Integrating Governance and Planning

A partnering opportunity for the CEO and board

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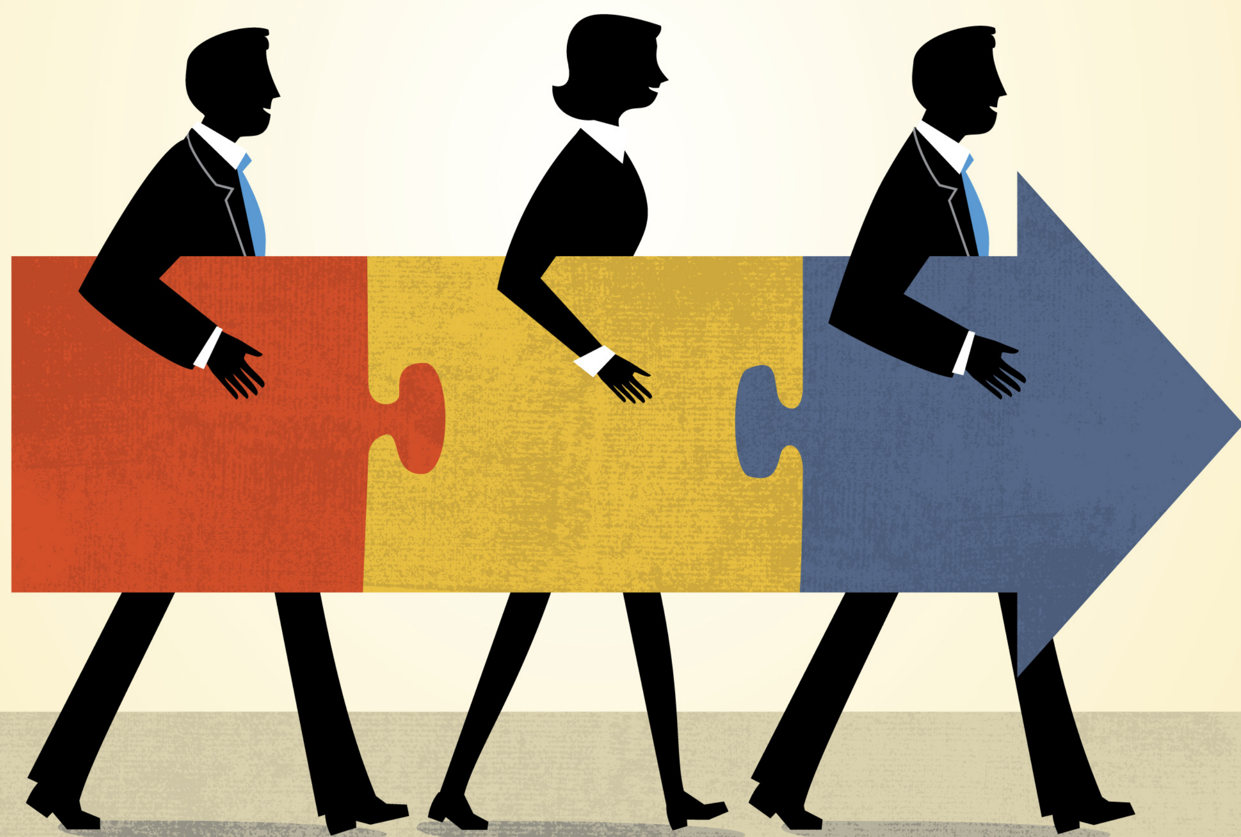

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MOST MINISTRY BOARDS STRUGGLE to find their appropriate role in strategic planning. Indeed, there are many good and differing models for strategic planning. What is essential? What works most of the time?

On any board, there will be vastly different perceptions. On one end is concern that the board will go beyond its policy role and infringe on the management prerogatives of the CEO (encouraging the dysfunctional "Mother may I?" micromanagement model). On the other end is concern that the board will be out of touch with events within the organization and thereby default on its fiduciary role (the "rubber stamp" model). While neither of these extremes fully represents a given board-CEO relationship, there are enough concerns about the potential for each model to ask, "How can the board exercise its governance responsibilities in the strategic planning process?"

Key to effective strategic planning for nonprofits is having a shared sense of what it is, why it is done, and where the board and CEO can and should partner in the process. The following description will address each of these components.

There is nothing mystical or magical about strategic planning. It is a disciplined process for making decisions that will prepare an organization to achieve its desired future. The key phrases in this working definition are "making decisions" and "desired future." If strategic planning does not guide policy decisions, it is reduced to intellectual bantering. And if the idea of predicting the future is entertained, the process will be frustrated, since the intent is not to predict the future but to thoughtfully and prayerfully create it.

