Board governance can be
ACCOUNTABLE, CREATIVE, AND COOPERATIVE

Three ways of understanding the board's work

By Eugene F. Roop

BOARD SERVICE HAS BECOME more complex and demanding of time and, often times of treasure, than it used to be.

That's what Clara M. Lovett wrote in the March/April 2010 issue of *Trusteeship*, and she may be right. Certainly many new questions facing theological education have changed the agenda of governing boards. Some of these questions strike at the foundations of what we do:

- Is graduate education even necessary for leadership in the ministries of the church?
- Does a school's denominational affiliation matter at all in education for ministry?
- How long can smaller seminaries continue to pay for the fixed costs of residential education — especially those freestanding seminaries that (by definition) are not connected to universities or other institutions and are therefore financed, governed and accredited on their own?

They're not all "models"

These questions, and the increasingly demanding agendas that governing boards face, have prompted vigorous discussions about the roles and responsibilities of boards. In particular, three ways of understanding the work of the board have received wide-spread attention.

Any attempt to reduce the complexities of theological school governance to three (or more) "programs" cannot do justice to the richness of this conversation. But a brief look at these three provides a starting point for board newcomers and even experienced board members who are unfamiliar with the swirling winds that can toss boards to and fro as they seek to define their responsibilities.

While some observers have called these "models," I hesitate to use that term. John Carver has designed a specific "model" for governance boards, both the other two — "generative governance" and "shared governance" — involve distinct features that may be present in several different models. Indeed, in the preface to the third edition of *Boards That Make a Difference*, Carver himself expresses some reluctance to use of the word "model," indicating that words like "theory" or "philosophy" could have been used as well.

Policy Governance

John Carver's name is synonymous with his Policy Governance program for nonprofit boards — he has even trademarked the name. Carver developed his model in response to confusion between the responsibilities of the governance board and those of the administrative staff.

In the research from which his model emerged, Carver discovered that some boards limited their work to discussion and approval of the proposals presented by the administrators, while others engaged in pedantic discussions concerning specific items of institutional management. Many boards mixed discussions of policy with examinations of business operations, unclear about their role in either.

In his Policy Governance model, Carver insists that the basic responsibility of the governing board is to define the mission, values, and policies of the organization. "The governing board's highest calling," he writes in *Boards That Make a Difference*, "is to ensure that the organization produces justifiable, properly chosen, well-targeted results."

As part of its duty, the governing board appoints an executive officer (i.e., a president, principal, executive director, or other CEO) to
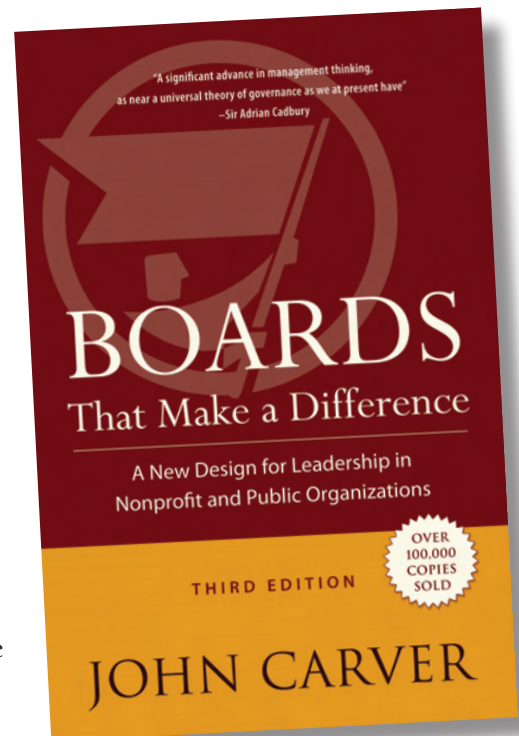
Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations, *by John Carver (3rd ed., Jossey Bass, 2006, 448 pp., $36).*
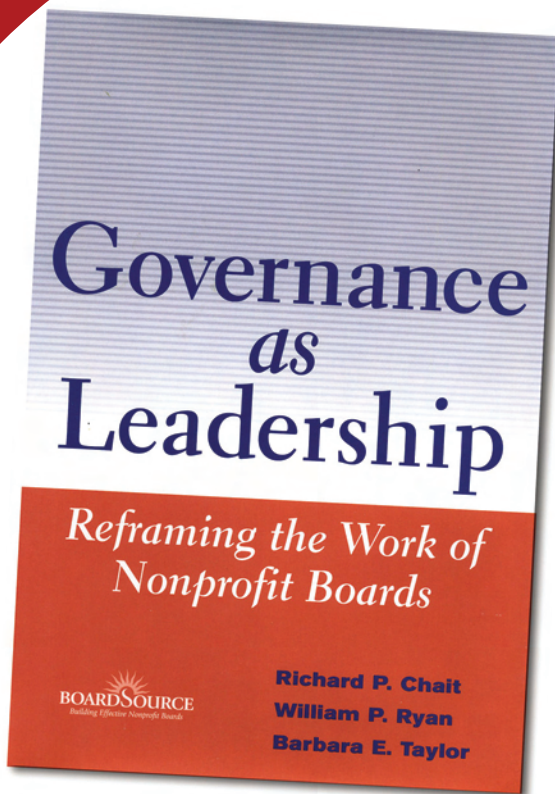
Governance as Leadership: Reframing the Work of Nonprofit Boards, *by Richard P. Chait, William P. Ryan, and Barbara E. Taylor. (Wiley, 2005, 198 pp., $42).*

