

# Governance as Leadership

## Reframing the Work of Nonprofit Boards \*

### Introduction

We chose this work, *Governance as Leadership*, by authors Richard P. Chait, William P. Ryan, and Barbara E. Taylor, because it invites us to engage in a deep reflection on the essential role that boards of directors play in nonprofit organizations. Throughout its pages, the book challenges traditional governance practices and urges us to reconsider the true meaning and significance of these governing bodies. At the heart of this reflection lies the concept of purpose, a central theme that redefines and guides the work of boards of directors.

In this context, purpose refers to the fundamental reason for an organization's existence. It goes beyond immediate objectives and operational goals; it serves as the compass that guides all strategic decisions, ensuring that the organization remains faithful to its mission and core values. For boards of directors, understanding and clearly articulating this purpose is crucial, as it enables them to lead with a coherent vision aligned with the social impact they seek to achieve.

*A world where everyone has a decent place to live.*

In a world where organizational structures are constantly evolving, the authors challenge us to look beyond the conventional roles of oversight and administration. They invite us to reflect on how boards of directors can and should lead with a clear purpose, becoming engines of innovation and change within their organizations. It is a call to rethink how these governing bodies function and their fundamental mission within the broader context of the social impact they strive to create.

The following section is an excerpt that encapsulates these ideas, offering the reader an opportunity to reevaluate and renew their understanding of leadership, governance, and, above all, purpose in the nonprofit sector.

Governance Strengthening Area  
HFHI Latin America and the Caribbean

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\* Chait, R., Ryan, W. P., & Taylor, B. (2005). *Governance as leadership: Reframing the work of nonprofit boards*. Hoboken, NJ: Wiley.

### Synopsis: Core Ideas

Today's nonprofit boards of directors have multiple roles and responsibilities. While they face increasing demands to oversee accountability, organizational performance, integrity, and regulatory compliance (traditionally their primary focus), they also share a leadership role with executive management in advancing their organizations' missions. However, this leadership responsibility can sometimes take a backseat to more pressing demands on boards of directors, making it difficult to fulfill consistently.

The authors propose a shift in how nonprofit boards approach their leadership role. Instead of focusing solely on the traditional functions of oversight and decision-making, they argue that effective boards must adopt a more strategic and visionary approach. To achieve this, they introduce the *Governance as Leadership* framework, which consists of three key principles:

1. **Looking to the Future:** This principle emphasizes the importance of boards of directors in addressing current challenges and developing a long-term vision for the organization. Boards are encouraged to be proactive and adopt a critical and strategic perspective.
2. **Acting Beyond Authority:** Here, the authors highlight the need for boards to be willing to take bold actions and move beyond their traditional roles. Courageous decision-making and exploring new opportunities for growth and impact are encouraged.
3. **Constituent Voice (Ensure Mission Relevance):** This principle focuses on listening to diverse stakeholders (donors, community leaders, beneficiaries, business leaders, etc.) and ensuring that the organization remains aligned with its mission and responsive to the needs of those it serves.

In essence, *Governance as Leadership* advocates for a transformation in how nonprofit boards of directors approach their role, urging a more strategic and proactive approach to addressing long-term challenges and opportunities.

The critical questions the authors focus on and then seek to answer are:

1. Why is there so much rhetoric promoting the importance and centrality of nonprofit boards of directors yet so much empirical and anecdotal evidence suggesting that boards are only marginally relevant or intermittently significant?
2. Why are there so many manuals, brochures, seminars, and workshops on *how to govern*, yet widespread disillusionment with board performance and ongoing efforts to improve their effectiveness?
3. Why do nonprofit organizations go to great lengths to recruit the best and brightest as board members, only to let them collectively stagnate in an intellectually inert rather than dynamic environment, with board members more disinterested than engaged and committed?
4. Why has there been an enormous influx of new ideas about organizational structure and leadership (leading to and inspiring new practices), yet no substantial reconceptualization of nonprofit governance—only more guidance and exhortation to improve the traditional work expected of boards of directors?

Generally, there is a narrow view of board directors as mere accountability instruments or guardians, custodians, and sometimes providers of tangible resources. The proposal is to develop a conceptual framework for reframing the board's role in governance.

