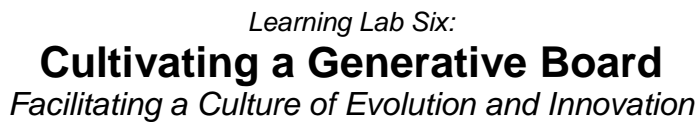




Facilitating a Culture of of Evolution and Innovation

Board Chairs Academy
Governance as Stewardship





The Basics of Resource Development

A Quick Review of Learning Lab Five

Fundraising is a **community-building** strategy that evolves relationships that will yield a **diversified, sustainable** portfolio of contributions to advance the mission, values, and success of the cause.

Raising Money for Causes vs. Organizations (“Hands In” vs. “Handouts”)

The Essential Steps in Cultivating Sustainable Resources

1. Advocating a Position
2. Making a Proposition
3. Community Campaigning
4. Crowd Rallying
5. Personal Engagement
6. Demonstrated Impact

The Most Successful Fundraising Is Based on Marketing (not Communication)

Top Five “Fundraising Markets” or “Contributor Communities” Include:

- Top Contributors
- First-time Contributors
- Lapsed Contributors
- Annual Contributors
- High Potential Contributors

Key Board Roles in Fundraising

- ✓ Approving a comprehensive advocacy strategy and campaign plan
- ✓ Giving by example
- ✓ Engaging the top contributors

Fundraising is more than just asking for money! Every board member can be successful at fundraising when deployed in ways that build on their leadership talents and interests.

Equity is the **measurable outcome of community building**. It is the number of individuals and institutions who have engaged in **sustained contributing relationships** with your organization.



The Final Learning Lab

How Can We Cultivate a More Effective Board?

A Reflection on Our First Five Learning Labs

Learning Lab #1: The Culture of a Cause

- Leading the organization as a “Community Cause” and a “Movement”

Learning Lab #2: The Culture of an Evolving Board

- Forming a Governance Team to advance board member development and performance
- Adopting a measured Diversity, Equity, Inclusion, and Accessibility agenda

Learning Lab #3: The Culture of Mutual Accountability

- Pursuing a strong relationship between the Executive and the Board

Learning Lab #4: The Culture of Talent

- Retaining and developing human talent to advance the mission and assure leadership continuity

Learning Lab #5: The Culture of Philanthropy

- Building community equity through campaigning, advocacy, and personal outreach

ASSIGNMENT #1: What difference has this learning experience made?

What concepts presented so far in Board Chairs Academy are helping your board evolve?

A QUICK POLL:

How would you rate your board's effectiveness?

1. Very ineffective
 2. Somewhat ineffective
 3. Somewhat effective
 4. Very effective
-



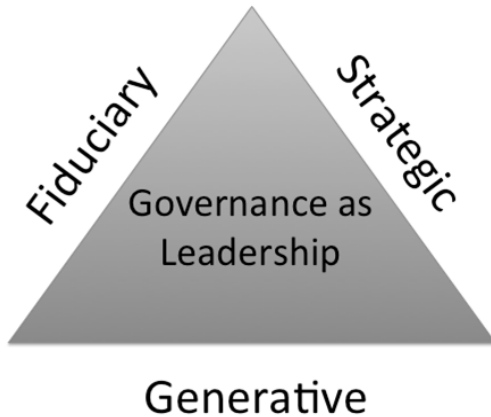
Large Group Discussion

1. What are the attributes of an effective board of directors?

2. What roadblocks prevent a board from being as effective as it could be?

EFFECTIVE BOARDS WORK IN THREE MODES

Three Modes of Governance



Governance as Leadership by Richard P. Chait, William P. Ryan and Barbara E. Taylor, introduced a new paradigm for nonprofit boards. This paradigm is focused on three modes of governance with the third, the generative mode, offering an approach to improve board process, board member engagement, and board outcomes.

Fiduciary: Problems are meant to be spotted and beg the question: *What's wrong?*

Strategic: Problems are meant to be solved and beg the question: *What's the plan?*

Generative: Problems are meant to be framed and beg the question: *What's the key question to be answered?*

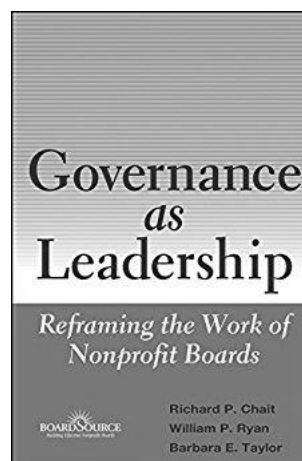
The “Generative” Board of Directors

In order to embrace a new mode of governance, board members must be prepared to engage on a different level than they did previously. Generative governance requires board members to analyze and discuss issues from a macro lens. This means preparing for board meetings and asking different, and better, questions. Rather than focusing on the immediate, short-term considerations — such as whether the budget is balanced — the board should think deeper, instead asking about whether the budget reflects organizational priorities and advances the mission.

