

Some Ideas on Governance

by Tom Siess, with a follow up by Bruce Hamilton

In the late 1990s, under the guidance of then-President Tom Siess, the CDSS Governing Board began following certain principles at its annual meeting. Those of you who are, have been or plan to be on your local board might be interested in what seems to work well for us. Below are two articles: the first, by Tom, is an overview of this approach; the second is an article by Bruce with some thoughts on a class Tom lead in California in the summer of 2000.

~ Editor

Some Ideas on Governance by Tom Siess

One of the biggest challenges facing any organization, regardless of how small or large, is keeping a clear focus not only on what it is doing and how it is doing it, but also on why it is doing it. In organizational parlance, this means recognizing the distinction between governance and management, between policy making and policy execution, or between “ends” and “means.” This

Methods of Governance (a partial list)

1. Deal with the largest issues first. Not only is this more efficient, but it is hard to move from small issues to large, and some groups never succeed. Small issues sometimes disappear once you’ve dealt with the large issue.

2. Prescribe ends and stay away from means (except to list a modest number of constraints, such as “you may not break the law, bankrupt the organization or do anything which tarnishes its reputation”).

3. The executive reports only to the board, not to its members or its committees. If the board forms a committee to do some of the organization’s work, that committee’s members are then acting as volunteer staff, not as board members.

challenge has been taken up by the CDSS Governing Board over the past several years and, to aid in that process, we have drawn heavily on a most useful book entitled *Boards That Make a Difference*, by John Carver.* While many people have dealt with the distinction between governance and management in similar ways, Carver has given the topic a novel and practical “spin” that the CDSS Board has found most useful and effective. Some of the major assumptions and principles of his approach are outlined below. For groups that contemplate adopting this approach, I strongly recommend that you secure a copy of the book, so you can adapt it to their own needs and circumstances.

Job Description for a Board

Carver provides a board “job description” which includes three important elements. First, the board is a “trustee” for the owners of the organization’s resources. In profit-making organizations, this trusteeship role is clearly understood and the ownership is clearly defined. In nonprofit organizations, however, the “ownership” is much less clear, which places a special burden on the “directors”—they need to work much harder at defining who the owners are and at finding ways of understanding what these owners expects of their “trustees.”

Second, the board, in its policy making, must set clear policies in at least three major areas. Most important is defining the “ends” or goals of the organization—clearly defining the reasons the organization exists in the world, the needs it wants to meet and the results it is trying to

achieve. In this sense, the board has a primary responsibility for engaging in careful, reflective contemplation of goals and for charting the long term future of the organization. The second important set of policies are those which determine the ethical principles which will define the ways

in which the staff can proceed to meet the goals adopted by the organization—what Carver calls “Executive Limitations.” Finally, the board needs to have clear policies on how it will function as a board and how it will delegate responsibilities to the management.

Third, there is monitoring of performance. The board must set, as clearly and explicitly as possible, the criteria against which it will review the performance of the organization and its chief executive, including the performance of the board itself.

In other words, for an organization to be effectively governed: 1) the board must adopt and sustain an external focus: a focus on who the owners, or stakeholders, are and what they need and expect, and a focus on the opportunities and risks that exist in the organization’s environment; 2) the board needs to think primarily about the future of the organization and must create a clear “vision” of where the organization is heading; and 3) the board needs to be as explicit as possible in setting the goals of the organization and the criteria against which its performance will be measured.

I know this sounds like pretty familiar organizational language. Many groups never get beyond the stage of simply putting words on paper, and so many of us have become cynical about exercises couched in this kind of language. But in today’s complex and rapidly changing social environment, the smart and successful organizations are the ones that are crystal clear about why they exist and what they want to achieve in the world, and the organizational graveyards are littered with institutions that lost sight of, or never completely comprehended, their core purposes.