The authors argue that the root of the problem is that boards of directors, in practice, **lack a strong sense of purpose**. Behind the issue of performance lies the issue of purpose: boards often fail to see the connection between their work and the organization's mission. This makes it more difficult for them to engage and find fulfillment in their role. Organizations and the system push boards to function primarily as accountability-driven entities. While that is a necessary role, it is only one part of their purpose.

Enriching the work of the board is key to improving its performance. People are more motivated when they are interested and engaged in their work, and if they are more motivated, they will give more of their time. The question is: How can the board's work be enriched?

The book combines two well-known narratives—one concerning leadership and the other about governance—into a new story about **governance as leadership**. The authors introduce this novel approach that integrates and articulates leadership and governance into a more meaningful and impactful role for board members.

In this sense, the book challenges traditional thinking about the role of nonprofit boards of directors by introducing a new framework for understanding **how boards govern**. Much has been written about leadership, but little about governance. Most literature on boards of directors focuses on what board members **should and should not do**, outlining their roles and responsibilities and focusing primarily on control and accountability.

The authors describe two familiar governance modes: the **fiduciary mode**, which requires financial discipline, administrative oversight, and fidelity to the organization’s mission, and the **strategic mode**, which focuses on aligning the organization’s internal capacities, strengths, and weaknesses with external opportunities to maximize social impact. Additionally, they propose a third mode: the **generative mode**, which involves the perception, monitoring, identification, and recognition of problems and opportunities that drive strategy, policies, and problem-solving within an organization. They further suggest that, while fiduciary and strategic roles are familiar territory for most organizations, **it is the generative mode where boards have the greatest opportunity to add unique value**.

Board members and executives tend to focus on specific, powerful processes they believe shape their organizations, such as defining the mission, strategic planning, program development, and various forms of problem-solving. However, these processes are actually shaped by another powerful process: **generative thinking**. Generative thinking drives all other processes. It frames the problems that need solving, determines what must be decided before making decisions, and suggests what is worth pursuing as a strategy before developing a strategic plan. The book argues that if boards do not engage in generative thinking, they are not fully governing.

The authors assert that when a board can work across all three modes, it transcends the role of a super-manager and engages in proper governance. *Governance as Leadership* serves as a roadmap for achieving this, offering ideas and examples for boards of directors, executives, and others seeking new ways to think about, enable, and model better nonprofit governance.

What is unique about the contribution that board members can make through generative thinking? For one, they have the unique responsibility to engage in this work. Their role is to develop the organization’s goals and purpose, which means operating in this generative mode—where goals and strategies genuinely take shape. Fortunately, they are also well-positioned to do so. Naturally, they are committed to the organization and understand some of its complexities, but ideally, they also have enough distance to think critically about it. As a collective, boards of directors can support the executive team by incorporating multiple perspectives into a generative dialogue, significantly benefiting the exchange of viewpoints and approaches. In other words, they enrich discussions and create opportunities to draw new conclusions and set the organization’s direction.

Does this mean that every board member must be a **generative thinker**? What about someone recruited specifically for their expertise in financial oversight and fiduciary responsibility? Not every individual but every board of directors should be able to govern generatively. Some members will be more inclined toward this way of thinking than others. Most board members likely use generative thinking in their day jobs—they do it implicitly, and executive directors do it all the time. The recommendation is to explicitly bring this process of analysis and strategic proposal into the boardroom, identify it clearly, and integrate it into the governance work of the organization.

This kind of analysis and thinking must be specific. A deliberate and reflective board distinguishes generative thinking, which often happens informally, from generative governance, where the board intentionally debates the questions and issues that drive strategy and decision-making.

Recognizing and explicitly understanding the three governance modes can help guide boardroom deliberations. Typically, some board members approach conversations with a fiduciary mindset, others adopt a strategic perspective, and some engage in a generative mode, all interacting and exchanging perspectives. Identifying these governance modes and being conscious of their use can help boards recognize when they may be over-relying on one mode. This awareness can foster a more balanced and productive discussion.

Why would board members be interested in governing this way? Most people join a board because they want to engage in meaningful and impactful work. However, boards are increasingly directed to focus almost exclusively on fiduciary responsibilities. People join boards to contribute to the mission and values of the organization. Generative work enables this, which is why it can make board service more engaging and fulfilling.

