The "Transforming Board Practice" curriculum is the result of an NC State University interdisciplinary partnership between the Institute for Nonprofits and Cooperative Extension. Its purpose is to improve the efficacy of boards of directors of nonprofit organizations throughout the State of North Carolina by encouraging a culture of inquiry among board members and generating robust and honest discussion of all issues and concerns affecting their organization.

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Contributor Acknowledgements

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Mary Tschirhart is a Professor of Public Administration at The Ohio State University. She served as Director of the Institute for Nonprofits and Professor of Public Administration at NC State University from 2008-2013. She has published extensively on nonprofit topics including board governance. She recently co-authored a text titled *Managing Nonprofit Organizations*. Dr. Tschirhart has served on six nonprofit boards in a variety of roles, including president, and led a nonprofit as its executive director.

Slide 1

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Each module in this curriculum may be delivered independently of the others. However, each one's content will be greatly enhanced by delivery of all the modules. We strongly suggest that new boards start with this first module and complete the entire curriculum in the order presented.

The foundation for this curriculum comes largely from the work of Chait, Ryan and Taylor on a concept they call "Generative Governance." Module 1 provides an overview of this framework.

Introduction

Many people join nonprofit boards without really knowing what it means to "govern" and often without knowing the responsibilities of a nonprofit board.

Instructions

- Welcome the participants
- Introduce presenters and sponsors.
- Ask the participants to introduce themselves and their organizations
- Read the slide

Materials

- Flip chart and markers
- Paper and pens for participants
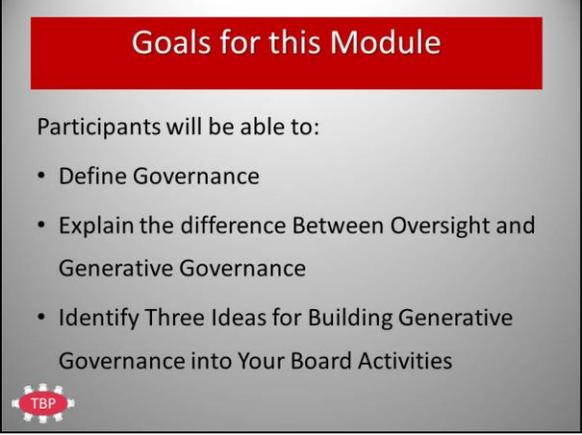
Slide 2

References

Chait, R. P., Ryan, W. P. and Taylor, B. E. (2005). *Governance as Leadership: Reframing the Work of Nonprofit Boards.* Hoboken, NJ: John Wiley and Sons Inc.

Gill, M. D. (2005). *Governing for Results: A Director's Guide to Good Governance.* Victoria, Vancouver, CN: Trafford.

Janis, I. L. (1972). *Victims of Groupthink: A Psychological Study of Foreign Policy Decisions and Fiascoes.* Boston, MA: Houghton Miflin.

Renz, D. (2007). Midwest Center for Nonprofit Leadership. (http://bloch.umkc.edu/mwcnl/)

Opening Activity
Generative Governance

Ask the group to take a minute to complete the
following analogy:

Slide 3

Board is to _organization_ as _____ is to _____.

<u>Note to facilitator</u>. This exercise comes from Chait, Ryan and Taylor, pages 168-169. How
participants answer this will illustrate how they view their governance role. Answers have been
linked to each of the three types of governance below and can be used to help them understand
how they perceive their role. Use their examples to talk a bit about their perceptions of their
governance role. This is the transition to our goal: getting them to think about governance in a
potentially new way.

_Note: Sometimes participants will give you an analogy that does not fit in any of these 3
categories. In one session we got the interesting analogy "Cherry: pie." If this happens, let the
participant talk about what that means to them. Validate their ideas within the idea that boards
relate to the overall organization in many different ways, and they are all important. As a board
becomes engaged and comfortable with more flexible roles, they may be able to vary their ways
of governing based on the organizational needs._

Ways of Governing

Board As Control Mechanism	Board As Direction-Setter	Board As Meaning-Maker
dam: river	compass: navigation	inspiration: poet
landlord: tenant	rudder: boat	designer: work of art
air traffic controller: pilot	headlights: automobile	norms: group

(Chait, Ryan and Taylor, 2005, p. 38)

Talking points

Just as there are many different types of nonprofits, there are many different types of boards. These differences may be attributed to different needs, such as those of an all-volunteer organization versus an organization with 50 staff members. Sometimes differences are more related to leadership styles and organizational culture.

We have found when conducting workshops that many board members do not have even a working definition of governance. This is a good place to start, and we recommend that this definition be included in board-member recruitment and orientation documents.

This definition supports the three primary modes of governance illustrated in the next slide: fiduciary, strategic and generative.

Slide 4

Talking points

The Venn diagram illustrates three modes of governance as described by Chait, Ryan and Taylor in their 2005 book *Governance as Leadership*.

While these are three distinct modes, each is important and boards may be operating in more than one mode at a time.

Importantly, the diagram shows that boards are not always in the "generative" mode. Sometimes board members are in oversight mode, and that is a good thing.

Governance as Leadership
(Chait, Ryan & Taylor, 2005)

Fiduciary

Strategic   Generative

TBP
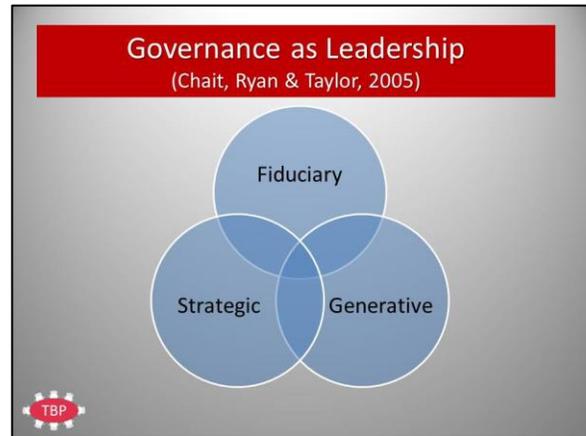
Slide 5

Talking points

One way to help define generative governance is to contrast it with oversight, which Chait, Ryan and Taylor argue is the more common way that nonprofit boards govern.

At a minimum, most board members understand that they must provide oversight to make sure the nonprofit organization is using its resources in the best interests of its stakeholders.

Oversight vs. Generative Governance

- **Oversight:** Board members are in a hands off, supervisory role; they read or listen to reports and vote to approve (or not)
- **Generative:** Board members are engaged in providing a new sense of problems and opportunities to generate new insights and creativity

TBP

Slide 6

Talking points

It is imperative that board members receive financial reports and understand how to read them. (*We have found that some board members are not trained in how to read a financial statement, and they therefore defer to the expertise of the CEO and/or Financial Officer. These board members are not carrying out their fiduciary responsibility.*)

While the fiduciary responsibility is often done through oversight, it can also be done in a more generative mode by asking different types of questions. This takes the conversation to a more creative, generative place. See examples in Slide seven.

Slide 7

Talking points

In this slide we show how a board can do fiduciary work in a way that combines oversight with idea generation. Both are important board practices.

Slide 8

Fiduciary versus Generative Oversight

Can we afford it versus what's the opportunity cost?

Did we get a clean audit versus what did we learn from the audit?

Is the budget balanced versus does the budget reflect our priorities?

Should we increase budget lines versus should we re-allocate resources?

Will the program attract clients versus how will the program advance our mission?

Talking points

Most board members also understand that governance includes providing strategic direction or what is most commonly called "strategic planning." Chait, Ryan and Taylor believe that a problem for many nonprofit boards, especially those of larger nonprofits who have both a CEO and executive leadership team, is that the executive team develops the strategy and board members are asked only to approve it.

Slide 9

The definition of strategic responsibility provided here underscores the more generative idea, which is that board members are also leaders, and as such must be in partnership with the executive leadership of the nonprofit and should participate in the development of the plan instead of being invited in after the fact. Including board members in all stages of strategic planning has several advantages:

- It helps board members better understand the organization, its stakeholders' needs and the environment.
- It enlists board members to serve as liaisons who obtain information from the community and their networks that can benefit the nonprofit.
- It helps board members advocate for the organization and increases their commitment to helping secure resources to support the strategic plan.

This is another example of how strategic responsibility can be done in either oversight mode or generative mode. There may be times when one mode is needed more than the other, but there should be some balance so that boards are fully engaged in governance.

Talking points

In this slide we show how a board can do strategic work in a way that combines oversight with strategy generation. Both are important board practices.

Slide 10

Strategic Oversight versus Strategic Generative

Is there a strategic plan versus does the organizational strategy reflect the concerns of all stakeholders?

Where are we in the strategic plan implementation versus is the organizational strategy flexible enough to deal with unexpected events in the economy and community?

Are we on track? When do we need to update our plan versus are we experiencing mission drift as we change funding sources and how do we need to adjust organizational strategy or realign?

Are we meeting our deliverables versus does the organizational strategy trajectory take us where we want to be in five years?

Who is responsible for the different planning components?

Talking points

Lastly in our Venn diagram is the *generative* circle. We have talked about what this looks like when it overlaps with fiduciary and strategic responsibilities, but there is generative work for the board that falls outside these 2 tasks.

A generative leadership style refers to a board that engages in robust discussions that reframe problems and challenge normative ways of operating, leading to collective sense-making and creative problem solving.

Slide 11

Talking points

This work incorporates 3 tasks.

Read slide.

Slide 12

Talking points

The generative mode is important because it embraces interesting questions and conversations that engage the board to utilize all its varied expertise and to stimulate creativity and new ideas.

Below are a few examples of group norms that may need to be adopted to support generative thinking and discussion. *Some ideas for engaging in these conversations are addressed in Modules II and III.*

Slide 13

Reframing: When an issue is presented as primarily financial, consider other elements of governance that might be relevant (for example, are there policy concerns, programmatic issues or ethical dilemmas that should also be discussed)?

Recognizing Ambiguity: The future is usually uncertain, yet we often continue programs that have worked in the past. We may also assume that the group all feels the same way, when we may need to discuss different interpretations of an issue.

Confronting Conflict: When board members raise alternative perspectives or ideas, these may be tabled, or the topic may be changed, because the group is uncomfortable. These differences present a sign that more discussion is needed. Confronting them constructively can lead to greater consensus, greater group cohesion and more effective decisions.

Talking points

The slide includes ideas for structuring board activities so that they are in generative mode while doing strategic work.

Flexible board structure: A flexible board structure creates committees as needed rather than using *standing committees*. We have often heard board members refer to standing committees as a "life sentence." The metaphor suggests that they are dreaded and that members fear they will be stuck on that committee forever.

Supporting Generative Governance

- Flexible board structure: Committees based on strategic priorities; Often ad hoc.
- Form follows function: Create space for strategic thinking through modified agendas; ask "What's the big idea?"
- Engage constituents: Collect information from stakeholders, experts, and peers.

Slide 14

This is not a very engaging model. Instead, committees can be formed on a project basis and board members can get involved based on the time they have available and specific areas of interest or access to resources that are most critical to that project. A bonus is that board members know that even if the project does not go as well as they hope, the committee will end when the project is over. Chait, Ryan and Taylor remind us that like all volunteers, board members need to see that they are making a specific contribution, so committees with a concrete task and outcome will help motivate and retain board members.

This is a good place to point out that volunteers from outside the board can also be recruited to serve on *ad hoc* committees, so this has the additional advantages of expanding resources and providing a possible venue for recruiting new board members.

Form follows function (Meeting format): The idea is to think about the specific work or tasks that need to be completed in a board meeting and to design the agenda to meet those needs...

A typical board agenda includes a series of reports that are then approved by the board. This format lends itself to oversight mode rather than generative mode. Agendas can be reformatted to create space for strategic thinking. Take 15 minutes of a meeting to ask, "What haven't we talked about?" or "Whom aren't we serving?" and see what ideas are generated for discussion.

Engage constituents: Board members often have full-time jobs and other obligations to attend to, so they may not be as knowledgeable about the nonprofit as CEOs and staff would like them to be. One way to help without burdening the CEO/staff is to have board members act as liaisons to talk to their networks and obtain more information. Find out what people in their field know about your organization. What ideas do they have for programs, new employees, or resources? This is a relatively "safe" way to engage your board members in advocating for your organizations and may even open the door to fundraising as they get more and more comfortable talking to people about the nonprofit. Depending on the kind of information needed, board members can also be called upon to help get surveys completed, so that even more constituents and stakeholders can be included in the research.

Talking points

To summarize, the two most common modes of governance that are fiduciary and strategic. We have pointed out that either can be carried out through oversight or generative governance.

The third mode, introduced by Chait, Ryan and Taylor, is the "generative" mode. Boards are generative when they generate ideas and solve problems; and importantly, this can happen outside the fiduciary or strategic mode.

Slide 15 (Duplicate of slide 5)

Whenever a nonprofit is examining its current strategies and effectiveness, board members can then bring their knowledge, expertise, external networks, ideas and questions to the table. Board meeting agendas often do not include space for this activity, but with preparation it can be included during each meeting.

Talking points

Consider the most recent board meeting you attended. Do you remember what was discussed?

How much of what you recall was in fiduciary mode?

How much was in strategic mode?

Can you recall specific instances of oversight and specific instances that were generative?

Take 1-2 minutes to write down everything you remember.

Ask the group to share some of their stories, then lead a group discussion.

Slide 16

Note

Modules 2 through 8 in this training series provide ideas for board structures, communication and activities that support the generative mode.

Modules for Transforming Board Practice

Module 1: Foundations for Transforming Board Practice
Module 2: Legal and Recruitment Issues for Nonprofit Boards
Module 3: Governance and Board Structure
Module 4: Enhancing Board Engagement
Module 5: Constructive Conflict
Module 6: Thinking Strategically
Module 7: Asking the Right Questions
Module 8: Board Meeting Communication

TBP

Slide 17

Module 2: Legal and Recruitment Issues for Nonprofit Boards

> *The participants will learn about the legal responsibilities of Boards of Directors*

Module 3: Governance & Board Structure

> *Participants will become acquainted with the different roles and responsibilities surrounding Governance, Management and Work*

Module 4: Enhancing Board Engagement

> *We will explore elements and processes that vitalize and engage board members but also promote organizational growth and health.*

Module 5: Constructive Conflict

> *Participants will learn the difference between constructive and destructive conflict and review the principles of constructive communication.*

Module 6: Thinking Strategically

> *We will focus on foundational pieces for strategic planning. We are NOT going to tell you how to plan, but instead how to be strategic when you plan, so that the document you produce will be dynamic within the organizational context.*

Module 7: Asking the Right Questions

Module 7 introduces the concept of Appreciative Inquiry as a technique for infusing innovative thinking and imagination into program planning. This is a useful technique when a board needs to move past business as usual or has become stuck.

Module 8: Board Meeting Communication

> We will identify *common meeting obstacles, explain why they happen, and identify strategies for minimizing them.*

Instructions

The evaluation is a good tool to help the facilitator assess how well the presentation was received and make adjustments for future presentations.

It also provides a source of information and documentation, such as *number of people trained,* that could be useful in report- and grant-writing.

Be sure to take good notes on the training session, then summarize and save the data for future reference.

Slide 18

Closing Slides

Use the curriculum modules slide to mention the topic (and date) of the next training, and close with the references.

Slide 19

Slide 20

Slide 1

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Each module in this curriculum may be delivered independently of the others. However, each one's content will be greatly enhanced by delivery of all the modules. We strongly suggest that new boards start with Module 1 and complete the entire curriculum in the order presented.

Introduction

The role of a nonprofit board is to oversee the nonprofit's operations to ensure that the nonprofit is being true to its mission, vision and values. It's important that you start your board members off on the right foot. That is why we have combined legal and recruitment issues into the same training module.

Goals for this Module

Participants should be able to:

– Define the Board of Directors legal responsibilities

– Define legal compliance

– Prepare an orientation process for new members that includes legal and financial responsibilities, and time commitments

– List three strategies for retaining board members

Instructions

- Welcome the participants
- Introduce presenters and sponsors.
- Ask the participants to introduce themselves and their organizations.
- Review the goals for today's training

Materials:

- Worksheets and pens for each participant
- Flip chart with easel
- Markers
- Copies of Slides 7, 8 and 9 for the participants' activity on Slide 6

References:

Black, H. (1968). *Black's Law Dictionary* (Rev. 4th ed.). St. Paul, MN: West Publishing.Lo Bianco, L. and Muscheid, K. (2013). *What Nonprofit Directors Need to Know: Legal Responsibilities and Best Practices,* Eau Claire, WI: National Business Institute.

Mann, R. and Roberts, B. (1992). *Smith and Roberson's Business Law* (14th ed*.).* Mason, OH: South-Western Cengage Learning

Instructions

The audience should be told that this presentation concerns typical legal issues Boards may encounter and should consider; it does not substitute for legal advice.

Slide 3

Talking points

The role of a nonprofit board is not to manage but to oversee the nonprofit's operations so as to ensure that the nonprofit is being true to its mission, vision and values.

The board is a steward or servant of the organization. As such, it must act in a fiduciary capacity and is held to a higher standard of care. Board members should know the organization

Slide 4

inside and out so as to speak intelligently about internal and external organization affairs.

If your new board members are unaware of their legal responsibilities to the organization, they cannot be expected to abide by them. Consequently, it is critical that new board members undergo an orientation program and that veteran board members get updated at least annually.

Sample Contents of an Orientation Program

- Mission, Vision and Values of the Organization
- Current Programs of the Organization
- Financial State of the Organization
- Board Policies/Personnel Policies
- Staff Introductions
- Legal Responsibilities
- Organization Bylaws
- Expectations regarding Financial and Time Commitment
- Schedule of Board Trainings
- Board Committees

Samples of financial statements, audits (if applicable) and the annual budget should be included in orientation packets. It is the Board Chair's responsibility to make sure all board members know how to read and interpret them.

It is also important to stay in contact with all board members in order to keep them engaged and well informed about the organization's affairs. Be sure to schedule a get-together with board and staff every 3-6 months.

Talking points

When you are invited to become a member of a nonprofit board, what do you think?

Slide 5

- You may be flattered, if the organization has significant standing in the community.

- Or you may be reluctant, if the organization is known to be struggling or if you personally do not have the time to devote to it.

- But have you ever stopped to think about what your specific responsibilities will be, should you accept the invitation?

- Or considered that if you accept the invitation but then do not act as a true steward and caregiver of the organization, you open yourself up to possible personal liability in the event of a lawsuit?

As a new board member, you should first ask the nonprofit board to see copies of its mission statement, articles of incorporation and evidence of state and federal filings, board policies, financial statements, employment policies and business plan, if any. (If your organization does not currently have a board packet, make sure you do this!) Your role as a board member is to make sure that the ship is headed in the right direction and has all the provisions and instruments it needs to get there. Let's examine each of the bullets listed here one by one:

1. ***Stewardship of the organization's financial and human resources:*** That means it is your job to make sure the organization has the money and the people (whether paid staff or volunteers) to fulfill its mission. The board is certainly responsible for approving the budget and has an obligation to determine whether the numbers shown in the budget are reasonable, based in reality, and not "pie in the sky" wishful thinking. Ask questions of the organization's executive director, or whoever prepared the budget, to confirm that the anticipated revenue has a confirmed source. If that source is speculative (for example, grants applied for, but not yet awarded), ask how the board can help (possibly, by networking with the grant source). Carefully examine the expenses listed in the financial statement and the budget. If something seems out of line, ask for an explanation and decide whether the expense is justified and in line with the mission, vision and values of the organization.

2. ***Developing and revisiting the mission, vision and values as appropriate:*** Has the organization gone astray of its mission? Sometimes in order to get grant dollars staff may take on projects that are not aligned with the mission, vision or values of the organization. If that is the case, the board can revisit the mission, but significant departures may jeopardize the organization's tax-exempt status as well as funding from other sources.

3. ***Ensuring mission, methods and resources are aligned in ethical and efficient means that are in the best interests of stakeholders:*** This ties in with the last bullet. Make sure that the organization's operations are in the best interests of the stakeholders – in this case, stakeholders would include grantors and donors as well as the *beneficiaries* of your organization's mission. Who are you trying to help? What service is the organization providing and to whom?

4. ***Accountability for legal, financial and strategic activities of the organization:*** This is the sticking point when you agree to become a board member. You actually do have some accountability for the organization's operations, even if you have a paid staff who is running the show. Most boards include Directors and Officers (D&O) insurance as a budget item. It will insure you against personal liability for most lawsuits against the organization or against you personally as a board member. But D&O insurance doesn't cover all instances, especially if you have personally engaged in some bad-faith activities (we'll get to that). If you haven't done so already, invite your insurance agent to the table to explain D&O coverage and what the proper coverage for your organization should be.

Talking points

Bottom line, the primary obligation of a board member is to act as a fiduciary for the organization.

Black's Law Dictionary defines a fiduciary as *"a person holding the character of a trustee, or a character analogous to that of a trustee, in respect to the trust and confidence involved in it and the scrupulous good faith and candor which it requires."*

Slide 6

A person is said to be acting in a "fiduciary capacity, when the business which he transacts, or the money or property which he handles, is not his own or for his own benefit, but for the benefit of another person, as to whom he stands in a relation implying and necessitating great confidence and trust on the one part and a high degree of good faith on the other part. The term is not restricted to technical or express trusts, but includes also such offices or relations as those of an attorney at law, a guardian, executor, or broker, a director of a corporation, and a public officer."

With that in mind, a board member must always act on behalf of the organization for which he serves, NEVER in his own interest. This fiduciary obligation is further broken down into three duties: care, loyalty and obedience.

ACTIVITY:

To help the participants stay engaged, consider the following activity.

Ask the participants to break into three groups, one for each *fiduciary duty*. (See Slides 7, 8 and 9)

1. Duty of Care (Slide 7)

2. Duty of Loyalty (Slide 8)

3. Duty Obedience (Slide 9)

Provide flip chart paper and markers. Ask each group to prepare a brief presentation on one of the fiduciary standards (Slides 7, 8 or 9). Give the groups about 15 minutes and then ask each group to give their presentation.

Talking points

In discharging their duties, board members must exercise ordinary care and prudence. This means that board members must perform their duties:

(1) in good faith;

(2) with the care an ordinarily prudent person in a like position would exercise under similar circumstances;

Slide 7

(3) in a manner they reasonably believe to be in the best interests of the organization.

So long as the board member acts in good faith and with due care, a court will not substitute its judgment for that of the board member. This is the "business judgment" rule. In other words, a court will not penalize a board member for making a wrong decision concerning the affairs of the organization so long as he or she is not acting in bad faith, negligently or recklessly. BUT a board member may be liable for failing to act. There is one case where a board member had not attended a single board meeting in 5 ½ years and had never examined the books. That board member was held liable for losses resulting from the unsupervised acts of the staff. The lesson from this case is: Don't agree to be on a board, if you don't intend to do any work!

The work involves making *well-informed* decisions for the organization. The bullets above describe how to do that.

Talking points

The next duty required of a board member is the duty of loyalty. This is the duty which requires subordination of self-interest to the interest of the organization. A board member is required to disclose fully to the organization any financial interest that he or she may have in any contract or transaction to which the organization is a party.

The board member must avoid any appearance of self-interest in business conduct, and may not advance personal interests at the organization's expense. In addition, a board member may not represent conflicting interests; their duty is one of strict allegiance to the organization.

Slide 8

A contract or other transaction between a board member and the organization inherently involves a conflict of interest. However, (1) if the board member has disclosed the conflict, (2) the provisions of the transaction are fair and benefit the nonprofit, and (3) a majority of the Board (excluding the conflicted board member) approves the transaction, there is typically a "safe harbor," and the board member will not be deemed to have violated their duty.