Carver’s Spin

Perhaps the most useful part of Carver’s approach comes from the way in which he draws the distinction between governance and management and between the roles of the board and the staff. Here is a brief summary of a few key principles:

1. Since the board is the trustee for the organization’s “ownership,” its primary accountability is to that ownership. The board must, therefore, remain steadfastly externally focused.
2. The board should always address the largest issues first, and proceed to smaller issues only in logical sequence. It’s like holding a stack of nested bowls. You can hold the whole set by simply grasping the largest, outside bowl. Having done that, you can proceed to reduce some of the movement inside the set by grasping successive bowls in the stack. Much of the frustration experienced by board members is that they never get beyond looking at day-to-day “administrivia” and they never get to experience the excitement, and hard work, of coming to grips with the “big” issues of purpose and meaning in the organization.
3. The board prescribes the “ends” or goals of the organization, and the staff is free to choose whatever means they deem appropriate and necessary to achieve those ends, so long as they conform to the limitations of prudence and ethics set by the board. The board does not “manage” the organization, but clearly delegates the execution of its policies to the executive, i.e., it does not tell the staff how to do its job.

In many small organizations, however, board members also play a role as a kind of volunteer staff, taking on some tasks to assist an otherwise overworked staff. When this happens, the board members need to realize that they have now taken on a different kind of role, and in their role as volunteers they are probably now accountable to the fulltime staff, rather than the other way around. Board members may also be called upon, from time to time, to give advice to its staff on how to proceed with certain projects or procedures. In this advisory role, however, it is important for the board to realize that the staff is free to accept the advice as simply that, and not as a set of directives.

While these principles are directed principally at larger, more formal organizations, they can still be very useful for smaller volunteer organizations such as local dance committees. In these organizations, the same people often do the work of both the “board” and the “staff”—they not only “govern” they also are the executive at the same time—but the organization can become much stronger, and the work of the leadership can become much more exciting, if you try to clearly delineate the two roles. Just like larger organizations, you need to set aside ample time and energy for doing the hard work of setting clear goals for the organization and clear standards for assessing how well those goals are being achieved.

A Governance Workshop

by Bruce Hamilton

I served recently on the CDSS board. While there I watched Tom Siess move us from the kind of governing body I was used to—hear and approve the committee reports, finish the old business, react to the new business (i.e., turn the crank)—to one that consistently makes a difference—setting directions and priorities, identifying the hard problems, taking ownership of them and steadily making inroads on them. Tom gives credit to John Carver's *Boards That Make a Difference*. Carver's title hits the nail on the head, but his book puts me to sleep. Convinced that just passing around copies of the book would not help, I asked Tom to prepare a class on what he did and offer it at Bay Area CDS's English Dance Camp at Mendocino last July. This class was produced with the assistance of the May Gadd/Phil Merrill Endowment Fund of CDSS, to which I give my sincere thanks. We had eight participants.

We began with the usual introductions: who we are and what we want. I was dismayed by the amount of difference we had in this little group and how different our organizations were from CDSS, but that soon proved to be a strength: when we agreed on something, we could be confident of its value. We got to thinking about what our own boards do and don't do, to notice whether we try to be several things at once. Carver's coarse characterization of board work is into "working" and "policy making." Both activities are useful, but many boards never get to policy making or they fibrillate between the two roles. "[It's] difficult to change hats," workshop participant Jane Wilson noted, "to step back and assess whether our policies and practices are the best they can be to guide us into the future." Odette Foster added, "These are different hats a working board must wear and it's helpful to remember that the board shouldn't try to wear both hats at the same time."

Tom pointed out the centrality of the organization's *resources* and *owners*. Those things can be hard to identify, but they are the nitty-gritty on which policies, missions, visions, etc., must be built if they are to mean anything. My own experience has been that if you have vague ideas of your resources and owners, you'll get vague policies. Tom got us looking at both internal and external threats and opportunities (and again, keeping them separate). It's easy to overlook one (and miss important facts) or to mix them (and be unable to form any useful conclusions).

