

# **Introduction to Eadie's Governing Engines**

and other promising nonprofit board practices

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## **Introduction to Doug Eadie’s Governing Engines nonprofit board structure and other promising practices**

**“When You’ve Seen One Board, You’ve Seen One Board”**

attributed to Sandra Hughes, former BoardSource senior consultant

The high performing nonprofit board is an ideal for everyone, a reality for some, an oxymoron for many, and widely misunderstood by most people, including nonprofit board and staff members. When the role of a group is typically defined by a generic list of responsibilities without clear definition of culture, structure, and routine activity, there are sure to be huge variations in application and implementation. Compounding those dynamics, you have a group of capable and busy people, who often do not know each other well and only see each other a couple dozen times before their board term ends and they move on.

In reality, every nonprofit board should be different from the others. A large, well-endowed symphony will ask different things of board members than a neighborhood youth center run by volunteers or a housing or anti-poverty–focused organization heavily dependent on government funding. It is critical that board members who have experience on other boards bring their knowledge but also flexibility as they join a new board. For new board members without experience, frequent questions about “how” and “why” must be welcomed and thoughtfully discussed.

### **1.5 mil Nonprofit Boards – How Many Really Work?**

In the early 2000s, BoardSource and the Hauser School at Harvard University embarked on a study to identify innovative board structures and practices across the country that could inform the long-standing frustration of developing and sustaining high performing governing boards in more nonprofits. Their findings are detailed in [Governance as Leadership \(2004\)](#), listed under Resources at the end of this paper. As may have been anticipated, they did not uncover any easy answers or “silver bullets”. They did bring to light that too few board members grasp the Purpose of the board and the impact that a board and its’ individual board members can make.

### ***Structuring the Board***

Next to individual board member selection and the board culture/accountability built over time, the structure of the board can be the greatest opportunity to enhance the work of most nonprofit boards.

Using board sub-committees, task forces, and working groups can be a huge enhancement to the board’s ability to govern. Too often, board committees are limited to fund raising and reviewing finances. There are few important decisions that can effectively be made by the full board sitting in a single meeting and expressing their various opinions. Sub-groups of the board, often augmented with staff and volunteers or professional advisors bringing topic-specific expertise, can be used to gather information, explore multiple alternatives, and present a recommendation to the board for more thoughtful decision-making while taking less board meeting time.

***How Big Should our Board Be?***

This will be different for every organization but there are some practices and trends to consider. In general, national surveys show that boards are getting smaller, with the average trending toward the mid-teens from close to twenty a decade ago. In defining your board size, each board must look at their committee structure, the mix of board and non-board members on those committees, the number of new leaders that are being cultivated, and the capacity of board and staff leaders to effectively engage board members. In general, I find it unusual for a board of less than ten to bring a sufficiently broad range of skills and community connections or for a board that exceeds 25 or so members to be effectively engaged in the board’s work.

***How Often Should the Board Meet?***

Surveys show that the reason most boards meet at their current frequency is because they have always met that often. The choices are generally to meet quarterly, bi-monthly, or monthly (sometimes with a month or two off for summer or holidays). Staff size can make a difference here as well and the determination of how “hands on” the board is expected to be. All meeting frequencies have their advantages and disadvantages, so it again up to each organization to decide what fits them best versus meeting as often or seldom as some other board meets. In general, I suggest aiming for a bi-monthly meeting schedule unless you are in crisis or going through a leadership transition, both could warrant more frequent meetings for a short period of time.

	<b>Advantages</b>	<b>Disadvantages</b>
<b>Quarterly Meetings</b>  Other notes: Strong committee structure can make this effective	<ul style="list-style-type: none"> <li>• Less board and staff time invested</li> <li>• More likely to keep board working on higher level issues</li> </ul>	<ul style="list-style-type: none"> <li>• Hard for members to learn/stay familiar with programs or with each other</li> <li>• May not be able to cover all necessary business, provide adequate support to staff</li> <li>• Long gaps when members miss meetings.</li> </ul>
<b>Bi-Monthly Meetings</b>	<ul style="list-style-type: none"> <li>• Balances frequency to build relationships while still necessitating that only important items are put on agenda</li> </ul>	<ul style="list-style-type: none"> <li>• Less active members can still get disconnected when they miss meetings</li> </ul>
<b>Monthly Meetings</b>	<ul style="list-style-type: none"> <li>• Stronger relationships with board and staff</li> <li>• Members more familiar with programs and operations</li> <li>• Able to discuss important items as they come up</li> </ul>	<ul style="list-style-type: none"> <li>• Agenda can get drawn into minutia since there are not enough “important” conversations to fill agenda</li> <li>• Staff prep time</li> <li>• Board member time</li> <li>• Active committees can tax member availability and staff prep time</li> </ul>