The first step in this process is to confirm or, if needed, develop the vision (i.e., what the organization wants to become and stay) and the mission (i.e., what the organization will do, in the form of outcomes, for those it serves). The most constructive acts of governance are to create and monitor policies that will fulfill the vision and mission and position the organization for success. In this effort, the vision and mission should serve as the primary reference points for making these decisions, and the board needs to own these foundational statements (and regularly remind everyone in the organization of them). While the CEO can and should help develop or refine these statements, it is the board, representing the key stakeholders, that determines these essentials and uses them to frame the rest of the strategic planning process.

Once the foundation of vision and mission is established, the board and CEO should, in each cycle of the strategic planning process, determine how emerging trends and key stakeholders' changing expectations will and should influence how the vision and mission are achieved. Although the vision and mission are relatively constant, the methods for achieving them will vary in an effort to align the organization with changes in the environment.

The CEO will likely be in a better position to monitor emerging trends and convey their potential impact. But the board should be fully cognizant of these factors and the opportunities or risks they present to the organization (an informed board is an engaged board). In fact, one criterion for selecting board members should be their ability to represent key stakeholders and to understand various aspects of the political, economic, social, and technological environments relevant to the organization. Ideally, both individual board members and the CEO can educate the board concerning significant threats before a major crisis occurs or an important opportunity is lost.

The purpose of the board-CEO partnership with respect to monitoring the environment is to formulate the strategic issues facing the organization such that a preemptive plan can be developed to address them. In this approach, a strategic issue is a major policy question or challenge that affects the vision and mission and the organization's ability to fulfill them. These issues come from a clear understanding of the impact of emerging trends and changing expectations of the stakeholders, which is why the board-CEO partnership in determining these is so important.

The strategic issues are best constructed as a question (e.g., "How can our organization meet operating expenses while implementing programs needed to address our members' changing needs?"). The question must be answered, or the organization will risk missing special opportunities. If there are no consequences for failing to address such issues, they are, by definition, not strategic. Therefore, it is the board's special responsibility, acting in its fiduciary role, to ask the hard questions. If the board does not ask the critical questions, it is the CEO's responsibility to inform the board of potential dangers so they are discussed in a timely manner.

If strategic planning does not guide policy decisions, it has been reduced to intellectual bantering.

The board would continue its special role in working with the CEO by helping to generate options (i.e., answers) to address strategic issues. For example, the question in the preceding paragraph might be answered by a major effort to leverage technology to complement existing programs. Again, while the CEO might be the one to introduce such an option, no allocation of funds or efforts to develop such programs should be taken without the full knowledge and support of the board. Such understanding and support from the board allows the CEO to develop a more comprehensive plan with respect to goals, tasks, and required resources, knowing these efforts will take place within parameters approved by the board.

This process requires more board involvement than usual. However, this level of partnership at the front end of the strategic planning process is valuable because the board is informed, engaged, and owns the broad framework of the plan. This in turn assures the CEO that the plan devised will have the board's commitment and that he or she can employ staff in a meaningful effort.

The transition from a CEO-board partnership to a CEO-led planning process generally takes place at this point. An important principle in board governance is that authority flows from the board to the CEO, and that accountability flows from the CEO to the board. Delegation is not abdication. The key is how performance is monitored and measured. This speaks to a critical aspect of the strategic planning model: making strategic goals and methods for measuring them.

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Concern about micromanagement is real but frequently misunderstood. The board's role is to keep purposes firm but methods for achieving them flexible and left to the CEO's discretion. This is best accomplished when the strategic goals are truly goals and not simply statements of intent. For example, using the above illustration, the intent might be to make better use of technology in support of the mission. This is a good statement of intent, but it cannot be measured, and thus cannot be monitored. Such a goal might better be stated as, "Ninety percent of our members will choose to benefit from at least one Web-based option for learning." This is a goal the CEO could organize to achieve and the board could monitor.

This approach not only allows the CEO flexibility to develop the strategies and action steps to achieve the goals set by the board. It also facilitates a more objective basis for CEO evaluation by the board, focusing on achieving the goals set and endorsed by the board.

Together, these concepts support the need for a partnership between the CEO and board, with each being invested and engaged. A strategic plan developed by the CEO alone, with the board serving as a group of "editors," will lead to confusion and conflict. The issues today are too complex and the consequences too important for either a "Mother may I?" or a "rubber stamp" board to provide the kind of leadership the CEO needs and deserves. Nothing short of an engaged board will be able to recruit and retain the level of CEO leadership required. ●

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