

GOVERNANCE IN A NEW ERA:

How to Transform and Inspire Board Leadership

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About NRMCC

The Nonprofit Risk Management Center **inspires effective risk management and Risk Champions.**

We help leaders identify and manage risks that threaten their missions and operations, and leverage opportunities to take bold, *mission-advancing* risks.

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WORKSHOP OVERVIEW



What is Governance?



**Governance Illusions
(and Delusions)**



**Better Board Practices
in a Post-Pandemic
World**



**Closing Thoughts
and Takeaways**

What is Governance?

What is Governance?

Leadership

Direction

Collaboration

Trust

Stewardship

Values

Intentional

Partnership



INTENTIONAL: *THE WILL TO GOVERN WELL*

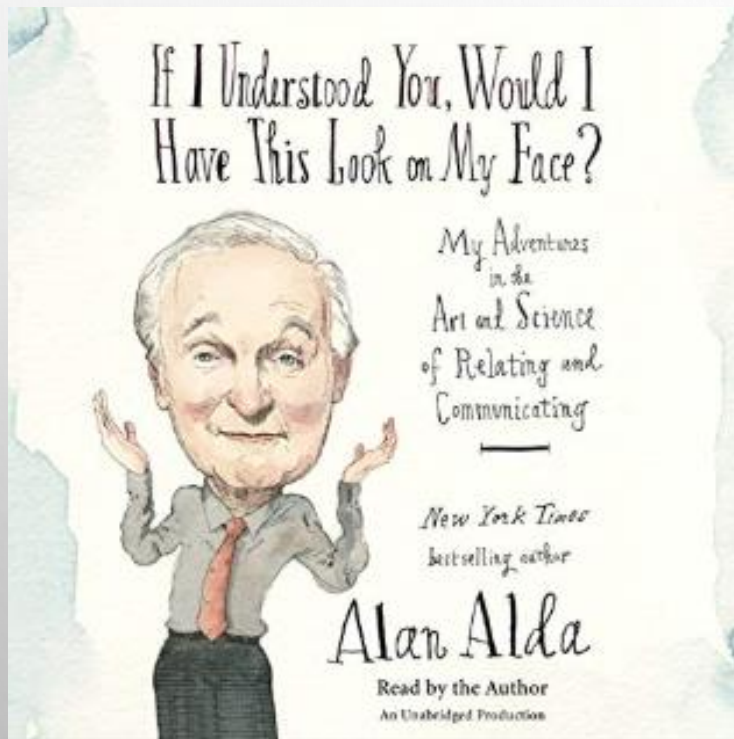
WHAT IS STEWARDSHIP?

- A commitment to **leave the organization better than how you found it** for the benefit of stakeholders and successors
- **A long-term view:** willingness to make decisions for future benefit



HUMILITY

- Curiosity over judgment
- Improving over proving
- “I don’t know” (instead of ‘we must’)



“

There's another great cooperation killer, the *Sound of Certainty*: the triumphant, but self-defeating, tone of voice that announced, I know what I'm talking about and that ends the discussion. It's a tone that doesn't invite the other person in, but instead, diminishes them to the rank of outsider.

”

— Alan Alda

Governance Illusions

- It's hard to change our Bylaws
- People who don't speak up have little to contribute
- Without term limits, we can't transition disruptive people or poor performers off the board