take responsibility for carrying out the organization's mission. The efficiency and effectiveness in accomplishing the mission and carrying out the policies becomes the basis for the board's assessment of the executive officer.

Carver insists that it is not the job of the board to discuss and decide the means by which the administration carries out its responsibility. The board does not employ the staff or tell the executive how to deploy that staff. In fact, a board that makes operational decisions has no basis for assessing the effectiveness and success of the executive, because such a board has made itself responsible for operational results. The governing board must function as a mission, values, and policy board, not an operational board.

As with all forms of governance, Carver's Policy Governance has limitations. For theological education, one limitation seems especially problematic: The Policy Governance board functions in isolation from the rest of the institution, preventing any significant interaction with other centers of activity. Carver says that this isolation enables the board to focus on the external threats and opportunities, adjusting the mission and policies as needed. But it seems to me that in higher education, creative interaction between the board and the staff, faculty, and students is a fundamental governance value.

GENERATIVE GOVERNANCE

Another weakness of Policy Governance is a featured strength of the governance design proposed by Richard P. Chait, William P. Ryan and Barbara E. Taylor in *Governance as Leadership: Reframing the Work of Nonprofit Boards,* which G. Douglass Lewis reviewed in the Autumn 2005 issue of *In Trust.* (Read his review at *www.intrust.org/autumn05*; click on "Reading List.")

Many board members find the constrained agenda of Policy Governance sterile and uncreative. Indeed, the authors of *Governance as Leadership* contend that to lodge the creative, generative leadership function primarily in the administrative office, while assigning the board oversight of the budget, audit, facilities, fundraising, and program, leads inevitably to a bored board.

Chait, Ryan, and Taylor provide an alternative. They say that the board should assume an appropriate role in the creative leadership of the institution. To that end, they propose a three-part schema for the work of the governing board: **fiduciary governance, strategic governance** and **generative governance**. The first two may sound familiar — perhaps even tedious. But the authors emphasize the creative, generative dimension in all three pieces of the board's governance.

Fiduciary governance ensures that the institution deploys its resources effectively to accomplish its mission with care and integrity. While attentive to budgets, audits, and programs, such governance always looks for opportunities for creative and generative discussions, asking questions like:

- What can the board learn from the audit about future opportunities for (and threats to) the institution?
- Will the future require or open a new direction for the school?

While fiduciary governance is always indispensable, Chait, Ryan, and Taylor warn that a board ought not become mired down in fiduciary minutiae.

Strategic governance enables the institution to move from its present circumstances to a situation that is more effective and efficient. While many boards review strategic plans that are presented by the administration, strategic governance begins not with a plan, but a question: "What is your thinking about the organization's future?" Given the makeup of most boards, they are better constituted to engage in this discussion than to pick apart the details of a strategic plan. Indeed, the best use of trustees' abilities points to a process that begins with strategic thinking rather than review and revision.

