



Great Governance in Complex Times

Independent Schools Association of the Central States

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Dr. Cathy A. Trower

#1 Board Complaint Voiced by School Heads



“My board is disengaged.”

“My board is engaged.”



Why do some nonprofit boards underperform?

- Excellent
- Very Good
- Good
- Fair
- Poor
- Very Poor



Because they can.

“The central challenge of leadership in nonprofit organizations is that mediocrity is survivable.”

~ Herman “Dutch” Leonard, Harvard Business School ~

Governance is Leadership

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My beliefs:

- The most effective schools have strong leadership at the top.
- The Head-Board relationship is pivotal to success.
- The Head and Board should be *partners* in leadership.
 - **What are the essential ingredients of a great partnership?**
- Your school is only as good as that partnership.
- Your Board should be a fount of wisdom and insight as you think through big issues, challenges, and opportunities.
- If you aren't getting much from your Board, you have a squandered resource.

HOWEVER...

What do the best boards have in
common?

The Best Independent School Boards

- ▶ Demonstrate allegiance to the mission
 - *The School is a most cherished commitment of time, wisdom, and resources*
 - *The mission is ever-present in deliberations and decisions*

- ▶ Have trustees who:
 - *Think critically*
 - *Do their homework*
 - *Effectively sift through and make sense of data*
 - *See multiple sides of issues*
 - *Engage in fruitful dialogue and vigorous debates on important topics*
 - *Bring diverse views to the table*
 - *Learn*

The Best Independent School Boards

- ▶ Are a strategic asset and provide a comparative advantage
 - *Have a deep understanding of the School, the issues it is facing, and the trends affecting it*
- ▶ Are constructive *partners* in leadership with the Head of School
 - *Operate like a pro bono “think tank”*
 - *Pay close attention to the partnership*
- ▶ Think independently and govern collectively
- ▶ Elevate the School’s interests above self-interest

The Best Independent School Boards

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- ▶ Are attuned to group dynamics; have high EQ and EM
- ▶ Encourage inquiry, promote robust discourse, and demand debate in the boardroom
- ▶ Are comprised of trustees who come prepared for meetings to:
 - govern with intention rather than offer gut reactions by instinct
 - generate critical questions rather than simply assert opinions
- ▶ Are self-aware; committed to continuous improvement
- ▶ Add value on adaptive challenges and steer clear of technical problems (unless invited for expertise) – more on this soon...



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Important Framing

“Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1.”

Jeff Bezos, Amazon CEO
2016 Letter to Shareholders

- 1. Schools are becoming increasingly complex.**
- 2. Prioritization is difficult with so many challenges and opportunities occurring simultaneously.**
- 3. Diagnosis of both challenges and opportunities is often inaccurate, taking the school community in unproductive directions.**

Donna Orem, NAIS President
“Harnessing the Power of Teams to Tackle
Complex Challenges” / NAIS, Aug 14, 2017

“The youngest children in our independent schools today will graduate in 2032. School heads and board of trustees who choose to focus exclusively on the present and primarily on the tactical will not fulfil their responsibility as stewards to this generation of students. As a school head trying to lead my school in a period of seismic change, I have been fortunate to have a governing board which has been open to challenging assumptions, offering foresight, and embracing the ambiguity that accompanies meaningful and necessary change.”

“A bold vision is as much about questions as it is final blueprints.”

Dave Monaco, Head of School, Parish Episcopal School
Email correspondence, 10/4/17

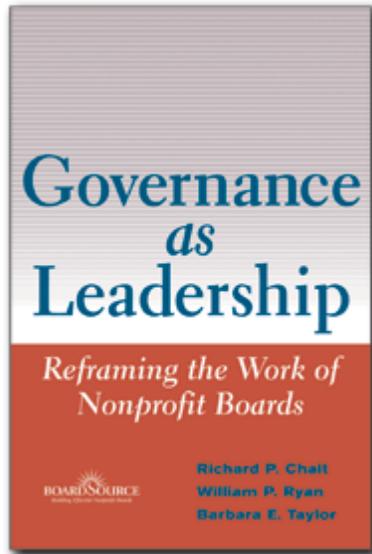
In today's environment, boards matter more than ever.

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What's next?