## Increasing Board Member Engagement

Considering the prevalence of discussions about increasing board member engagement, there has been a limited amount of research on the topic. In their National Survey of Nonprofit Governance Survey in 2008, the Urban Institute identified a series of factors that were correlated with increased board member engagement:

- Board members with the ability to understand the organization's financial information were twice as likely to engage
- When the true expectations of the board member time commitment were conveyed in advance, board members were twice as likely to engage. I think we can assume that some board members also drop out before joining the board in that scenario, but that seems a good thing.
- Providing the broader board with the opportunity for input into board agendas and topics versus the agenda always being driven by the CEO or Executive Committee.
- Instituting a way for the board to monitor progress against its goals, in addition to progress against the broader organization's goals. That means setting goals each year for the board.

Charitable Advisors has developed four areas of emphasis to support organizational leaders in creating engaging board experiences for their members. If every meeting and board activity is approached with these three factors in mind, our experience has been that board members are likely to feel more engaged.

1. **Purpose of the Board** – Regularly reinforce the importance of the board and the critical role it plays in leading and sustaining the organization in both the short-run and the long-run. Provide regular training and insights on how effective boards work and why. Define and share how your board works that may be different than others.
2. **Impact** – Frequently share both statistical and anecdotal evidence of the lives that are changed through the work of your organization. Equip each board member to “tell your story” and find opportunities for them to participate in or observe the success of your work. This area can also include establishing a clear understanding of how the organization defines and tracks its work/plans.
3. **Relationships** – One of the biggest paybacks for a volunteer board member is the psychic reinforcement of working with other community leaders on a shared mission. Even people who may be competitors in their work can become partners in your mission. Be intentional about connecting board members to each other and to staff. While some boards like social events and others volunteer projects, most will claim busy schedules while also expressing a desire to know each other better. This can include organizational culture and norms.
4. **Engaging the Uniqueness** of each board member – While every board should have a board member job description that outlines common expectations like meeting attendance and making a contribution, it is at least as important to identify a way that each member can connect and contribute based on their specific interests, skills, and connections.

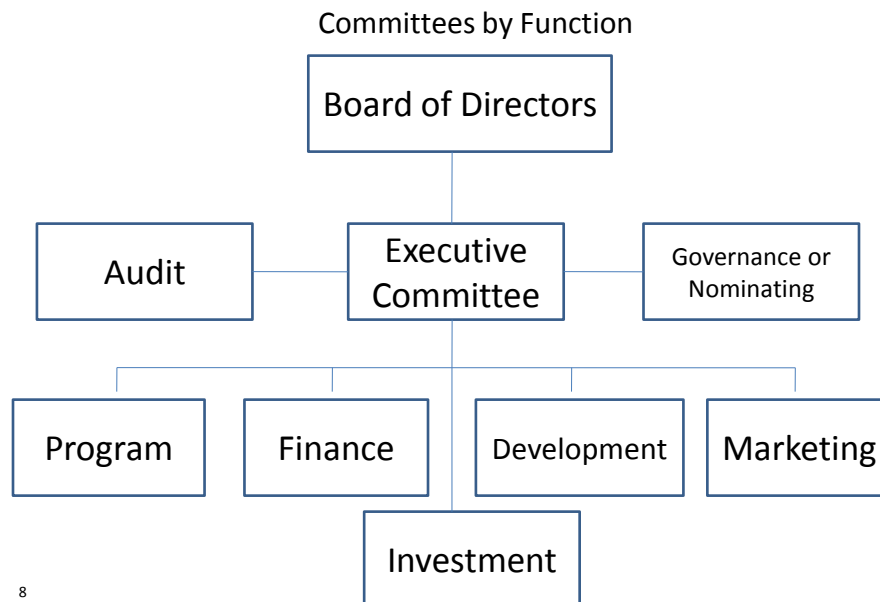
## Are All Boards Organized the Same Way?