Another temptation for unscrupulous board members is taking advantage of organizational opportunity. A board member may not usurp any opportunity that in all fairness should belong to the nonprofit. An organizational opportunity should be promptly offered to the nonprofit, which, in turn, should promptly accept or reject it.

Rejection may be based on one or more of several factors, such as:

- lack of interest in the opportunity

- financial inability to acquire the opportunity

- legal restrictions on its ability to accept the opportunity

- a third party's unwillingness to deal with the organization.

Once the opportunity is officially rejected, the board member may proceed to accept the opportunity if their intentions have been previously disclosed to the organization.

It is very important that the board member who has disclosed the conflict of interest leave the room when the non-conflicted board members vote on the issue involving the conflict of interest. It is also *extremely* important that every discussion regarding the conflict be documented. The best course for the Board to take is to adopt a conflicts-of-interest policy and follow its procedures exactly.

Talking points

The final fiduciary duty is the duty of obedience. Board members must act within their authority. For any loss the organization suffers because of a board member's unauthorized acts, a board member may be held liable. In some states, they are held strictly liable (it doesn't matter if they made a mistake). In others, board members are held liable only if they exceeded their authority intentionally or negligently.

Slide 9

How do you make sure you are acting within your authority? Make decisions only within the bounds of the mission statement, and accept gifts only from donors whose intent matches the mission of your organization.

An ancillary duty to the duty of obedience is the duty not to compete. As a fiduciary, a board member owes the organization undivided loyalty and obedience, which means he or she may not compete with the organization. A board member who breaches this duty by competing with the organization is liable for the damages caused to the organization. In addition, board members may not use the nonprofit's personnel, facilities or funds for their own benefit nor disclose trade secrets or other confidential matters of the organization to others.

Talking points

While a board member may think that he/she is protected from legal responsibility for the organization's actions due to the legal concept of a "corporate shield," the corporate shield can be "pierced" (especially if the board member is acting outside the scope of his/her authority). Consequently it is important that a board member be cognizant of the above-listed tripping hazards.

In addition, the indemnification provisions in the bylaws will require the organization to pay the board member for any legal or other costs he/she

Slide 10

may incur as a result of his/her board member capacity (with limitations), as will D&O insurance (with limitations). There are, however, two other legal concepts that protect board members from personal liability for organization debts and other obligations. Those legal concepts are:

1. The Business Judgment Rule

2. Reliance on Others

The Business Judgment Rule states that a director is not liable for any act or omission taken as a director, if the director acted in good faith, with the care an ordinarily prudent person in a like position would exercise, and in a manner the director reasonably believes to be in the best interests of the corporation.

In discharging his/her duties a board member may rely on information, opinions or reports, including financial statements and financial data, prepared/presented by others in certain circumstances. However, if a board member knows, or has reason to know, that the information is false or misleading, that reliance will not protect him/her.

Talking points

Now that you've accepted the invitation to become a board member, what do you need to do to make sure you don't fall into any legal traps? Remember these 5 things:

1. *Always* follow the laws
2. *Never* act in your own self-interest (don't benefit from the organization's operations)
3. *Purchase* D&O insurance
4. *Follow* Board policies
5. *Confirm* that the organization has an indemnification provision in its bylaws! In other words, make sure that the organization will indemnify you in the event someone sues you in your capacity as a member of the Board. *This provision, however, typically will not protect you if you have breached any of your duties as a member of the Board.*

Protection from Liability

- Comply with laws
- Avoid private inurement
- Director's and Officer's insurance
- Follow Board policies
- Confirm that the bylaws contain an indemnification provision

Slide 11

Types of Policies Nonprofit Boards Should Adopt

Legally a nonprofit corporation must have articles of incorporation (which will state its purpose) and bylaws (which govern operations of the organization). In addition, make sure your organization has some form of the following types of policies in place:

- Conflict of Interest
- Private Inurement
- Document Destruction and Retention Policy and Procedures
- Whistleblower Protection Policy and Procedures
- Executive Compensation Review Policy and Procedures
- Gift Acceptance Policy
- Equal Employment Opportunity
- Diversity
- Harassment/Retaliation Policy and Procedures
- Transparency and Accountability
- Investment Policy
- Fundraising Policy

(Many of these are described by the IRS Form 990.)

Compensation of Executive Director

According to the *Stanford Social Innovation,* in a 2009 article on "Ethics and Nonprofits" by Deborah L. Rhode and Amanda K. Packel, "Salaries that are modest by business standards can cause outrage in the nonprofit sector, particularly when the organization is struggling to address unmet societal needs. . . . The problem is not just salaries. It is also the perks that officers and unpaid board members may feel entitled to take because their services would be worth so much

more in the private sector." In North Carolina we have witnessed the defunding of the Rural Center by the NC General Assembly and the resignation of ED Billy Ray Hall because of his compensation and perks.

Travel expenses can also raise questions, especially if employees keep frequent flyer miles from business travel. Be sure to develop and monitor your organization's travel and expense policy.

Executive Director Evaluation

A really gnarly situation occurs when things aren't going well for the organization under the leadership of the current Executive Director. The Board faces the difficult decision of either terminating the Executive Director or sticking it out in the hope that things turn around. It is critical that the Board members understand that their duty is to the organization, not the Executive Director. Consequently, it is equally important that the Board formally evaluate the Executive Director's performance at least annually. That way there is a record of any performance deficiencies, giving the ED an opportunity to make corrections before the termination decision is made. If the deficiencies are not corrected, there is ample evidence for the Board's decision to terminate, giving the fired ED less ammunition for suggesting that the firing was due to discriminatory reasons.

Sample performance deficiencies include:

- Tardiness
- Unexplained absences
- Failure to meet deadlines
- Failure to meet mutually agreed upon goals for the organization
- Poor time management
- Low productivity
- Poor staff/volunteer relations

Of course, instances of discrimination, retaliation or harassment must be dealt with in every case in accordance with the organization's policies. (Make sure you have them!)

Expectations of Board Members

When recruiting new Board members, it is important to communicate the organization's expectations of them. Some nonprofit organizations have new Board members (and veteran members) sign an annual Board Member Contract. A sample of a Board Member Contract can be found at http://www.blueavocado.org/content/board-member-contract.

The Board Member Contract sets forth all expectations the organization has for new board members, including their annual financial commitment to the organization (this helps the Executive Director understand the financial capacity of the new board member). It also outlines the board member's expectations of the organization, including the frequency and scope of all communications regarding the organization's financial and programmatic health.

Notes

Good online resources for nonprofit board members include:

National Council of Nonprofits
www.councilofnonprofits.org

Blue Avocado www.blueavocado.org

Nonprofit Resource Center www.nprcenter.org.

NC Center for Nonprofits
www.ncnonprofits.org

Slide 12

Talking points

Our laws change on a daily basis, so it is very important that Board members stay up to date on legal requirements.

Sarbanes-Oxley was the law passed following the many outrageous ethical and legal violations of the Enron, Worldcom and Tyco cases. While most of its provisions apply to public companies, some apply equally to nonprofits. Chief among those are protection of whistle-blowers (those employees who blow the whistle on inappropriate financial reporting, etc. by the organization) and rules regarding document destruction.

Slide 13

 It's important that nonprofits adopt policies to (1) handle employee complaints and retaliation; (2) comply with SOX on document destruction; and (3) ensure that if an investigation is underway, all document purging ceases.

Make sure that your staff understands the IRS disclosure requirements of the Form 990 and that the Board reviews and approves it. Be sure that you have a conflict-of-interest policy in place that addresses state and federal laws against self-dealing and that you have an independent audit committee established to review your organization's financial reporting and performance.

Some states also prohibit nonprofit organizations from making loans to officers and directors. It's a good idea not to permit that type of insider dealing because it flies in the face of the fiduciary duties described earlier. Bottom line; keep up to speed on legal requirements by insisting on staff and board trainings. Your state nonprofit institute should be on top of changes in the law.

Talking points

The facilitator may wish to ask for specific examples of violations of board duties and to encourage discussion of such violations; the four examples on the slide can be used.

Do any of these violate board legal duties? Are they unethical?

- When a board does not have a quorum at a meeting those in attendance still make governance decisions
- Board decides to accept gift intended by donor for one purpose but plans to use funds for a more immediate need without informing the donor
- Board awards contracts to board members' firms without an open bidding process
- Board does not give executive director an annual performance appraisal

Slide 14

- The board is required to follow its bylaws in regards to quorums or, in some states, if it does not have its own bylaws, it can be required to follow the quorum rules in bylaws established by the state for nonprofits. The bylaws establish under what conditions a board vote may be taken.

- Boards must work to ensure that if a gift is accepted, the donor's intention for the gift is honored. If this is not possible, steps can be taken to allow for an alternative use.

- Some states forbid "self-dealing" – contracts cannot be awarded to board members or those connected closely to them. In states that allow such contracts, a board should make sure that any award is in the best interest of the nonprofit (an open bidding process may help the board identify the best deal for the nonprofit). Even if a state allows self-dealing, some nonprofits explicitly have a policy against it.

- Though not required by law, it is a good idea to give annual appraisals in order to see that the director is performing appropriately, to establish expectations and to share useful information on performance challenges and issues.

Talking points

Remember that D&O insurance will protect board members from liability for lawsuits filed against the organization for most things – but not if the board member acts in bad faith or outside the scope of the organization's mission.

Over 50% of all D&O claims derive from disgruntled employees. So if your organization has paid staff, it is extremely important that your board carry D&O insurance.

Directors and Officers Insurance

- Provides financial protection for board members in the event they are sued in conjunction with the performance of their duties as they relate to the organization.
- Having employees opens management up to employment practices lawsuits - which usually can be covered under D & O insurance.

TBP

Slide 15

Talking points

Now that we have covered the legal responsibilities that each board member should perform, we will switch to recruitment policies.

"What were you told you would be doing when you were recruited to the board?" *(Ask participants for answers)*

"What do you tell those you are recruiting?" *(Ask participants for answers)*

Slide 16

You can also ask them to interview someone in the group as if they are considering them for a board position – what information should be shared to see if there is a good match?

Note

Develop new board member orientation materials that cover the legal, financial and time-commitment responsibilities.

Samples of financial statements, audits (if applicable) and the annual budget should be included in orientation packets. It is the Board Chair's responsibility to make sure all board members know how to read and interpret them.

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When recruiting, let them know that there will be an orientation which you expect they will attend. Be honest about your expectations regarding board attendance, financial oversight and potential fundraising goals.

It's a good idea to have board trainings that focus on basic how-to's, *(How to read a financial statement; How to prepare a budget; How to prepare a business plan)* as well as a review of their legal responsibilities regarding Sarbanes-Oxley and IRS reporting requirements.

Most importantly, make sure they understand what your organization does,then include them in discussions of all proposed new activities where they might be able to assist and be publicly acknowledged. Arrange for special board trainings to help them better understand the stresses on your organization.

Talking points

Arrange for several board/staff events so that the lines of communication between them are open. Be responsive to new members' suggestions for more communication and offers to help.

Ask them what they would like to do. Hold an orientation program for new board members (and a refresher for experienced ones).

Recruiting/Retaining Board Members

Make sure they feel
welcome and included

TBP

Slide 18

Talking points

Make sure that every board member is on a designated committee and that every committee has a specific goal.

Keep a record of all committee activities so that more precise descriptions of committee activity can be communicated to future committee members.

Committee assignments should have a clear goal, timeline and end product or result, so that board members are armed with information and expectations before they commence their work.

Recruiting/Retaining Board Members

Assignments should have a clear goal, timeline and end product or result.

Slide 19

Talking points

Celebrate every contribution so that board members understand that they are making a difference to the organization.

In annual board trainings, review the different roles each board member can play, whether formally or informally.
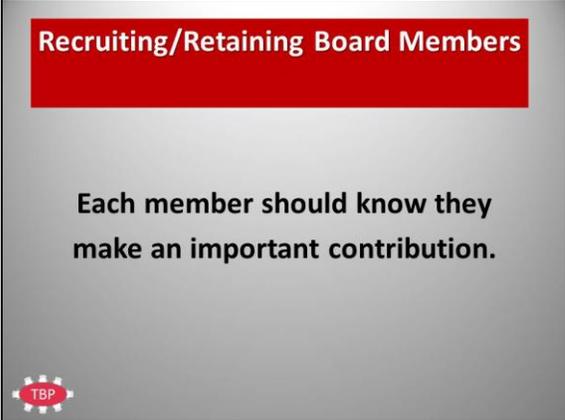
Recruiting/Retaining Board Members

Each member should know they make an important contribution.

Slide 20

Talking points

Keep your board members regularly informed, not just before the monthly, bimonthly, quarterly or annual meetings.

Develop an internal network of communication and include board members in the loop.

Consider creating a board-action calendar, which includes filing dates for IRS Forms 990 and 990-T, state annual reports, annual meetings, annual audit, budget review and approval, review of investment and other policies, CEO review, and Board self-assessment.

Recruiting/Retaining Board Members

Stay in touch and keep them involved!

Slide 21

Instructions

1. Go through the evaluation questions.
2. Write the responses on a flip chart.
3. Save a copy of the evaluation responses for reference.

Slide 22

Use this slide to let participants know the topic and (date) of the next training.

Slide 23

Slide 24

Slide 1

The "Transforming Board Practice" curriculum is the result of an NC State University interdisciplinary partnership between the Institute for Nonprofits and Cooperative Extension. Its purpose is to improve the efficacy of boards of directors of nonprofit organizations throughout the State of North Carolina by encouraging a culture of inquiry among board members and generating robust and honest discussion of all issues and concerns affecting their organization.

Each module in this curriculum may be delivered independently of the others. However, each one's content will be greatly enhanced by delivery of all the modules. We strongly suggest that new boards start with Module 1 and complete the entire curriculum in the order presented.

Instructions

- Welcome the participants
- Introduce presenters and sponsors.
- Ask the participants to introduce themselves and their organizations
- Read the slide

Materials

- Flip chart, easel and markers
- Copies of Worksheets 3.1 and 3.2
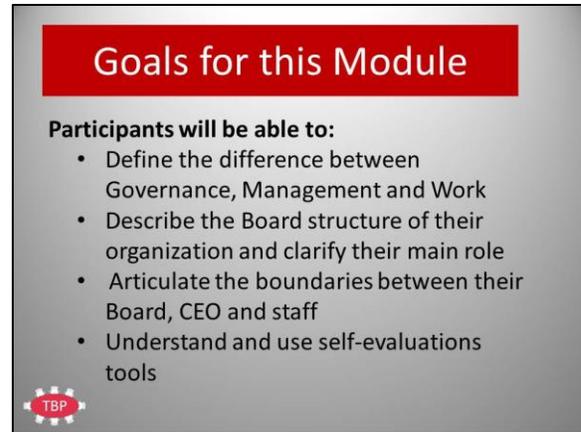
Goals for this Module

Participants will be able to:
- Define the difference between Governance, Management and Work
- Describe the Board structure of their organization and clarify their main role
- Articulate the boundaries between their Board, CEO and staff
- Understand and use self-evaluations tools

Slide 2

References

Gill, M. D. (2005). *Governing for Results: A Director's Guide to Good Governance.* Victoria, Vancouver, CN: Trafford.

Holland, T.P. and Jackson, D.K. (1998). "Strengthening Board Performance: Findings and Lessons from Demonstration Projects." *Nonprofit Management and Leadership, 9*(2), 121-134.

Masaoka, J. (1999). *All Hands on Board: The Board of Directors in an All-Volunteer Organization.* Washington, DC: BoardSource.

Miller-Millesen, J. L. (2003). "Understanding the Behavior of Nonprofit Boards of Directors: A Theory-Based Approach." *Nonprofit and Voluntary Sector Quarterly, 32*(4), 521-547.

Stone, M. M. and Ostrower, F. (2007). "Acting in the Public Interest? Another Look at Research on Nonprofit Governance." *Nonprofit and Voluntary Sector Quarterly, 36*(3), 416-438.

Opening Activity

See Worksheet 3.1 in the appendix at the end of this module.
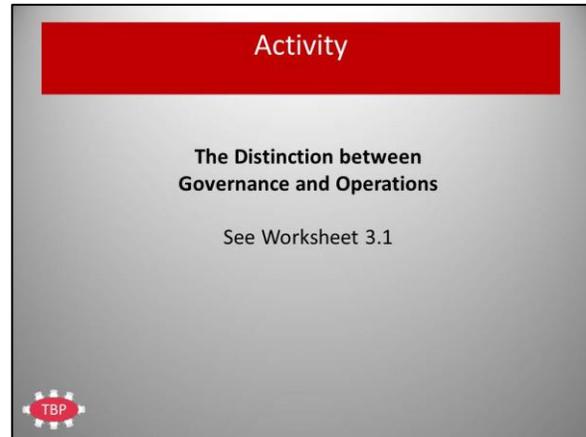
Slide 3

Talking points

There are many, many resources on the internet and in both academic and practitioner articles that describe the responsibilities of the nonprofit board of directors. As the opening activity illustrated, board members are often called upon to do more than "just" govern. They may get involved in the "work" of the organization as well.

While this is discussed further below, for now we want to review the 10 most commonly agreed-upon board responsibilities specific to governance (Note that this is more detailed than the three "governance modes" described in Module 1, but most of these can be categorized as fiduciary, strategic and/or generative).

Governance Responsibilities

- Determining organization mission, purpose, and structure
- Selecting, supporting, and evaluating the chief executive
- Planning for the organization's future
- Determining, monitoring, and strengthening the organization's programs and services
- Providing fiscal oversight

Slide 4

[Note: As these are described, the group might discuss whether each of these is more aligned with fiduciary or strategic modes, and might also discuss the difference between attending to each responsibility in an "oversight" capacity or a more generative mode.]

Most of these responsibilities do not really require more explanation, but a few key points are described below:

1. **Determining organization mission, purpose and structure**: This is part of the board's strategic-planning function. Sometimes the nonprofit mission is already well-established, but the board still has responsibility for making sure that its programs, structure and decisions all support the mission and that the organization avoids mission creep (expanding into issues or audiences that are not mission-critical) and/or mission drift (moving away from the mission toward some other, often related, issue). These are most common when organizations start chasing funding sources that are not adequately aligned with the mission.

2. **Selecting, supporting and evaluating the chief executive:** This one is worth highlighting as it is one of the most challenging for many boards. Because the CEO/ED usually has the most day-to-day experience with the organization, boards often rely on that person for information, and all too often the CEO ends up creating board-meeting agendas and taking a leadership role in meetings. When this happens, the board may neglect its duty to evaluate the CEO annually. It is awkward thing for the CEO then to have to ask (or remind) the board for the evaluation. CEO's want that feedback, however (and often would not mind the suggestion of a raise if it is warranted and the necessary resources exist).

3. **Planning for the organization's future**: Sustainability is a huge concern for nonprofit agencies. Many new agencies open each year, while others close. Board members are responsible for helping the organization think strategically about its future and the way it will complete its mission long-term and day-to-day.

Governance Responsibilities (cont'd)

- Ensuring adequate financial resources
- Facilitating access to and ensuring effective and efficient management of key resources
- Serving as a liaison to the organization's stakeholders and its external environment
- Strengthening the board's own effectiveness
- Ensuring legal and ethical integrity

Slide 5

4. **Determining, monitoring and strengthening programs and services**: This is one of the most commonly understood board responsibilities, consistent with the assumption that the board monitors the organization to make sure it is achieving its mission. But note this also includes the words "determining" and "strengthening." So it is not just that the board oversees the staff to make sure ongoing programs are effectively executed; members should also be constantly evaluating the programs and adapting to environmental conditions that may require changes to programs and services.

5. **Providing fiscal oversight**: Most board members also understand that they will look at financial statements and ensure the organization is being transparent in how it spends (and saves) its fiscal resources. But again, boards need to do more than play a watchdog role to make sure there are no improprieties; they should also be proactively seeking new ways to be good stewards of nonprofit finances.
See previous slide for ideas about how to discuss each of these points.

6. **Ensuring adequate financial resources**: *(Note the wording of this responsibility)* The board is responsible for making sure that the organization has the financial resources necessary to achieve its mission and be sustainable. However, the board members are not necessarily responsible for procuring those funds (i.e., fundraising). While ensuring the resources are obtained is part of governance, the actual fundraising is the work of the organization. Larger nonprofits have a Director of Development and possibly a staff for this. Smaller nonprofits may have one person on staff OR may rely completely on their board for fundraising. The expectation should be made clear to board members during recruitment and orientation.

7. **Facilitating access to and management of key resources**: There are important resources that are not financial. These may include space (for offices, meetings, events, programs), supplies, in-kind donations, gifts for donors, volunteers, auction items, etc. Board members should use their networks and personal resources (when possible and

appropriate) to facilitate the organization's access to all resources needed to accomplish the mission.

8. **Serving as a liaison**: Board members are responsible not only for advocating for their nonprofit to external audiences, but also for obtaining and bringing external information into the organization. Board members must discharge this key responsibility in order for the nonprofit to benefit from new ideas and generative governance.

9. **Strengthening the board's own effectiveness**: Many nonprofits rely upon the CEO/ED to provide ideas for improving board development. This puts the CEO/ED in an awkward position, as asking the board to evaluate its own effectiveness may appear to suggest that members are not performing to the CEO's satisfaction. Given that the board is also supposed to evaluate the CEO, this can create tension. It should therefore be part of the annual ritual that the board does a self-evaluation (in addition to an annual evaluation of the CEO)

10. **Ensuring Legal and Ethical Integrity**: Board members must be aware that they can be held liable for mismanagement of resources or any conflict of interest within the organization. This is one of the reasons board members must be trained on how to read and understand the financial documents of the organization and why board members must feel comfortable asking questions. The board members cannot simply defer to the Board Chair or CEO; all members are responsible for knowing what is going on in the organization.

Talking points

Handout 3.2 gets participants thinking more about their specific nonprofit structure and how the governance, management and operations or "work" functions are negotiated (i.e., who does what).

Instructions

Complete Handout 3.2 individually and discuss with other members of your organization.

Handouts 3.1 and 3.2 are good activities for participants to use with their full board.

Slide 6

Instructions

Ask the participants to comment on the questions listed on the slide.

Slide 7

Talking points

These structures may be recognized formally in the by-laws, or they may be informally negotiated. The "operations" board, for example, would be found in an all-volunteer organization or possibly in a nonprofit that has only a CEO (no or minimal other staff).

Another kind mentioned by Gill is the "Rubber-stamp board," which essentially concedes all decision-making power to the CEO and staff.

Slide 8

It is unlikely that this would be formally recognized since that is not really "governance" according to the duty of care. This is similar to the "Advisory Board" described here. A good reference for all-volunteer organizations is a document by Jan Masaoka (on References list).

Ask the participants to discuss the type of board structure they have in their organizations.

Talking points

The goal of this exercise is to get participants to reflect on whether they have formal or informal processes in place for connecting the board members and the organization's staff.

Note

Some nonprofits introduce new board members to the staff during the orientation process (i.e., during a tour of the facility). Some invite staff members to board meetings to give presentations about their work.
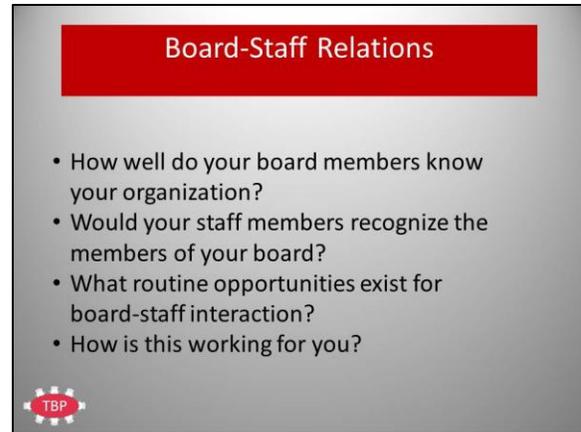
Board-Staff Relations

- How well do your board members know your organization?
- Would your staff members recognize the members of your board?
- What routine opportunities exist for board-staff interaction?
- How is this working for you?