1. Ways of thinking: Governance as leadership
2. Why it's important: Complexity
3. What to do: Adaptive leadership

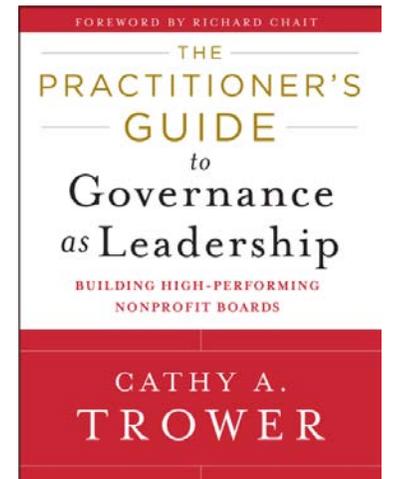


A framework for exceptional governance

Chait, Ryan, and Taylor (2005)

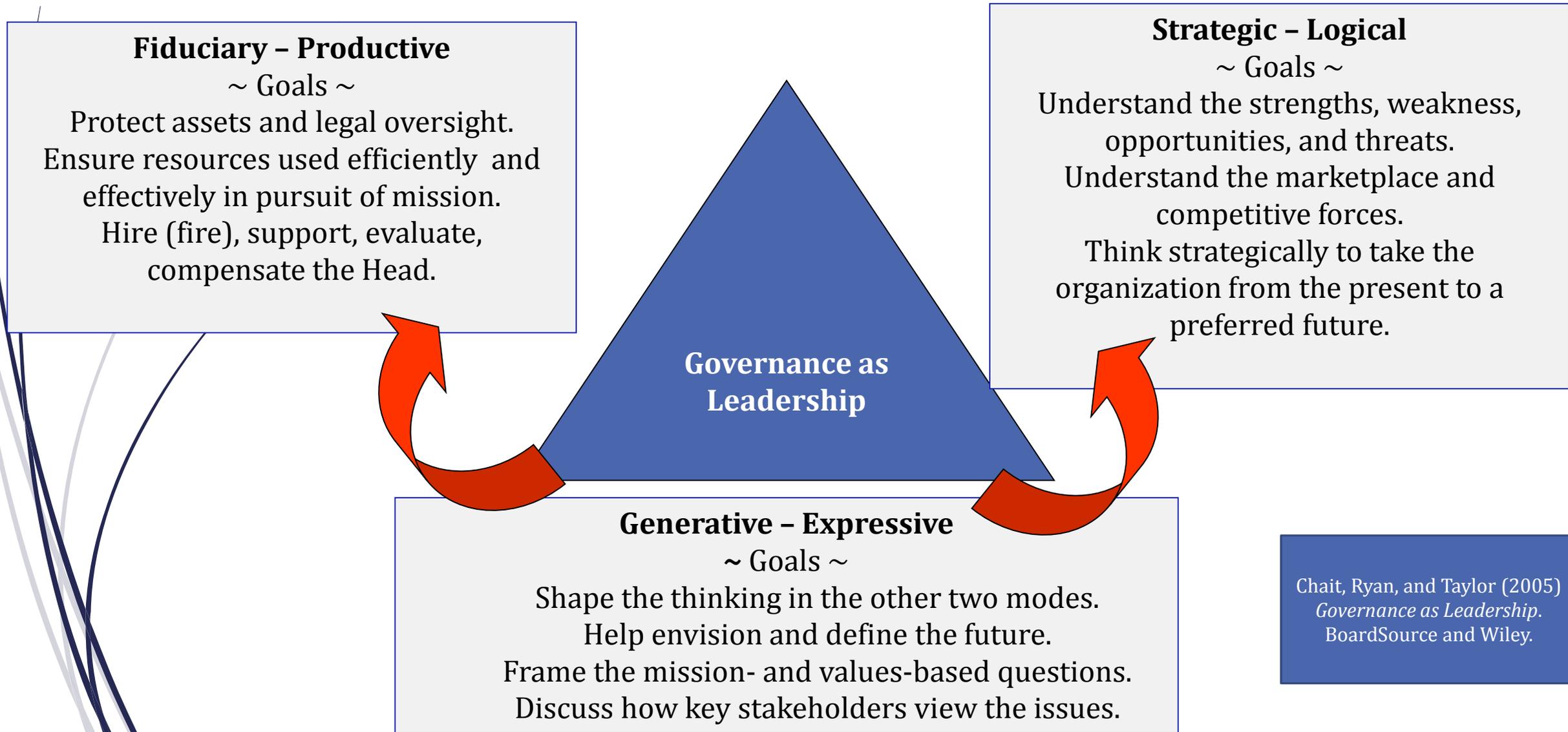
A 'how-to' guide
Trower (2013)

For sale on 4th floor near
registration area.