- BoardSource

Governance as Leadership: Reframing the Work of Nonprofit Boards

Richard P. Chait, William P. Ryan and
Barbara E. Taylor (2004)
Published by BoardSource





Facilitating the Fiduciary, Strategic, and Generative Board

A PROCESS FOR HIGH QUALITY BOARD ENGAGEMENT

1. INFORMATION BASICS

People have the information they need to participate fully

- A Board Orientation, Job Description, Resource Guide, & Goals
- A Picture of Success
- A Dashboard of Key Indicators of Success
- Understandable Financial Reporting
- Necessary Background Information

2. BOARD MEETING BASICS

A meeting agenda that follows excellent board development principles including

- A Mission Moment
- Consent Agenda
- Fiduciary Obligation
- Decision-Making and Policy Responsibilities
- Learning Segment, and
- Area of Focus

3. FACILITATIVE LEADERSHIP IN ACTION

Focused techniques led by the board chair and supported by the executive director and other board leaders to facilitate generative conversation, assure active listening and learning, and invite full participation.



A Picture of Success

**Measured Goals to
Mobilize the Mission and
Create Impact**

A Picture of Success provides an “at a glance” depiction of the intentions and values of your organization, the factors that will drive your success, how you will advance those commitments, and the outcomes that can be expected.



The Arc of King County's Picture of Success

Charting the Beginning of the Next 80 Years of Service

The Arc of King County is at the heart of our community's civil rights movement for all persons with intellectual and developmental disabilities to thrive as equal, valued and active members of the community.

SUCCESS FACTOR 1	SUCCESS FACTOR 2	SUCCESS FACTOR 3	SUCCESS FACTOR 4
ADVOCACY RESULTS <i>We must unite voices to advance a common agenda for all developmentally disabled citizens</i>	COMMUNITY SOLIDARITY <i>We must build the largest community possible aimed at protecting the civil rights of people with intellectual and developmental disabilities</i>	RESOURCE and REFERRAL CONNECTIONS <i>The community must have an accessible and trusted "GoTo" Organization for information, direction, and linkages to add to the quality of life for people with intellectual and developmental disabilities.</i>	DIRECT CARE <i>We teach and lead by example how to support self-advocates towards Self-Sufficient and Full Community Participation.</i>
MEASUREMENTS	MEASUREMENTS	MEASUREMENTS	MEASUREMENTS
CRITICAL PATHWAYS	CRITICAL PATHWAYS	CRITICAL PATHWAYS	CRITICAL PATHWAYS
ENGAGEMENT	ENGAGEMENT	ENGAGEMENT	ENGAGEMENT
IMPACT	IMPACT	IMPACT	IMPACT

THERE ARE 21,000 KING COUNTY RESIDENTS THAT LIVE WITH AN INTELLECTUAL OR DEVELOPMENTAL DISABILITY WHOSE RIGHTS TO LIVE, LEARN, WORK AND PLAY MUST BE PROTECTED & ADVANCED.

Always Remember:

What Gets Measured, Gets Managed

Peter Drucker

The Leadership Dashboard

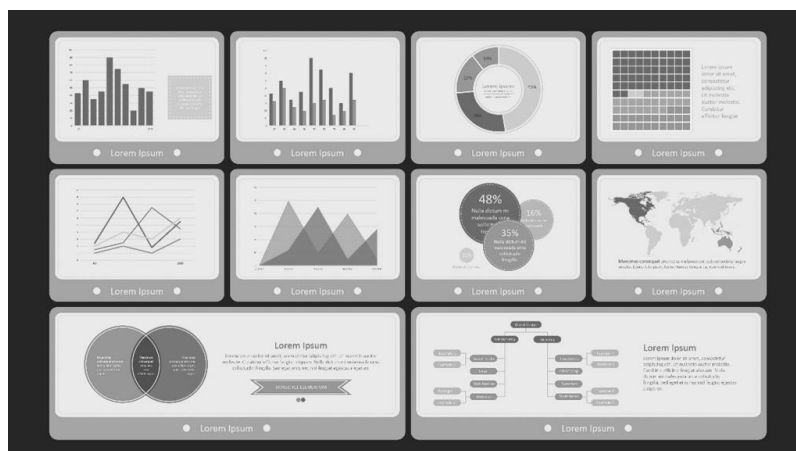
Monitoring Progress Toward Success



*Some information adapted from “A Nonprofit Dashboard and Signal Lights for Boards”
By Jeanne Bell & Jan Masaoka, BlueAvocado.org*

A DASHBOARD IS A “MUST-DO” FOR EFFECTIVE BOARDS

Just like the dashboard in a car, the organizational dashboard offers easy-to-read graphics which display measurable, understandable tactical information for the organization. The dashboard is a performance monitoring system showing operational details in a variety of areas.