...and Delusions

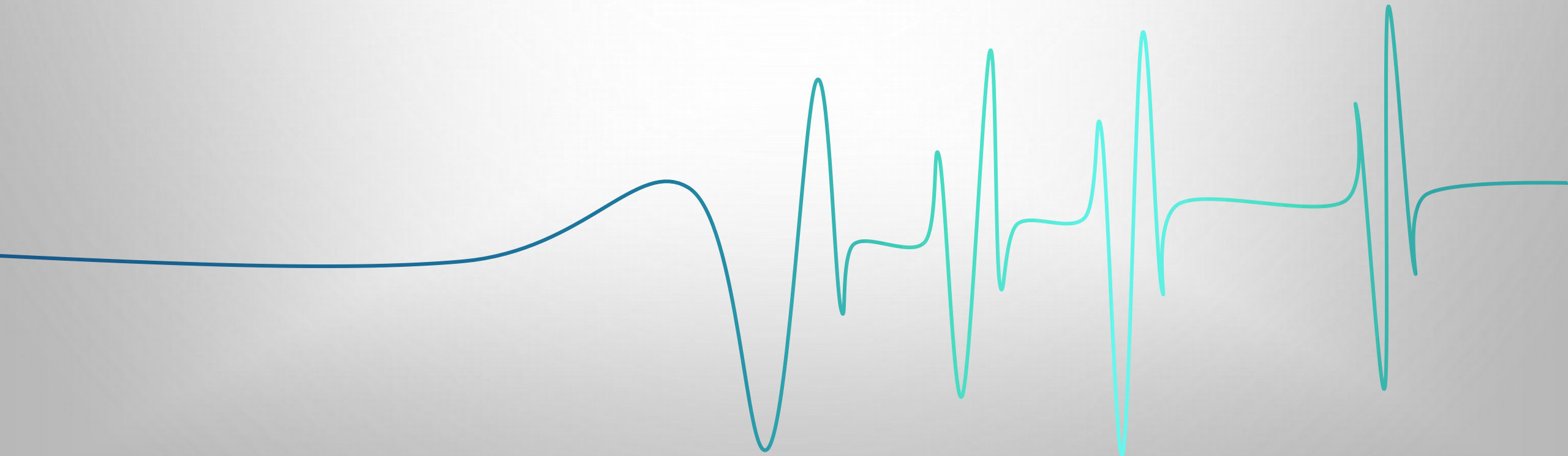
- Disagreements between board members (or between the board and CEO) will work themselves out
- Someone who has prior board experience knows how to be an effective board member
- We need to make serving on the board a 'light lift' (easy)

BOARD MEETING TRAPS

- The **busyness** of board agendas filled with ‘updates’ and ‘status reports,’ leaving scant time to talk about critical risks and worries for which there is no clear path forward.
- **Misleading signals:** ex. The use of dashboards filled with mostly green icons intended to signal the board that ‘everything is under control!’
- The **tension** between the need to disclose brewing trouble and the worry about raising an alarm or conveying that “we’re not sure quite what to do.”

POST-MEETING PULSE SURVEY

- Was today's meeting a **GOOD** use of your time and talents?



GOVERNANCE (BOARD MEETING) EXPECTATIONS

- Expect to need others.
- Expect to be needed.
- Expect to be changed.

BETTER ~~BEST~~ PRACTICES

- Build a foundation (structure)
- Nurture a worthy culture
- Experiment with better practices!

1. EXAMINE YOUR STRUCTURE

- Make sure it's manageable!
- Calibrate board size
- Ponder your meeting schedule, format and frequency
- Discuss the # of Committees + scope, authority, relevance
 - short term challenge? Use a task force!
 - perennial governance responsibility? Sounds like a standing board committee



MISSION-FORTIFYING GOVERNANCE TOOLS + RESOURCES

- Straightforward Committee Charters
- Board Pledge (“I will” and “I won’t” statements)
- Small number of standing committees and ad hoc/advisory committees and task forces
- Annual, transparent Board self-evaluation and completion of Exit Interviews with all departing board members

SAMPLE BOARD PLEDGE

I WILL

- ✓ Listen to and respect the opinions of others
- ✓ Respect and support the decisions of the board, including in instances where I voted against a particular decision/action
- ✓ Recognize that all authority is vested in the board as a whole and not with individuals
- ✓ Keep informed of developments that are relevant to issues that may come before the board
- ✓ Participate actively in board meetings and come to meetings with an open mind
- ✓ Refer critical feedback and complaints from stakeholders of ABC NONPROFIT to the CEO
- ✓ Represent all ABC NONPROFIT stakeholders and not a particular special interest group

I WILL NOT

- ☒ Be critical, in or outside of a board meeting, of other board members or their opinions.
- ☒ Use ABC NONPROFIT or its assets for my personal advantage, or the personal advantage or benefit of my friends or relatives.
- ☒ Discuss the confidential proceedings of the board outside a board or committee meeting.
- ☒ Promise or pledge—prior to a board meeting—how I will vote on any issue being brought before the board; instead, I will wait to hear the thoughts and perspectives of my fellow board members before deciding how I will vote.
- ☒ Knowingly engage in conduct that disrupts, interferes with or undermines the authority of the CEO.