TBP

Slide 9

Other examples include employee-appreciation days or other special events where board and staff have informal opportunities to interact with each other. Some organizations do not have any such opportunities. Hopefully participants can give each other ideas of things that work well.

Talking points

Many of these ideas (and more) should have come out in the previous conversation. Participants should be able to talk about "best practices" for implementing each of these ideas (as well as others they come up with).

Slide10

Talking points

We expect the participants to talk about several of these challenges, such as:

- Board meetings may be run more by the CEO than the Board President/Chair.
- Often the CEO actually creates the agenda.

When this type of power imbalance occurs, it makes the board's task of evaluating the CEO awkward. Unless a good partnership between the CEO and Board (especially the Chair) has been negotiated, this whole process is awkward.

Slide 11

In response, many boards neglect to do an annual evaluation. Several CEOs say they want the annual evaluation, but it is awkward to remind the board to do it (especially since it should include discussion of salary, raises, etc.).

This can create a trickle-down problem, as the CEO needs and wants feedback from the board about her leadership and performance. If there are any problems, for example with staff management, the CEO is not getting the feedback necessary for corrections to be made, and this is a disservice to the staff. Staff members may become frustrated if there is no venue for them to give feedback to the CEO about his or her performance.

Instructions

Ask the participants to describe the boundaries between their board, CEO and staff.

Include a discussion on the importance of evaluating the CEO, despite the challenges of this task.
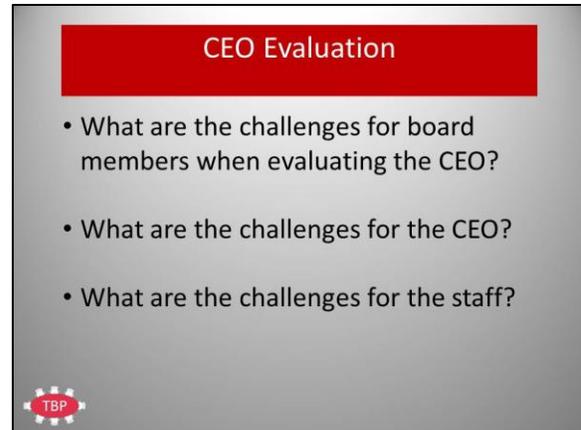
Talking points

This is pretty self-explanatory – but the bottom bullet point may be the most important; there must be an institutionalized practice in place of CEO evaluation so that the CEO never has to remind the board to conduct one.

There should be a committee devoted to this or an *ad hoc* committee created at the appropriate time each year. The evaluation process should incorporate ideas from the staff, so their voices are included in the feedback and evaluation.

Tips for Evaluating the CEO

- Conduct an annual performance review
- Include staff feedback
- Create annual expectations that can be measured
- This should be a formative assessment. The CEO wants praise and constructive feedback.
- If the assessment is performed routinely and consistently it is easier

Slide 12

Talking points

Mark Light suggests that great boards ask four questions – (questions on slide).

The answers to these questions help the board see whether any changes should be made. It allows them to set mandates that guide the staff in implementing activities to reach the vision set by the board.

The board has tools available that help with answering each question. Let's spend a few moments on each question.

Slide 13

Talking points

The board is responsible for setting the direction for the organization – helping the staff and other stakeholders see where the nonprofit is going.

Values, vision and mission statements all help to show a path for the organization to follow.

Imperatives are what the organization must do – "follow all laws,", "do no harm to clients," "be honest,." Etc.

Slide 14

The strategies and goals help make clear what the priorities are as determined by the board. All these tools can help the board explicitly address and convey "Where are we going?".

Ask the participants to create a board-evaluation worksheet that they could use with their board.

Talking points

A common challenge is to determine who does what?

Job descriptions can help make clear expectations about this. The bylaws also typically explain who holds key responsibilities.

For example, they may describe what a nominating committee of the board is supposed to do.

Meeting minutes document what specific individuals and groups have committed to doing.

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Board activities such as orientations and trainings can help board members understand and accept their duties and assigned tasks.

Talking points

The board should not be micromanaging the organization, but it should lay out the broad parameters for how activities will be carried out.

These parameters can be found in policies, bylaws and statements of what the executive director cannot do, such as be the only signature on checks above a certain amount.

Strategic and operational plans also help answer the question "How will it happen?".

Board Tools

3 **How will it happen?**

- Policies
- Bylaws
- Executive Limitations
- Plans
- Board Improvement Activities

TBP

Slide 16

In addition, the board may refine its own ability to carry out its tasks. These board-improvement activities may lay out procedures to be followed and allow board members to hone their skills and practices.

Talking points

How does a board know whether what was planned to happen actually did happen?

There are numerous tools to help a board understand the activities, outputs and outcomes of the organization.

Both quantitative and qualitative information can be gathered to determine, for example, whether funds were spent as expected; programs effectively reached the desired clients; the executive carried out her responsibilities well; and the board members did what they promised to do.

Knowing what happened is critical in making good choices about what should happen next.

Slide 17

Talking points

If boards have all these tools, why aren't they always effective? There are four impediments to great governance by boards – maybe these syndromes occur in your organization.

The first is the boiling-frog syndrome – how does one boil a frog? (See if any of the participants know – if not, share the story below.)

You put a frog in cold water and very slowly turn up the heat – the frog does not realize he is in danger and does not jump out of the pot – the

Slide 18

change is too small to be easily noticeable. This happens in organizations. For example, maybe one year you have a small deficit the next year it gets slightly worse, and the next year the deficit grows a little more. It may be a while before the board realizes it is in serious financial difficulty. Anyone have a boiling-frog story to share? A problem built very slowly, and by the time it was recognized, it was very difficult to overcome?

The second syndrome to look for in your organization is what we call *"Don't rock the boat."* New board members in particular, but the syndrome is not limited to them, may be reluctant to challenge others. By the time they feel confident that they should speak up, their term limit is up. The board ends up stuck because no one wants to suggest a different approach or imply that something is wrong, especially if everyone else seems satisfied with what is happening. Anyone want to share a story about reluctance to rock the boat?

A third syndrome to avoid is *"Us versus Them."* Do you have any *thems*, individuals or organizations that are treated with suspicion? Not listened to? Are their factions inside the organization? Barriers put up to prevent communication with certain individuals or groups outside the organization?

By exploring who is being treated as a "them," a board may identify who should be treated as "us." Defenses may be broken down to allow useful communications to occur.

The last syndrome is *non-system thinking*. Sometimes we compartmentalize our boards too much, so that each member is tied more to a particular board function rather than to the board as a whole.

For example, a board member may devote all his time and energy to a particular committee or for a particular event, zoning out when others are talking about things unrelated to his direct tasks. He is not worried about the system/organization as a whole, just what he sees as his small piece of it. Anyone know a board member who fits this description?
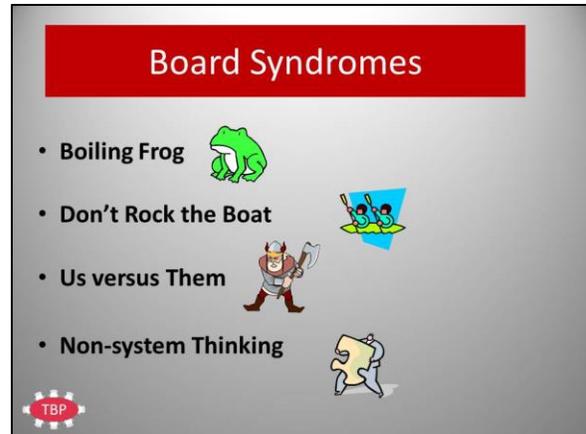
Talking points

In sum, what we've outlined are the important questions every board should ask and the tools it can use to answer the questions.

We have also discussed some syndromes that can undermine a board's effectiveness. Anyone want to add other questions, tools or syndromes that are helpful to think about?

Slide 19

Evaluations help the facilitator know whether the participants have gained knowledge from the presentation.

Evaluations also can be used to document events and can be used in report writing and grant writing. Be sure to take good notes and save them for future reference.
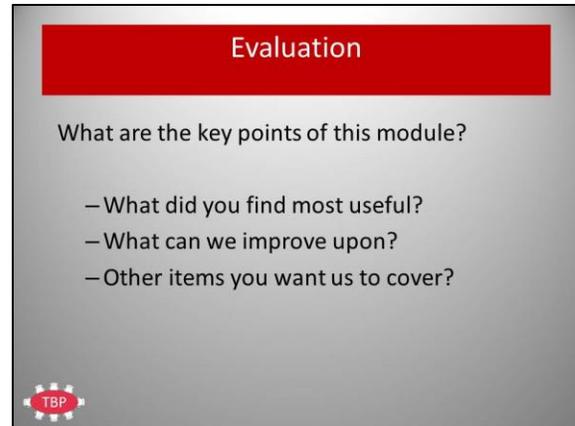
Evaluation

What are the key points of this module?

– What did you find most useful?
– What can we improve upon?
– Other items you want us to cover?

Slide 20

Use this slide to inform participants about the next training. Close with the References.
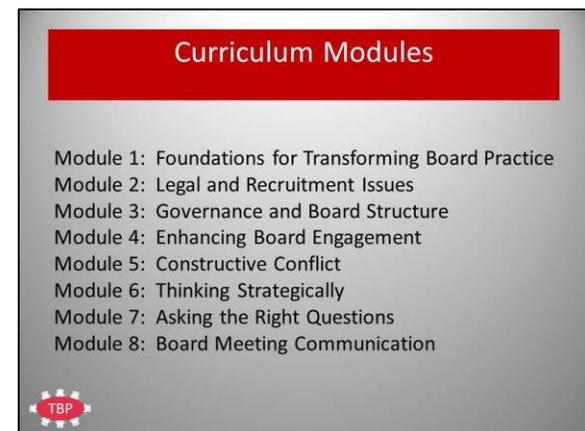
Curriculum Modules

Module 1: Foundations for Transforming Board Practice
Module 2: Legal and Recruitment Issues
Module 3: Governance and Board Structure
Module 4: Enhancing Board Engagement
Module 5: Constructive Conflict
Module 6: Thinking Strategically
Module 7: Asking the Right Questions
Module 8: Board Meeting Communication

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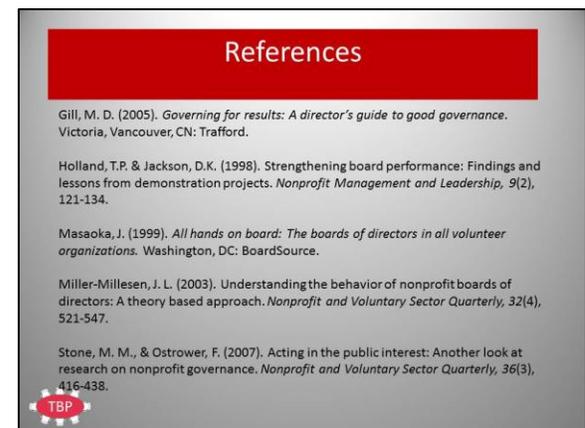
References

Gill, M. D. (2005). *Governing for results: A director's guide to good governance.* Victoria, Vancouver, CN: Trafford.

Holland, T.P. & Jackson, D.K. (1998). Strengthening board performance: Findings and lessons from demonstration projects. *Nonprofit Management and Leadership, 9*(2), 121-134.

Masaoka, J. (1999). *All hands on board: The boards of directors in all volunteer organizations.* Washington, DC: BoardSource.

Miller-Millesen, J. L. (2003). Understanding the behavior of nonprofit boards of directors: A theory based approach. *Nonprofit and Voluntary Sector Quarterly, 32*(4), 521-547.

Stone, M. M., & Ostrower, F. (2007). Acting in the public interest: Another look at research on nonprofit governance. *Nonprofit and Voluntary Sector Quarterly, 36*(3), 416-438.

Slide 22

Appendix

Activity 3.1

Background

The core responsibility of nonprofit boards is governance. Most board workshops will devote significant time to articulating the roles and responsibilities of board members.   While it is possible to draw lines between governance and operation activities, the reality is that nonprofits come in different sizes and structures, and board members may be required to participate in non-governance functions. This can create a major challenge for Executive Directors and board members, as they need to negotiate those boundaries and determine under what circumstances board members should remain focused on governance and when they need to be involved in operations.

While many practitioners and consultants will offer "best practices," we contend that the best way to manage this challenge will be different for each organization. We invite you to participate in the following exercise as a way to talk about how to balance these roles and responsibilities in your organization. The goal is to begin to clarify the main role of your board of directors and articulate the boundaries between their governance and operations expectations.

Instructions

Look at the worksheet titled "Establishing the Distinction between Governance and Operations." Take about 5 minutes to complete the worksheet individually. Once you have finished, get together with the other members of your home organization and discuss your results. Use this opportunity to clarify the boundaries and expectations that are best suited to your organization.

We recommend that participants review this worksheet with their board as part of an annual board self-assessment. **See the worksheet on the next page.**

Worksheet 3.1
Establishing the Distinction between Governance and Operations

An important relationship in the nonprofit organization arena is that which exists between governance and operations. Several challenges emerge in putting this distinction into practice. One difficulty is that the executive director's role is not to just take orders from the board but to advise it on policy development. At the same time, there may be board members with particular knowledge and skills, which allows them to give management advice or even take on management roles. In other cases, there may be no executive director (e.g., in All-Volunteer Boards) or so few staff members that the board members are expected to take on operations activities. Each nonprofit organization must negotiate a balance between governance and operations roles. The more comfortable the board and the ED (if applicable) are with the give and take which must exist between them, the more efficiently the organization will function and the greater the likelihood that it will achieve its mission. *Do this in home groups; consider bigger-picture implications – what is our purpose?*
Can you separate the governance from operations responsibilities?

Check one	Gov.	Ops	Both
1. Selects and interviews prospective new board members	_____	_____	_____
2. Hires and promotes staff	_____	_____	_____
3. Conducts research/recommends options on a benefits package	_____	_____	_____
4. Makes budget projections	_____	_____	_____
5. Establishes and clarifies the mission	_____	_____	_____
6. Receive the audit report	_____	_____	_____
7. Promotes the organization to the outside world	_____	_____	_____
8. Approves the benefit package	_____	_____	_____
9. Mediates internal grievances	_____	_____	_____
10. Calls a meeting of the executive committee	_____	_____	_____
11. Approves the hiring of consultants	_____	_____	_____
12. Negotiates contracts	_____	_____	_____
13. Establishes policy on sexual harassment	_____	_____	_____
14. Evaluates programs and services	_____	_____	_____
15. Initiates strategic-planning process	_____	_____	_____
16. Evaluates the staff	_____	_____	_____
17. Evaluates the executive director	_____	_____	_____
18. Recommends new programs	_____	_____	_____
19. Monitors the organization's financial solvency	_____	_____	_____
20. Is responsible for firing staff	_____	_____	_____
21. Sets salaries	_____	_____	_____
22. Amends the by-laws	_____	_____	_____
23. Signs leases	_____	_____	_____
24. Trains the board	_____	_____	_____
25. Implements fund-raising	_____	_____	_____

Worksheet 3.2

The Board's Governance Value

This is another activity that can be done to support board assessment. In this exercise board members both reflect on their activities to make sure the work they do is essential to governance and assess the amount of time the board spends on non-governance. This exercise comes from Chait, Ryan and Taylor, p. 170.

Consider the type of work on which your board spends its time and categorize it into one of the following three groups:

Work that *any* official board can do (work that does not require intimate organizational knowledge and institutional history; you could swap places with another board, and it would be equally effective).

Work that *this* board must do (work that requires unique knowledge and another board could not do as effectively).

Work that does not require a board at all (work that could be delegated to staff, other volunteers or consultants).

.

Board Self-Assessment Tool

Instructions

The questionnaire is divided into 12 sections dealing with important areas of nonprofit board operations and will take approximately 15 minutes to complete. For the statements in each section, you will be asked to choose from among the following responses:
1 = Strongly agree with the statement
2 = Agree with the statement
3 = Disagree with the statement
4 = Strongly disagree with the statement
DK= don't know (just don't have enough information)
NA = Not applicable to your board or organization
Please be forthright in your responses. Only straightforward answers can be of real help to your board's self-assessment.
Place an "X" next to the response that most closely reflects your opinion on each of the statement in this questionnaire.

Section 1: Board-Staff Roles

1. The roles and responsibilities of our board are clearly defined and separate from those of the staff.
 __1 __2 __3 __4 __DK __NA

2. Our board takes the primary responsibility for setting the organization's policies.
__1 __2 __3 __4 __DK __NA

3. Board members seldom assume roles and responsibilities that belong to staff.
__1 __2 __3 __4 __DK __NA

4. The board delegates to the organization's chief executive sufficient authority to
 lead the staff and carry out the organization's mission.
__1 __2 __3 __4 __DK __NA

5. When a problem or conflict arises between board and staff, we move quickly and effectively to resolve it.
__1 __2 __3 __4 __DK __NA

Section 2: Policy-Making Practices

1. If a new policy is needed for the board or the organization as a whole, the issue is clearly

presented to and discussed by the board.
__1 __2 __3 __4 __DK __NA

2. The full board approves all new organizational policies before they are implemented.
__1 __2 __3 __4 __DK __NA

3. Policies exist for key areas such as finance, personnel, safety, ethics and all functions vital to our organization's work.
__1 __2 __3 __4 __DK __NA

4. Our organization's policies are effectively communicated to all board members.
__1 __2 __3 __4 __DK __NA

5. The board reviews policies at least annually and updates them as needed.
__1 __2 __3 __4 __DK __NA

Section 3: Planning Practices

1. Our organization's mission and purpose are clearly understood and accepted by our board.
__1 __2 __3 __4 __DK __NA

2. The members of the board have reached consensus on a vision that indicates where the organization will be headed over the next 3-5 years.
__1 __2 __3 __4 __DK __NA

3. The full board collaboratively reviews and updates the organization's strategic plan at least every two years.
__1 __2 __3 __4 __DK __NA

4. Staff members develop and carry out annual plans based on our board's approved strategic plan.
__1 __2 __3 __4 __DK __NA

5. The staff briefs the board well on annual plans developed by the staff.
__1 __2 __3 __4 __DK __NA

Section 4: Fiscal-Management Practices

1. The board fully discusses the organization's annual budget prior to its approval.
__1 __2 __3 __4 __DK __NA

2. The board regularly reviews our organization's fiscal status and takes needed actions thoughtfully but quickly.
__1 __2 __3 __4 __DK __NA

3. Board leadership takes steps to ensure that board members thoroughly understand fiscal reports.
__1 __2 __3 __4 __DK __NA

4. The board reviews the annual report of our organization's independent auditor and takes needed actions in a timely way.
__1 __2 __3 __4 __DK __NA

5. Board members are well aware of their legal responsibilities for the organization's fiscal management.
__1 __2 __3 __4 __DK __NA

Section 5: Fund-Raising Practices

1. The board understands our organization's fund-raising needs and strategies.
__1 __2 __3 __4 __DK __NA

2. The board has a clear policy on the individual board members' responsibility to raise funds.
__1 __2 __3 __4 __DK __NA

3. Board members play an active role in the organization's fund-raising efforts.
__1 __2 __3 __4 __DK __NA

4. The board periodically makes long-range fiscal plans to ensure an adequate flow of resources to the organization over time.
__1 __2 __3 __4 __DK __NA

5. Our board regularly reviews capital-fund-raising needs and takes necessary action.
__1 __2 __3 __4 __DK __NA

Section 6: Board Structure and Practices

1. Our board's structure allows us to get our work done well and in a timely way.
__1 __2 __3 __4 __DK __NA

2. The board's standing committees streamline our work process and increase board effectiveness.
__1 __2 __3 __4 __DK __NA

3. Our board's size is about right.
__1 __2 __3 __4 __DK __NA

4. Our members' terms on the board are about the right length.
__1 __2 __3 __4 __DK __NA

5. We consciously select and prepare our board officers for their leadership responsibilities.
__1 __2 __3 __4 __DK __NA

6. Board members have a working knowledge of the organization's by-laws.
__1 __2 __3 __4 __DK __NA

7. Communication received between board meetings is sufficient to keep us informed of organizational activities.
__1 __2 __3 __4 __DK __NA

Section 7: Board Committees

1. Task and standing-committee assignments generally reflect the interests and expertise of individual board members.
__1 __2 __3 __4 __DK __NA

2. I serve on at least one standing board committee.
__1 __2 __3 __4 __DK __NA

3. Any standing committee I serve on completes its tasks in an effective and timely way.
__1 __2 __3 __4 __DK __NA

4. Most board members actively participate in standing-committee duties.
__1 __2 __3 __4 __DK __NA

5. Any standing committee I serve on reports to the full board at least quarterly.
__1 __2 __3 __4 __DK __NA

6. Each standing committee establishes its goals and plans at the beginning of the fiscal year.
__1 __2 __3 __4 __DK __NA

Section 8: Board Meetings

1. Our board's meeting schedule has the right number and length of meetings.
__1 __2 __3 __4 __DK __NA

2. The agendas of our board meetings and supporting written material are usually given out in advance of meetings.
__1 __2 __3 __4 __DK __NA

3. Board leaders and standing committee members contribute items to meeting agendas.
__1 __2 __3 __4 __DK __NA

4. Board meetings are generally well run and use members' time well.
__1 __2 __3 __4 __DK __NA

5. Our board tends to brainstorm and identify creative approaches to problems.
__1 __2 __3 __4 __DK __NA

6. Our board thoroughly examines the pros and cons of all major decisions.
__1 __2 __3 __4 __DK __NA

7. Most board members actively participate in board discussions.
__1 __2 __3 __4 __DK __NA

Section 9: Board Membership and Orientation

1. Our current board members collectively possess the expertise, skills and other factors we need to be an effective board for this organization.
__1 __2 __3 __4 __DK __NA

2. Our board successfully identifies the expertise, skills and other contributions we need from potential new board members to maintain or increase our effectiveness.
__1 __2 __3 __4 __DK __NA

3. We actively recruit new board members based on identified needs.
__1 __2 __3 __4 __DK __NA

4. When seeking members for the board, we use a wide variety of referral sources within the community we serve.
__1 __2 __3 __4 __DK __NA

5. Our board and staff inform new board members about responsibilities and important organizational information through a structured new-member-orientation program.
__1 __2 __3 __4 __DK __NA

Section 10: Board-Executive Relationship

1. Our board uses a structured and participative process to recruit and hire our organization's executive director.
__1 __2 __3 __4 __DK __NA

2. The board has approved a written job description that clearly spells out the chief executive's responsibilities and authority.
__1 __2 __3 __4 __DK __NA

3. The board formally assesses the chief executive's performance at least annually based on objectives established at the beginning of the fiscal year.
__1 __2 __3 __4 __DK __NA

4. The chief executive receives ongoing feedback regarding job performance in addition to any formal assessments.
__1 __2 __3 __4 __DK __NA

5. Board members provide the necessary support that allows the chief executive to carry out the role successfully.
__1 __2 __3 __4 __DK __NA

Section 11: Monitoring and Evaluation Practices

1. Board members know the organization's programs and services adequately.
__1 __2 __3 __4 __DK __NA

2. We periodically review with the chief executive the possibilities of adding new programs and services and modifying or discontinuing current programs and services.
__1 __2 __3 __4 __DK __NA

3. Our board keeps itself informed of our organization's performance against predetermined plans and goals.
__1 __2 __3 __4 __DK __NA

4. We assess the effectiveness of our board and committee structure at least every 2-3 years.

__1 __2 __3 __4 __DK __NA

5. We annually assess our individual members' satisfaction with their participation on the board.
__1 __2 __3 __4 __DK __NA

6. We regularly evaluate the effectiveness of our board meetings.
__1 __2 __3 __4 __DK __NA

Section 12: External-Relations Practices

1. Our board regularly assesses the effectiveness of our relations with our external constituent groups.
__1 __2 __3 __4 __DK __NA

2. Most of our individual board members participate either professionally or personally in the communities served by our organization.
__1 __2 __3 __4 __DK __NA

3. The board has approved effective marketing and public-relations strategies for the organization.
__1 __2 __3 __4 __DK __NA

4. Individual board members actively support public-relations and marketing events that benefit the organization.
__1 __2 __3 __4 __DK __NA

5. Board members are clear about who serves as official spokesperson for the organization.
__1 __2 __3 __4 __DK __NA

Please add any additional comments you have on the work of the board that may be helpful to this self-assessment.