What to Display?

Nonprofit Dashboard Elements

THE WHY

- Organizational Impact – *Outputs/Outcomes, Cost per Outcome*

THE HOW

- Resources – *Fundraising Goal, Progress, Pipeline*
- People – *Retention, Satisfaction, Training Investment*

THE WHAT

- Resiliency – *Net Assets, Performance to Plan*
- Sustainability – *Days Cash on Hand, Current/Quick Ratios*
- Future Trends – *Cash Forecasting, Other Forecasts*

Amy Michael
Seattle University

DASHBOARD INDICATOR EXAMPLES

After Month Nine of Current Fiscal Year

ORGANIZATIONAL IMPACT (“The Why”)	Annual Target	Six Months Ago	Current
Total Number of Unduplicated Clients Served	360	160	260
GED Certificates Obtained	90%	70%	82%
Paid Seats per Theatre Performance	90% of available space	85%	75%

FUNDRAISING (“The How”)	Annual Target	Six Months Ago	Current
Annual Fundraising Goal	\$5,000,000	\$2,210,000	\$3,490,000
Total Amount from Top 25 Contributors	\$3,467,500	\$1,458,800 raised	\$2,198,400 raised
Total Amount from Former Contributors	100 contributors giving \$25,000	8 contributors giving \$400	38 contributors giving \$6,700
Total Amount from New Contributors	25 contributors giving \$125,000	14 contributors giving \$53,000	21 contributors giving \$280,000
Total Number of Contributors	10,000	6,790	9,320

FINANCE (“The What”)	Annual Target	Six Months Ago	Current
Days of Unrestricted Cash on Hand	45 days	65 days	19 days
Net Surplus or Deficit YTD vs. YTD Budget	Within \$25,000 or better	\$42,000 worse than budget-to-date	\$28,000 worse than budget-to-date

A DASHBOARD EXAMPLE IN ACTION

“Action Lights” can highlight particular areas to facilitate action or discussion

Great!	Watch	Take Action
--------	-------	-------------

INDICATORS	Annual Target	6 Months Ago	Current
Total Number of Unduplicated Clients Served	360	160	260
Annual Fundraising Goal	\$5,000,000	\$2,210,000	\$3,490,000
Days of Unrestricted Cash on Hand	45 days	65 days	19 days
Net Surplus or Deficit YTD vs. YTD Budget	Within \$25,000 or better	\$42,500 worse than budget-to-date	\$28,000 worse than budget-to-date



Small Group Discussion #1

What should appear on your organization's dashboard?

Board Chairs Academy recommends that you view your dashboard as a “living billboard” that can always be changed. Some indicators may be monitored only at particular times during an organization's history, and eventually may not need to be tracked or may become less relevant. Dashboards can become part of the organization's culture, with departments and committees creating their own versions to monitor specific indicators of progress.



Photo by Towfiqu Barbhuiya on Unsplash

Always Remember “The Double Bottom Line”
A “Cause” Must Show a Measurable Financial Gain and a Social Gain

FINANCIAL REPORTS

The Least Understood Information at Nonprofit Board Meetings



Surveys show that most board nonprofit board members don't fully understand their organization's financial statements. Board Chairs Academy is not here to provide an accounting lesson, but we do recommend the following:

- **Conduct an annual financial orientation** to acquaint all board members, committee leaders and senior managers on reading and understanding the organization's financial reports.
- **Make sure there are financial people on the board who are NOT on the finance committee** so there is always a "check and balance" practice in place and the board has financial people appropriately clarifying, questioning, and interpreting financials presented by the finance committee.
- **Make sure there are non-financial people on the finance committee** so future board leaders are provided ongoing training and a financial orientation; and to ensure the information presented is easily understood by both financial and nonfinancial people.
- **All financial reports MUST have a cover letter** that highlights key aspects and explanations of the attached numbers. This assures due diligence in clearly communicating to all people details and interpretations of the financial reports of which every decision-maker should be aware.