Who should be responsible for introducing and facilitating this approach? Ideally, the board president and executive leadership should work together as a **partnership** to facilitate the adoption of this approach, ensuring its effectiveness. They can start by creating opportunities for generative work within the board, explicitly introducing generative topics and discussions.

How can one recognize an opportunity for this type of approach? By definition, generative issues tend to be unsettling, urgent, ambiguous, or thought-provoking. They do not present themselves as neatly formulated questions; they are not simply technical matters with a single correct answer. They require judgment and perspective. Additionally, generative topics are often embedded within issues that could be deliberated strategically or fiduciarily. What is most crucial is that as executive leadership delves into a generative issue, the board actively gets involved, working together with executive leadership to develop a strategy—instead of only being presented with conclusions at the board meeting.

Very often, the executive leadership carries out all the generative thinking and analysis and then presents a recommendation to the board. The board of directors becomes involved **too late and too little in the generative work**. This reactionary approach is precisely what needs to change. For executive leadership, this shift involves taking risks, as engaging the board in topics where leadership does not, by definition, have a clear or definitive answer to offer can be challenging. Typically, executive directors engage in generative thinking with a small group of trusted advisors who help them shape their ideas and push them in different directions. Raising these issues with the board without having a clear solution in advance can make executive leadership feel exposed or vulnerable before its governing body.

How can the board support executive leadership in this? Both parties must understand that this is not a zero-sum game—the board is not trying to take generative thinking away from the executive director. Instead, boards of directors and executive leadership should share the work, with both actively participating in the process.

It is also a matter of trust. Once again, many executive directors engage in generative thinking informally, and some do so with advisors, who may include board members. What is being proposed here is that this is a process that also belongs in the boardroom.

We often hear executive leadership complain that their boards of directors “**don’t get it,**” leading them to keep board members distant from generative work. Bringing the board closer can truly engage its members and help them earn the trust of executive leadership. Of course, the board must be respectful. Generative thinking should never be a last-minute process. Members need to ask questions at the right time—not reopen discussions at the last moment, which can be frustrating for executive leadership and disruptive to the group. The key is to be challenging yet productive—helping staff through generative thinking rather than searching for errors, as in the fiduciary mode.

For generative governance, the challenge is not just about what information executive leadership brings to the board but also what kind of active learning they can engage in together. The authors advocate for "boundary work," where board members operate at the intersection between the boardroom and the broader community or context or between the boardroom and the organization itself. These boundaries allow them to make sense of their environment and initiate the thinking that ultimately generates ideas for strategy.

What are some signs that generative thinking is taking place? There are many cues in the language people use. For example: *"Isn't this really about... X?"* or *"What if we look at this from a different perspective?"* These kinds of phrases or questions indicate that people are trying to initiate a generative conversation—one of creation and learning. The way people use historical context is also important. When someone says, *"We have always..."* or *"Since then..."*, these phrases are often followed by an attempt to frame the organization's work in a particular way. The board's role is to assess whether that framing is appropriate.

What types of profiles should organizations seek to achieve generative governance? When it comes to board recruitment and the focus on particular types of experience or skills, certain competencies—such as fundraising, financial oversight, and program supervision—will always be necessary as key qualifications sought in board members.

The authors suggest approaching the recruitment of new board members as one would search for an executive director. This means assessing not only their technical skills but also their broader intellectual assets. How does the person think? How curious are they? How likely are they to challenge others? How willing are they to work and engage in constructive debate? Boards are also encouraged to consider development: Can this person cultivate the practices and norms necessary to operate effectively in all three governance modes?

Many boards have had limited performance, partly because the nonprofit field has gradually narrowed the very idea of governance, reducing it to a policing or control function. The generative mode in governance presents an opportunity to broaden the concept of governance itself—not limiting it to an overwhelming focus on accountability, which is an increasingly strong expectation in the broader context, but rather fostering more effective governance.

Board presidents and executive leadership should jointly review this article to identify changes that could enhance the quality and central role of institutional governance. These adjustments should then be presented to the board of directors for further discussion and analysis. It is essential to understand that boards and executive leadership are inherently interconnected.