on behalf of the communities our organizations serve. Only leadership comes close to the truest definition of governance - leading, guiding and making decisions on behalf of others. And in a community benefit organization, that is all about community results.

Observation #2:

The other three functions - legal oversight, operational oversight, and board mechanics - are all about the means with which the organization does its work. Is the board ensuring the organization's work is being done in a way that complies with the various laws that guide how that work should be done? Is the board ensuring the operations are running effectively, and in compliance with best practice? Is the board ensuring it has functioning board systems, such as ongoing education or recruitment or succession systems? Those are all about the organization's means.

Observation #3:

The vast majority - and I mean so vast there is barely a word that describes how vast - of what boards are taught to do, and what the various standards of excellence reward them for doing, falls into those last three categories. If its financial house is in order, if its HR house is in order - if all the internal means are in order, and the board has at least talked about its mission at all during the year - most of the checklists would say that board is indeed "effective."

Bring Hildy to your community to teach Governing for What Matters (or to speak about it at your next event!)
www.help4nonprofits.com/ContactUs.htm



In truth, an organization could be dubbed “excellent” if it were 100% focused on all those means, providing little benefit to the community - ***simply because the standards do not ask about anything but the means!***

Sometimes the absence of a focus on community end results is due to the fact that the purveyors of checklists and standards know what to include in checklists for the means. But they do not know what a board might measure in the area of “community results.”

In other cases, a governance system might tell boards to focus on community end results, but provide little guidance in how to actually do so in any meaningful way.

The almost total omission of community results from the sector’s standards / workshops / classes / checklists makes clear to boards in a way no overt instruction possibly could, that such discussions are simply not as important as discussion of the means.

And as a result, “organizational means” is precisely where boards are aiming.

The Result of Means Emphasis

Before sharing the results of such emphasis, it bears repeating:

The vast majority of board members
volunteer significant amounts of their time to serve on boards
because they care about the cause
and want to help create change.

That being said, there are several key results of this despairingly overwhelming emphasis on means over ends.

Result #1: Boards as a Squandered Resource for Inspired Community Change

First, and most important for those who care about creating the future of their communities: Boards could be the inspired champions for creating significant, visionary, long term impact in our communities. They could be the link to all the potential and all the engaged energy of the whole community. Instead, they are (in the words of so many board members we have worked with) “pushing papers around.”

Result #2: Bored Boards

Because the reason they joined the board is so dramatically absent from what boards are told to focus on, board members everywhere report the same symptoms: Board meetings are dull. They are uninspired. They are focused on things board members neither understand nor care about, even though they know they should. And half the time, what is discussed could have been “phoned in” as it does not change much about what the organization is doing.

Current governance systems, therefore, take the one thing that is NOT boring - the thing that is, in fact, universal and powerful - and relegate it to the status of non-entity at the board table. Passion for the cause, community results, community impact, changing lives, creating the future - these are the most energizing forces at any board table. And yet, those forces have become the board equivalent of the estranged sibling whose presence no one wants to admit they achingly miss at the holiday table. Boards would love to talk about those end results, but such discussions are routinely back-burnered in favor of the more “important” discussions of means.

Result #3: A Minefield Within a Minefield

Means-based systems tend to be complicated, as they myopically focus, one by one, on the myriad means to which a board is instructed to attend. There are financial issues and HR issues. There are risk management issues. There are issues revolving around the creation of policy and the delegating of responsibility - the role of the board vs. the role of the staff. Regulatory compliance. Diversity issues. Fundraising and investment policy. Boards spend more time asking EDs if they would please find a boilerplate code of ethics, or personnel manual, or regulatory checklist - boilerplate after boilerplate of the next scary-thing-du-jour.

Governance as it is currently taught and encouraged to be practiced is the fine art of dancing in a minefield within a minefield. And while that may be good news for governance consultants like me, as there will always be plenty of work teaching and explaining and fixing what's broken, such complicated systems are not good news for our communities, for our organization - and certainly not for boards.

And that leads to the final result of the emphasis on means over ends.

Result #4: Current Governance Systems as a Recipe for Dysfunction

The final result is that boards have become dysfunctional. And that is because a focus on means over ends is a recipe for such dysfunction.

Emphasizing means over ends is a recipe for fear, as the checklists confirm, focused as they are on the fear-driven mandate of keeping the organization out of trouble. That risk management checklist of all the things that could possibly go wrong is really what the emphasis on means - legal and operational oversight - is all about!

That means-over-ends focus therefore becomes a recipe for 360 degrees of fear. First boards are taught to prevent the horrible things that could go wrong. Then, if things DO go wrong, they are told (quite accurately) that they will be held accountable and culpable for all those things they confessed they did not understand in the first place, because they are, after all, just volunteers who care!

So, what do you get when you mix a cup of prescription (the board must do X or Y) with a cup of fear, and add 2 cups of complexity? You get a recipe for the symptoms of dysfunction we all recognize - micromanagement (fear-based taking control), and rubber-stamping, and all the other board issues the sector has been bemoaning forever.

You get a recipe for the hospital board client of one of my colleagues, who spent one full meeting every year allocating hospital parking spaces. You get a recipe for boards filled with powerful local business people who, yes, appear to be checking their brains at the door.

This is not because they are incompetent and not because they don't care (which they do or they would not be there). It is just the opposite. It is because they care deeply, they feel overwhelmed, and they feel fearful that whatever they do, it will be the wrong thing.

All these results stem not from what any one board or any one consultant or any one class or institution has done. It all stems from a system that emphasizes the importance of means over ends. Such a system is set up to fail, and we see it failing every day. It is a system that fails our boards, that fails our organizations and that fails our communities.

Should your board have to raise money?
www.help4nonprofits.com/NPLibrary/NP_Bd_FriendRaising-EngagingFriends_Art.htm



So What Is The Answer?

Boards could be the single most powerful force for change in our sector.

That would not require changing the currently common "corporate" structure of boards. It simply requires realigning their focus - their primary accountability - to focus **first and foremost** on providing extraordinary community results.

It then requires that we show boards HOW to govern for creating extraordinary, visionary, long term impact in their communities. It requires guiding boards back to the reason board members signed on in the first place - inspired passion for the cause - and providing a way for that passion to guide the rest of their work.

Such systems must be simple enough not to require the ongoing intervention of people like me - governance consultants. Those systems must be inspiring, rather than prescriptive; none of us likes to be told what to do, but people who are inspired will go miles beyond what is prescribed.

Those systems must stop seeing governance as a problem-to-be-solved, and instead view governance as an opportunity to change the world.

It is time the Community Benefit Sector had a governance system that honored and inspired and encouraged and engaged board members for what they really are - engaged community members - the most precious commodity any organization could have!

And it is time the sector had straightforward tools to do that job seamlessly, without fear that they have missed something that will come back to harm them later.

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What is most important to your board?
www.help4nonprofits.com/QUICKTOOL-MostImportantThing.htm



Hildy Gottlieb has been called "the most innovative and practical thinker in our sector." As President of Help 4 NonProfits and its Community-Driven Institute, her ground-breaking work aims the Nonprofit / Community Benefit Sector at its highest potential - creating the future of our world. Having co-founded 2 community organizations, Hildy's teaching, writing and consulting are grounded in that in-the-trenches reality. Hildy's numerous awards include the inaugural Charity Channel Founders Award and a Points of Light Citation from President Bill Clinton.