What is Financial Leadership? Nonprofit Quarterly

- Alignment of budget with strategic goals
- Understand variances and manage appropriately
- Achieve a net gain on operations as future working capital
- Commit to projections - anticipate the future not day-to-day
- Determine degree of revenue diversification to advance sustainability
- Make cash flow a priority – know "days of operating"
- Determine a reserve goal and achieve it
- Adequately staff the finance function
- Assess risk and account for it
- Design financial reports thoughtfully and with a cover sheet that shares key points
- Balance finance and non-finance people on the finance committee





Today's Board Meeting Agenda

A New Paradigm for Generative Governance in Action

Recommended Board Meeting Elements	
A MISSION MOMENT	
Sharing a brief story to show that our mission is being mobilized. We are making a difference. We matter.	
CONSENT AGENDA	
A set of documented updates and routine action items, shared in advance, for board approval in a single vote as a way to move quickly to more substantive items.	
FIDUCIARY OBLIGATION	
To track our two most precious resources --- money and people --- and ensure both are being leveraged well.	
MONITOR PROGRESS TOWARD SUCCESS	
A dashboard presentation of key indicators of the organization's health, to identify specific issues and opportunities for board attention at a strategic level.	
DECISIONS TO BE MADE	
Situations requiring board action.	
A BOARD BRIEFING	
A specific learning opportunity about our cause, board leadership, or the community.	
AREAS OF FOCUS: UNLEASHING OUR BOARD'S POTENTIAL	
A facilitated, generative discussion on a topic intended to help advance the cause and create community impact.	

Small Group Discussion #2

How can you redesign your board meeting agenda to improve your board meetings?





**A Generative Board Requires
Facilitative Leadership
Now You Know Why We Call This
“Board Chairs Academy”**

To be effective, board chairs must recognize that they are not commanders, but facilitators. Their role is to create the conditions under which the directors can have productive discussion.

Harvard Business Review - How to Be A Good Board Chair

What are the attributes of a “Facilitative Leader?”

USING FACILITATIVE LEADERSHIP TECHNIQUES

When including an “Area of Focus” in a board meeting, enough time must be provided so people can shift from their fiduciary focus to a more generative perspective in order to raise the mission to new heights. Facilitative leaders have a variety of methods to foster strategic thinking and invite innovation.

Here are some facilitative leadership techniques suggested by Richard P. Chait, William P. Ryan and Barbara E. Taylor in their book, Governance as Leadership: Reframing the Work of Nonprofit Boards

- **Silent Starts** - Set aside two minutes for each trustee to anonymously write down on an index card the most important question relevant to the issue at hand.
- **One Minute Memos** - At the end of discussions give each member to write down any thoughts or questions that were not expressed.
- **Counter Points** - Randomly designate 2-3 trustees to make the powerful counter arguments to initial recommendations.
- **Role Play** - Ask a subset of the Board to assume the perspective of different constituent groups likely to be affected by the decision at hand.
- **Breakouts** - Small groups counter group think and ask: Do we have the right questions? What values are at stake? How else might this issue be framed?
- **Simulations** - Trustees can simulate some decisions – not to second guess, but to provoke discussion about the tradeoffs that management faces.
- **Pre-Meeting Surveying or Polling** - The board can administer a survey anonymously prior to the discussion of a major issue. For instance: What should be atop the Board’s agenda next year? What are we overlooking at the peril of the organization?”