TRENDS IN BOARD STRUCTURE

Average Number of Committees	4.1
Standing Committees	<ul style="list-style-type: none"> Audit & Finance (82%) Development/Fundraising (76%) Governance & Nominating (71%) Executive (61%) Planning & Strategy (28%) Marketing & PR (19%) Program (13%)
Approach to Term Limits	<ul style="list-style-type: none"> Have both terms and term limits (54%)* Do not have both terms and term limits (46%)
Length of Terms	<ul style="list-style-type: none"> 4+ years (3%) 3 years (73%) 2 years (18%) 1 year (2%) No terms (5%)
Maximum Number of Terms that Can be Served	<ul style="list-style-type: none"> 4 or more (6%) 3 terms (24%) 2 terms (46%) 1 term (<1%) No limit (24%)
Average Total Number of Meetings in the Last 12 Months	7.5
Average Total Amount of Hours Board Met in the Last 12 Months	19.5
Average Meeting Attendance	<ul style="list-style-type: none"> 90% or more members regularly attend meetings (28%) 75-89% of members regularly attend (56%) 50-74% of members regularly attend (15%) Less than 50% regularly attend (<1%)
Approach to Executive Sessions	<p><i>Frequency:</i></p> <ul style="list-style-type: none"> Every meeting (26%)* Periodically (66%) Never (9%) <p><i>Participation:</i></p> <ul style="list-style-type: none"> Both with and without the CEO (64%)* Only without the CEO (22%) Only with the CEO (13%)