### *Traditional/Functional Board Structure*

Surveys show that the overwhelming majority of nonprofit boards are organized in a similar fashion, sometimes attributed to the evolution of nonprofits from volunteer-driven roots and from adopting board structure from each other. We often call this a “functional” board structure because the board committees and work are broken into similar buckets as the way staff members or staff departments are organized. This structure works pretty effectively for many organizations, typically smaller nonprofits with few administrative staff, where the board members roll up their sleeves and work very closely with staff on a week to week, even day to day basis.

With organizations that are large enough to employ staff members who are skilled in various areas like finance, fund development, marketing, and program development, the board committees in this structure can quickly feel redundant or can conflict with staff. When staff members are in place to fulfill critical operational roles, the board should be freed to lift its eyes more to the future, but a functional structure tends to reinforce “silos” and doesn’t lend itself very effectively to “big picture” or “full picture” thinking.

## Traditional Board Model



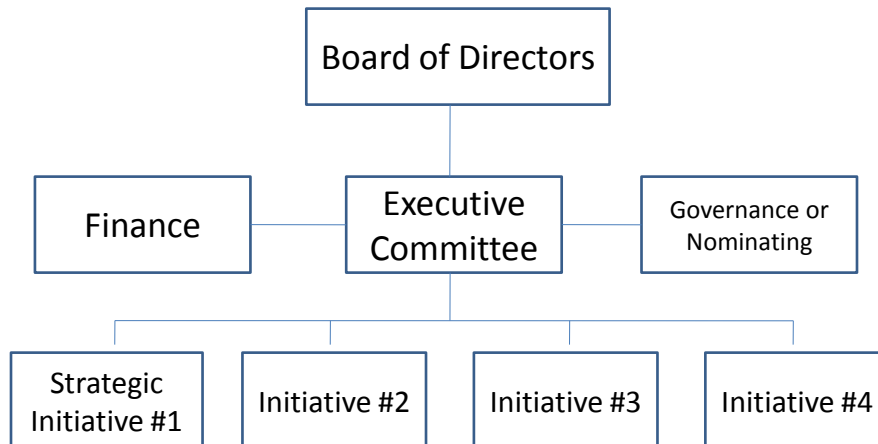
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### *Initiative-focused Board Structure*

Similar to the traditional or functional structure, the board committee structure can be organized around the current priorities or initiatives of the organization. This can enable an organization to ride the momentum from a strategic planning process into implementation. By reviewing and revising committees based on the needs of the organization, the board is less likely to have committees that lack purpose and only meet because they are supposed to be meeting. On the minus side, they can

create a “heads down” operational focus among many board members who get seriously into implementation.

## Generic “Strategic Initiatives” Model



### ***Carver Model- Policy Governance® Defined***

Another model that is often discussed and has been implemented in some types of nonprofits, including many churches, is Policy Governance®, also referred to as the “Carver Model”.

“Policy Governance® is an integrated board leadership paradigm created by Dr. John Carver in the 1970s. In contrast to the approaches typically used by boards, Policy Governance separates issues of organizational purpose (ENDS) from all other organizational issues (MEANS), placing primary importance on those Ends. Policy Governance boards demand accomplishment of purpose, and only limit the staff's available means to those which do not violate the board's pre-stated standards of prudence and ethics.” <http://www.carvergovernance.com/model.htm>

Author Comments: CEOs are often attracted to the Carver Model when they are seeking ways to get the board out of what they consider to be micro-managing. Implementation includes the development of a large collection of policies that provide guidance and define parameters for performance in each area of the organization. The clear definition of organization success and CEO success are highlights. A one to two year implementation process is not unusual and many organizations stop with incomplete or partial implementation. The CEO focuses much of their energy on reporting compliance with the policies.