Slide 1

The "Transforming Board Practice" curriculum is the result of an NC State University cross-departmental effort of the Institute for Nonprofits and Cooperative Extension. Its purpose is to improve the efficacy of boards of directors of nonprofit corporations throughout the State of North Carolina by encouraging a culture of inquiry among board members and generating robust and honest discussion of all issues and concerns affecting their organization.

Each module in this curriculum may be delivered independently of the others. However, each one's content will be greatly enhanced by delivery of all the modules. We strongly suggest that new boards start with Module 1 and complete the entire curriculum in the order presented.

Instructions

- Welcome the participants
- Introduce presenters and sponsors
- Ask the participants to introduce themselves and their organizations
- Read the slide

Materials:

- 8X11 paper on each table (2 per person)
- Markers on each table (1 per person)
- Flip chart and easel with markers
- Sticky wall (optional)
- Tape if no sticky wall
- Post-its placed on tables (at least 2x3inches)
- Worksheets: 4.1 and 4.2 and 4.3 (1 per person)
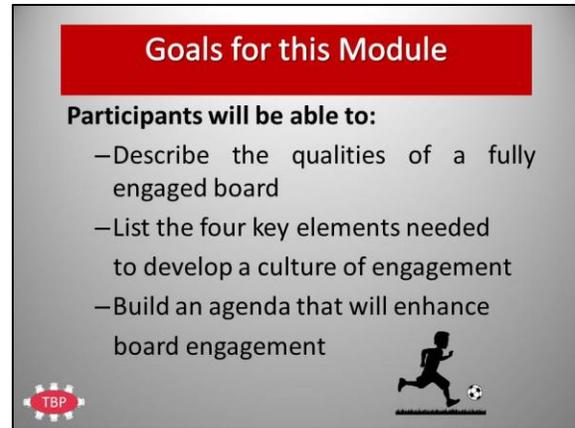
Goals for this Module

Participants will be able to:

- Describe the qualities of a fully engaged board
- List the four key elements needed to develop a culture of engagement
- Build an agenda that will enhance board engagement

Slide 2

References

Axelrod, N. (2007). *Culture of Inquiry: Healthy Debate in the Boardroom*. Washington, DC: BoardSource

Bradshaw, P. and Fredette, C. (2011, Spring). "The Inclusive Nonprofit Boardroom: Leveraging the Transformative Potential of Diversity." *The Nonprofit Quarterly*.

Chait, R. P., Ryan, W. P. and Taylor, B. E. (2005). *Governance as Leadership: Reframing the Work of Nonprofit Boards.* Hoboken, NJ: John Wiley and Sons Inc.

Cooperrider, D., Whitney, D.and Stavros, J. (2008). *Appreciative Inquiry Handbook: For Leaders of Change.* Brunswick Ohio: Crown Custom Publishing.

Jameson, J. K., Metelsky, B. A., Holt, S., Bracken, S., Jakes, S. S., Landsman, R., and Petteway, R. (2009). The Board Communication Initiative. Grant funded by the NC State Office of Extension Engagement and Economic Development, the Institute for Nonprofits and the College of Humanities and Social Sciences. (Unpublished research).

Metelsky, B. A. and Jameson, J. K. (2013). "Getting it All Out on the Table: Eliciting Diverse Perspectives to Foster Generative Governance." In T. Temkin (ed.). *You and Your Nonprofit Board: Advice and Practical Tips from the Field's Top Practitioners, Researchers, and Provocateurs.* Charity Channel Press.

Talking points

In this module we will focus on the elements of board practice that enhance the board's engagement with the organization.

By engagement we mean many things:

- engaged board members have the knowledge and curiosity to ask good questions;
- they have a culture of respect that allows for disagreement; and
- they have the patience to search for a win-win innovative solution.

Slide 3

Engagement is not solely the board's responsibility. The chair and CEO must create this culture, providing the resources and meeting atmosphere that allows this to happen.

The process must be so consistent that it becomes the norm. It is a process of developing board norms that catalyze participant engagement.

Instructions

Use Worksheet 4.1 for this activity. (Worksheets are located at the end of this guide.)

"Now let's turn to the person sitting next to us and have a quick one-on-one conversation. Break into pairs; move around the room if you need to. Together jot down some answers to the questions on the Worksheet 4.1." (Read the question)

When the interviews are finished, ask the pairs to make one list of key strengths, then a list of wishes for boards on which they serve.

Instructions

On a flip chart take notes as you list the qualities of a fully engaged board. Then have folks call out their wishes for the boards on which they serve.

 Ask them to hang their 8x11 sheets with these wishes on a sticky wall for display throughout the module.

A high-performing board is fully engaged with all of its members and capabilities. Disagreement is seen as diversity of viewpoint, and decisions are appropriately probed and understood by all members.
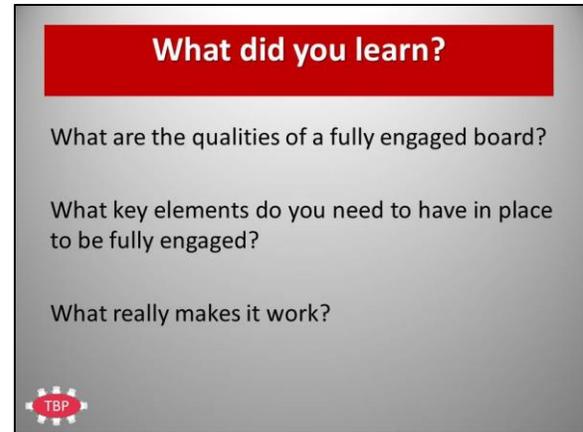
What did you learn?

What are the qualities of a fully engaged board?

What key elements do you need to have in place to be fully engaged?

What really makes it work?

TBP

Slide 4

Warning: A highly engaged board is not what every Executive Director (ED) wants. Many EDs want a board that will fulfill some limited role and requirement and will remain controlled and low-maintenance. An engaged board will take ownership more and be controlled less. But engagement should serve organizational function; it should lead to action, not endless debate.

Talking points

A fully engaged board has a culture of engagement woven into the very fabric of how the board operates.

Chait (2005) described many of the boards he worked with as consisting of high performers who acted together more like a "huddle of quarterbacks" than a high-performance team.

To take the capabilities of individual members and create a high-capacity group is a very intentional process.

Culture of Inquiry
(Axelrod, 2007)

Trust, Information sharing, Teamwork and Dialogue

Slide 5

Nancy Axelrod talks of four key elements important for a board to develop a "Culture of Inquiry." Those elements *are trust, information sharing, teamwork and dialogue*.
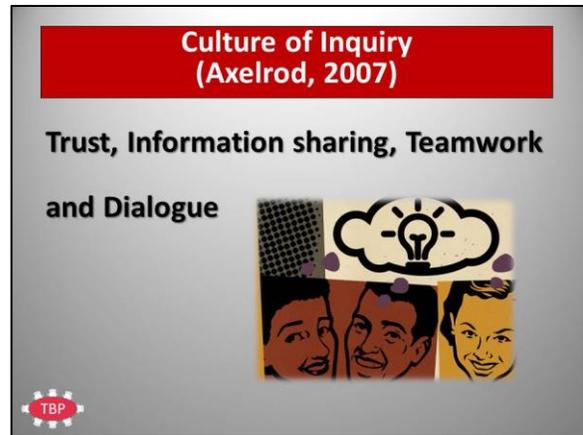
Talking points

Many of these 4 elements interact. Working on one is often also critical in working on another.

Trust is fundamental. To build trust, there must be clarity in the tone and rules of engagement. This takes an intentional effort.

There also need to be opportunities for board members to know each other beyond the board setting. This takes work and a time commitment from the board and staff, but is critical for building a deeper level of trust.

Trust

- An intentional tone of safety and engagement set from the top
- Rules in engagement are evident and agreed upon
- Deliberate opportunities made for board to get to know each other
- Candor and consensus are encouraged.

TBP

Slide 6

Lastly and highly related to the tone and rules is open encouragement of candor. This open, honest communication may not be a cultural norm for board members (I like to add: particularly in the South!). They may be used to more hierarchical organizations in which it may be critical to tailor ones communication style to the situation. When building trust in a board, leaders must work to break down these common dynamics. A key challenge is to encourage all board members to be candid, even if they disagree with the group. If an idea or remark is not said out loud, the group cannot learn and grow.

Talking points

The second key element is information sharing.

As discussed in Modules 1 and 3, board members must be clear about the expectations for performing their role – in governance, management and/or operations, as needed.

Board members must also have adequate training to perform their duties, such as knowing how to read the balance sheet and budget, knowing how to evaluate the CEO's performance, and being able to talk about the nonprofit to their social networks.

Information Sharing

- Quality board orientation
- Enough well-organized information before meeting
- Background and contextual information is given as needed
- Think about the ways the board needs information

TBP

Slide 7

For board members to be able to engage in the meeting, they need adequate preparation. They need to know what decisions they will be called upon to make, so that they can review and gather information before the meeting. This is another example of how engaging board members before the meeting, such as by asking them questions for reflection or by having them ask external stakeholders for input before the meeting, can help get them engaged.

Talking points

The third element is teamwork.

In building an engaged board many issues must be balanced. One is board diversity.

In their research on nonprofit board communication, Jameson and Metelsky found that board diversity is instrumental to generative communication. This is because board diversity brings to board deliberations new lenses that help boards see issues in new ways.

Slide 8

However, competing perspectives can create challenges because some board members may feel their ideas are ignored or rejected.

Three types of board diversity support generative communication: *expertise, demographic and role diversity*. Each diversity type has benefits that can foster generative communication and, in turn, promote generative governance

Expertise Diversity

Nonprofits often recruit board members for their professional expertise. Your board probably looks for people who can provide advice on administrative and management functions, such as accounting, legal, human resources or fundraising. Some nonprofits may also seek people who possess mission-related expertise. A nonprofit home-health agency, for example, may recruit healthcare professionals to serve on the board.

Demographic Diversity

The second type of board diversity that contributes to generative communication is demographic. This is traditionally defined as based on gender, race, ethnicity, age, class, sexual orientation and/or ability status.

Several studies of U.S. nonprofit board composition document a lack of demographic diversity on our boards. Despite some progress—such as an increasing number of female board members—today's nonprofit boards remain largely composed of middle-aged, white, middle- and upper-class males. As a result, key stakeholders, including the clients of many social-service organizations, are often excluded from participation in governance because they are poor, people of color, young or simply do not "fit in" with the rest of the board.

This communication challenge relates to *board inclusiveness*, the level of meaningful engagement of people from historically marginalized groups in the work and social interaction of the board.

To learn more about board inclusiveness, including approaches to fostering inclusiveness, we recommend an article by Patricia Bradshaw and Christopher Fredette, "The Inclusive Nonprofit Boardroom," published in the Spring 2011 issue of *The Nonprofit Quarterly*.

Role Diversity

All of these types of diversity are important, but these alone may not build a board that supports a Culture of Inquiry. The teamwork skills are what we often call the *soft skills* of the board. A good team requires a balance of people with different emotional intelligence. This is a harder feat to accomplish, because these skills are often not found on a resume!

Last, we need to enhance the teamwork with which the group governs. This comes through using the board tools that develop trust and having the group trust in their team as they work. This requires that behavior that might be divisive or conflictual instead be modeled as constructive. Having the following board "roles" on your team can help.

Talking points

Board diversity has been thought of in many ways, but it is generally understood that groups of likeminded individuals usually cannot see blind spots and potential pitfalls or opportunities that might be visible to a group with more diversity of life-experience or technical expertise.

There is pressure to fill boards like Noah's Ark – some of these and some of those. The challenge is in building a diverse board that works well together and can fulfill the needed roles while maintaining diverse worldviews and perspectives.

Important Board Roles
(Axelrod, 2007)

- The Analyst
- The Healthy Skeptic
- The Facilitator
- The Observer
- The Caller
- The Coach
- The Reframer
- The Synthesizer

Slide 9

Axelrod suggests a role-based model in which board members have enough diversity of skills and roles in the group process to make it work well. She describes the following personality traits; we might call them group roles:

- **The Analyst**: Adept at generating conceptual possibilities, sorting through large amounts of information, considering the consequences of proposed actions, and/or analyzing options strategically, objectively or dispassionately.
- **The Healthy Skeptic**: Enjoys questioning the pros and cons, testing new ideas, playing the devil's advocate, and airing "dissensus" for a good argument that will help surface intelligent doubt and illuminate the issues and the stakes.
- **The Facilitator**: Highly attuned to the needs and emotions of others by encouraging full participation, ensuring that different views are heard, and supporting everyone to do their best thinking. Helps keep the board on track in serving the interests of the organization and board. (Ideally, facilitator traits are present in the board chair, committee chairs and individuals designated to lead board discussions)
- **The Observer**: Good at pointing out to the group insights and observations about board dynamics or other issues that illuminate board performance and get disagreements as well as accomplishments out in the open.
- **The Caller**: Courageous, sensitive and skillful in calling individuals on questionable, inappropriate or disrespectful actions, the board's desired norms of behavior, or the welfare of the organization.
- **The Coach**: A cheerleader who celebrates what's working well, motivates the board to do even better, and reminds the group of the common vision, core values and interests.
- **The Reframer**: Skilled in recasting a divisive or complex issue in a new light, ferreting out and reframing the real challenge at hand, and opening up new possibilities to shift attention to fertile new ground for realistic options.
- **The Synthesizer**: Quickly distills patterns, core issues common themes, and long-range perspectives on complex contentious and controversial issues that summarize the discussion in order to help the board advance to the next step and avoid rehashing old ground.

Instructions

Now we are going to take a minute to do a Board Diversity Matching Exercise. (Use Worksheet 4.2)

In this exercise you will use the blank spaces on the right column to list the names of your fellow board members. Draw a line matching each board role to the member or members who generally enact that role during board meetings.

Each member may play more than one role. Make note of any roles that are missing on your board and the possible implications of that absence for group discussion.

After the group completes the exercise, ask the group about any insights they might have had. "What did you learn about your board from doing this?"

Activity

**Worksheet 4.2:
Board Diversity Matching Exercise**

TBP

Slide 10

Talking points

The fourth key element important for a board to develop a Culture of Inquiry is dialogue.

Louise Diamond says of dialogue*, "The intention is not to advocate, but to inquire; not to argue but to explore; not to convince, but to discover"* (Axelrod, 2007, p.39).

This is the type of dialogue that we want to create in a fully engaged board. Meetings should be structured in a way that will help this happen.

Slide 11

Dialogue is first and foremost a tool for learning, and from that *group learning* better decisions can be made. Groups have to be taught how to do this.

Many high-performing people are known for swift decision making. A generative board can find that balance between learning and deciding, where the decision is suspended long enough for more information to be given and for dialogue to happen that turns the information into group learning. The key is finding the balance between encouraging creative dialogue and making decisions to get to action. This type of governance requires all the elements of teamwork, information sharing and trust.
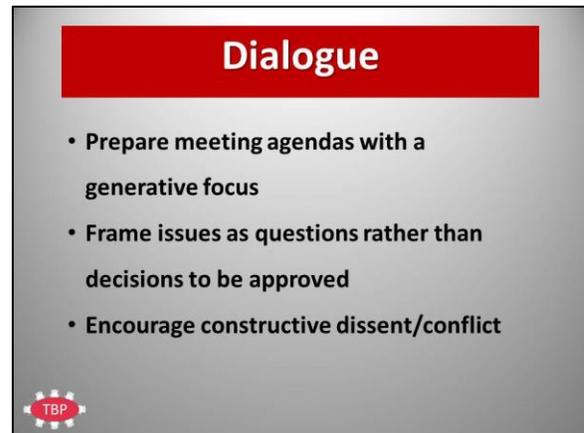
Instructions

Divide into working groups of 4-6 at their tables. They will imagine the scenario described in the slide. If there are many organizations represented in the small group, they will pick one organization for the exercise.

The groups will have a discussion on facilitators and barriers to generative discussion and write each idea on a post-it note.

Slide 12

At the end of 5 minutes, the groups will bring the post-it notes to the front, and the leader will quickly group the responses and talk about the responses.

Talking points

These are some facilitative tools for enhancing dialogue. *Chait, Ryan and Taylor suggest these tactics for structuring meetings that support dialogue (p. 124-125):*

Silent starts: These are useful to give people time to think about a topic before the discussion begins. You may give a question prompt for the board to reflect on before you begin talking. This is very helpful for some in the room who need to form their thoughts before they get input and will add value to the discussion depth.

Slide 13

All board members take two minutes to prepare a question for the topic about to be discussed. The questions are written on an index card and collected and a board member looks for common themes and then the cards are redistributed to the group randomly to help stimulate the discussion. (This may also be done at end of discussion of a topic to capture additional thoughts or questions that board members would have contributed if there were more time on the topic in the meeting.)

Role Plays: When you are talking about a complex issue that involves people with different interests and experiences, it sometimes is helpful to have board members take responsibility for considering implications and interests of different stakeholders or groups as you consider different outcomes. Have different board members or sub-groups assume the perspective of various stakeholders. They should think about the kinds of questions this group would ask about the issue under discussion, the outcome they would hope for, etc.

Breakouts: Have small groups discuss a topic then come to the larger group and give their perspective. It is helpful if the room is large enough or groups can go to another space so that groups do not overhear each other too much.

Surveys: They allow board members to get external stakeholder feedback on an issue before a board discussion. Ask the board to complete survey questions in advance of a meeting to get them thinking about the issue early. The discussion can begin with a presentation of the survey results, which should encourage members to share their perspectives and thoughts as the group interprets the results together.

Talking points

This is all very much what we would call an art more than a science, so how do we know we have achieved a culture of inquiry?

These are some of the signs that you may be well on your way. (*Read slide and add examples from your own work.*)

Conflict that ends productively (there may be disagreement or hard questions, but the dialogue takes the group to a better decision)

Slide 14

Imagination is engaged in board work (board members are willing to dream or brainstorm a little wildly to try to break out of the box)

Group think is short-lived – frequent reframing (the reframer is able to turn a seemingly easy or impossible decision around to generate productive thinking)

Sense of wonder restored to work (the work is facilitated in a way that even if hard, it rarely feels tedious or unimportant)

Mutual respect is evident

Board buys in and supports decisions

Optional Activity
If there is time, ask the participants to work with their groups on Activity 4.3, *Action Planning Sheet for Creating a Culture of Inquiry and Generative Discussion.*

Instructions

1. Go through the evaluation questions
2. Write the responses on a flip chart
3. Save a copy of the evaluation responses for reference

Slide 15

Use this slide to let participants know the topic and (date) of the next training. End with Resources.


Slide 16

Slide 17

Appendix

Worksheet 4.1

What does a fully engaged group look like?

Instructions

Break into pairs with someone you do not know well. You will have 30 minutes to complete the following interviews. You will each have 15 minutes and then be asked to switch the interviewer and interviewee. You are looking for rich stories, so really probe each other to get a depth of answer.

1. Leadership groups vary from mere formalities to fully governing bodies. These groups also vary on how engaged the group is, from disinterested to fully engaged. The fully engaged groups have a very different look and feel. Tell of a time you were in a fully engaged group. What was the group doing at the time, what was happening in the group, in what ways was it fully engaged, how did you know it was fully engaged?

What did you do to make this group fully engaged?

What did the leadership of the group do?

What were the outcomes of this group's work during this time?

How did it feel different than other group work you have experienced?

2. You are on a nonprofit board that fosters full engagement of its entire board. Despite a diversity of opinions and worldviews being presented, the board is fully engaged. What are this board's key strengths? What is it able to do best? What does the organization need to do to help this board continue its work?

3. You have three wishes as a nonprofit board chair to make your board the healthiest it can be. What are your wishes for your board?

Research examples are listed on the next two pages; you may want to print out copies for the participants to follow. (Jameson, 2009)

Research Examples:

Behaviors that might impede generative thinking and discussion:

1. Emphasizing time constraints

2. Defensiveness

3. Concerns about being polite or jeopardizing group cohesiveness

4. Conflict avoidance

5. Calling the question

6. Changing the topic

7. Giving deference because of the assumed expertise of a speaker or one's own inexperience

8. Focusing on the way "we have always done it"

9. Fear of asking a "stupid" question

Behaviors that might encourage generative governance:

1. Asking for additional information

2. Questioning assumptions

3. Supporting a speaker who raises a new idea

4. Reframing an issue

5. Suggesting that more information be gathered before making a final decision

Worksheet 4.2:

Board Diversity Matching Exercise

Instructions: Use the blank spaces on the right column to list the names of your fellow board members. Draw a line matching each board role to the member or members who generally enact this during board meetings. Each member may play more than one role. Note any roles that are missing on your board and the possible implications of their absence for group discussion.

The Analyst   _____

The Healthy Skeptic   _____

The Facilitator   _____

The Observer   _____

The Caller   _____

The Coach   _____

The Reframer   _____

The Synthesizer   _____

4.3 Action Planning Sheet for
Creating a Culture of Inquiry and Generative Discussion

Action Strategies Categories
- ❑ Individual actions
- ❑ Group/Organizational actions
- ❑ Policy changes

Self-reflection about your individual role and your board's role in generative discussion

1. What strengths do you have that might promote generative discussion?
   _____
   _____
   _____
   _____
   _____

2. What characteristics of your typical group-communication style might impede or limit generative discussion?
   _____
   _____
   _____
   _____
   _____

3. What current group or organizational norms or policies might limit or impede generative discussion?
   _____
   _____
   _____
   _____
   _____

4. What recommendations would you make to encourage generative discussion?
   _____
   _____
   _____
   _____
   _____

5. Pick one or two ideas from the list of recommendations, and spend some time on those in particular:
   a. What would it take to turn this idea into reality?
   b. What kinds of support or help do we need in order to take these steps?
   c. What would your next steps be? Who else would you need to talk to?

_____

_____

_____

_____

_____

_____

Group Commitments

We will share the following ideas at our next board meeting:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

We will try the following specific activities with our board over the next 6 months:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

Organization Name: _____
Mailing Address: _____
                      _____
Date: _____

Slide 1

The "Transforming Board Practice" curriculum is the result of an NC State University cross-departmental effort of the Institute for Nonprofits and Cooperative Extension. Its purpose is to improve the efficacy of boards of directors of nonprofit corporations throughout the State of North Carolina by encouraging a culture of inquiry among board members and generating robust and honest discussion of all issues and concerns affecting their organization.

Each module in this curriculum may be delivered independently of the other. However, each one's content will be greatly enhanced by delivery of all the modules. We strongly suggest that new boards start with Module 1 and complete the entire curriculum in the order presented.

Instructions

Review *Optional Opening Activity* 5.1 in the appendix
at the end of this module. This activity will require
quietly finding 2-3 confederates (before the training)
for the simulation.
.

- Welcome the participants
- Introduce presenters and sponsors.
- Ask the participants to introduce themselves and
  their organizations
- Review the goals

.