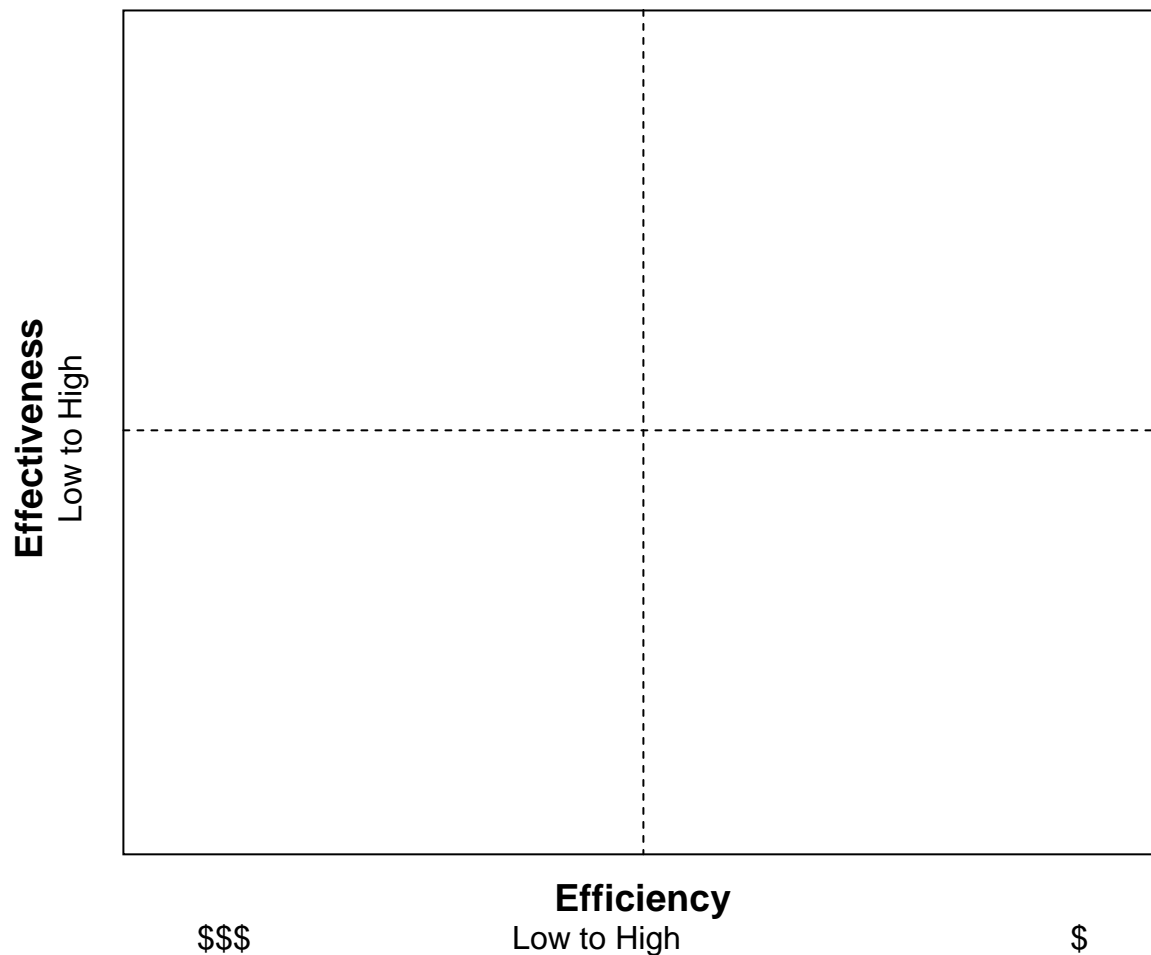


Discussion Starter #1: The Quadrants

An Example:

Effectiveness: Which programs have the greatest benefit to the community?

Efficiency: Which programs are the least costly for the return on investment?



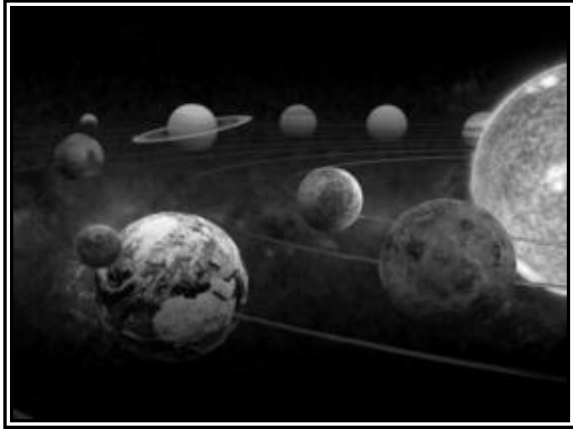
The goal of this exercise is to evaluate programs to assure that each is effective and efficient. Facilitate discussion to identify strategies that keep, get rid of, or move programs into the desired quadrant over a period of time.



Discussion Starter #2: **SWOT Analysis**

The SWOT Analysis helps groups to understand the critical factors that influence the evolution of an individual, group, organization, product, service, or process. We recommend against using SWOT as a listing exercise. Rather, use it to create collective understanding about using advantages to counter disadvantages.

W	S
T	O



Discussion Starter #3: Universe Exercise

The Universe Exercise builds consensus among diverse people about the relevance of work and its priority in connection with a mission, a set of values, or a measured goal.

An Example: Deciding Which Programs Are Most Strategic

Make a list of all the current programs of the organization. On the first diagram (see the next page), the “sun” represents your mission statement. The planets orbiting your sun represent the top three programs most closely associated with your mission. Add those program names to the planets starting with the most closely aligned. The program least aligned with your mission would be furthest from the sun.

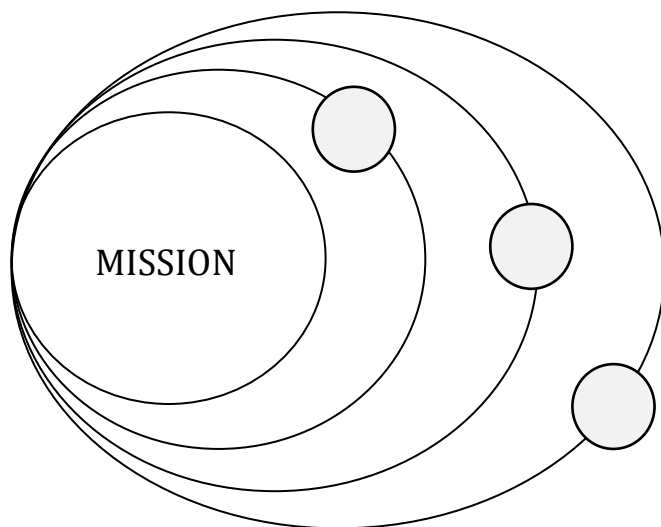
Using the second diagram, the sun represents money, or, more specifically, net program costs. The planets orbiting your sun represent the top three programs which are most efficient for your organization to operate. Add those program names to the planets from most efficient (nearest the sun) to least efficient (farthest from the sun).

