



# BOARD WORKS

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## ◆ GOVERNANCE THEORY AND PRACTICE

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There are different theories about the role and work of not-for-profit governing boards. The theories fall into three broad schools of thought or approaches.

Each approach to governance has unique strengths. While research does not demonstrate that any one approach to governance necessarily produces better organizational results, the three approaches do hold some elements in common. Research indicates that the following practices are really critical to effective organizational performance:

1. The board must hire a qualified chief executive who is capable of providing leadership for the organization
2. The board needs to support the chief executive as well as hold her/him accountable for performance
3. The board needs to think consciously about what it is doing – that is, be intentional about its work
4. Periodically, the board needs to evaluate how it is doing its work

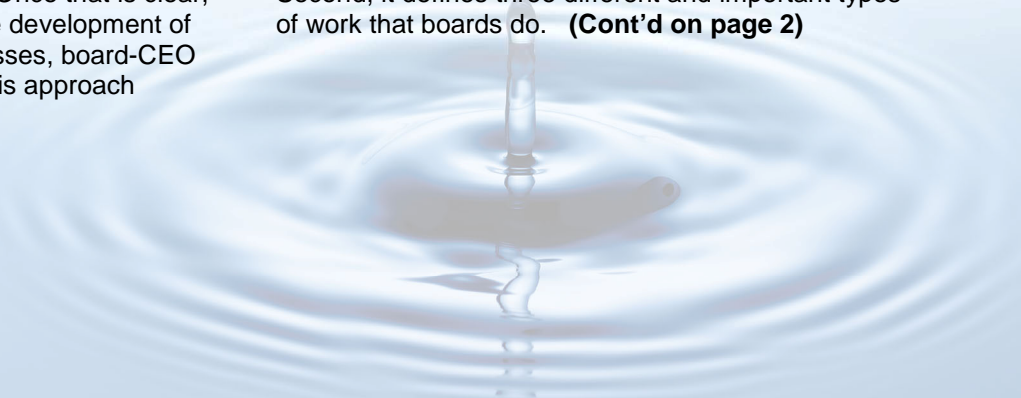
## ◆ THREE MODELS: AN OVERVIEW

The **roles and responsibilities** approach is often considered a traditional or classical approach to governance. It presupposes that the board can agree on its role and responsibilities as a board. Areas of responsibility typically include setting strategic direction, overseeing allocation of financial resources, clarifying delegation to the CEO, and developing policy. If the board can agree on its role vis-à-vis its areas of responsibility and behave congruently with them, then the board can and will perform well. This approach has been historically represented by Board Source in Washington, D.C.

A second approach, **policy governance**, was developed by John and Miriam Carver. The Carver model begins with the question of who are the primary “moral owners” of the organization. Once that is clear, the board should concentrate on the development of policy on “ends”, governance processes, board-CEO linkage, and executive limitation. This approach

emphasizes the importance of the board owning its own work. It facilitates a focus on results, understanding on whose behalf the board serves, clarity of delegation, and monitoring. Policies can vary from board to board. Once policies are established, the board evaluates its performance and the performance of the CEO against agreed upon policy expectations.

A final approach, **governance as leadership**, was first articulated by Chait, Taylor, and Ryan of Harvard University. This approach is built upon the fundamental approach described above as roles and responsibilities. Governance as leadership adds a framework for the traditional approach. First, governance as leadership emphasizes that boards should add leadership value to the organization. Second, it defines three different and important types of work that boards do. **(Cont'd on page 2)**



## Assessment Services

Many MHS Alliance members and consulting clients have taken advantage of board assessment resources that MHS Alliance offers. The process can stimulate significant improvement in board functioning.

MHS Alliance consultants will meet with your board and chief executive to discern your strengths and preferences as you work toward the goal of providing effective leadership for your organization. To begin the conversation, call 1-800-611-4007.

For further information or to suggest topics for future issues of Board Works, please contact MHS Alliance at [Emily@mhsonline.org](mailto:Emily@mhsonline.org).

# ◆ THREE MODELS: AN OVERVIEW

**(Cont'd from page 1)** Fiduciary work focuses on stewardship of resources and corporate accountabilities. Strategic work deals with decisions that have strategic or long-term consequence. Generative work explores questions of mission, core values, organizational roots and possibilities. It often includes learning and probing. Generative work ultimately informs decisions, but does not itself involve decision-making. The

authors suggest that most governing boards spend a disproportionate amount of time doing fiduciary work. They contend that boards can increase the value of their contribution to the organization by investing more time in strategic and generative work.

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## ◆ WHAT DO YOU THINK?

The governing board that engages in periodic self-assessment carries out its responsibilities more effectively as a result. Should your board conduct a review? Here are some questions that will suggest an answer:

- When is the last time your board had an extended conversation about its role?
- Does your board connect with resources, such as publication, conferences and workshops, that highlight current approaches to effective governance?
- Do you sense the need for major improvements in communication between the board and the chief executive of the organization?
- Is the organization you serve as a board member considered a leader among its peer organizations?

No organization is stronger than its board. Making a concerted effort to improve your collective performance as a board can be a vital catalyst in improving the performance of the organization that you lead.

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To be a community of vibrant Anabaptist health and human service ministries committed to God's work of healing and hope in Jesus Christ.

## OUR MISSION

MHS Alliance strengthens and extends Anabaptist health and human service ministries in faithfully and effectively fulfilling their missions.



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