Materials
Copies of worksheets 5.1 and 5.2 for participants.
Flip chart and markers
Pencils or pens and paper for participants

References

Gibb, J. (1961). "Defensive communication". *Journal of Communication*, 11(3), pp. 141-148. The
article also appeared in *ETC: A Review of General Semantics*, Vol. 22, No. 2, June 1965, pp.
221-230. Reprint: http://www.healthy.net/scr/Article.asp?Id=2533

Ury, W. F., Brett, J. A. and Goldberg, S. (1988). *Getting Disputes Resolved: Designing Systems
to Cut the Costs of Conflict.* San Francisco, CA: Jossey-Bass.

Schachter, S. (1951). "Deviation, Rejection, and Communication". *Journal of Abnormal and
Social Psychology.* 46:190-207.

Group activity

Divide a larger group into pairs or small groups. Give each group a large piece of paper and markers. Ask them to draw a picture that represents destructive conflict and present their picture to the large group.

We expect that they may draw pictures of fighting, people with no ears and big mouths, shouting, etc.

Slide 3

Instructions

Identify common features of destructive conflict. Record the responses on flip chart. Some examples would include: avoidance of issues, blaming, defensiveness, arguing rather than discussing, not listening, no quest for understanding.

Talking points

Constructive conflict focuses on the task and problem-solving rather than individual attacks and/or relational conflict that impede group goals.

Identify the characteristics of constructive conflict. Record the responses on flip chart.

The group should be encouraged to share different views, compare ideas to mission, clarify the problems and criteria for solution.

Slide 4

By the end of the exercise you should have two lists of behaviors that lead to either destructive or constructive conflict. You can also discuss more specifically how these types of behaviors might be seen in the context of board meetings or other board communication.

Talking points

Dialogue suggests that participants are focused on improved understanding as opposed to persuading others to adopt their views or "winning" (as you might in a debate).

It is good practice for boards to frame their communication as dialogues. Their goal is to gather information to make sure the nonprofit is achieving its mission and serving all constituents (as discussed in Modules 2 & 3).

Constructive Conflict

Constructive conflict focuses on the issues through supportive dialogue that leads to understanding multiple views and collaborative problem-solving.

Slide 5

In addition to that monitoring role, the board should also be proactively seeking new and innovative ways to achieve the nonprofit's goals, which is why dialogue and collaborative problem-solving are so important.

Talking points

There are three orientations to conflict that underlie the philosophy one takes in different conflict situations.

In a **power-based orientation** parties believe that whoever has the most power will "win." Lower-power parties will often avoid conflict or accommodate (give in) to the higher-power party when they perceive this is the orientation that will be used. Sometimes a lower-power party will figure out strategies for gaining power, such as using threats, building a coalition or finding a more powerful third party to intervene on their behalf. This behavior creates a "power contest" that can be detrimental to relationships in the long run. Nonetheless, this is probably the most commonly used organizational-conflict-management orientation. So, many board members will be socialized into this orientation if it is used in their professional life.

Slide 6

In a **rights-based** orientation parties see conflict as something to be resolved through reference to existing standards such as laws, regulations or policies that prescribe appropriate behaviors. Western culture is heavily based on a rights-based approach, as seen through heavy reliance on the justice system, attorneys, courts, etc. Organizations use this informally when managers deal with conflict by listening to both parties "sides" of the story and determining who is right and who is wrong. This is the second most common approach to organizational conflicts according to Ury, Brett and Goldberg.

In an **interests-based** orientation parties seek to determine the underlying interests of all the parties in conflict. This orientation does not assume there is a right and wrong or a winner and loser. It is predicated on the idea that if we know what the parties really need (as opposed to what they say they want), we may be able to find a solution that meets everyone's needs. Interests-based approaches require listening and openness, and they can take longer than power- or rights-based approaches (although frustration with the length of time it takes to resolve conflict in the courts has led to the rise of mediation, an interests-based approach that can help keep some conflicts out of the courts).   People and boards can engage in interests-based conflict management by giving and seeking information and through dialogue rather than debate. Source: Ury, Brett and Goldberg. (1988).

Talking points

Ask the participants to provide examples of these strategies being used in their organization (either among staff or board).

Do they believe these are the most appropriate and effective strategies in these circumstances?

Discuss when this would be an appropriate orientation and when it might not.

Conflict Orientations

Power-based: Assumes the party with the most power wins. Coercive tactics such as threats and unilateral decisions are common.

TBP

Slide 7

Talking points

Managers often act in this capacity because they make the final decision. They may or may not see themselves as acting from a rights-based orientation. The way to tell whether a manager takes a power, rights or interests orientation might look like this:

Manager using the power orientation: Hears the problem and tells everyone how to solve it, OR says, "You need to figure this out or someone will be fired."

Conflict Orientations

Rights-based: Assumes an objective right and wrong according to some standard. Third party makes a ruling to determine appropriate remedy or resolution.

Slide 8

Manager using the rights orientation: Allows both or all parties to "present their case" or version of what happened. The manager may do some additional investigation of the "facts." Then the manager makes a decision about how it will be handled. *This differs from the power orientation because the manager is acting like a judge or arbitrator.*

Manager using *interests* orientation: Listens to both or all parties and asks questions to get at what the parties really want or need to happen. This is a more participatory discussion in which parties are encouraged to come up with solutions on their own and ultimately come to an agreement that makes both/all happy.

It would be good to ask the participants to provide examples of when they see these strategies being used in their organization (either among staff or board). Do they believe these are the most appropriate and effective strategies? Discuss when these strategies would be appropriate and when they might not be.

Talking points

Discuss when this would be an appropriate orientation and when it might not. In what circumstances do they believe these strategies would be most appropriate and effective?

Finding examples of this orientation is often quite difficult. The most common examples are likely to be negotiations when parties meet to resolve problems or group meetings where everyone participates. Mediation or facilitated discussions would be other examples.

Conflict Orientations

Interests-based:

Assumes the interests or needs of all parties are important and a solution can be reached through collaborative processes.

Slide 9

Activity

Participants get into their home groups and discuss types of conflict they have seen in board meetings or in emails. How would they describe typical conflict-management strategies used by their board? If relevant, are the same strategies used by staff? Can they characterize the conflict orientation used by their organization?

[This discussion should result in identification of different types of conflict and the idea that different orientations and strategies may be more productive for some types than others.]
See worksheet on Orientation to conflict and interest-based strategies in the appendix at the end of the module.

Types of Conflict:

Task: What should be done and who should do what?

Relational: Differences in beliefs, values, expectations, work and communication styles

Policy: What procedures should be used to manage and guide organizational processes and decision-making?

How might different orientations be better suited to each? How might use of one orientation or strategy lead to more productive or destructive conflict behaviors?

Talking points

Attribution error: There are two types of attributions we make to try to explain our own or others' behavior.

Situational attribution: Explains the behavior as coming from an external cause or source; for example -- A board member is always late to meetings. Other members explain this behavior by saying, "Dan has to drive from far away to get here, so we understand he will always be late." **Slide 10**
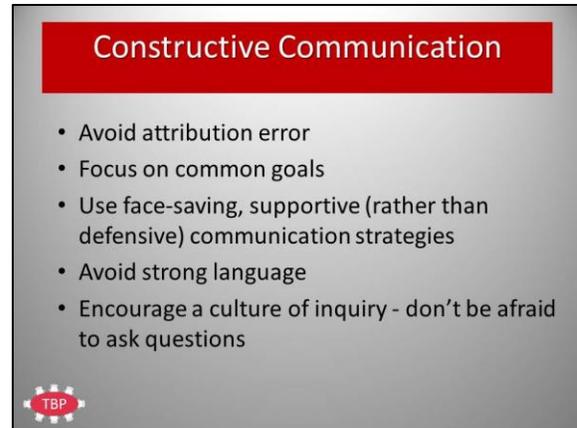
Dispositional attribution: Explains the behavior as a result of some personal attribute of the person, an internal cause or source; for example – The tardy board member's behavior is explained by saying, "Dan is a very dedicated manager and will not leave the office until he is confident the work is done for the day."

A more "negative" dispositional attribution might be: "Dan is not very committed to the board so he does not worry about arriving on time." Obviously, the more negative dispositional attribution is the most likely to prevent constructive communication.

The "attribution error" occurs if when *we* do something to violate an expectation (like arriving late to meetings), we tend to use a situational attribution (traffic, emergency at work or home, etc.); but when *someone else* violates an expectation, we tend to use a dispositional attribution (they are not committed to the organization). When we make the attribution error, we are not as forgiving and assume the worst in people, which does not create a trusting, collaborative climate. The way board members talk about each other will create either a more supportive or more defensive climate (Gibb, 1961).

Common goals: When board members are discussing various approaches to a problem, conflict can arise when members have different opinions of the best solution. On a diverse board, members may orient toward the problem from several different perspectives or worldviews, or from the viewpoints of different constituents. This is what we want to happen because we want to be thinking about the issue in different ways. But individuals can become very passionate about a specific view or belief, and this can lead to difficult conversations, especially if members forget about their common goal.

To de-escalate conflict the board chair or another participant might need to jump in remind the board what the mutual goals are. This may lead to an agreement to interrupt and change the communication process to make it more constructive. For example, the group might agree that they need to seek more information from outside the group before making a decision. Or the group may realize they need to look at the issue from the viewpoint of all stakeholders and use those differing viewpoints to generate criteria for a solution that will serve all interests.

Avoid strong language: Passion is a double-edged sword for nonprofit boards. On the one hand, we want board members who are passionate about the mission. On the other, passion can lead us to advocate for our preferred solution or on behalf of one set of stakeholders over others. When used too often, strong language can create a tense atmosphere that discourages participation. When language is becoming intense, a cycle of reciprocity can escalate conflict. It is best if the Board Chair or another member can acknowledge the passion and applaud the speaker and/or group's commitment to the mission, then refocus the group on the issues that need to be examined through a more productive conversation/dialogue.

Encourage a culture of inquiry and don't be afraid to ask questions. Questions should focus on improving understanding of different views. Ask questions in ways that minimize defensiveness.

Stimulating Generative Thinking

While fiduciary and strategic modes of governance are necessary, the generative mode is important because it produces interesting questions and conversations that engage the board by utilizing all their varied expertise and stimulating creative new ideas. Below are a few examples of group norms that will support generative thinking and discussion. Some ideas for engaging in these conversations will be addressed again in the following Modules.

- **Reframing:** When an issue is presented as a financial issue, consider other elements of governance that might be relevant (for example, are there relevant policy concerns, programmatic issues or ethical dilemmas that should also be discussed?).
- **Recognizing Ambiguity:** We often continue programs that have worked in the past despite the future's uncertainty. Should we reconsider them? We may also assume that the whole group feels the same way about an issue, when in fact we need to discuss different interpretations of that issue.
- **Confronting Conflict**: When board members raise alternative perspectives or ideas, these may be tabled, or the topic may be changed, in order to avoid uncomfortable conflict. These differences indicate instead that more discussion is needed. Confronting them constructively can lead to greater consensus, greater group cohesion and more effective decisions.

Talking points

Use face-saving and supportive strategies.

Our communication with others can support their identity (the face the person wants to present) or attack it (face-threatening behavior).

Defensive communication is face-threatening because it challenges another's need to be seen as competent and worthy of respect and recognition.
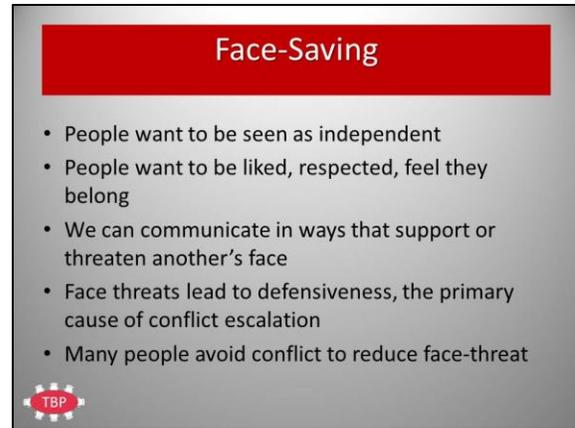
Face-Saving

- People want to be seen as independent
- People want to be liked, respected, feel they belong
- We can communicate in ways that support or threaten another's face
- Face threats lead to defensiveness, the primary cause of conflict escalation
- Many people avoid conflict to reduce face-threat

Slide 11

Face-saving strategies include emphasizing solidarity, providing explanations and not putting others "on the spot." This goes back to the use of supportive rather than defensive communication.

Supportive and Defensive Communication: There are types of communication that make people feel defensive and create defensive climates where participants do not feel safe contributing to discussion. Usually the same idea can be stated more supportively, which helps to create a constructive climate where board members can participate without fear of judgment or negative evaluation. **See Slide 12.**

Talking points

Jack Gibb, a researcher of group communication, identified several communication strategies that produce defensiveness and a complementary set of strategies that are more supportive. See Slide 12.

Slide 12

Evaluation versus Description

Evaluative language causes defensiveness by passing judgment on the person and making her or him the focus of the problem. Descriptive communication focuses on the problem as separate from the other person.

Evaluative language judges, quantifies or accuses ("YOU" language):

- "You are not making yourself clear to me."

Descriptive language focuses on the speaker's perceptions ("I" language):

- "I feel uncomfortable with the way this discussion is going."

Control versus Problem Orientation

Control messages impose one person's views on another without concern or interest in what the other thinks or feels, while problem orientation signals respect and the desire to make a decision or find an agreeable solution.

Controlling communication suggests the speaker has power over the hearer:

- "You need to find more contacts for fundraising."

Problem-oriented communication empowers the hearer by portraying a more collaborative relationship between the parties:

- "We need to brainstorm to come up with the best solution."

Strategic versus Spontaneous

A speaker with an agenda or ulterior motive uses strategic communication, while a speaker who shares thoughts and feelings uses spontaneity (that is, honest and forthright communication).

Strategic communication makes the hearer feel manipulated:

- "If you don't have plans for this weekend, we really need your help with this project."

Spontaneous communication clarifies the speaker's needs and includes the hearer in brainstorming solutions:

- "I'm feeling stressed about finishing this project on time. Do you have any ideas?"

Neutral versus Empathic

Neutral communication does NOT offer a diplomatic point of view on an issue – it conveys indifference to the other. Empathy involves understanding and appreciating the other's feelings.

Neutral communication is threatening to the hearer's self-worth:

- "I don't care how you get it done; just get it done."

Empathic communication confirms and validates the concerns of the hearer

- "I understand it is hard to make time. Please do the best you can."

Superior versus Equal

Superior communication sends the message that all others are inferior or inadequate in some way; therefore, the speaker has no interest in what they might say. Equal communication sends the message that the other is a valued and worthy human being.

Superior language emphasizes the unique skill or expertise of the speaker in order to make the hearer feel insignificant:

- "I've been a bookkeeper for over 20 years."

Communication based on equality empowers the hearer and values their contribution:

- "Working together as a team is important to me."

Certainty versus Provisionalism

Speakers who communicate certainty come across as narrow-minded and unwilling to listen to another point of view. Provisional communication acknowledges other points of view and possibilities.

Certainty suggests there is only one answer, and the speaker has it:

- "The only way to get donations is to call donors on the phone."

Provisional language tells the hearer that the speaker is open to suggestions:

- "I have had success this way, but what ideas do you have?"

See optional Worksheet 5.2 in the appendix.

The defensive and supportive strategies are presented again in Module 8 under board communication. The worksheet is an option for either or both training sessions.

Talking points

As listeners we should also hear questions as legitimate requests for more information and/or understanding, not as criticisms. A non-evaluative listening exercise follows on Slide 13.

Note to facilitator: When giving instructions for this activity, it is important to emphasize that the listener's role is only to ask questions, and they must be non-judgmental.

Slide 13

The listener must NOT offer advice or ask questions that indirectly make a recommendation, such as "So have you tried talking to her directly?"

The participants are likely to have a hard time with this, as they are going to be tempted to show empathy for the speaker and to relate the problem to one of their own and how they handled it.

The whole idea is to challenge them to see if they can come up with questions that help the speaker reflect on their own problem and see it in a new way.

Instructions
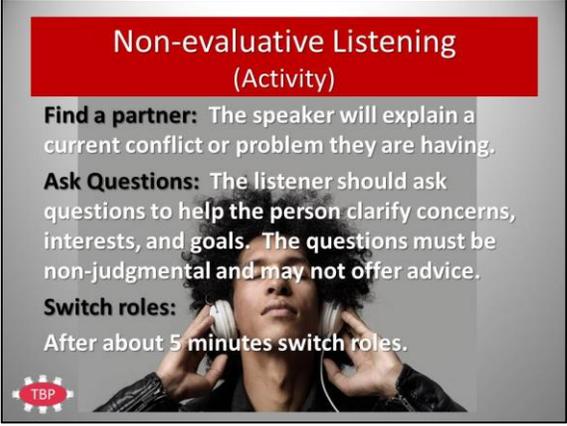
Find a partner. The speaker will explain a current conflict or problem they are having. The listener should ask questions to help the person clarify concerns, interests, and goals. The questions must be non-judgmental and may not offer advice. After about 5 minutes, you will switch roles.

Note to facilitator: When giving instructions for this activity, it is important to emphasize that the listener's role is only to ask questions and they must be non-judgmental. The must NOT offer advice or ask questions that indirectly make a recommendation such as "So have you tried talking to her directly?"

The participants are likely to have a hard time with this, as they are going to be tempted to show empathy for the speaker and to relate the problem to one of their own and how they handled it. The whole idea is to challenge them to see if they can come up with questions that help the speaker reflect on their own problem and see it in a new way.

Examples might be questions such as:

- "Why do you think she/he did that?"
- "Why do you think that made you feel bad?"
- "Is this behavior consistent with other ways this person has acted in the past?"

Review principles of Constructive Communication

1. *Try to avoid attribution error.* We tend to engage in two types of attribution errors in conflict. In the first we attribute what we perceive as others' negative behavior to inherent or dispositional characteristics, while we attribute our own negative behavior to external or situational factors. The second error is that we attribute positive outcomes to our actions/behavior and negative outcomes to others' actions/behaviors or to external factors. In other words, we tend to assume the worst about others when we are in conflict. We can resist the tendency to get defensive if we consider alternative explanations for their behavior and ask questions rather than jump to conclusions.

2. *Remember that all board members share a common goal.* Board members volunteer their time to help the organization achieve its mission. Ask questions that explore underlying interests, such as "Tell us more about what you see as the benefits of this program/relationship/gift to achieving our mission."

3. *Use face-saving and supportive strategies.* Our communication with others can support their identity (the face the person wants to present) or attack it (face-threatening behavior). Defensive communication is face-threatening because it challenges another's need to be seen as competent and worthy of respect and recognition. Face-saving strategies include emphasizing solidarity, providing explanations and not putting others "on the spot."

4. When *phrasing questions or differences of opinion, use supportive rather than defensive communication.* Supportive communication strategies avoid judgment or evaluation, treat the other as an equal, show empathy, and display listening and open-mindedness. [See additional information on next page.]

5. *Encourage a culture of inquiry, and don't be afraid to ask questions.* Questions should focus on improving understanding of different views. Ask questions in ways that minimize defensiveness. TALKING POINTS: As listeners we should also hear questions as legitimate requests for more information and/or understanding, not as criticisms.

Talking points

Final Activity for Module 5

Ask Participants to read "Discord at the Music School" case. (See appendix)

They should take a few minutes to consider their likely position if they were on this board of directors. What questions would they want to ask? What information would they need? If time permits and participants are interested, you may have them role-play this meeting as a group.

Putting it all Together

Read the case scenario provided.

Take a few minutes to consider your likely position if you were on this board of directors. What questions would you want to ask? What information would you need? We will role play this meeting as a group.

Slide 14

Role Play Instructions:

1. Tell the "board" that the goal of this meeting is to decide whether they need to replace the Executive Director. If the group agrees to retain the current ED, they should come up with a plan for meeting with the ED to talk about how to move the organization forward (as time permits).

2. Assign roles to participants: Chair, Vice-chair, Financial Officer, Secretary, Member-at-Large. For the purpose of this activity no one should play the role of Executive Director.

3. Half the members should be in favor of terminating the ED, and half should be in favor of retaining the ED. It would be best to indicate those positions on scraps of paper and have participants draw from a "hat" so that no one knows who holds which position until they begin to talk about it.

4. Remind them of the key objectives of this module that they should be practicing:
   a. Interests-based conflict
   b. Avoiding attribution error
   c. Focus on common goals
   d. Face-saving communication
   e. Supportive communication
   f. Non-evaluative listening
   g. Asking questions

5. As the facilitator, you should play the role of "observer." You may wish to call "time out" if you see members engaging in destructive conflict, attribution error, face-threatening or defensive communication, etc., to see whether you can point it out and redirect the group. Alternatively, you could include instructions that participants should call out when they see one of these happening and try to redirect on their own, or call "time out" so the group can discuss and debrief as the role play continues.

Instructions

1. Go through the evaluation questions
2. Write the responses on a flip chart
3. Save a copy of the evaluation responses for reference

Slide 22

Use this slide to let participants know the topic and (date) of the next training. Close with the references.

Slide 23

Slide 24

Appendix

Optional Opening Activity

William Odell Simpson Case (Opening Exercise)
The *Odell Simpson Case* is a group simulation and the opening exercise. This activity gets the participants engaged immediately and helps set the stage for the training that will follow. The activity takes about 30 minutes and should take place before starting the PowerPoint presentation.

This is the "set up" for generative governance; allow 15 minutes for simulation and 15 for debrief. Break participants into 2-3 groups; no group should have more than 8 members. The simulation will illustrate the group tendency to persuade members with minority views to conform to the majority opinion. Quietly find 2-3 confederates (before the training) for the simulation.

1. For this simulation the participants are a group of social workers who work with the juvenile court system to act in the best interests of juveniles and the surrounding community when youths have committed crimes. The group needs to come to consensus on a recommendation to the judge regarding what should be done with "Billy."

What to tell confederates: Your role in the simulation is to be the deviant. You should take the position that Billy should be given the most severe penalty, 3-5 years in prison. Your rationale is that society has been too easy on our youth and allowed the gang situation to get out of hand. We should not coddle criminals and should make an example of Billy. When kids steal cars, everyone pays more for car insurance. We need to have a zero-tolerance policy for gang activity, and it is too late to do anything positive for Billy because he is already 16 and needs to be punished, etc.

2. Have participants read the simulation (in their notebooks). Instruct participants that for this simulation they are a group of social workers who work with the juvenile-court system.

3. Give them about 15-20 minutes, depending on how the conversations go.

4. *Debrief as a whole group; what did they notice about the communication?* Who spoke the most? Who was the primary target of communication? What influence did different group members have? For the participants – how did it feel? How did it feel to have an opinion that was different from the others? How did the group react to the person who had a different view? How did they deal with the decision-making task, given different opinions? What does this say about how groups respond to diversity? We say we value different ideas and opinions, but what happens when one has a dissenting view? What are the long-term implications of this for board

composition, decision-making, participation, diversity? Why do we respond this way? [This simulation illustrates our discomfort with conflict and difference.]

Relate this to the concept of groupthink *(Irving Janis).* Groupthink is the tendency of groups to overestimate the positive outcomes of their ideas and minimize the possible limitations. It often happens when there are status differences in a group, where one or more members are believed to have greater information or expertise, etc. Groups begin to see themselves as impervious to criticism and stop asking critical questions. When groupthink occurs individual members are openly or discretely discouraged from challenging the group. *How can we prevent groupthink?*

Talking points: This simulation comes from a series of experiments on group influence by Schachter (1951).

Other results from the 1951 study that may be relevant to the discussion include:
1. Communication toward the deviate (the confederate) typically increases throughout the meeting. But if she never changes her position, communication may sharply decrease as the group rejects her.
2. The "deviate" is most likely to experience rejection from the other members of the group. Rejection is more likely when the task is highly relevant to the group's purpose.
3. Group members who share the predominant view or who change their view to match the majority are less likely to experience rejection.
4. When a group has high cohesiveness, they are more likely to reject the deviate. **See next page.**

Worksheet 5.1: Opening Exercise

William Odell Simpson Case

<u>Instructions</u>: You are a member of a group of social workers who are asked to make recommendations to the judges in the juvenile-court system for special cases of juvenile crime. Your task is to consider the best interests of the youth and the community in making a recommendation for what legal action should be taken. The group must achieve consensus before they can offer a recommendation to the judge.