Three “Mental Maps” or Mindsets

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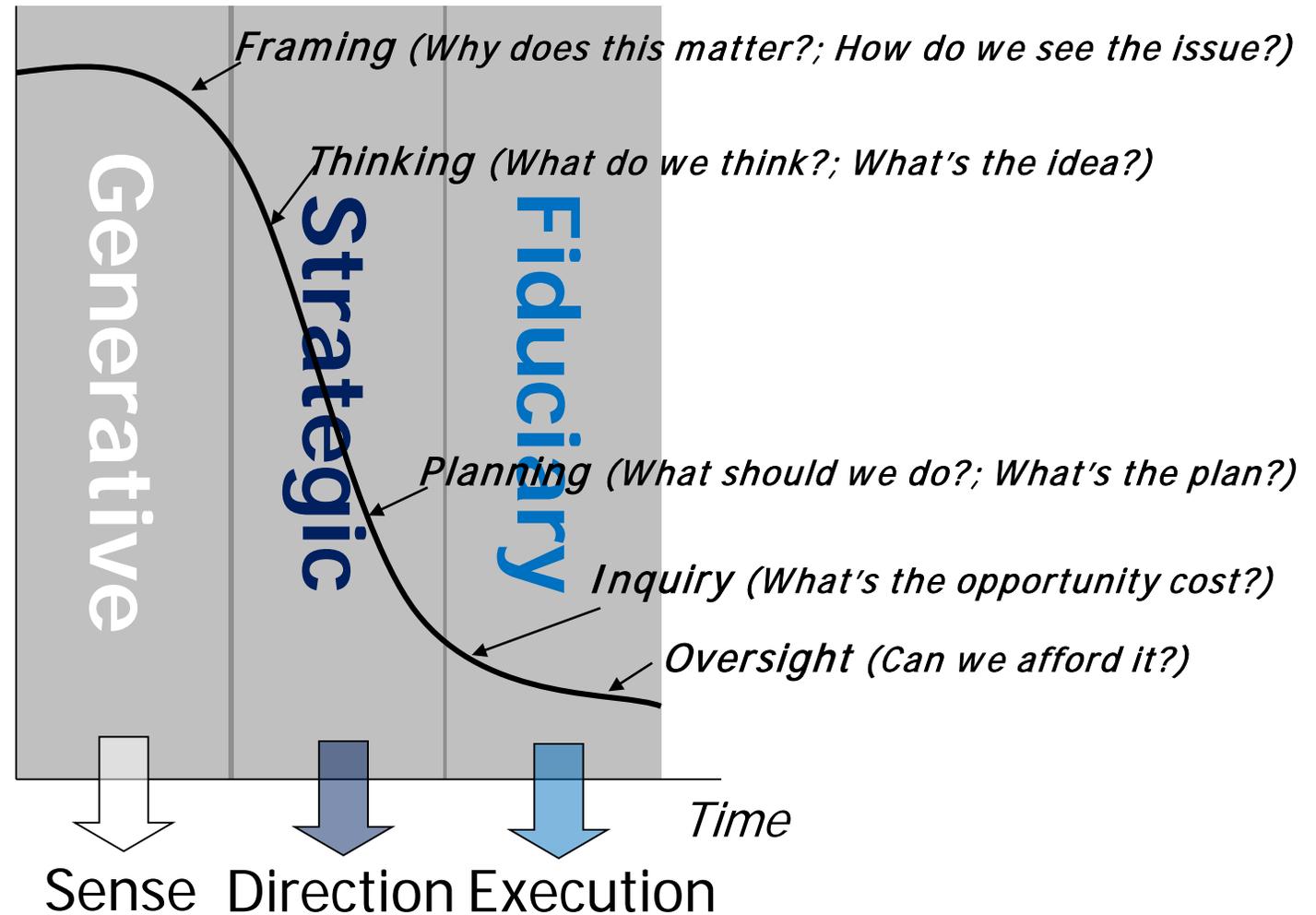