On the third diagram, the sun represents a program’s impact in the community. The planets orbiting your sun represent the top three programs which have the greatest impact on community and people. Add those program names to the planets in order from greatest to least impact.

What observations can you make about each of these diagrams?

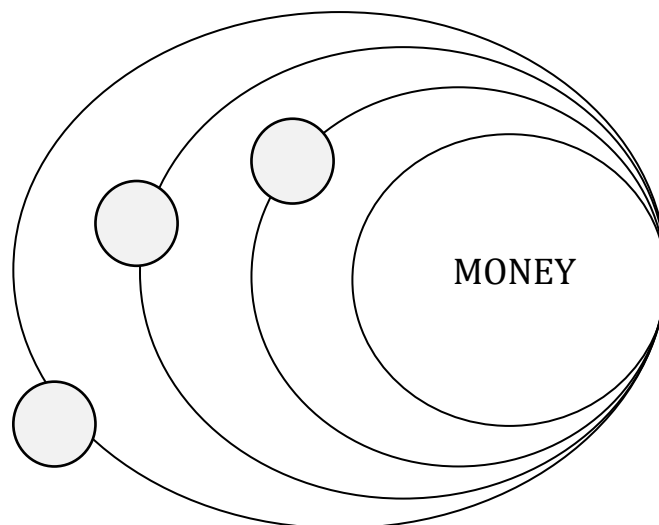
What insights can you draw from those observations?



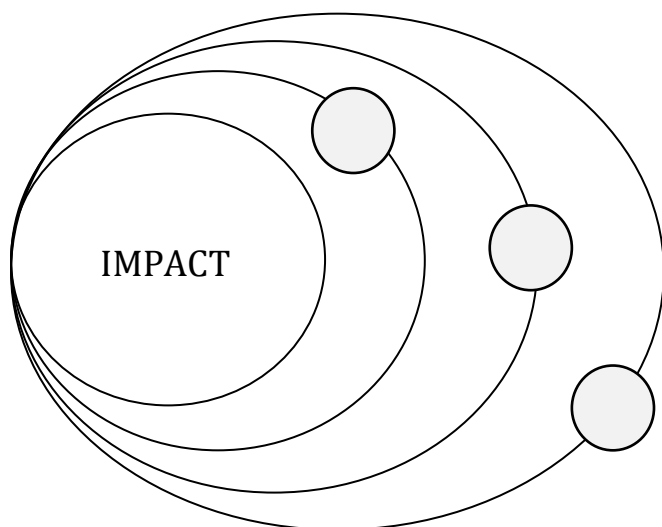


MISSION OBSERVATIONS

MONEY OBSERVATIONS



IMPACT OBSERVATIONS



If you had to cut a program tomorrow, which one would it be and why?
If there's a need to cut a program, why are you waiting until tomorrow?

A SUMMARY OF LEARNING LAB SIX

- Boards can become more effective when the “basics” of good governance are in place. (See the previous learning summaries and the final appendix for a review of key ideas presented during Board Chairs Academy.)
- There are three modes of nonprofit board governance:
 - i. Fiduciary - Problems are meant to be spotted and beg the question:
What's wrong?
 - ii. Strategic- Problems are meant to be solved and beg the question:
What's the plan?
 - iii. Generative - Problems are meant to be framed and beg the question:
What's the key question to be answered?
- High quality board engagement is a hallmark of boards that are able to operate in all three modes of governance. Board engagement is optimized by:
 - a. Providing board members with the information they need, including a clear picture of the organization's success, a user-friendly dashboard that indicates the status of key success measures, and understandable financial reports that invite constructive dialog
 - b. Structuring board meetings that are not focused on operational details, but feature opportunities for learning and include sufficient time for strategic issues and generative conversations
 - c. The board chair's use of facilitation techniques that foster generative conversation, assure active listening and learning, and invite full participation





- 1. HAS THIS LEARNING EXPERIENCE MADE A DIFFERENCE?** What concepts presented so far in Board Chairs Academy are helping your board to evolve? Given the current state of your board, what should be its priorities during the coming year? (See page 164.)

- 2. WHAT BELONGS ON YOUR DASHBOARD** to help the board address its fiduciary obligations, strategic governance responsibilities, and generative opportunities? (See pages 170-172.)

- 3. HOW SHOULD YOUR BOARD MEETINGS BE STRUCTURED?** What are your top three recommendations for enhancing your organization's board meetings to invite a more generative orientation to the board's work? (See pages 174-175.)



The Finale: Where Do You Go From Here?