SOURCE:
Leading with Intent,
2023, BoardSource



2. LEVERAGE TALENT

- Identify unique talents and skills on the board
- Clarify roles: board members wear multiple hats (policy-maker, SME, sounding board)
- Go around the table before taking an important vote or change in policy, practice or direction

3. MODERNIZE YOUR MEETINGS

- **Thought-provoking pre-reads**
- Mostly **board** (versus) staff presenters
- **Discussion questions** on the agenda
- **Dialog**, not debate

DIALOGUE VS. DEBATE

- Dialogue is collaborative. Multiple sides work toward shared understanding.
- In dialogue, one searches for strengths in all positions.
- Dialogue assumes that people have pieces of answers, and that cooperation can lead to workable solutions.
- **Debate is oppositional. Two opposing sides try to prove each other wrong.**
- In debate, one submits one's best thinking and defends it against a challenge to show that it is right.
- **Debate assumes someone already has a single, correct answer.**

WHAT IS DIALOG?

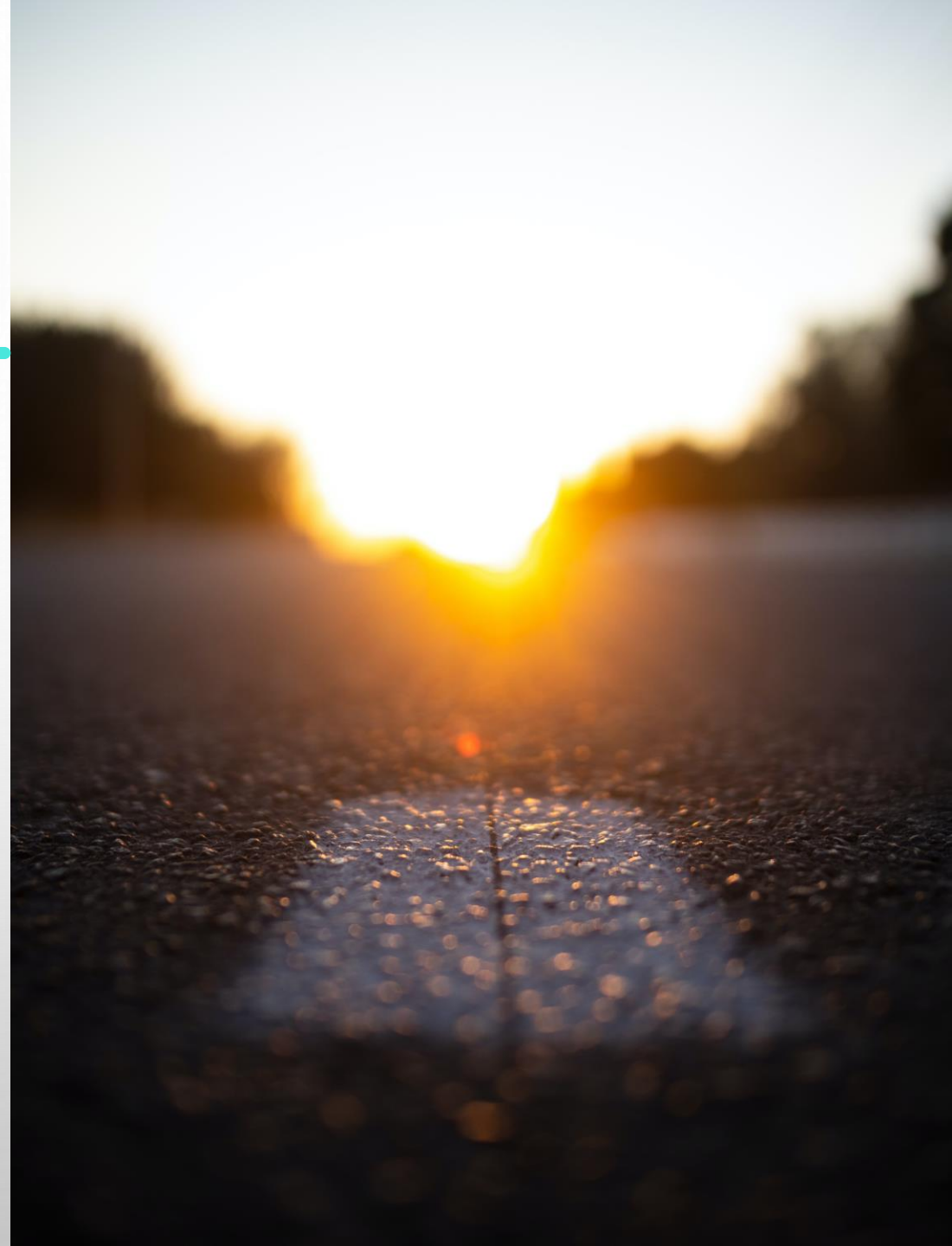
“The object of a dialogue is not to analyze things, or to win an argument, or to exchange opinions. Rather, it is to suspend your opinions and to look at the opinions—to listen to everybody’s opinions, to suspend them, and to see what all that means.”