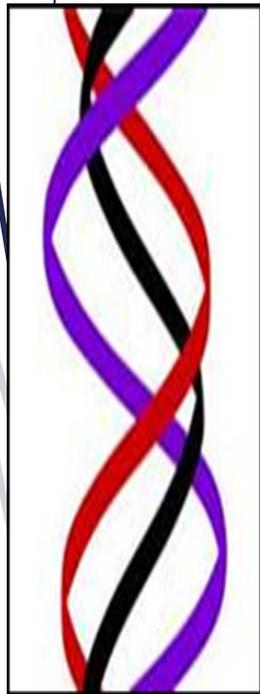
Chait, Ryan, and Taylor (2005)
Governance as Leadership.
BoardSource and Wiley.

THE GENERATIVE CURVE

*Opportunity
for Generative
Work*

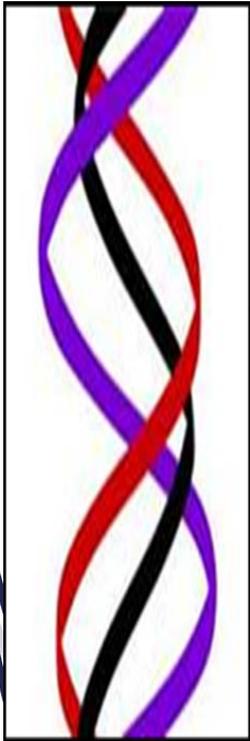
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	FIDUCIARY	STRATEGIC	GENERATIVE
Questions of...	What?	How?	Why?
Activities	<ul style="list-style-type: none"> • Asset stewardship • Oversee operations • Deploy resources wisely • Ensure program quality • Monitor results 	<ul style="list-style-type: none"> • Partner with Head and staff to think strategically • Scan internal & external environments • Discuss, reflect on, and adapt strategic plans • Strengthen competitive advantage 	<ul style="list-style-type: none"> • Source of leadership to discern, frame, and confront challenges rooted in values, traditions, and beliefs • Engage in sense-making, meaning-making, and problem-framing
Risk	Financial failure	Lose market share	Lose mission relevance
Way of knowing	It stands to reason	The pieces all fit	It makes sense
Role	Steward	Strategist	Sense-maker
Responsibility	Oversight	Foresight	Insight

Examples	FIDUCIARY	STRATEGIC	GENERATIVE
Budget	Balanced	Priorities reflected	Mission and values reflected
Head selection	Leader needed	Leader who can be effective given where the organization is and wants to be	Leader who reflects the mission and values of the organization
Head compensation	How much should we pay the Head?	What performance do we want to reward?	What is our pay philosophy?



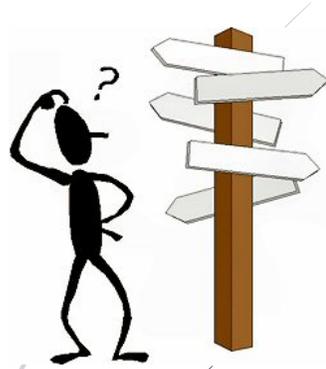
It's about the timing – upstream when things are most ambiguous – and the questions you ask.

Demystifying Generative Governance

- ~ Sense-make *before* decision-make ~
- ~ Problem-find and frame *before* problem-solve ~
- ~ Think *before* act ~
- ~ Diagnose *before* treat ~
- ~ Decide what to decide and *why* it matters *before* deciding ~