As this Board Chairs Academy Learning Lab concludes, where do you go from here to continue evolving your board, your cause, and your demonstration of board leadership?



All of us at Third Sector Company thank you very much for your business and we hope you will join us again for Board Chairs Academy in the future. Our goal is that the Academy can become a standing component of your Board Training and Board Development Programs so future generations of board members and board leaders can quickly find common ground in leading your organization to higher ground in its service to others.

JEFFREY R. WILCOX, CFRE
President and Chief Mission Advancement Officer

Our Board Governance Strategists at Third Sector Company are also available to provide the following support to your board and your community cause:

Board Assessments - Facilitated Board Retreats
Customized Board Training - Board Chair Coaching
Executive Performance Planning & Support - Succession Planning
Interim Executive Leadership - Executive Search

THERE'S MORE TO COME

Watch for additional seminars to continue cultivating "Governance as Stewardship."

www.boardchairsacademy.com

FINAL APPENDIX

A REVIEW OF SELECTED BOARD CHAIRS ACADEMY “BASICS”



LEARNING LAB ONE

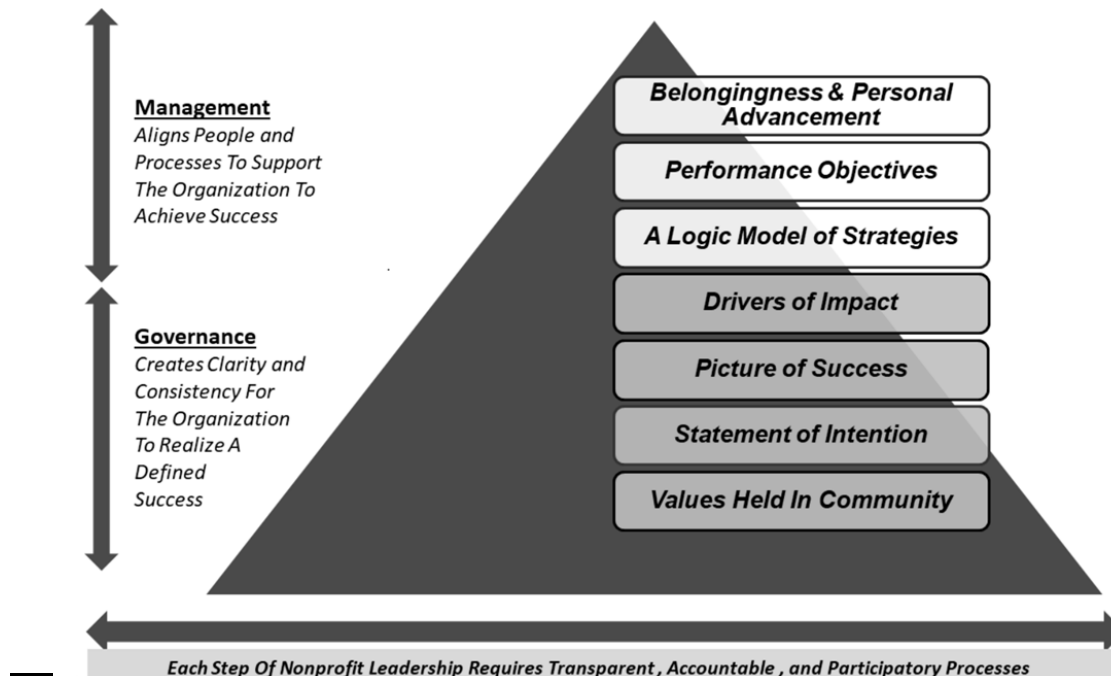
>>> Your organization is advancing a “Cause” to create community impact

- Clearly stated values (belief statements, not virtues) form the foundation of a nonprofit and mobilize its people to action.
- A mission statement declares an outcome from acting on shared convictions.
- People must agree on what success looks like before they can agree on strategy.
- Paid and unpaid people need a roadmap to reach a common destination together.
- A logic model explains how an organization impacts the community.
- Everyone is held accountable to each other, the mission statement, and the community.
- The next generation of community leaders is developed in a culture that welcomes and supports all voices in advancing the Cause.

CAUSE-BASED LEADERSHIP

Leading a Cause Is A Methodical Process That Coordinates People and Convictions into Measured Action

By Jeffrey R. Wilcox, CFRE – Copyright 2022 – All Rights Reserved



>>> Your board understands the outcomes of governance as stewardship.

THE OUTCOMES OF GOVERNANCE

A VITAL COMMUNITY CAUSE

Boards evolve the organization with the community.

A COMMUNITY MOVEMENT

Boards speak out in the community to mobilize people to action.

