Governance models, board types or best practices?

About this article

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What type of board do you want 'yours' to be?

A nonprofit organization recently asked me to help them figure out "what type of board they wanted to be". This reminded me of discussions with a colleague who suggests that directors should engage in an existential introspection of "what it means to be a board member" and "what it means to be a board" as a starting point for improved governance.

Boards have scant time for such soul searching. Indeed, they are often pressed for sufficient time to attend to the basic business of the organization. As boards are increasingly challenged to improve their governance, they often seek a *prescriptive* governance model or *descriptive* board type, to adopt or adapt so they can get on with the job of governing.
There has been a proliferation of such models or types in the past two decades. Among the many proffered by reputable authors are heroic, conjoint, traditional, policy governance, strategic, transformational, representational, corporate, advisory and contingency models. Some have introduced their own, sometimes complicated, jargon...some theoretical and others more practical. Each has some distinctive features. All have some characteristics that overlap with those of other models or board types.

The majority of nonprofit boards oversee small organizations with few resources. Some may subscribe to particular value sets such as those that guide cooperatives and collectives. While all have governance responsibilities, many of these are necessarily more focused on operational or management matters. In such cases, directors may wear three hats...governing, management and operational.

Research

Most of the boards that I have studied in my research, and encountered in my consulting practice, developed a dynamic hybrid of several board types, adapting concepts and practices that best fit their particular circumstances. In one case, the board and staff shared operational responsibility for development of public policy positions, public education and policy promotion, while respecting the Carver 'board ends/executive means' division of responsibilities in the areas of finances, human resources, and program administration. In other cases, the board was active in collective bargaining and personnel selection, which in larger organizations is typically left to management. Active board engagement in the work (operation) of the organization was characteristic of fundraising boards and service clubs, among others.

Structure influences function

One of the biggest causes of dysfunction in traditional boards is the failure to clearly delineate the respective governance and management roles. Such boards typically have a committee structure that parallels management and operational functions (e.g., finance committee, human resources committee, programs committee, public relations committee, etc.). This inevitably invites board intrusion into operational detail. Meeting agendas typically mimic this structure. Focusing on management and operations instead of on results often impedes the ability of boards, wearing their governing hat, to ‘add value’ to the organization and to account meaningfully to key stakeholders.

Focusing on results

The results-based approach to governance is a ‘hybrid’ board type that is emerging in many leading edge nonprofits. It addresses weaknesses identified in other approaches through a judicious use of committees structured around board, rather than management, responsibilities. The executive committee (poorly used in many nonprofits) carries responsibility for leading strategic planning and evaluating CEO performance. A governance committee is responsible for regular review of bylaws, governance policies and practices, as well as board member recruitment, development and evaluation. Risk management and quality audit committees ensure mitigation of risk, establish clear measures of organizational performance in key areas, monitor and audit performance, and report on results. The ‘board-ends/management-means’ distinction is maintained for the general management of finances, human resources and program operations.

Comparison of three board types with a primary focus on governance

As noted earlier, not all board types have governance as their primary focus. The following table compares three that do, on several dimensions.

	Traditional	**Policy Governance**	**Results-based**
General Focus	• Operations/event driven	• Policies driven: ends and governance processes	• Vision/results driven
Leadership	• CEO dominant – chair is link to board; executive committee comprises core group	• Board ends/CEO means	• Full board/CEO partnership to set direction and expected results
Planning	• CEO leads; committees vet; board reviews and approves	• Board ends/CEO means	• CEO leads; board, actively engaged, links organization to community
Committees	• Parallel management functions	• Ad hoc task forces	• Based on board responsibilities
Accountability	• CEO dominant in reporting to key stakeholders; board nominally responsible	• CEO reports to full board, which monitors policy compliance and reports to owners	• Board dominant: sets direction, monitors, audits and reports on results • CEO reports to full

			board • Executive committee members act as core advisors

The results-based board (sometimes referred to as an audit/oversight board) is distinct from the policy governance board in four key ways:

1. The CEO is a non-voting member of the board with full entitlement to attend and participate in all meetings and discussions.
2. The CEO is a full partner with the board in direction and policymaking.
3. The board's general focus is on auditing results rather than on policy compliance.
4. The board uses 'standing committees' to guide, monitor and audit board, CEO and organizational performance. Board members are selected for community representation and commitment to the organization's purpose, and may be used for selected tasks in their area of expertise. The board's focus is on values, mission, strategic planning, objectives, effectiveness in achieving goals and efficient use of resources. Board members are usually community members who have a significant personal interest in the public benefits of the organization.

Although the results-based board monitors performance, it is not involved in day-to-day operations. It is similar to a policy governance board in this sense, and in its focus on organizational goals and objectives.

Committees used for monitoring and auditing the performance of the board, CEO, and organization typically include an executive committee, a governance committee, an audit or risk management committee, and a quality assurance or program audit committee.

The results-based board differs from the traditional board in four key ways:

1. It uses committees to do the board's work rather than to review management activities.
2. The general focus of the board is on governance responsibilities rather than on operational matters.
3. The general focus of the board is on results (i.e., input efficiency, outputs and outcomes).
4. There is a full partnership between the board and CEO; neither the board nor the CEO.

dominate the relationship.

Board types or best practices?

No single approach to governance has proven suitable for every organization. General insights can be derived from an analysis of the strengths and weaknesses of specific models or typologies. But no matter which approach is used by an organization, if it is to be effective, actual practices must be adapted to the specific circumstances of the organization.

What matters most

There is a growing convergence of expert opinion that the most effective boards, regardless of the size, complexity or mandate of their organizations, concentrate their attention on those matters that are crucial to success or survival; that they focus on measurable results within defined timetables; that they engage in regular monitoring of the manner in which business is conducted, the efficient use of resources and the achievement of objectives; that their decision-making is transparent; and, that they provide proper accounting to key stakeholders.

In the metaphor of Juran's assumption, they focus their attention on 'the critical few, rather than the trivial many' ...regardless of whether these are operational, management, or governance (strategic or fiduciary) issues.

The most successful boards, within this framework, develop a collaborative partnership with senior management; seek agreement between key stakeholders on vision, values, goals and expectations (tempered by the reality of available resources); ensure clarity with respect to roles and responsibilities; establish constructive processes for resolution of conflicts and conflict of interest; and cultivate an organizational culture characterized by trust, teamwork, mutual respect, flexibility, adaptability, and responsiveness in the face of the ever-changing realities, resources and needs of consumers.

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