Though there are many people who are very enthusiastic about Policy Governance®, in practice, I have two observations that cause me to steer typical nonprofits away from the Carver Model. The first is that I have heard too many anecdotes about CEOs who were reluctant to report variances to policy expectations because they felt they could “fix” the issue and ultimately created huge issues and even closing of their organizations. These things can happen anywhere but seem exaggerated by the dynamics of the Carver Model. Second, having served on a board that implemented and ran

under the Carver Model, I can confirm that it can be a very disengaging and dispassionate experience for board members when the primary focus is on the mechanics of policy. I am convinced that board members can only bring their best in an environment where they are actively engaged.

***Eadie Model - Meeting the Governing Challenge – Eadie, Doug***

An emerging model that is intriguing board and staff leaders and finding success in implementation, is a model developed by board consultant Doug Eadie and outlined in his book Meeting the Governing Challenge. Though Mr. Eadie does extensive work with school boards, this model applies well in more developed board and staff leadership structures that are feeling the issues described above in a traditional or functional board structure. This model provides a future focus, outcome orientation, and community/brand emphasis in a structure that engages board members to think about the bigger picture of the organization.

Four Eadie Governance Questions

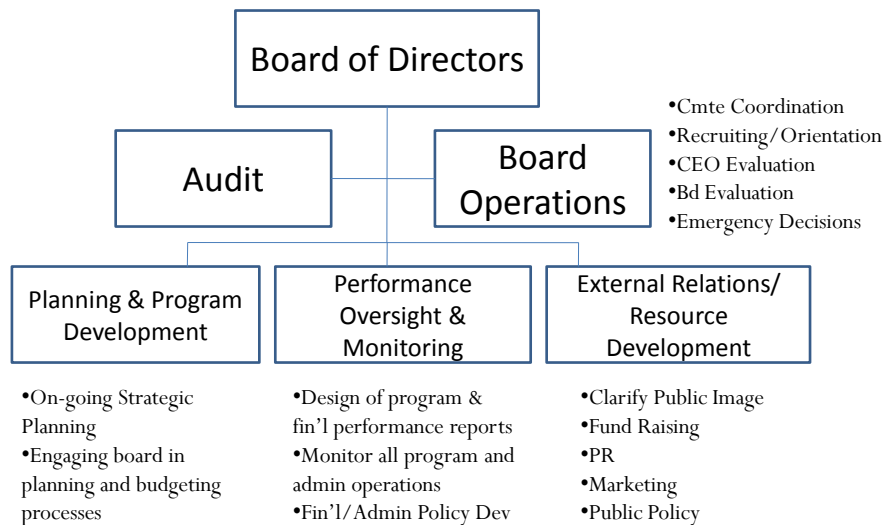
- Where are we headed and what do we want to become? (Strategic)
- How are we performing – programs, financially, administratively? (Accountability/Impact)
- How do we want to be seen by and relate to key stakeholders? (External Relations)
- What do we want to be in the current year? (What/ Now – more operational)

Those Questions Translate to Four Governance Focuses

- Strategic and Operational Planning
- Financial and Programmatic Performance
- External Relations
- Managing the Operations of the Board

## High Impact Governing Model

Eadie - Committees as “Governance Engines”



### *Modification and Implementation*

Reinforcing my earlier comments about every board being unique, most organizations I have worked with have done some tweaking to the specific committee responsibilities. When mapping from a traditional committee structure, the Executive Committee transitions to the Board Operations Committee and commits to stop making decisions for the board. The Finance Committee adds program reporting to its responsibility and takes charge of developing the organizational dashboard in becoming the Performance Oversight & Monitoring Committee. Fund Development and Marketing Committees become the External Relations Committee. If advocacy is a major component of the organization's work, it might reside under either the External Relations or Program/Strategic Planning Committee.

For most organizations, the creation of the future focused Planning & Program Development Committee; alternatively called the Strategic Planning Committee is new. In implementation, this committee owns the strategic plan, ensures regular review and updates and is constantly seeking information on the external environment, best practices in the industry, emerging trends, and feedback from clients and stakeholders. Some organizations have given this committee a revenue development role as well.