“TRIPLE HELIX” ISSUE INDICATORS

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Ambiguity

Saliency



High Stakes



Strife

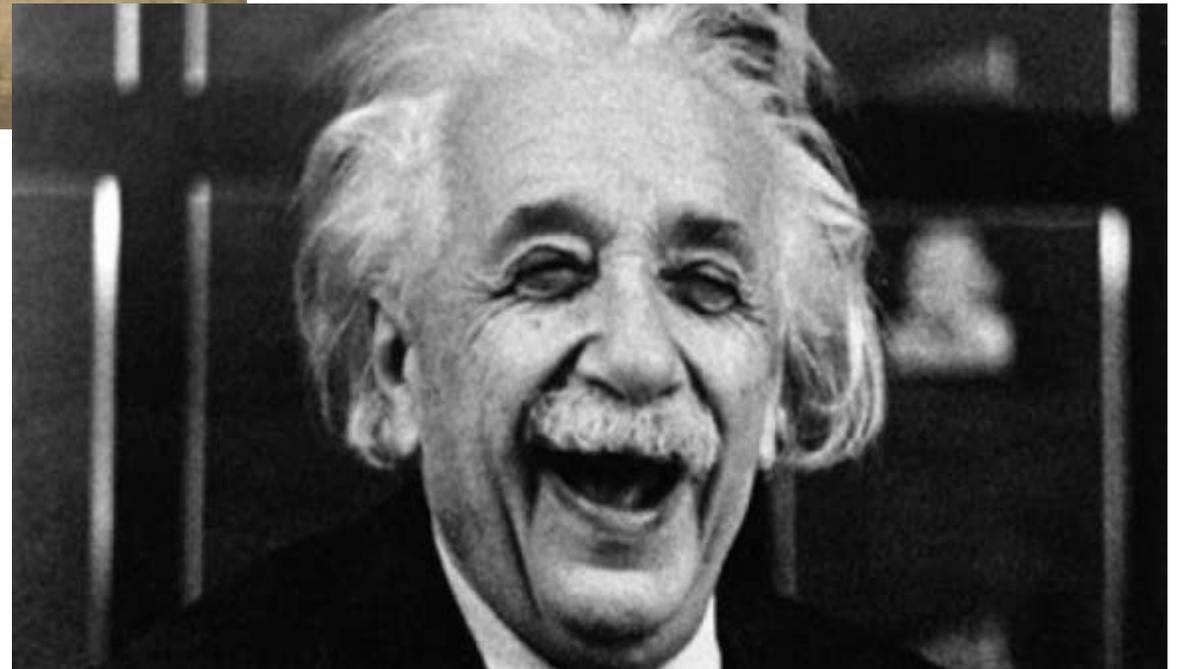


Irreversibility



"It's not that I'm
so smart, it's just
that I stay with
problems longer."
- Albert Einstein

www.soshequoted.tumblr.com



A “Triple Helix” Issue

Should we admit 5-day boarders?

Fiduciary Questions

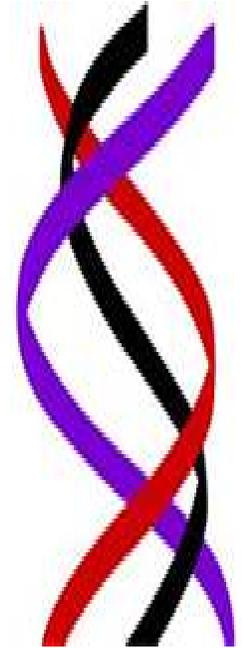
What will be the affect on financial aid? Cost structure? Tuition? Enrollment? Mix of day students to 5-day to 7-day boarders? Housing?

Strategic Questions

How will this affect diversity? Teaching? The role of athletics? Programming outside of the classroom? What is the competition doing now? What might be the competitive response? Expand market?

Generative Questions

How will this affect our campus culture? What will this suggest about our values? Which stakeholders might view this in negative terms and why?



A Leader's Framework for Decision Making

Snowden, D.J. and Boone, M.E. (2007). *Harvard Business Review*.
85(11): 68-76.