For Chait, Ryan, and Taylor, it is generative governance that constitutes the key leadership function of the board. Strategic planning helps an organization get from the present to the future, but generative thinking provides a vision of that future. Generative thinking is most fruitful when it involves all the various centers related to the institution, including the administration and the faculty. The authors believe that in too many cases, issues come to

the governing board after all the problems have been framed and the strategies developed. But if the administrators shut the board out of the generative process, they have assumed a role that rightfully belongs to the board.

Generative governance focuses the time and energy of the board on the future of the institution, anticipating change — sometimes dramatic change. This highest level of governance also increases the energy and enthusiasm of the members, making the best use of their time and abilities.

Of course, generative governance has its limitations. Generative thinking can monopolize a board's time and energy, pushing aside careful fiduciary and strategic oversight. Inevitably it falls to the administrators to process the results of the generative thinking that flows throughout the institution. This may provide the board with an illusion of generative governance when, as a group that meets only a few times a year, it cannot realistically function as the center of the institution's process of generative thinking.
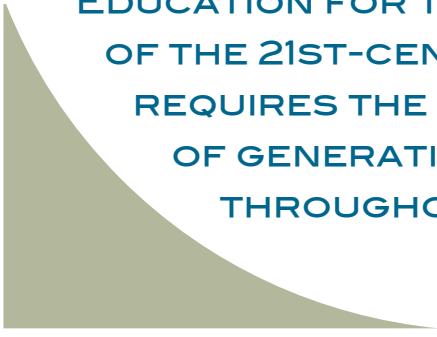
Shared governance

In an article titled "What Exactly Is 'Shared Governance'?," which appeared in the *Chronicle of Higher Education* on July 23, 2009, author Gary A. Olson admitted that overuse has eroded the meaning of "shared governance." Nevertheless, the phrase points to an important value in higher education governance. According to Olson, "shared governance" always features two elements:

- Many groups within an institution have important roles in decision-making,
- Specific groups exercise primary decision-making responsibility in defined areas of the work.

In most institutions (with the notable exception of Catholic diocesan seminaries), the governing board holds the legal authority for the institution. The board grants authority to other entities within the institution to make decisions in specific areas. In other words, the governing board "shares" the governance responsibility. Typically, the board grants to the president (and by extension the president's staff) the responsibility for the institution's general operations. The board generally grants to the faculty the primary responsibility for the academic programs. For more on this, see the discussion under Principle 2 in *Board Responsibility for Institutional Governance,* a statement issued by the Association of Governing Boards of Universities and Colleges in January 2010.

Shared governance assumes that the various decision-making centers do not act as isolated

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bodies but rather in a consultation with one another and with other bodies who have a vested interest in the institution's success and vitality. But it does not require that everyone be involved in every decision.

Shared governance does mean that there will be opportunity for various constituencies to discuss key issues as the decision-making process moves forward, but it doesn't mean that a decision must await the agreement of every person or group. It anticipates that final decisions will take into account the perspective of other groups and individuals — especially those most directly affected by the decision.

Shared governance is not a defined governance program like Policy Governance. It's not a board strategy like generative leadership. Rather, it's an institutional value. Each institution realizes this value in ways appropriate to the institution's own size and character, history and tradition.

Theoretically, shared governance can work with either Policy Governance or generative governance. However, the presumed isolation of the Policy Governance board is problematic in the context of shared governance. On the other hand, generative governance makes more room for shared governance, encouraging the board to develop a habit of generative discussion and consultation throughout the institution.

It's nearly impossible for an institution to maintain a pure governance design. To be sure, the governing board is vested with the legal authority to define the institution's mission and values, its policies and direction. But by history and confession, theological schools are interactive, interdependent centers of activity and decision-making, each with a vital stake in the school's mission, its academic excellence, and its financial sustainability. Education for the ministries of the 21st-century church requires the practice of generative thinking throughout the institution. No school can afford a board that is unaccountable, uncreative, and uncooperative. **IT**

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