SOURCE: *On Dialogue*, by David Bohm



4. GO GENERATIVE

- Space for the board to wrestle with possibilities:
 - problems
 - opportunities
 - changing circumstances
 - emerging risks





GENERATIVE BOARD CONVERSATIONS

Goal: to observe and converse, to expose rather than to inspect; to see what comes into focus; to prepare for the important decisions to come.

SOURCE: "Governance as Leadership: Reframing the Work of Nonprofit Boards," Barbara Taylor, William Ryan and Richard P. Chait

5. INVEST IN YOUR BOARD ORIENTATION

- Make it a gathering everyone wants to attend!
- Make it memorable
- Make it an engaging conversation, not a lecture!
 - What do you hope to learn while serving on this board?
 - What do you hope to contribute?
 - What do you believe is a significant challenge or opportunity for this organization?
- Measure success
 - Was this a GOOD or GREAT use of your time?





6. GET TO THE ROOT OF YOUR COIs

COIs may be a GOOD thing; why?

Oversight style can create a conflict of interest!

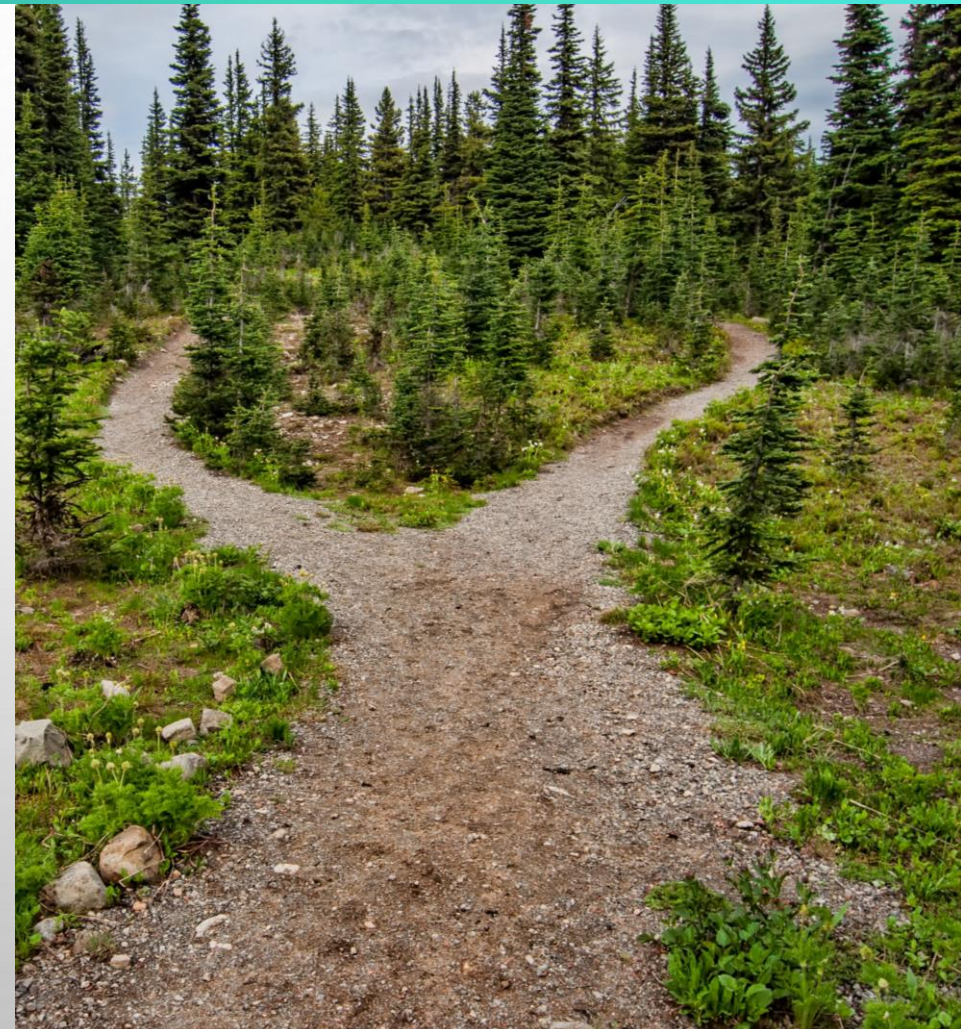
Heavy-handed oversight is a problem. A Board member who has an interest in managing the daily operations of the organization faces a conflict with her responsibility to provide oversight.

Hands-off oversight is also a problem. A Board member who is unwilling to engage in governance activity and oversight conflicts with the needs of the organization and unable to discharge the legal *duty of care* required of all Board members.



COI TIPS AND TOOLS

1. Routinize disclosure
2. Recognize the nuanced nature of COIs:
 - Financial vs. Non-Financial
 - Individual vs. Organizational
 - Inconsequential vs. Illegal/Unethical
3. Choose the appropriate course of action



7. INVEST IN A CONSTRUCTIVE PARTNERSHIP

- Constructive partnership = each needs the other
- “Mindset of interdependence and a culture of shared responsibility.”

– Jeff DeCagna

What it feels like: “we need one another” and “we’re in this together.”

Mutual respect + compassion + courage



OVERSIGHT OF THE CEO

“The board’s oversight of the chief executive is their most important oversight role. As the staff leader of the organization, the organization’s success rest largely on the shoulders of the executive, and **the board is responsible for ensuring that the chief executive has the support, direction, and oversight** needed to do that effectively.”

8. PREPARE FOR INEVITABLE CONFLICT



THE DOWNSIDE CONSEQUENCES OF CONFLICT

- Wasted resources (we were entrusted to steward)
- Wear and tear on staff/volunteer morale + premature departures
- Hesitancy by both parties to surface critical issues or challenges that require discussion and collaborative action
- Deliberate action by either the board or the CEO that excludes the participation or perspective of the other
- Untimely departures by members of the board who prefer to volunteer in nonprofits where the leadership team can harmonize

9. PUT RISK-TAKING ON THE BOARD'S AGENDA

Invite the board to discuss:

- What big risks should we take or consider to advance our mission this year?
- In what ways are we bold? Risk averse? What are the consequences of being bold or risk averse?



CLOSING THOUGHTS

A few closing thoughts and takeaways

Teamwork makes the dream work

“...small, diverse groups of people with a dizzying array of different and diverging hopes and fears can try to work together to make something more impactful than they could alone.”