<u>Case</u>: Billy is a 16-year-old boy who has spent most of his life in an orphanage. His father, a G.I., never married Billy's mother. Billy's mother abandoned him in a church when he was 2 years old. Although she was later found, she refused to care for him. Recently Billy has been spending time with a group of older boys who have police records. The boys interact in a number of unsponsored sports. It has been rumored that they steal hubcaps, gas caps, antennas, windshield wipers, etc., just for kicks. A few nights ago Billy was picked up in a stolen automobile. He claims the boys told him he had to steal the car in order to belong to their gang. This is his first offense. A conviction for car theft can result in 3-5 years in prison. However, the judge has many less severe options available, including sending Billy to a foster home. Try to reach consensus about what should be done with Billy.

<u>Talking points</u>:

_____

_____

_____

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Worksheet 5.2: Practicing Supportive Communication

How might you use a **supportive** communication style to create a constructive response to a board member who comes to a meeting very excited about a conversation she just had with a potential donor. The donor is willing to make a fairly significant donation if your organization will collaborate on a project with another nonprofit. The relationship between your mission and the other organization's mission is not immediately apparent.

Consider what a "defensive" response might look like:

_____

_____

_____

_____

Write a possible response to this board member's presentation using each of the following styles:

Description:

Problem Orientation:

Spontaneity:

Empathy:

Equality:

Provisionalism*:*

Filename: b U626. pdf

Item ID: 1722366 - 1001

Professor: JAMESON

Completion Date: AUG 23rd 2004

Discord at the Music School

Terri Toles Patkin

"And here is where we keep the party supplies," the parent volunteer finished. "You'll want those pretty often, I imagine."

Carole's* head was spinning. She was only partly through her first day as music director at Bow-strings Music School and so far she'd met the piano and violin teachers, had lunch with the office staff (a confusing number of part-time and full-time workers and a few parent volunteers, too—she still hadn't sorted out exactly who was who), and had gotten a tour of the building. Along the way, she'd also gotten an earful about how everyone was hoping she'd be as strong a leader as Wendy, the school's founder.

Neither her years at the Conservatory nor her experiences with the Philharmonic had prepared her for this. Even though she had taught violin for some time, Carole had never had the responsibility for an entire music school. She hadn't even met the students yet, but she had already decided that teaching looked to be the easy part of the job.

That evening, still in her office, she leafed through several notebooks filled with old brochures, minutes of meetings, and photos, and reviewed what she knew so far about Bow-strings Music School. About 15 years ago, Wendy had expanded her home violin studio and moved into this sunny suite in an office park bordered by a playground. The school's location was convenient to highways and, most important, sat at the border of a small city and its most affluent suburb. Soon the sounds of young violinists playing "Twinkle Twinkle

Little Star" filled the air. Word spread quickly among eager parents, and the school expanded almost as soon as it moved into the building. Wendy's dynamic personality seemed to permeate every facet of the organization. Carole suspected that Wendy's recent family relocation across the country had come as a shock to the school, but she was sure that, in time, she could be a fine leader herself.

Carole was especially enthusiastic that Bow-strings was not just a music school, but a Suzuki music school. She herself had been trained in the Suzuki Method by one of the country's leading teachers, a mentor who had studied personally with the noted Dr. Shinichi Suzuki in Japan. Carole thought about Dr. Suzuki the next morning as she interviewed the parent of a prospective student.

"Dr. Suzuki believed that every child could learn music as naturally as they learn to speak their native language," she explained. "He also used music to help the children build positive character traits as well as musical accomplishment."

Carole hoped to keep the Bow-strings curriculum closely modeled on Suzuki's principles, and she was pleased to discover that Bow-strings already provided the atmosphere of cooperation and enthusiasm for learning that is the cornerstone of the Suzuki Method.

"I'm so glad that Bow-strings' atmosphere is so supportive," Carole said one day, as she and a long-time parent volunteer were stuffing envelopes with the monthly newsletter. "It's exactly what Dr. Suzuki must have had in mind."

"Who?" asked the parent as she gently stopped her toddler from trying to climb the piano. "I thought Wendy started the school. I didn't know anyone else was involved."

Carole started to explain, but she was interrupted by a phone call. By the time she'd chatted with the parents waiting for group class to start, fixed a broken violin, made a note on the calendar about Symphony auditions, and reminded several small boys not to chase one another through the hallways, the parent had gone home. She wondered whether others thought the methods were entirely Wendy's ideas.

If Carole had any doubts about Wendy's continuing influence in the school, they were quickly erased over the next several weeks by the parade of parents who made a point of dropping by to praise Wendy. As time passed, Carole found that she was hearing more and more about how her methods of running the school differed from Wendy's.

"Wendy always changed our lesson time around to accommodate our baseball practices," complained one mother after Carole explained that she couldn't keep changing their lesson time because it would have an impact on all the other students she taught.

"What do you mean, she needs to practice?" demanded another. "Wendy never worried about things like that. She just wanted her to love playing the violin."

Carole wondered how the child would be able to love playing the violin when she never picked it up in between lessons, but she didn't say anything.

When Carole asked the faculty why no one had given her a list of performers for the upcoming recital, they all looked astonished. "But Wendy always did that!" they chorused.

When Carole asked a parent volunteer to change the "Composer of the Month" bulletin board, the mother agreed enthusiastically. "I've always wanted to use my artistic talents to help the school! But Wendy used to do all the bulletin boards herself." The parent walked away still talking excitedly about her ideas.

One day, Carole noticed a problem. One family hadn't paid their tuition bill. Carole asked the office manager to contact them to find out what the problem was. "I'm uncomfortable doing that," the manager responded. "That's really your job. Wendy always did it."

Despite these difficulties, Carole could appreciate the energy of Wendy's influence, which she felt even now, three months later. The hallways were decorated with colorful hand-painted designs; photos of students joined those of world-class musicians on the bulletin board; families stayed after class to play and picnic on the field adjoining the school. Carole knew that it was unusual for a music school to have such a strong sense of community. Everyone seemed to know everyone else in the school, and Carole expected that she would one day share in the close support network the parents and teachers had developed with one another.

Carole had always enjoyed teaching, and the students at Bow strings were a delight. She was surprised, however, to learn that their love of music was not matched by their skill. They didn't seem to know the basics. Carole wondered if her expectations were too high, but she was also frustrated by the emphasis on fun that seemed to leave little time to learn music. Wendy's students had grown to expect regular parties in group class, and Carole often had to end the class early because someone had brought in cupcakes or brownies to share

with their music friends. When she asked in the monthly newsletter that people not bring food without consulting her, she felt snubbed all week by the parents, who seemed to stop talking whenever she passed by the small groups gathered in the waiting room.

Her opinions about the quality of her students' playing were confirmed during a chat with her stand partner during a break at Symphony rehearsal.

"I taught several Bow-strings students at a music camp last summer," he said, "and they were just awful. I certainly hope you're teaching them scales and etudes. Wendy didn't believe in that. 'Let the students find the joy,' she said, 'and save the hard work for later.'"

Carole was overwhelmed during her first weeks on the job, not only by the day-to-day demands of running a large school, but also by the disorganization she found in the office. Wendy's special tuition deals and lesson plans had all been done verbally, and there was no documentation to be found. Boxes of paperwork were shoved into corners, with registration forms and tuition checks mixed with tax statements, teacher résumés, and music catalogs. No one seemed to know how to do anything, since "Wendy always did that."

Carole decided that what the school needed most was organization. Although Wendy had apparently found the stream of toddlers and their parents dropping into the office to be energizing, Carole found it distracting. Rather than being at the constant beck and call of everyone, she began shutting the office door so that she could wade through the boxes and focus on what needed to be done. She posted office hours several hours a week, when parents, students, or staff could stop by and chat with her, so that she could then concentrate on their problems rather than thinking about paperwork. As she became more familiar with the school, Carole began compiling a binder of procedures for everyday activities like payroll, publicity, and concert planning. That way, she could delegate some tasks and focus on her own leadership priorities.

Sometimes, Carole felt as if the parents and teachers were almost challenging her to keep the school from going under in Wendy's absence, and she felt the weight of those expectations. In any case, she decided that since she could not duplicate Wendy's strong personality, she would earn the respect of the school community through her strong teaching and organizational skills. After all, those were what Wendy and the board of directors had mentioned when they had offered her the job in the first place.

Gradually she began to make changes in classes, too. Carole believed that fun and games were fine—*after* the student had learned some basic skills. She introduced scales and music theory into the group classes, and continued Wendy's habit of playing through the repertoire and having one or two students play a solo each week. Unfortunately, this left little time for the fun games like "hide the bow" that Wendy had so often had the children play while she took a quick phone call, nursed her baby in the office, or handled a parent's tuition problem. And there certainly wasn't time for anyone to serve cupcakes and clean up in the five minutes scheduled in between classes!

"Well!" exclaimed one of the parents after a particularly difficult lesson. "If I wanted this kind of atmosphere, I would have enrolled the kids at the music school downtown. We didn't come to a music school to learn scales."

"It's just not fun anymore," sighed a 10-year-old who was finishing up her math homework before her lesson.

"Why don't you give Wendy a call?" gently suggested one of the members of the school's board of directors. "She might have some great ideas for you."

But Carole saw that as a sign of failure, and besides, she wanted *less* of Wendy's input in the school, not more.

From her desk, Carole didn't notice that the parents sitting at the picnic table had begun to complain more and more. Enrollment dropped for the spring semester, but Carole assumed that it was simply normal attrition following the change in leadership. She introduced an orchestra program and a music history class, and she arranged field trips to see touring musicians perform. In order to fit these new activities into the school brochure, Carole excised what she saw as irrelevant material—Wendy's lengthy biography.

When some parents complained, she responded that it was unhealthy for the school to idolize the founder to such a great degree. "Saint Wendy!" she exploded when she returned to her office. "I don't see why I should be expected to do things her way all the time! And I'm certainly not going to call her to solve every little problem that comes up. If I just establish clear procedures, then everyone will know how to handle situations."

Carole began to see the rules as more and more important. In situations where Wendy would have made a decision based on the individual needs of the family, Carole referred to the policy manual and

made no exceptions at all. The handshake sealing a teacher's employment was replaced by an ironclad contract. Ironically, the stronger Carole made the rules, the more the teachers and parents resisted them.

At the school's annual meeting in May, Carole was surprised when what she had anticipated as a routine "state of the school" address turned out to be a four-hour gripe session with emotional teachers, parents, and board of directors members besieging her from every side and questioning her every decision. There were even calls for her resignation! Even though some people appreciated her new, more organized style, others complained about the lack of a social atmosphere under Carole's leadership.

"All work and no play makes Jack a dull boy," intoned the chairwoman gravely.

"All play and no work makes Jack a lousy musician," Carole retorted under her breath.

Clearly, she had stepped on more toes than she had realized during her first months on the job, and changes would have to be made if she wanted to continue at Bow-strings Music School. Carole went into her office, closed the door, and began making a list. What had gone wrong? And what would she need to do to restore harmony to the music school? ✦

*This case has been developed based on real organization(s) and real organizational experiences. Names, facts, and situations have been changed to protect the privacy of individuals and organizations.

The "Transforming Board Practice" curriculum is the result of an NC State University interdisciplinary partnership between the Institute for Nonprofits and Cooperative Extension. Its purpose is to improve the efficacy of boards of directors of nonprofit organizations throughout the State of North Carolina by encouraging a culture of inquiry among board members and generating robust and honest discussion of all issues and concerns affecting their organization.

Each module in this curriculum may be delivered independently of the others. However, each one's content will be greatly enhanced by delivery of all the modules. We strongly suggest that new boards start with Module 1 and complete the entire curriculum in the order presented.

Instructions

- Welcome the participants
- Introduce presenters and sponsors.
- Ask the participants to introduce themselves and their organizations
- Read Slide

Goals for this Module

- Participants will be able to:
  - articulate the importance of planning for organizational effectiveness
  - build flexibility into plan implementation to effectively adapt plans to changing contexts
  - Identify organizational values that support the balancing of flexibility and planning

Slide 2

Introduction

In this module we will focus on some foundational pieces for strategic planning. We are NOT going to tell you how to do planning, but instead how to be strategic when you plan, so that the document you produce will be dynamically alive within the organizational context.

While many boards may FEEL that they do a lot of strategic planning, it is rather uncommon for a plan to be a living, dynamic document in the organization.

Materials
Copies of Worksheet 6.1 for each participant
Flip chart and markers
Pens or pencils for participants

References

Cooperrider, D.L., Whitney, D. and Stavros, J.M. (2008). *Appreciative Inquiry Handbook: For Leaders of Change* (2nd edition). Brunswick, Ohio: Crown Custom Publishing Inc.

For additional information, case studies, articles, materials and meeting design, please visit the Appreciative Inquiry Commons at http://appreciativeinquiry.case.edu/

McNamara, C. (2007). *Field Guide to Nonprofit Strategic Planning and Facilitation* (3rd edition). Minneapolis, Minnesota: Authenticity Consulting, LLC

Talking points

This is how we are taught in school. If we do this and add a little of that, we get an outcome that we planned.

We like to think that if we do parenting-nutrition workshops, and we combine them with healthy-cooking newsletters and maybe some grocery-budgeting support, there will be better eating in the home.

This is called Mechanistic Thinking: In other words, we think the world works like a simple machine.
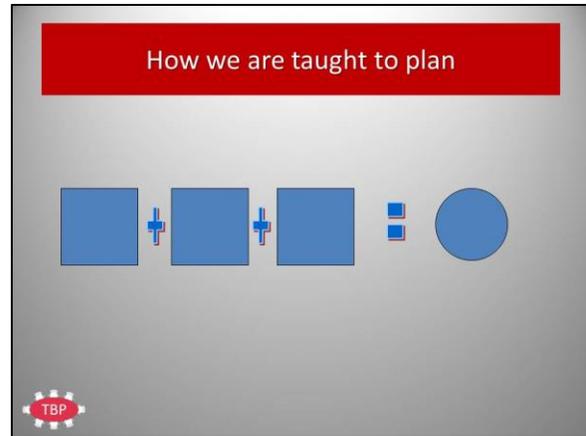
Slide 3

Talking points

In reality it looks more like this…We do good work, but then life happens and there are many other influencers. Even if we had some control over all the boxes, creating the changes we want is hard.

If you were going to name some of these boxes and bubbles that impact our work despite our often not directly controlling them, what might they be? *Ask the participants to name a few.*
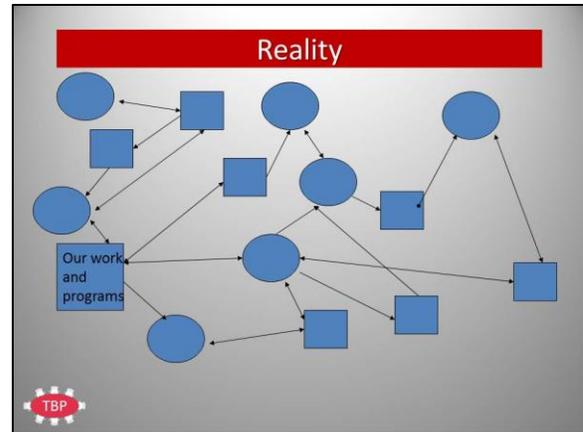
Slide 4

Systems-change is hard, which is why we constantly revert to easily definable mechanistic programming.

Talking points

So a productive organizational response has to embrace a plan to influence all of the boxes.

It also has to be flexible – ready to adapt to unexpected realities at a moment's notice.

I imagine that you all have experienced organizations doing this well. Let's talk about that and see what we can learn.

Slide 5

Talking points

What do we know from our experience about organizations that find the balance between flexibility and strategy?

To explore this topic, we are going to find a partner and have a conversation using an interview format.

The interview question we will ask is complex with no right or wrong answers. Your goal as the interviewer is to be *uncommonly curious*.

Slide 6

Really listen well to what your partner is saying and, when you feel there is more to an idea, you might say, "Tell me more about that."

Ask the participants to find a partner.

Talking points

There is a balancing act in organizations between flexible responsiveness and well-planned execution. Flexibly responsive organizations expect the unexpected and desire not to be tied too tightly to a plan so that they can respond quickly as opportunities and crises come up.

In tightly planned organizations it is clear what everyone should be doing, and there is efficiency in the workflow.

Paired interviews

Tell a story of a time when you were part of an organization that was a "plan-ful" organization.

Slide 7

Both organizational cultures have their advantages and pitfalls. Sometimes organizations get the middle of this continuum just right. There is dynamic planning that allows for flexible adaptation of that plan, such that the organization can readjust and bring new clarity to the plan quickly.

Instructions

Be sure that each participant has Worksheet 6.1. (*See appendix at the end of this module.)*

Ask the participants to pair up; one will be the interviewer and one the interviewee. Each will have about 7 minutes to be the interviewer, then switch and have about 7 minutes to be the interviewee. (The questions are on the next slide.)

Read Slide 7, then move to next slide.

Talking points

Read the questions on the slide.

Interviews are most successful when you:

- Really listen to the story and become curious about the how, what, why and when.
- Probe for more information.
- Seek to appreciate what role the participant and others played in their story.
- Take notes so you can retell the story and recite key points back.

Interview Questions

- What was your role in this organization?
- What did you do to make this responsive planning happen?
- What did others do?
- What were the results of this for the organization?

Slide 8

Instructions

When the participants return from their interview/conversations, ask the group to share a story that really got to the core of a flexible yet planful organization.

When they tell the story, you will want to *model good interviewing techniques, use reflective listening and be really curious about the underlying organizational structures or cultural norms that allowed this to happen.*

Slide 9

Ask for another story. As you hear these elements (called the positive core of what facilitates these exceptional things happening in organizations), write them on flip-chart paper. After 2-3 stories, ask for anything else to add to the list.

Talking points

Strategic planning serves a variety of purposes in an organization, including to:

1. Clearly define the organization's purpose and establish realistic goals and objectives consistent with its mission in a defined time frame within the organization's capacity for implementation.

2. Communicate those goals and objectives to the organization's constituents.

3. Develop a sense of ownership of the plan.

Slide 10

4. Ensure the most effective use of the organization's resources by focusing those resources on the key priorities.

5. Provide a base from which progress can be measured and establish a mechanism for informed change when needed.

6. Bring together everyone's best and most reasoned efforts, which helps build a consensus about where an organization is going.

As well as:

7. Provide clearer focus of organization, producing more efficiency and effectiveness.

8. Coalesce staff and board of directors (in the case of corporations).

9. Build strong teams in the board and the staff (in the case of corporations).

10. Provide the glue that keeps the board together (in the case of corporations).

11. Produce great satisfaction among planners around a common vision.

12. Increase productivity from increased efficiency and effectiveness.

13. Solve major problems.

Talking points

To begin strategic planning we often start with crafting a vision statement.

This is very important but it is strategically just as important that you frame that vision with a set of core values or guiding principles that underlie how and why the organization does its work.

Slide 11

Talking points

Let's watch a fun video about an organization that is heavily value-driven.

WATCH VIDEO

Organizational Values

http://www.youtube.com/watch?v=g6WHAfWqX3s

0:00 / 3:50

Slide 12

Does anyone know what this organization does? Would you know it from its value list? Do you have a large sense of what the organization values and HOW it works?

How might this contribute to strategic planning that is flexible and adaptive – does this action fit with my organization's values? http://www.youtube.com/watch?v=g6WHAfWqX3s

Instructions

Have an ending discussion, taking Talking Points on the flip chart. "OK, now we are going to talk a few minutes about this session and reflect back on what we have learned together."

Slide 13

Instructions

1. Go through the evaluation questions
2. Write the responses on a flip chart
3. Save a copy of the evaluation responses for reference

Slide 14

Use this slide to let participants know the topic and (date) of the next training.

Slide 15

Slide 16

Appendix

Worksheet 6.1

Paired Interviews

With your partner, one of you will be the interviewer and one the interviewee. When you are the interviewer, you will ask the following questions and jot down Talking Points. You will be told when it is time to switch roles, and you will then be interviewed.

There is a balancing act in organizations between flexible responsiveness and well-planned execution. *Flexibly responsive organizations* expect the unexpected and desire not to be tied too tightly to a plan so that they can respond quickly as opportunities and crises come up.

In *tightly planned organizations*, it is clear what everyone should be doing, and there is efficiency in the workflow. Both organizational cultures have their advantages and pitfalls. Sometimes organizations get the middle of this continuum just right. There is dynamic planning that allows for flexible adaptation of that plan, such that the organization can readjust and bring new clarity to the plan quickly.

Questions: Tell a story of a time when you were part of an organization that combined dynamic planning with flexibility exceptionally well or was able to stop midstream when an unexpected development occurred and adjust its plan. This could have been a planful organization that showed willingness to be flexible and adjust, or a flexible organization that hunkered down and made a plan in response to an event or opportunity.

- What was your role in this organization?

- What did you do to make this responsive planning happen?

- What did others do?

- What were the results of this for the organization?

Slide 1

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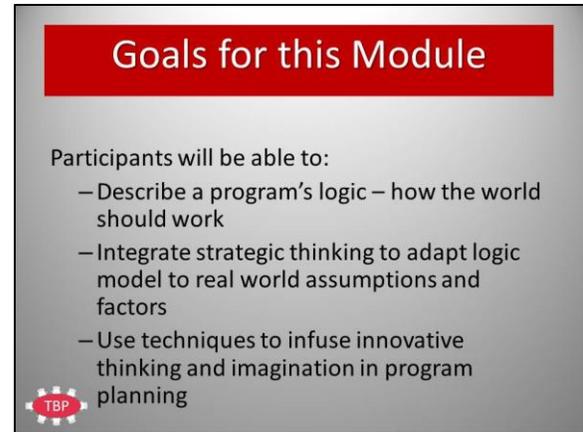
Slide 2

Materials

Worksheet 7.1 – logic-model template for each participant (see appendix)

Cut out stacks of the logic-model contents for each pair of participants

Ability to play a You Tube video WITH sound

Flip chart, easel and markers

References

Bushe, G. (2007). "Appreciative Inquiry Is Not (Just) About the Positive." *OD Practitioner*, Vol. 39, No. 4, pp.30-35, 2007
http://www.library.wisc.edu/EDVRC/docs/public/pdfs/LIReadings/AI_Is_Not_%28Just%29_About_the_Positive.pdf

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Fredrickson, B. (2009). *Positivity: Top-Notch Research Reveals the 3 to 1 Ratio That Will Change Your Life*. New York: Crown.

Kashdan, T. (2009). *Curious? Discover the Missing Ingredient to a Fulfilling Life*. New York: HarperCollins.

Rosenthal, R. and Jacobson, L. (1968). *Pygmalion in the Classroom: Teacher Expectation and Pupils' Intellectual Development*. New York: Holt, Rinehart & Winston.

Powell, E. Logic Model - Templates.
http://www.uwex.edu/ces/pdande/evaluation/evallogicmodelworksheets.html

Talking points

Let's begin by reviewing the process many grant-funded organizations use for planning.

A popular tool for planning is the logic model. It allows you to communicate what your program does and describes how it intends to create change or results.