## **Eadie Recommendations for Member Engagement and Committee Operations**

### ***Keys to Effective Board Self-Management***

- Responsible Board Operations or Executive Committee
- Meticulous management and coordination of board operations
- Fully developed board human resource/talent development function
  - Right people
  - Faster ramp up with effective orientation
  - On-going learning
  - Formal or informal mentoring/development
- Fully developed board performance management function
- Develop a Governing Mission to reinforce a shared understanding of the board's purpose

### ***Committee Goals***

- Committees engaged in interesting and productive work. Committee members feel ownership
- Committee Chairs are well-prepared to lead meetings
- Quality Control is rigorously maintained in the development of agendas and other documentation for committee meetings
- Staff liaisons meeting regularly to support effective board governance

### ***Committee Operations - General***

- The work of all Committees cuts across the full organization, providing broad exposure and understanding
- Annual Agenda and Work Plan of recurring responsibilities and current priorities
- Clear Expectations of Committee Chairs
- Clear Expectations of Staff Liaisons



***Supporting committee chairs and members in transitioning to new structure:***

- Clear understanding and expectations
- Confidence that they will be able to contribute and share in success
- Treating every board member as a critical asset to support and build upon

***Staff Liaisons***

- Initiate planning future committee agendas
- Designing processes that engage board members in governing
- Coordinating agenda topics with other committees/liaisons
- Ensuring committee chair is well-prepared
- Overseeing preparation of written handouts and oral presentations
- Serving QA role
- Distributing materials in advance of meetings
- Ensuring the committee report to the board is prepared and submitted on time

***Proposed Committee Agenda development process***

- Staff Liaisons build/maintain list of potential committee agenda topics around: 1) the flow of action, process/policy, and information items to board meetings; 2) design of processes for board involvement
- Staff Liaisons generally prioritize with Committee Chairs
- Staff Liaisons meet as a group and coordinate agenda topics
- Staff Liaison refines agenda with Committee Chair
- Staff Liaison prepares for Committee meeting
- Staff Liaison prepares Committee Chair

***Principles to help Board Members cultivate ownership and understanding***

- Play a meaningful role – input is taken seriously and helps shape the work
- Provide opportunities for board input early in the planning stage
- Speaking on behalf of the organization
- Making calls with CEO and senior staff

***“Governing Mission” Draft***

The Board of Directors of ..... is firmly committed to functioning as a high-impact governing body, providing ..... with the strong leadership required to ensure its future effectiveness in a changing, challenging world.

The Board of Directors:

- Serves as the steward and guardian of the .....’s values, vision, mission, reputation, and resources.
- Plays a leading, proactive role in the ..... strategic decision making, and in setting strong, clear strategic direction and priorities for all operating unites and programs, in collaboration with staff leadership.
- Monitors the .....’s operational performance (both programmatic and financial) against clearly defined performance targets.

- Ensures that the .....’s image and relationships with the wider community and key stakeholders are positive and contribute the .....’s success in carrying out its mission.
- Makes sure that the ..... possesses the financial and other resources necessary to realize its vision and carry out its mission fully.

This Governing Mission shall be periodically updated and serve as a framework for further developing the Board’s governing work, structure, and processes over time in the interest of high-impact governing.

(Adapted from Meeting the Governance Challenges – Doug Eadie)

***Resources/References: Board Surveys***

*Leading with Intent – 2015 BoardSource Governance Survey* – [www.BoardSource.org](http://www.BoardSource.org)

*Grant Thornton Governance Survey* - [www.GrantThornton.com](http://www.GrantThornton.com)

***Resources/References: Books/Publications***

*Meeting the Governing Challenge - Applying the High-Impact Governing Model in Your Organization*, Doug Eadie (2007)

*Governance as Leadership – Reframing the Work of Nonprofit Board*, Chait, Ryan, and Taylor (2004)

*Boards that Make a Difference* – John Carver (2006)

*Exceptional Board Practices: The Source in Action* – BoardSource

**About the Author:** Bryan Orander is President of Charitable Advisors and Publisher of the Not-for-Profit News, a free e-mail publication to 18,000 weekly subscribers across Indiana, featuring the Nonprofit Job Board. Beginning his career with a Fortune 50 computer company then a mid-sized nonprofit serving individuals with disabilities, Bryan has been consulting with nonprofits since 1997 to create stronger governance, effective planning, and smoother staff leadership transitions. He has been the lead assessment consultant for the Foellinger Foundation Invited Initiative, in Fort Wayne, Indiana since its origination in 2008.