– Matthew Barzun describing the insights of Mary Parker Follett

PLANNING IS NOT STRATEGY

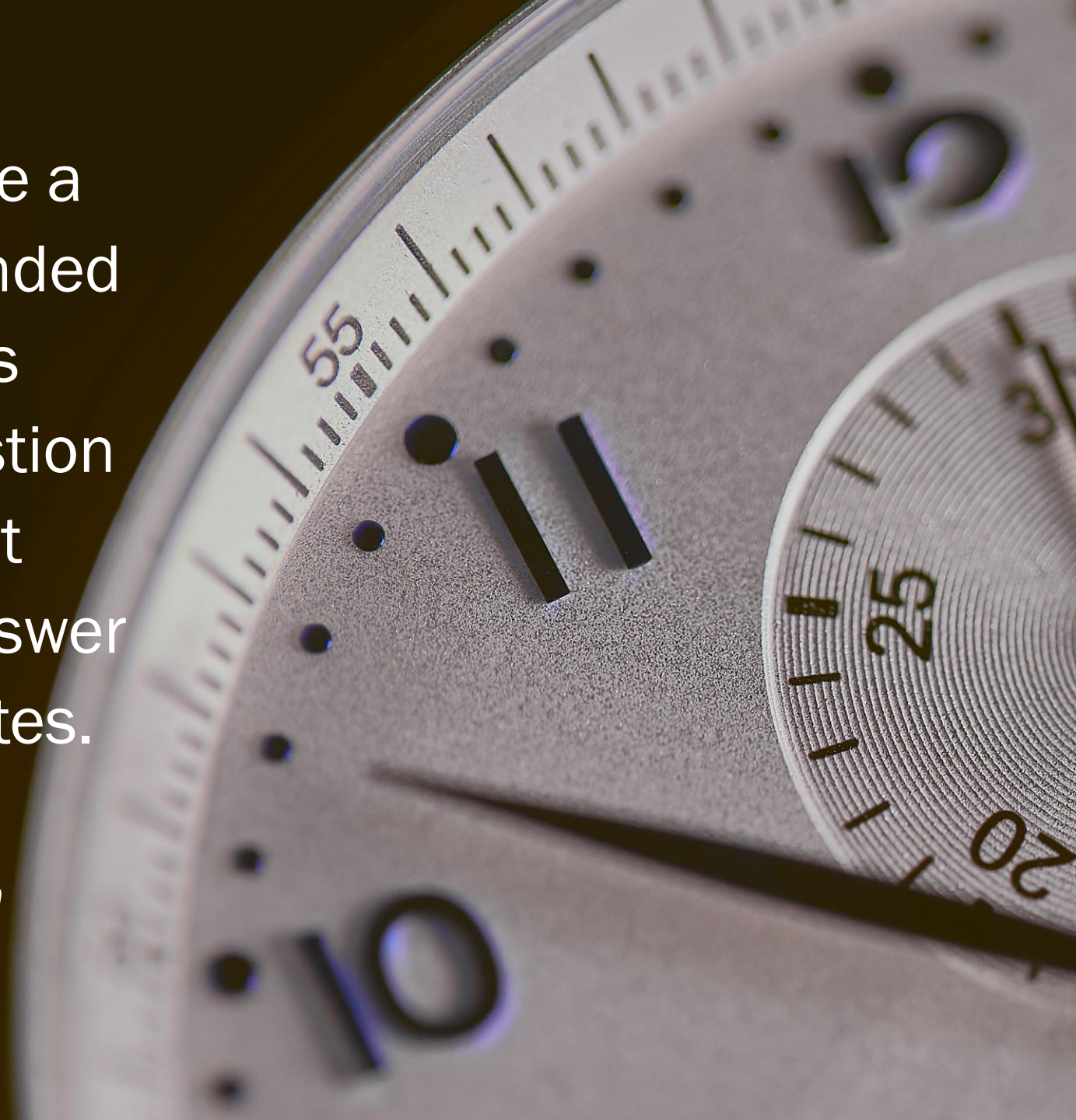
“Mistaking planning for strategy is a common trap. Even board members, who are supposed to be keeping managers honest about strategy, fall into it. They are, after all, primarily current or former managers, who find it safer to supervise planning than to encourage strategic choice.”

“The Big Lie of Strategic Planning,” *Harvard Business Review*



“If I had 60 minutes to solve a problem and my life depended on it, I’d spend 55 minutes determining the right question to ask. Once I had the right question, I could easily answer it in the remaining 5 minutes.