Policy Making

Howard Carlberg asked a great question: "What if we like things the way they are?" This question took on life when we were in policy making mode. First, it was clear that the board of such an organization has a positive responsibility to make this happen, not an excuse to do nothing. Second, looking at owners, resources, internal and external opportunities and threats, we realized that this is quite a difficult charter. Even if you never lose or gain members, they get older, and if your average age is something you want not to change, you have to manage that. Besides getting older, your members get more experienced and complacent working together and their tastes change. Further, the world moves on underneath you—resources go out of fashion, get expensive, wear out or their floors get carpeted. New dances are devised, air conditioned halls open up, and other changes occur that your organization might want to embrace. The board has two choices: frame strategies to manage the average age, pay for rent increases, decide which changes are actually improvements, etc., or recast the vision into "we want everything to change at the same rate and in the same direction as our tastes." Either choice produces discomfort if we then don't do anything (at least, I'd be uncomfortable!). This discomfort is one symptom of a useful result.

What was emerging in the workshop was not answers to questions, but rather a focus on what the important questions are, and clarity about when we are making some of the classic mistakes: asking two questions at once, asking a meaningless question (has no answer, everyone has a different answer or answer makes no difference), trying to omit an essential step. Of course, some questions just have no answer or, as Shirley Carlberg put it, "Some problems, like personality conflicts and not enough money, are just tough to work through and there are no magic answers."

How Good Governance Helps

Tom then moved into methods of governance. We had been talking about what governance is, and this brought us into how to do it. There are a few simple but tough principles which Tom stated, giving examples and reasons for them. (It took years on the CDSS Board for me to appreciate these and begin to see how to apply them in general.) The next day we heard from CDSS's director Brad Foster on what it feels like to work for a board that operates this way. Brad said he saw two shifts: his level of authority was clearer, and it was higher. Previously he felt: "The board was the director and I was the office manager. The job of [board] committees seemed to be to give work to the staff. I was afraid of brainstorming sessions because I feared that every idea was a directive." Now, he says: "I feel free to move within that space [that the board defines], and an individual board member's suggestion is just that and not a directive."

Besides being a test of the value of Carver's work, this session was also a welcome step from the abstract to the concrete. "The day Brad came to class," Jane said, "put all of the more conceptual discussion we'd been having into clear focus for me."

Long Range Planning

We devoted one day to the long range planning process, using John M. Bryson's *Strategic Planning for Public and Nonprofit Organizations*.^{*} Tom described how CDSS's Long Range Planning Committee went through a process that took about two years. I found this information useful. Although that committee was geographically dispersed and the subject was large, it had an experienced chairman and built-in time for reflection. A smaller organization shouldn't be disappointed if the process is taking, say, one quarter as long. (A corollary: the same group has to go through all the steps. Just reading the output of a prior step isn't as effective as having wrestled with the questions yourself. The output of the whole process is a vision of the future that makes a difference, that can answer questions and guide actions.)

The process steps sound like typical consultant mumbo jumbo, but if you take each seriously and do it with care, the results guide your thinking into constructive channels. For example, once you've thought of your strengths, it's easier to face your weaknesses and external threats honestly. Once you have both those clearly in mind, you can constructively ask "How can we forestall or respond to this threat? How can we use strength X to move toward goal Y?" Then you move on to strategies for doing that and when they're done, you can ask yourself, "What if the strategies are successful?" and that leads to a more concrete vision of the future than you'd get from asking that question cold.

Final Thoughts

On the last day, Tom answered questions and talked about running meetings. Several of us by this time guessed that Tom's own style contributed as much as Carver's and Bryson's methods to his results with the CDSS. (Vanessa Schnatmeier put it: "Tom's openness, clarity and strength of purpose kept the trains running on time but still left room for wide-ranging discussion.") It would be nice if the methods stood alone—if they were a foolproof recipe—but since they don't, it helped to spend enough time with Tom to get a sense of what he adds.

This was the class's maiden voyage and I'd like to see it profit from repetition and gain a wider audience. Please get in touch with the CDSS at office@cdss.org or Tom at tfsiess@sympatico.ca if you are interested.

^{*} *Boards That Make a Difference* by John Carver and *Strategic Planning for Public and Nonprofit Organizations* by John M. Bryson, cited in this article, are available from the publisher, Jossey-Bass, www.josseybass.com.