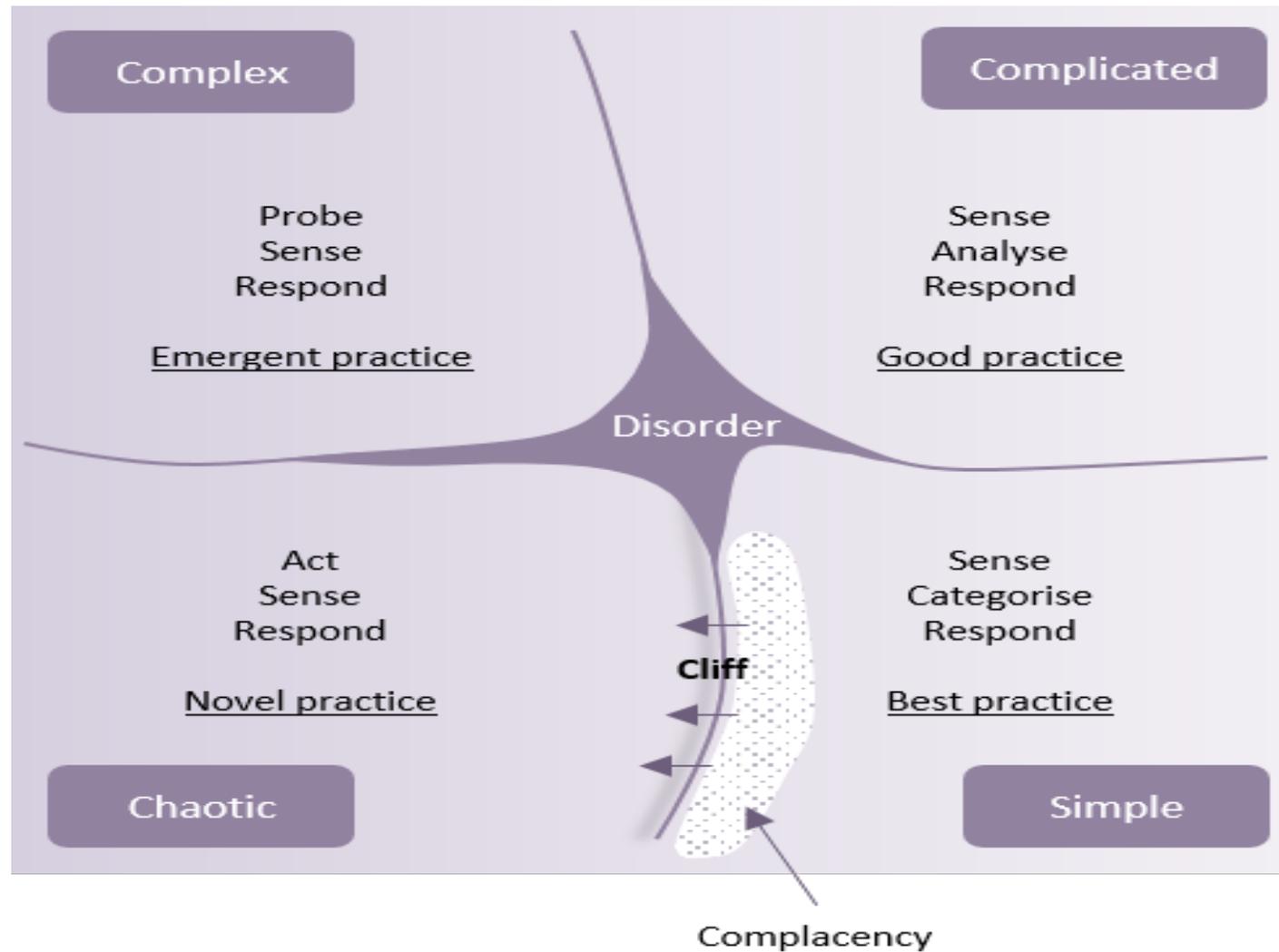
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The Cynefin Framework helps leaders determine the prevailing operative context so that they can make appropriate choices. Each domain requires different actions.

Sense-making
framework
for periods
of change

	Simple	Complicated	Complex	Chaotic
Cause & effect	Clear	Discoverable	Unpredictable	High turbulence
“Right” answer?	Yes – one	More than one	No	No
Realm	Known knowns	Known unknowns	Unknown unknowns	Unknowables
Lead/manage?	Fact-based management	Fact-based management	Pattern-based leadership	Pattern-based leadership
Leader’s job	Sense Categorize Respond	Sense Analyze Respond	Probe Sense Respond	Act Sense Respond
Leader’s job	Delegate	Create panel of experts	Open up discussion; help generate ideas	Look for what works
Practice type	Best practice	Good practice	Emergent practice	Novel practice

Snowden, D.J. and Boone, M.E.
(2007). “A leader’s framework for
decision making,” *Harvard Business
Review*. 85(11): 68-76.