Other strategic planning tools have similar information but may focus more on defining metrics than the logical theory of change.
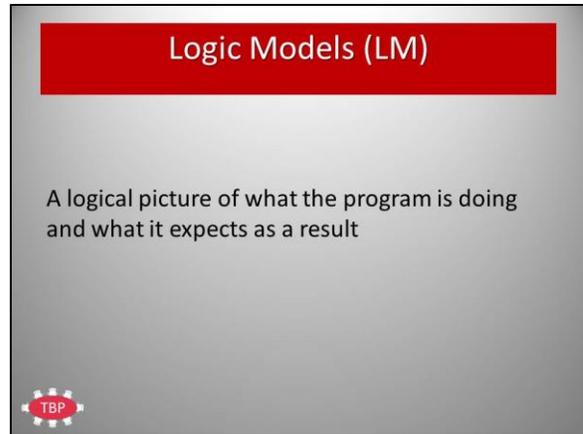

Slide 3

Script

In this example, it is summertime and we want to take a family vacation.

We have had experience and know (our personal research tells us) that we all enjoy camping together. So, in order to take a camping trip, we need...(See slide).

Logic models involve a mental process. A logic model shows the series of connections and logical linkages that are expected to result in achievement of our goal.
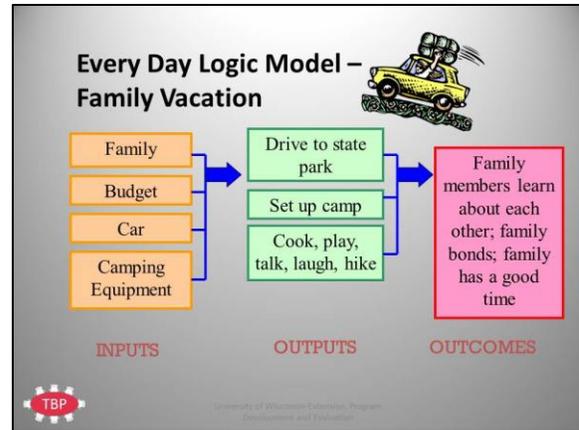

Slide 4

Talking points

Review the slide with participants. Ask the group to provide examples from their own organizations.
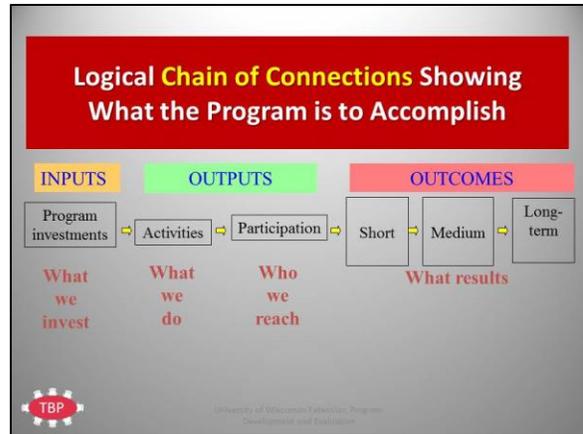
Slide 5

Talking points

Here we have a full depiction of program development in a detailed logic model (LM).

We see that everything starts with a clear articulation of the originating situation from which priorities are set. This sets into motion the programmatic response – as displayed in the logic model of what is expected to occur - the connections and relationships between inputs, outputs and outcomes.
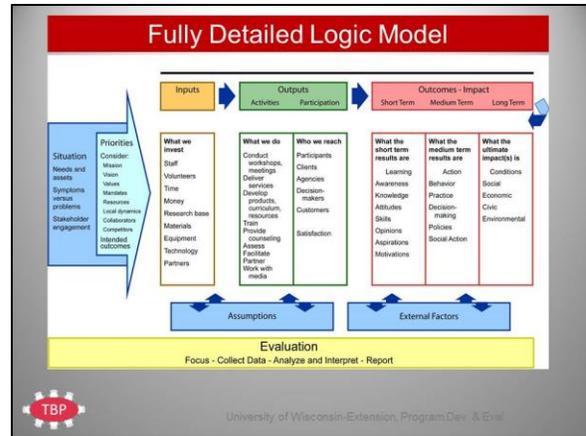
Slide 6

Often not included in a graphical LM display but important to articulate are:

Assumptions: What we assume will happen as we plan. Will your staff stay consistent? It is good to note these so you can better adapt when they occur other than planned.

External factors: Do financial institutions exist; are they accessible? What effect do political changes have on the work? What about the economy? Describe the barriers and facilitators to success.

Evaluation runs over the course of the program and is part of the program design.

Looks linear but it is not…

Talking points

A logic model is a useful tool to increase understanding about a program and the way different people may view the program.

It is a wonderful technique for starting a conversation because different stakeholders may have different views of the program. All may have the same end goal in mind but different strategies for getting there.

There may also be a very different understanding of the assumptions and external factors. This conversation creates a path to arrive at consensus or understanding.

Slide 7

Talking points

A logic model is not only for strategic planning; it is also a basis for evaluation.

Ten years ago most organizations measured only what they did, not the results of the work. The logic model helps to spell out the difference between the two.

Funding – more favorable if you can clearly demonstrate how and why your plans will succeed.

LM Benefits (Cont'd)

- Enhances teamwork
- Guides prioritization and allocation of resources
- Motivates staff
- Helps to identify important variables to measure; use evaluation resources wisely
- Increases resources, opportunities, recognition
- Supports replication
- Often is required!

TBP

Slide 8

Talking points

Read the slide and have an open conversation, making notes on a flip chart.

Slide 9

Talking points

Read the slide

Appreciative Inquiry (AI) can be generative in a number of ways. It is the quest for new ideas, images, theories and models that liberate our collective aspirations, alter the social construction of reality and, in the process, make available decisions and actions that weren't available or didn't occur to us before.

When successful, AI generates spontaneous, unsupervised, individual, group and organizational action toward a better future. My research suggests that when AI is transformational it has both these qualities: it leads to new ideas, and it leads people to choose new actions. (Bushe, 2007).
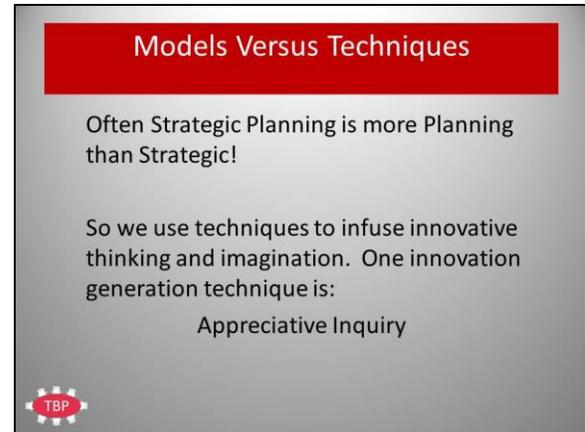
Models Versus Techniques

Often Strategic Planning is more Planning than Strategic!

So we use techniques to infuse innovative thinking and imagination. One innovation generation technique is:

Appreciative Inquiry

TBP

Slide 10

Note

There are 5 underlying research-based principles

The Constructionist Principle *– The questions you ask, set the stage for what you will "find."*

We must reclaim our imaginative competence (Children are very good at imagining, but many of us, as we age and have increasing responsibility, lose this skill.)

The Principle of Simultaneity *– Change begins with the first question asked and occurs over the course of the entire inquiry, and hopefully this is just the beginning.*

Principles from Appreciative Inquiry

- We understand the world by the questions we ask
- We create what we imagine
- Change is happening
- Be intentional to imagine what you want
- Expect what you want to create
- The positive possibility is more powerful for real change

Slide 11

Poetic Principle *– In appreciative Inquiry, we use the story as the basis of inspiration, and everyone in the organization are co-authors. The future is an open book; a choice must be made to create a future that is a source of inspiration, life and purpose*

Anticipatory Principle *– We are constantly creating our future based on what we collectively expect.   Are we going to solve our current problems or imagine something innovative and life-giving?*

Positive Principle *– Positive change is more long lasting and effective than fixing problems.*

(Cooperrider, 2007)

Talking points

The power of the positive

Placebo effect – We can change our health by thinking we are being helped by an intervention.

Pygmalion effect – We can increase children's IQs by thinking they are smart. In classic studies psychologists divided a classroom randomly in half. They told the teacher that one side of the classroom was smarter than the other. By the end of the year, when the randomly assigned students were given an IQ test, the "smart" side had a significantly higher IQ!

Slide 12

Organizational inner dialogue – Having more positive than negative organizational inner dialogue promotes group functionality. You can stand at the water cooler, listen to how workers speak about the work and predict organizational effectiveness.

Barbara Frederickson from UNC-Chapel Hill has done extensive research in innovative thinking. Her broaden-and-build theory says that when we have **more positive thoughts** and emotional experiences, we are more inclined to novel, expansive thinking and exploratory behavior – these are keys to innovative thinking.

Curiosity - The more wonder and questioning with which we approach our lives, the more engaged, complex and even fulfilling our thinking becomes. We are happier when we are engaged. I know that is often true!

Talking points

Read slide – what does this mean? Let's try an example (fill in your own here).

Wake County was trying to decrease septic-tank failure – ten percent of the county's septic tanks were failing and causing huge problems. So they decided to do a survey.

They surveyed everyone that had had septic failure and asked a bunch of questions. When they were done with the survey, they knew a lot about the problem, but little more about how to fix the problem.

Slide 13

When asked if they knew much about the 90% who were keeping their septic tanks working, they did not. This is SO COMMON!! Not only do you NOT have the information that you need to get more people to be like the 90%, you actually direct lots of money and attention onto the problem, which can make it worse.

Be careful what you decide to study – what you study grows.

Instead of focusing on what we want to create or achieve, we often spend too much energy focused on what we want to stop or change. It is very important that we create a vision (a pictorial representation in people's minds) of what we are trying to create, our goals.

Talking points

Sometimes it's just creating a new vision of an organization. Appreciative inquiry is able to move beyond simply fixing a problem to breakthrough solutions that move the organization to new possibilities.

Let's look at this example of the Omni hotel in Cleveland. (Watch from beginning until 4:00 minutes.)

Slide 14

Talking points

Again, we must study what we want to grow:
Something that will move us past the simple fix to
generative thinking (generating new ideas).

How might we take some of these ideas to our
next board meeting?

The Art of the Question in Leadership and Change

- What's the biggest problem here?
- Why do the same problems keep recurring?
- What can we fix easily?
- What can we do better next time?

- What possibilities exist that we have not yet considered?
- What's the smallest change that could make the biggest impact?
- What would create a win win?

TBP

Slide 15

Talking points

Bushe studied some factors that lead to rapid, positive change in organizations.

- Create collective agreement on what you are trying to accomplish.
- Ensure that people believe they are authorized
- to take actions that will move the organization in the direction of the design.
- They don't need permission to act.
- They shouldn't wait around for some committee or plan.
- Leaders should clarify what is out of bounds, then get out of the way

Leading Rapid, Positive Change in Organizations
(Bushe, 2007, p. 7)

- Make sure everyone KNOWS where they/we want to go
- All levels don't need permission to act
- There should be willingness to and support for taking voluntary, visible action
- Leaders track innovation and progress and fan flames of innovation and initiative

Slide 16

Facilitator note: You may want to read:

"Appreciative Inquiry Is Not (Just) About the Positive",

OD Practitioner, Vol. 39, No. 4, pp.30-35, 2007.

http://www.oxfordleadership.com/journal/vol1_issue4/bushe.pdf

Talking points

More from Bushe's article…

"Appreciative Inquiry Is Not (Just) About the Positive",

OD Practitioner, Vol. 39, No. 4, pp.30-35, 2007.

http://www.oxfordleadership.com/journal/vol1_issue4/bushe.pdf


Slide 17

Ask the participants to comment on the evaluation questions.

Use Curriculum slide to mention the next training topic and date.

Close with the reference slide.

Slide 18

Slide 19

Slide 20

Appendix

Worksheet 7.1

Hand out the worksheet for Exercise 7.1. This is a logic-model template. It is a simple template with just the inputs, activities and outputs on it. Have the participants work in groups of 2. Give each group a stack of logic-model contents in random order and have them place them in the logic model. Go over their answers.

- Talk about how something that is an activity in one model may be an outcome in another.
- Also talk about what the assumptions, external factors, situation and priorities may be for this organization.

<u>INPUTS</u>
Biologists

Engineers

Construction Workers

Public Policy Consultants

Donations

Grants

Fundraising Dinners

Members

Communications Staff

<u>ACTIVITIES/ STRATEGIES</u>
Sell Merchandise

Publish DU Magazine

Website

Educational Programs

Conservation Easements

Congressional and
 State Lobbying

Restoring Grassland

Land-Management
Agreements

Reforestation

Restoring Watersheds

Land Acquisitions

PARTICIPANTS
Members

Local Officials

Congressmen

Hunters

Farmers

General Public

OUTCOMES
Sufficient wetland
 habitat for waterfowl

Healthy waterfowl
(less disease)

Happy hunters

Local, state and national
officials understanding the
importance of wetland restoration

Strong partnership
between agriculture
and conservation interests

Ducks and geese don't
eat farmers' crops

Skills among members in
letter-writing campaigns
to promote wetland conservation

Arctic tundra
is restored

Recreational areas
are increased

Groundwater
recharge

Floodwater storage

Improved water quality

Increased fish habitat
and biodiversity

Inputs	Outputs		Outcomes -- Impact		
	Activities	*Participation*	Short	Medium	Long

Assumptions	External Factors

Slide 1

The "Transforming Board Practice" curriculum is the result of an NC State University cross departmental effort of the Institute for Nonprofits and Cooperative Extension. Its purpose is to improve the efficacy of boards of directors of nonprofit corporations throughout the State of North Carolina by encouraging a culture of inquiry among board members and generating robust and honest discussion of all issues and concerns affecting their organization.

Each module in this curriculum may be delivered independently of the other. However, each one's content will be greatly enhanced by delivery of all the modules. We strongly suggest that new boards start with Module 1 and complete the entire curriculum in the order presented.

Resources and References

Portions of this document were prepared by Cynthia Brown of The Sojourner Group on June 25, 2004. Contents are based on facilitator's experience and excerpts from the following sources: *Center for Community Change Organizational Development Series, The Working Board: Guidelines and Sample Documents; The Ball Foundation Education Initiatives: Running Effective Meetings,Agendas and Minutes at* http://www.ballfoundation.org/ei/tools/meetings/agendas.html.

The Board Café Archives at http://www.boardcafe.org

The Best of the Board Cafe, available at http://www.compasspoint.org/board-caf%C3%A9-home

Gibb, J. (1961). "Defensive communication." *Journal of Communication,* 11(3), pp. 141-148. The article also appeared in *ETC: A Review of General Semantics,* Vol. 22, No. 2, June 1965, pp. 221-230. Reprint: http://www.healthy.net/scr/Article.asp?Id=2533

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Nonprofit Organization Management, Supplement #2, published by Aspen Publishers, Inc. The Best of the Board Cafe, available at http://www.compasspoint.org/board-caf%C3%A9-home

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Instructions

- Welcome the participants
- Introduce presenters and sponsors.
- Ask the participants to introduce themselves and their organizations
- Read the slide

Note: some of this material has been covered in Module 5, Constructive Conflict.
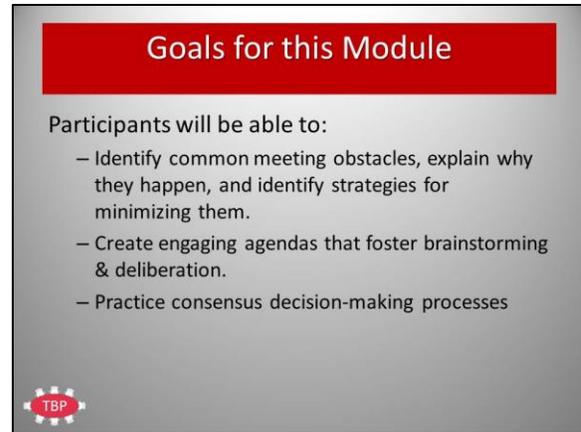
Goals for this Module

Participants will be able to:
- Identify common meeting obstacles, explain why they happen, and identify strategies for minimizing them.
- Create engaging agendas that foster brainstorming & deliberation.
- Practice consensus decision-making processes

Slide 2

Materials:

- Flip chart and markers
- Copies of Worksheets 8.1, 8.2 and the handout on *Conducting Effective Meetings* for each participant
- Pens or pencils and paper for the participants

Talking points

We start this module by identifying some of the common obstacles to effective meeting communication.

When you get to the descriptions of each on the following slides, the audience members are likely to recognize many of these "pitfalls," so you should be able to make this very interactive by asking participants if they can identify a time each one happened.

Slide 3

(If there are many people from the same nonprofit, this may be awkward, so you may want to ask them to simply raise hands if this has happened to them.)

Talking points

Provide a dramatic example to remind people that we all do this…and show how it impacts our perceptions of others and their motives; this impacts how we interact in the future

Example:

A board member approaches the Board Chair and says, "You have got to do something about Mary Jane (another board member). She thinks her opinion is the only one that matters and she doesn't value others' contributions."

Pitfall #1: Attribution Error

- Attributions are explanations we make for our own and others' behavior.

- We often blame others' "bad" behavior on internal traits rather than external causes.

- Our errors are based on previous relationships and impact future interactions with others.

TBP

Slide 4

Give examples of traits such as "lazy" and "disengaged," as opposed to external events such as traffic, accidents or illness. You could mention self-serving bias if appropriate…we blame our bad behavior on external causes.

Example:

Following a major fundraising event, Mary Lou announces at the next board meeting: "I am so pleased that my hard work paid off as my network came through to support our cause. I'm certain that our lower attendance is a result of the economy."

Talking points

On this slide we want participants to be reminded that we cannot control others' behavior or communication, but we CAN control how we respond to it.

If we can take a step back and try to understand why the person feels a certain way about the issue, we can have a more productive conversation. It is very important to ask questions in ways that are more sincere.

Responding to Attributions

- Recognize the attribution you are making; you do not have to act on it.

- Respond to the issue, not the behavior.

TBP

Slide 5

However, sometimes when we ask "why" someone feels the way they do, it can sound like criticizing. We will discuss this when we get to defensive versus supportive communication. *(Note: this topic was also covered in Module 5 Constructive Conflict).*

Talking points

Parties in conflict have individual and mutual goals related to: content, relationship, identity, and process.

Content: The "what" of the conflict; these are the contradictory or opposing needs the parties are trying to meet.

Relationship: This is the "who." Parties in a conflict are always negotiating a current and future relationship, as well as the content. There may be power differences or different views of the future of the relationship. This is sometimes the content of the conflict itself, such as when one person wants to terminate a relationship and the other does not. If CEO and Board President seem to butt heads frequently, there may be some relational goals that need to be addressed before the board meetings can become more constructive.

Slide 6

Identity: Everyone on the board and the staff has an important identity – this is how they see themselves and the world around them. It includes underlying values that cannot be negotiated. Part of this identity is the desire to be valued by others. Every time we communicate, we are trying to achieve identity goals related to getting validation of who we are, our value and our belonging to the group.

Process: We also have goals for how we communicate – we all have preferences for how the process will go. Some people prefer harmonious interaction and will disengage when conflict erupts.

When conflict does occur, some people will want to debate who is right or wrong, while others will want to have dialogue to promote information-sharing and understanding. These two types of conversation look very different, so there can actually be conflict over the process used to resolve it!

The more the group can agree in advance on the process they will use when disagreements arise, the better off they will be. Note that Robert's Rules/Parliamentary Procedure is supposed to take care of this, but it often does not work that way, because people really don't know the rules or become intimidated when members with more seniority or expertise disagree.

Talking points

These different goals are often not obvious – they are underlying interests that are not directly communicated.

In order to identify them, group facilitators, usually the Board President/Chair must ask questions that get beyond members' stated positions to explore the underlying interests.

For example:

Two board members disagree about whether the

Slide 7

nonprofit should advertise its programs in a new county. One is adamant that they must let people living in this area know that services are available; the other does not believe there are enough people who need the services in that area to warrant spending the organization's limited funds for advertising. After a lot of back and forth, the board chair might ask questions such as:

"Why do you believe this county needs services? What information do you have about this area?" OR

"Why do you think there are not people in this county who need these services? What information do you have?"

"Who are the experts in that County that we could ask?"

These questions might lead to one board member's describing the large volume of phone calls she or he has received for services in that area, so their underlying interest may be to communicate to a large number of people at once so they stop receiving so many individual phone calls. These questions may also help identify sources of information so that a more informed decision can be made in the future.

It also helps to remind parties who are disagreeing of the mission of the organization, so they can determine whether what they are arguing about is truly relevant to the conversation and helpful to achieving organizational goals. If the answer is yes, the argument should be allowed to continue, as long as there is cooperative information-sharing taking place, as opposed to adversarial opposition.

Talking points

It is a good idea to remind board members of the mission statement by using the tent card with their names on the front and the mission statement printed on the back facing each board member – this provides a constant reminder of the mission throughout the meeting!!!

Members can also respond to each other more effectively if they see the other member's name and can address them directly. This has the added benefit of increasing group cohesiveness and closeness.

Slide 8

Use the example of a meeting in which a participant brought up a good suggestion, but it was not relevant to the current decision, which had to be made quickly. The Board Chair responded by saying: "We don't have time to go down that road today, if we're going to meet our goals for this meeting. But it's a good suggestion; we should get together soon to explore your idea."

It is important that the Board Secretary indicates in the minutes that members agreed to bring up the issue at another time. It is very frustrating when a good idea is raised but never appears on a future agenda.

Here are a couple of other examples where Board members may overstate their case or appear negative because they want to present themselves as knowledgeable:

"*No one will donate money to an organization that uses their money for overhead by buying advertising…*"

A good facilitator can re-frame the above comment in terms of the group goal of creating awareness; *For example, "Are there other ways we can achieve the goal of communicating our programs without buying advertising?" OR "Can we buy advertising and stay within 10% of budget going to overhead?"*

Talking points

Ask the group to report how these statements make them feel. They are likely to say that the first one is deflating and may cause people to disengage from the conversation. It makes us feel as though our contributions are not valued.

The second statement is less evaluative and more solution-oriented. Participants should report that it allows the group to feel more connected because they are "all in this together," and they need to work together to come up with a solution.

Slide 9

Talking points

Jack Gibb, a researcher of group communication, identified several communication strategies that produce defensiveness, as well as a complementary set of strategies that can be more supportive.

Slide 10

Evaluation versus Description
Evaluative language causes defensiveness by passing judgment and making that person the focus of the problem. Descriptive communication focuses on the problem as separate from the other person.

Evaluative language judges, quantifies or accuses ("YOU" language)
- "You are not making yourself clear to me."

Descriptive language focuses on the speaker's perceptions ("I" language):

- "I feel uncomfortable with the way this discussion is going."

Control versus Problem Orientation
Control messages impose one person's views on another without concern for or interest in what the other thinks or feels, while problem orientation signals respect and the desire to make a decision or find an agreeable solution.

Controlling communication suggests the speaker has power over the hearer:
- *"You need to find more contacts for fundraising."*

Problem-oriented communication empowers the hearer by portraying a more collaborative relationship between the parties:

- *"We need to brainstorm to come up with the best solution."*

Strategic versus Spontaneous
Strategic communication refers to a speaker with an agenda or ulterior motive, while spontaneity, in the sense of honest and forthright communication, involves a speaker who shares thoughts and feelings openly.
Strategic communication makes the hearer feel manipulated:

- *"If you don't have plans for this weekend, we really need your help with this project."*

Spontaneous communication clarifies the speaker's needs and includes the hearer in brainstorming solutions:

- *"I'm feeling stressed about finishing this project on time. Do you have any ideas?"*

Neutral versus Empathic

Neutral communication does NOT offer a diplomatic point of view on an issue – it conveys indifference to the other. Empathy involves understanding and appreciating the other's feelings.

Neutral communication threatens the hearer's self-worth:

- *"I don't care how you get it done; just get it done."*

Empathic communication confirms and validates the concerns of the hearer

- *"I understand it is hard to make time; please do the best you can."*

Superior versus Equal

Superior communication sends the message that all others are inferior or inadequate in some way; therefore, the speaker has no interest in what they might say. Equal communication sends the message that the other is valued and worthy as a human being.