A RESILIENT ORGANIZATION

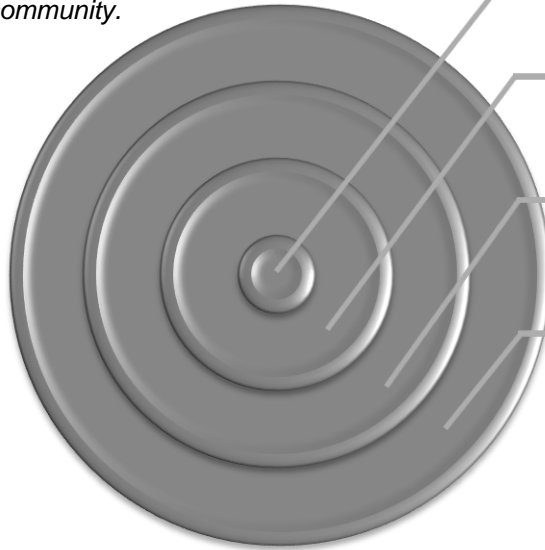
Boards guarantee the community a sustainable and responsible organization.

MEASURED COMMUNITY IMPACT

Boards approve plans and policies that yield positive results.

A NEXT GENERATION OF LEADERS

Boards engage groups and people to assure a continuity of leadership for the cause.



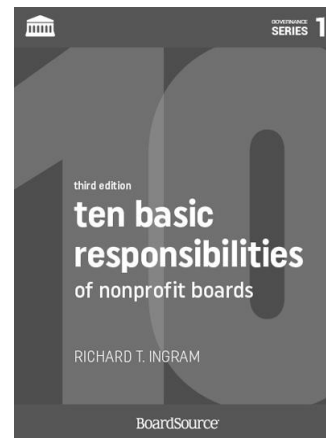
AN EFFECTIVE INFRASTRUCTURE

Boards assure that there are efficient work processes for paid and unpaid people to serve the community in an equitable, accountable, and inclusive manner.

LEARNING LAB TWO

>>> Every board has a basic job description with ten essential elements.

1. Determine the organization's mission and purpose, and advocate for them.
2. Select the chief executive.
3. Support and evaluate the chief executive.
4. Ensure effective planning.
5. Monitor and strengthen programs and services.
6. Ensure adequate financial resources.
7. Protect assets and provide financial oversight.
8. Develop a competent and diverse board.
9. Ensure legal and ethical integrity.
10. Enhance the organization's public standing.



>>> Creating a standing Governance Committee can help the board and each board member be their best.

- This group publishes an annual board calendar and a board support plan based on the outcomes of a board governance self-assessment.
- The team is also focused on creating personal relationships among board members.

LEARNING LAB THREE

>>> Your board embodies and demonstrates a “Culture of Philanthropy.”

- Fundraising is viewed as a community-building strategy and community equity is measured by numbers of givers who have invested in the mission.
- Contributions are the result of an advocacy orientation rooted in a stated set of shared community values that rally people to action.
- Fundraising is managed as a marketing science with five Contributor Communities: Top Contributors, Former Contributors, High-Potential Contributors, Current Annual Contributors, and First-Time Contributors.
- The board is primarily responsible for maintaining and growing the Top Contributors.



LEARNING LAB FOUR

>>> Your board values human talent as a precious commodity while forming a sustainable talent pipeline and leadership succession planning options.

- The board gives as much attention to “people-raising” as it does to fundraising.
- Succession Planning is defined as assuring a continuity of leadership talent to the mission, and involves attention to the entire organization, not just the chief executive position.
- A strong culture of leadership continuity characterized by:
 - A shared definition of succession planning and its value to the cause
 - Procedures for managing unexpected vacancies in key roles (both paid and unpaid), including a current agency information inventory
 - Leadership succession policy providing guidance for short-term, long-term, and permanent vacancies
 - Practices that attract, retain, and advance talent
 - A strategic plan that includes directives about developing and deploying people in service to the cause



LEARNING LAB FIVE

>>> The board-executive relationship sets the standard for demonstrating professional respect and mutual accountability for the entire organization.

- There is clarity about the differences between governance and management, and the roles each function plays in the work of the organization.
- The board is aware of and respects the four critical responsibilities of nonprofit management: orderly conduct of business, policy enforcement and evolution, program management, and people management.
- Both the board and the executive are guided by a set of approved performance measurements and each actively supports the other to achieve those measurements.
- The organization, the executive, and the board are each evaluated as a matter of policy.
- The board conducts regular compensation reviews to understand the market value and replacement costs of its executive management and other key staff positions.

THE RESPONSIBILITIES OF MANAGEMENT

Leadership Roles of the Chief Executive



LEARNING LAB SIX

>>> Boards can become more effective when the “basics” of good governance are in place.

- There are three modes of nonprofit board governance:
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 - Strategic- Problems are meant to be solved and beg the question: *What's the plan?*
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