Be aware of the cliff!

Where is your school in this framework?

What might this mean for governance?

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	Simple	Complicated	Complex	Chaotic
Boards	Honorific Rubberstamp	Expertise providers Answer providers Help decide on "best" way	Adaptive Agile Thought partners Great question generators Self and group aware	Provide fast feedback if called upon
Committees	Standing	Standing plus a few task forces	Standing for regular, technical, fiduciary work Strategic "issue" committees More ad hoc / task forces	Strong Executive Committee as sounding board
Boards can become...	Complacent Entrenched because of engrained thinking	Overly confident Sure of themselves and their own expertise Smugly self-satisfied	Overly caught up in complexity (to a fault); excuse for immobility Mired in data Risk-averse	Nervous Super-cautious
Pitfalls / risks	Oversimplification	Ideas from non-experts overlooked Analysis paralysis	Urge to fall back on command and control Demand fail-safe solutions	Paralysis Ego
Requires	Very little of board	Expert opinions Asserting views Being "right"	Open mind Charismatic listening Ability to flex/adapt	Strong CEO

Complexity and Great Governance

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- It's about applying a different set of lenses to issues—seeing them as evolving, not static; understanding their complexity; being open to new parameters, assumptions, and environmental changes
- Great boards in complex situations:
 - Help make sense of the situation and context by asking thoughtful questions and engaging in robust dialogue
 - Spend more time problem-finding and framing
 - Tap collective intelligence
 - Help ensure that leadership formulates *optimal* (not “best”) approaches
 - Help ensure that the Head is aware of and can act against instincts
 - Spot and name potential pitfalls
 - Are accountable with the Head for co-determined outcomes
 - Keep the focus on adaptive challenges, not technical problems

Adaptive leadership in four minutes...

<https://www.youtube.com/watch?v=cRMOLKGFLJk>

Technical Issues v. Adaptive Challenges

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Technical issues	Adaptive challenges
Easy to spot	Difficult to identify (easy to deny)
'Know-how' exists; someone has "the answer"	There is no right answer
Can be solved by management	Require different lenses/multiple stakeholders
Solutions can be implemented quickly, by edict	"Solutions" take time, not by edict
People are receptive to technical solutions	People often resist even acknowledging
Changes have simple boundaries	Changes cut across boundaries; complex
Can be fixed solo	Require collaboration and learning
Have tools and experience necessary to solve	Needed responses are outside repertoire

- ▶ Technical "fixes" exacerbate adaptive challenges.
- ▶ Recognize that there is enormous pressure on Heads to solve problems quickly and decisively—to treat adaptive challenges as if they were technical problems.
- ▶ Leaders must resist the temptation to seek authoritative and absolute "right" answers. If any are found, they are almost certainly solutions to technical problems, not adaptive challenges.

Heifetz, R. (1994). *Leadership Without Easy Answers*.
Cambridge, MA: Belknap Press of Harvard University Press.

Some Examples

Technical issues	Adaptive challenges
Declining enrollment	Value proposition
Balancing the budget	Business model
Program offerings	Program viability
Short-term solutions	Long-term sustainability
Diversity	Inclusion
Strategic plans	Strategic thinking and adaptation
Mission statement	Mission relevance
Fundraising issues/declines	Donor engagement
Master plans	Optimal use of space / rethinking campus

Questions to Consider with Your Board

1. What are some of your School's technical problems?
2. What are your big adaptive challenges?
3. Do you have adaptive challenges disguised as technical problems?
4. Are you treating adaptive challenges with technical fixes?
5. If you shifted the lens, would you see things differently?

CONCLUSION

- The education sector is increasingly VUCA: marked by volatility, uncertainty, complexity, and ambiguity.
- Many of the challenges your school faces, and will continue to face, are “complex” and require “adaptive” leadership.
- As a result, boards need to think and govern differently. Much of what we do now, in a complex environment, is adaptive. You can't as easily proscribe a path and then simply follow it. Stuff happens...
- This does not mean that you do not have a North star, or that you are aimless. However, as with sailing, it's all about reading the situation and adapting to the conditions encountered along the journey.