 *Albert Einstein*



“ To produce our light, we need the same two things a lightbulb needs: energy and a connection. ”

Matthew Barzun
The Power of Giving Away Power





“ Research has shown that of all forms of human motivation the most effective one is progress. Why? Because a small, concrete win creates momentum and affirms our faith in our further success. ”

— Greg McKeown, *Essentialism*

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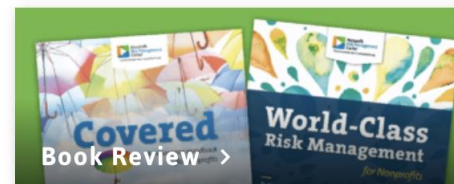
To Reach Your Risk Potential, Tell Better Stories

By *Melanie Lockwood Herman*

This month I've been obsessively watching Season #1 of [The Big Door Prize, on AppleTV+](#). The show's mechanical protagonist is Morpho, a machine that—after collecting two bits of Personally Identifiable Information—offers a forecast of one's 'true potential'. Reactions from townsfolk to the machine's prophecies range from delight to detachment and despair. The show's plot reminds me of the human craving to conquer uncertainty and know—with confidence—how things will turn out. Of course, if it were possible to divine the future, those of us in the risk biz might need to think about new career paths!

When I'm not watching the latest episode of the show, I'm wrapping up one of my favorite recent reads, *Radical Curiosity* by Seth Goldenberg. I've found so much to unpack and reflect on in this terrific book. One of the themes that drew my attention was in Chapter 4, *Stories as Regenerative Catalysts*. Goldenberg writes that:

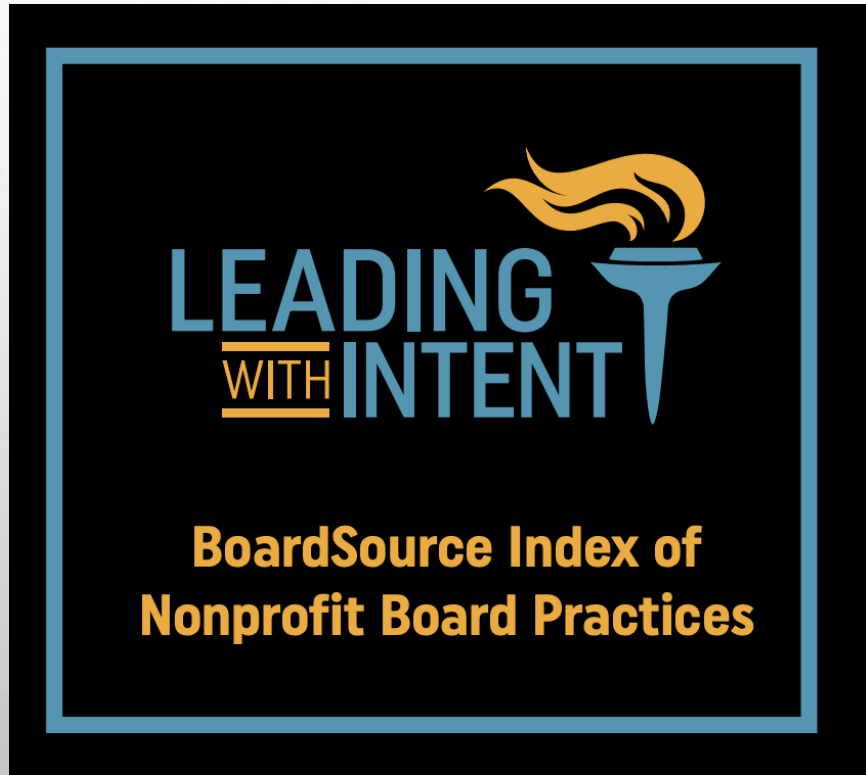
"We don't do well with uncertainty, and so we seek out stories to help our minds synthesize patterns to make sense of a nonsensical world. Stories hold us in place, anchoring us in a world that is ever-changing. Stories are a calm anchor amid the storm of uncertainty. And in uncertain in-between times, the stories we tell ourselves are powerful frameworks that help us work out who we are in the present moment and what we value. They lure us into becoming our aspirational selves."



RESOURCES

- “If Board Meetings Don’t Change You, You’re Doing it Wrong,”
<https://nonprofitrisk.org/resources/e-news/if-board-meetings-dont-change-you-youre-doing-it-wrong/>
- “Term Limits are a Convenient Crutch,”
<https://nonprofitrisk.org/resources/e-news/term-limits-are-a-convenient-crutch/>
- “Not So Great Governance? Resolve to Reinvent the Board,”
<https://nonprofitrisk.org/resources/e-news/not-great-governance-resolve-reinvent-board/>

RESEARCH ON NONPROFIT BOARD PRACTICES



THANK YOU!



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