Superior language emphasizes the unique skill or expertise of the speaker in order to cause the hearer to feel insignificant:

- *"I've been a bookkeeper for over 20 years."*

Communication based on equality empowers the hearer and values their contribution:

- *"Working together as a team is important to me."*

Certainty versus Provisionalism

Speakers who communicate certainty come across as narrow-minded and unwilling to listen to another point of view, while provisional communication acknowledges other points of view and possibilities.

Language of certainty suggests there is only one answer, and the speaker has it:

"The only way to get donations is to call donors on the phone."

Provisional language tells the hearer that the speaker is open to suggestions:

- *"I have had success this way, but what ideas do you have?"*

Activity

See Worksheet 8.1 in the appendix for a practice activity using supportive language.

Communication Pitfalls
Practice Activity

A board member comes to a meeting very excited about a conversation they just had with a potential donor.

The donor is willing to make a fairly significant donation if your organization will collaborate on a project with another nonprofit.

The relationship between your mission and the other organization's mission are not immediately apparent.

Slide 11

Talking points

Board members should be reminded here that there is a paradox when being on a board: We want board members who are passionate about the mission of the organization, BUT when we are passionate, we can get attached to ideas and very emotionally aroused when we don't agree with the way things are going. We believe there are people preventing us from achieving our mission. When we are emotionally aroused, there are cognitive barriers to effective communication, such as:
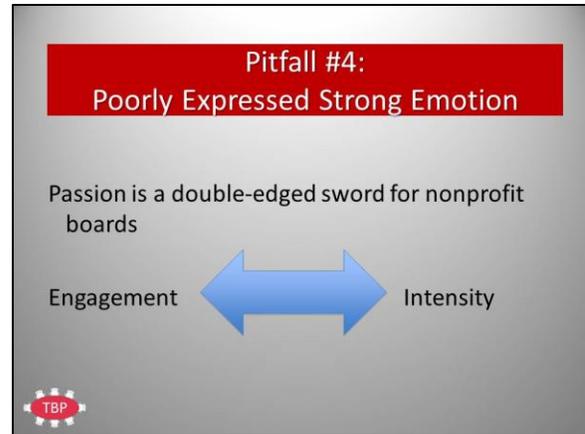
Slide 12

1. Emotional flooding – We become so emotionally stimulated that we literally cannot "think straight." It is then best to provide a cooling-off period before trying to have a productive discussion. It is also important to honor and validate the person who is emotionally aroused, saying things like, "We know this is important to you; it is important to all of us, so we need to work together to figure it out."

2. Emotional contagion – Other meeting participants "catch" the emotion that is being communicated. Some individuals are more prone to emotional contagion than others, and meeting facilitators should try to be aware when emotions are spiraling due to contagion. Again, facilitators should acknowledge the emotion and the information it provides (about the importance of an issue, how strongly people feel about a particular suggestion, etc.) in order to validate the emotion and help de-escalate both the emotion and any resulting conflict.

Talking points

Have participants read this, then answer out loud the questions on the next slide.

Slide 13

Talking points

Likely Responses to Question 1:

- Anger
- Frustration
- Anxiety
- Concern (for the org. and community)
- Fear (that the org. is making a mistake)
- Anger (at others, for not seeing their point of view.)
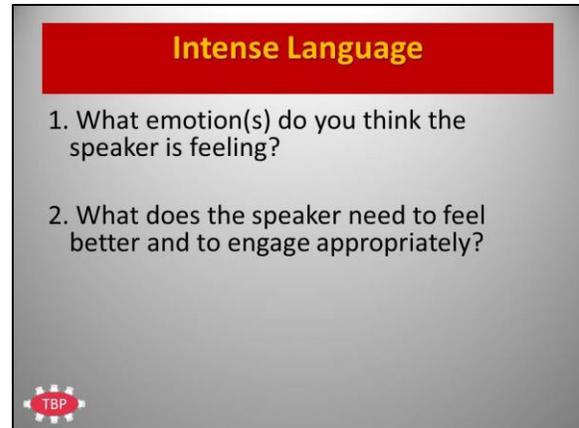
Slide 14

Likely Responses to Question 2:

- Reassurance that everyone in the room cares and no decision will be made until it is discussed thoroughly
- Inquiry about what is "unethical" to get clarity on what has been suggested (there may have been a misunderstanding)

Connect the dots between the various pitfalls here – remind the participants that when we hear a statement like this we are likely to make an attribution that the person is "crazy." Instead of thinking about how this makes US feel, we want to figure out how to use this "emotional" intensity to help us have empathy. Then we can have a more productive, collaborative meeting.

Talking points

This slide identifies strategies for reframing poorly expressed intense language into a more effective format.

Reframing Intensity

- Validate the speaker
- Validate the underlying issue or concern
- Remind the speaker of the need for collaboration
- Re-state the concern using supportive communication

"You are reminding us of really important points and I can tell you feel strongly about this. Thank you for bringing us back to our mission…"

TBP

Slide 15

Talking points

This slide identifies the framework boards can develop to avoid the Pitfalls!

The following slides will look at the process for creating agendas.

Slide 16

Talking points

Board-meeting agendas are often the same at every meeting. Start with approval of the minutes, then reports from the Executive Director/CEO, various officers (e.g., financial) and committee chairs as relevant.

Sometimes a lot of meeting time is spent reviewing those reports, which in most cases should be read ahead of time and often may not require any discussion (for example, if no pressing decision must be made, and it is really a report of past activity).

Slide 17

Meetings can be arranged in more flexible ways that create space for strategic thinking. Chait, Ryan and Taylor (2005) offer several suggestions for flexible meeting.

Examples include (1) consent agendas (place "easy" items that do not need discussion all in one motion, BUT allow members an opportunity to pull something off the consent agenda if they believe it needs additional discussion); (2) incorporating discussion questions into the agenda (items that do not require an action that day, but need brainstorming); (3) "fireside chats" with the CEO in which the board asks, "What's the big idea?"

Other examples of an agenda that reinforces generative governance:

1. Start with a recap of the meeting's purpose and secure the group's agreement: Get their commitment to the meeting.
2. Start with ritual to get everyone engaged in the meeting. This focuses their attention on the work of the board rather than the other things competing for their attention. For example, ask everyone what one "burning issue" is going on for them right now; then ask them to set it aside for the remainder of your time together this meeting.
3. Have fewer items on the agenda so there is no time pressure to get through the agenda quickly.
4. Start each item with a question (inquiry); see Module 7!
5. Include a section called "what haven't we thought of?" beneath each agenda item.
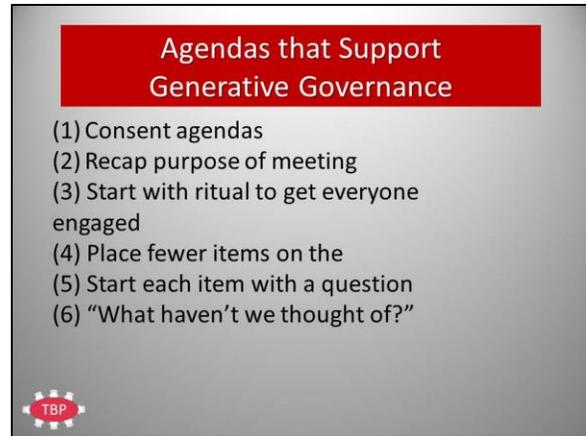
Talking points

Based on all we have discussed today, how would you create the agenda differently if your goal was generative governance?

See Worksheet 8.2 in the appendix at the end of this module.

Distribute the handout on *Conducting Effective Meetings* in the appendix.

Building Agendas that Support Generative Governance

- What does a "typical" board meeting look like?
- What could you include in the agenda to support and facilitate generative governance?
- How would board member expectations have to be changed to make this work?

Slide 18

Talking points

Voting and Consensus

The goal of this discussion is to get the group to consider the advantages and disadvantages of voting versus consensus. We also want them to generate ideas about when each might be more appropriate.

Ask the group: Why are juries in criminal cases required to come to a unanimous decision on innocence or guilt?

Slide 20

What are the advantages of consensus?
- Don't want one person or a majority to have too much power/influence
- Want to encourage multiple views
- Want everyone to participate

What are the advantages of voting?
- Quick/efficient
- Practical for decisions that don't require deliberation, such as approval of minutes or reports

What are the limitations of voting?
- May discourage questions
- Members may believe everyone else feels the same, so they go along with the perceived majority
- False consensus/groupthink

Parliamentary Procedure - Robert's Rules or "Bob's Rules"

The by-laws for many Boards of Directors require the use of parliamentary procedure. While this can be changed with a majority vote, if a group is committed to this process, it is important that everyone be aware of the rules. This helps keep meetings flowing smoothly, and people will be less intimidated if they understand the process.

An abbreviated version of Robert's Rules of Order has been created that simplifies the process and will suffice for most boards. This is attached and can be printed on the front and back side of a half page to hand out to all board members for each meeting. ***See Bob's Rules in the appendix.***

If you are working with workshop participants who are new to boards of directors (or even if they are not new but still unsure of the rules), it may be worthwhile to use the role play from Module 5 (Conflict Management) or the Greater Euclid Little Theater case included below, so the group can practice using Bob's Rules and/or the consensus process in a meeting.

Robert's Rules of Order and other types of Parliamentary procedure help ensure that there is an orderly process for decision-making, yet in practice the process can impede generative discussion (such as when a vote is called before all ideas have been discussed).

Other decision-making procedures can be substituted, such as using a consensus process (everyone at the table must participate, and discussion continues until all agree). For more on the limitations of Parliamentary Procedure, see Janet G. McCallen, Facilitator of effectiveness through rich conversation. (www.janetmccallen.com)

Talking points

Consensus

1. The rule is that no decision is made until everyone agrees.

2. Members are encouraged to share their interests and concerns.

During discussion, the facilitator takes a *consensus check* by asking everyone to rate their current view of the issue on a scale of 1 to 4.

Slide 20

- 4 means you are strongly in favor
- 3 means you favor but with reservations
- 2 means you oppose but will not impede consensus
- 1 means you strongly oppose and will impede consensus.

This rating tells the group where they stand and makes sure all interests and concerns are raised and discussed.

Unanimity or consensus decisions are also challenging because there is pressure on those with a minority opinion to agree with the majority. The group can end up with false consensus IF members are not comfortable opposing more powerful or higher-status board members. Using a consensus process can help prevent false consensus. (See next slide for example)

For more on how to use a consensus process, see http://www.starhawk.org/activism/trainer-resources/consensus-nu.html.

Talking points

See the appendix for the final activity: *Greater Euclid Little Theater Role-Play*

Putting it All Together

Read the case: "Greater Euclid Little Theater"

Role-play this board's next meeting:
- Prepare agenda
- Practice supportive communication
- Avoid attribution error
- Focusing on common goal
- Reframe emotionally intense language

TBP

Slide 21

Talking points

The evaluation is a good tool to help the facilitator assess how well the presentation was received and make adjustments for future presentations.

It also provides a source of information and documentation that could be useful in report- and grant-writing. *Such as, number of people receiving training.*

Be sure to take good notes; summarize and save the data for future reference.

Slide 22

Closing Slides

Use the curriculum modules slide to mention the topic (and date) of the next training, if any, and close with the resources.

Slide 23

Slide 24

Slide 25

Appendix

Worksheet 8:1 Practicing Supportive Communication

How might you use a **supportive** communication style to create a constructive response to a board member who comes to a meeting very excited about a conversation with a potential donor. The donor is willing to make a fairly significant donation if your organization will collaborate on a project with another nonprofit. The relationship between your mission and the other organization's mission is not immediately apparent.

Consider what a "defensive" response might look like:
_____
_____
_____

Write a possible response to this board member's presentation using each of the following styles:

Description:

Problem Orientation:

Spontaneity:

Empathy:

Equality:

Provisionalism:

Activity 8.2 (Rewriting the Meeting Format)

Participants should be in home-organization groups

Instructions:

1. Think about a typical board meeting and build a typical meeting agenda.
2. Based on all we have discussed today, how would you create the agenda differently if your goal was generative governance?

In many boards meetings are constrained by agendas that include many reports and issues for vote, but leave little time for open discussion. Meetings can be arranged in more flexible ways that create space for strategic thinking. Chait, Ryan and Taylor make several suggestions here as well (p. 72). Examples include (1) consent agendas, (2) discussion questions, (3) fireside chats with the CEO in which the board asks "What's the big idea?"

Other examples of an agenda that reinforces generative governance:
Start with recap of purpose of meeting and group agreements.
Start with ritual to get everyone engaged (check-ins).
Fewer items.
Start each item with a question (inquiry).
Include a section called "what haven't we thought of" beneath each agenda item.
See worksheet on the next page.

Worksheet 8.2: Building an Agenda for Generative Governance

Part I: Work with members of your group to produce a typical meeting agenda:

Part II: How would you revise this agenda to facilitate inquiry & generative discussion?

Conducting Effective Meetings

Handout for Training Participants

Agendas help meetings stay on track so that the goals of the meeting can be met. Agendas are useful in helping to establish beginning and ending times for the meeting. A good agenda is a valuable tool for any person charged with the responsibility of leading or facilitating a meeting.

Suggestions for agenda preparation:

- Ten days before the meeting, send a postcard or solicit board members by telephone to clarify whether they have anything for the agenda. Some agenda items for your next meeting can be determined at the end of each meeting.
- The agenda should be prepared by the staff leadership and the chair of the board or governing group.
- Set a starting and ending time for the meeting.
- Set time limits for each agenda item.
- Allow time for board education.
- Consider the use of "consent agendas" to keep the meeting moving [separate issues that simply need ratification from items the board should devote more time to for generative thinking and discussion].

Prior to setting the agenda you should identify your organization's critical path. The term "critical path" originated in the field of project management to mean the sequence of milestones that a project must follow to finish in the shortest amount of time. The term has come broadly to mean the path or sequence of decisions and actions that will lead to success.

To identify your organization's critical path for this year, ask these questions of the executive director and the board officers every year:

- What does the organization NEED to accomplish this year?
- What are the most important two or three things that have to get done this year?

More recently the critical path has been referred to as "Governing for What Matters." The underlying assumption is that board members get bored when they think their work does not matter. The planning process here is similar:

- Step One: Define What Matters
- Step Two: Put What Matters into Action

The critical path, or what matters, may have been outlined in a recent strategic plan, or there may be a major "event" such as an executive director's departure, a substantive funding cut, or other vital matters. A discussion of the critical path will lead naturally to which committees and task forces are needed, what kinds of board members need to be recruited, what individual and group tasks there are for the board, and for what key items must hold the executive director or the board itself accountable.

Make sure all members are familiar with *the vision, mission*, and *values* statements. All governance actions should be considered in relation to their consistency with these three core statements. Other useful ideas include:

- Add an action statement to each agenda item: What do you want to accomplish? What action on the part of the board is requested or required? If the group uses Robert's Rules of Order, a proposed motion can be drafted regarding the agenda item.

- If your group has board or council member notebooks, you could three-hole punch the agenda and all related materials for easy insertion in the notebook.

- If someone hasn't attended recent board meetings, send the agenda by registered mail, have someone from the group hand-deliver the agenda to discuss the reason for the absence, or invite the board member to participate in meetings by telephone.

- Analyze the Agenda. Are you prepared? This could mean do you have all the attached information that will fully allow the board members to make decisions? Has everyone who has a role on the agenda been made aware of what is expected of them?

- Make sure roles for the meeting are assigned so there will be a recorder (if there is no secretary), a timekeeper and an observer.

Final Activity: Greater Euclid Little Theater Role-Play (From Electronic Hallway)

Challenges to Nonprofit Decision-Making
The Executive Director - Board of Directors Relationship*

Janet Dobbs was Executive Director for Administration of the Greater Euclid Little Theater (GELT), a tax-exempt organization under Section 501 [c] [3] of the Internal Revenue Code. Despite stable and increasing income, GELT had, in Dobbs's view, a substantial budget problem. It was standard practice to ignore bills until they were at least 60 days past due. For the last year, Dobbs had met several times each month with the Treasurer to decide which bills would be paid. She had decided her first priority would be to put GELT's financial affairs in order. To her dismay, the Board of Directors had rejected the budget proposal she had presented the previous week by a vote of 8 to 7. Instead of unifying the Board her budget proposal had polarized it.

In its sixteen years of existence GELT had evolved and grown. For the first six years it was a small group of adults staging performances for young children. The mission changed three years ago when the volunteer Artistic Director moved away, and the Board of Directors made the Artistic Director job a half-time, paid position and hired Andy Spaulding. Spaulding was in his mid-40s and had recently returned home to Euclid after a professional acting career of more than 20 years in Broadway plays and national touring companies. With Spaulding's leadership the current GELT mission was adopted: to provide professional quality theater at an affordable price for the families of the greater Euclid area. Within a year the little theater was no longer little. Everything was big: casts, production quality, audiences, income and costs.

Spaulding's third season had been a spectacular success. The six-show season included "The Sound of Music," "Camelot," "Fiddler on the Roof" and "Annie." Many performances were sold out, and actual revenue – $75,500 – exceeded the budgeted revenue by more than $7,000. The Board voted Spaulding a large salary increase and a bonus. To meet growing public demand, they leased a larger space that would nearly double audience capacity.

When Dobbs agreed with the board to hire Spaulding, she supported Spaulding's vision for the organization. He was an artistic genius and a tireless worker. He had little interest or skill, however, in money matters. Treasurer Nicky Counts warned Dobbs that Spaulding seemed to care very little about helping to raise revenues. According to Counts, Spaulding had chosen to reduce the amount of money he received from GELT when he discontinued theatre classes that supplemented his income.

Dobbs knew that Spaulding could not be easily persuaded to take budget concerns seriously, but she thought she could convince the Board of Directors. She was shocked at the criticisms raised prior to the vote:

Almost all Board members wanted to increase Spaulding's salary. Spaulding had lobbied individual Board members, arguing his payment for services to GELT had declined. Board members thought Spaulding would view no salary increase as lack of support.

Roberta Mackie, chair of the Costume Committee and leading speaker for the negative Board members, argued that for GELT the budget was more than an accounting or planning document. It was "an expression of our hopes and dreams." By limiting revenue projections the Budget Committee was "constraining our ability to dream." For an artistic organization such as GELT, "dreaming and creativity are more important than matching totals at the bottoms of columns of numbers." She also argued that high revenue estimates would give the organization incentive to work to make them come true.

Jacob Grimm, a Professor of English Literature at Euclid College and a longtime Board member, had the last word before the vote. "We are an arts organization," he said. "We enrich the lives of our audiences, actors, technical crew and other volunteers by staging plays – not by counting beans. We are not a profit-seeking business and should not be run like one." Grimm concluded, "GELT should never let business or financial concerns take precedence over our artistic values and goals."

After rejecting the proposed budget, the Board charged the Budget Committee to present a new proposal that they could agree to unanimously at the next month's meeting. Dobbs knew she could not spend the next year deciding which overdue bills to pay while leading GELT deeper into debt. Yet all GELT Board members were unpaid volunteers who gave freely of their time and energy in support of the organization. GELT could not survive with the Board split into factions of "artists" and "accountants." Could it survive another year continuing its current budgeting practices?

*This case was adapted from a case written and provided to The Electronic Hallway by Harvey Tucker, Professor in the Department of Political Science and the George Bush School of Government and Public Service, Texas A&M University.

For Discussion:

1. Evaluate the changes in the organization's mission over time. Was the change in mission supported by board activities?
2. What communication needs to happen among the executive director, board and artistic director to get the organization on track financially and ensure its future?
3. What specific actions need to be taken by the ED and Board to sustain this organization?

Role-play instructions for practicing the objectives of this module:

1. The goal of this meeting is to agree on a plan for moving the organization forward so it can balance its budget.
2. Assign roles to participants: Executive Director Janet Dobbs, Treasurer Nicki Counts, Roberta Mackie and Jacob Grimm; the remaining participants should be members-at-large.
3. The group should decide whether they want to use *Bob's Rules of Order* or the *Consensus Process.* If they want to practice Bob's Rules of Order, they should have that handout in front of them, and this should be a focal point for the observer(s) to help participants get comfortable with the rules.
4. The group should use this opportunity to create a generative meeting agenda before they begin the role play.

5. Remind them of the remaining key objectives of this module that they should be practicing throughout the role play:
   a. Supportive communication
   b. Avoiding attribution error
   c. Focusing on common goals
   d. Reframing emotionally intense language

6. As the facilitator, you should play the role of "observer." You may wish to call "time out" when you see members engaging in destructive conflict, attribution error, intense language, etc., to see whether you can point it out and redirect the group. Alternatively, you could include in the instructions that participants should call out when they see one of these happening and try to redirect on their own or call "time out" so the group can discuss and debrief as the role play continues.

See Bob's Rules of Order on the next page.

Bob's Rules of Order

1. We can't adopt anything that is in conflict with our bylaws without amending them first to permit the change.

2. The majority rules, but only after the minority has had the right to be heard.

3. The minority has the right to pursue all procedural measures to have their view adopted, however such measures should not be taken in a manner as to be disruptive to the peace of the group.

4. Only one motion can be considered at a time (but you can have several questions pending).

5. If you would like to make a motion or address the group, stand your tent card up vertically.

6. We will operate informally in the discussion of motions unless we fall behind schedule, at which point the Chair reserves the right to impose more formal limits on the number and time of interventions.

7. The person who has the floor should not be interrupted without the permission of the Chair, and only then in special circumstances (e.g., to raise a "point of order"). *(see reverse)*.

8. Voting is limited by our bylaws to the Association officers and county delegates. If you are an alternate delegate serving as delegate for this meeting you can cast your county's vote. If both the delegate and alternate are present, only one may vote.

9. The vote of the majority will decide most outcomes. However, a higher voting threshold (2/3) is required to change things that have already been adopted and in a few other situations *(see reverse)*.

10. The Chair may avoid the need for a vote by asking whether there is any objection to approval and receiving none.

If you want to make a motion, raise your tent card and, when recognized, say: " I move that we ….". Discussion occurs after a motion is made, seconded and re-stated by the Chair.

Once a motion is on the floor, it can be debated and amended before a vote on the original motion is taken. If it is your motion, you get to go first in the discussion.

Formally, members of the group are allowed to speak twice on a given motion. The time allowed to speak may also be limited.

A speaker can be interrupted by a "point of order" (if you think procedure has been violated), a "point of information" (if you'd like clarification), or a "motion to reconsider" a previous decision (if you are on the prevailing side of that decision).

Some Common Subsidiary Motions:

If you want to change the wording of a motion - "Amend"
If you want to avoid taking a direct vote - "Postpone Indefinitely"
If you want to end debate and vote now - "Previous Question"
If you want to suspend debate for a more urgent matter - "Table"
If you want to limit or extend limits of debate - "Limit/Extend Debate"

"Previous Question" and "Limit/Extend Debate" require a 2/3 vote. The other subsidiary motions require only a majority.

Amendments: The purpose of amending motions is to "perfect" them. To this end, amendments must be germane to the primary motion. You can propose to amend by adding or striking words or by proposing a substitute motion.

Incidental Motions:

If you want to enforce the rules - "Point of Order"
If you want to overrule a decision of the Chair - "Appeal"
If you want to avoid considering a motion - "Object to Consideration"

Points of order must be raised in a timely manner. An objection to the consideration of a question must be made before discussion starts. No second is required but a 2/3 majority is required to sustain.

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"The greatest lesson for democracies to learn is for the majority to give to the minority a full, free opportunity to present their side of the case, and then for the minority, having failed to win a majority to their views, gracefully to submit and to recognize the action as that of the entire organization, and cheerfully assist in carrying it out until they can secure its repeal." - General Robert, 1923