



You Can't Create Ends Without a Different Kind of Thinking

Cover Story

By Karen Fryday-Field April 16, 2013

Thinking about Ends is one of a board's most important jobs—perhaps its most important job. Here, in part one of a two-part article, Karen Fryday-Field gives some advice on doing that job well.

Ends Policy development is among the most challenging work that a board needs to perform. If you have served on or worked with a board that is setting out to develop its Ends policies, you can envision the scene. There will be a sense of excitement in the room as the board recognizes that it is about to conduct important work. There will also likely be a strong feeling of apprehension that grows as the dialogue continues and few fresh ideas emerge. Board members may become frustrated and then anxious, and they may even withdraw from the discussion. Some may start saying that Ends policy development is not meaningful board work.

You may also have experienced another boardroom scene in an education setting, for example, where the board meeting starts with tackling monitoring reports on, say, asset protection. To this point in the agenda, the board has been using its analytical skills to monitor performance against the specific policy criteria it has set. This fiduciary work requires attention to detail, careful analytical thought, and focus on clearly defined concepts. Most people who sit on boards are familiar and comfortable with this type of work.

Next on the agenda is Ends policy development. The board now launches into a discussion to address what good or public impact the organization should achieve. The board knows that it also needs to tackle the question of worth or the desired return on investment of the good that will be achieved. The room grows quiet as board members struggle to change gears. They now need to be able to contribute using innovative and creative thought processes applied to this far-reaching and critical question. This Ends conversation requires them to use a completely different part of their brain.

These two scenarios raise an important question: Why do boards get snagged when it comes to developing their Ends policies? The intent of this article is to suggest methods and conditions that can help board members work together to develop Ends outside their traditional fiduciary processes. In order to tackle this subject, we first need to be clear about what is involved in Ends policy thinking.

The anatomy of Ends policies has three critical components, each with its own critical thinking challenges:

1. What good or benefit will be achieved? (You can substitute "good or benefit" with "outcome or result").
2. A definition of what group of people will be the intended beneficiaries or recipients of the benefit.
3. Identifying the return on investment or the cost benefit overall and whether some benefits have a higher-priority level than others in terms of the organization's focus and resources.

"Return on investment" here is used to mean results per unit of currency or, more colloquially, bang for the buck. All of these components together form the Ends policy, and all are the responsibility of the governing body to create, define, and monitor. The board's work in Ends policy articulation is not about setting a plan; it is about setting strategic intention as to the organization's usefulness in the world. The CEO then interprets the Ends policies and can use a strategic plan, along with many other tools, to guide the achievement of his or her interpretation of the Ends policies.

In order to explore methods to enable board members to work together to define Ends, we further differentiate the type of thinking that boards need to use. Chait, Ryan, and Taylor describe governing bodies as needing to engage in three types of thought leadership: generative thinking, strategic thinking, and fiduciary thinking.¹

Fiduciary thinking is defined as thinking that is primarily concerned with stewardship of tangible assets. In Policy Governance, we use this thinking to establish the boundaries of prudence and ethics that the board articulates to control the methods and behaviors (means) of the operating organization. Another example of fiduciary board thinking is the board's work to review a monitoring report on, say, asset protection or financial planning. This is primarily left brain thinking, which is defined as logical, structured, objective, and analytical.

Chait, Ryan, and Taylor next define *strategic thinking* as a strategic partnership with management. However, this perspective does not accurately reflect the appropriate relationship between a board and its CEO. There is strategic thinking at the board level when, for example, the board evaluates the CEO's interpretations of Ends policies. The board critically assesses whether the interpretation is justifiable as reasonable given the Ends policies and, further, whether the specific targets or the amount of Ends achievement over time are reasonable given the board's Ends. For example, at the Canadian nonprofit Across Languages, one of the board's Ends policies is, "New immigrants will be literate in English." The CEO's interpretation states, "All new immigrants who have landed within two years will achieve basic English literacy within 12 months of starting the literacy program." The board must then engage in strategic

thinking to assess whether that is a reasonable interpretation of its policy. In other words, is the CEO's approach to defining an operational impact reasonable? This requires the board to think strategically in order to absorb the contextual information, synthesize it, and digest the reasonableness.

The final mode of thinking that Chait, Ryan, and Taylor identified is *generative thinking*. This is the type of thinking that is most related to our quest to identify what type of thinking a board must engage in to produce meaningful, owner-informed Ends policies. And this is the mode of thinking that I shall be exploring more fully in the next issue of *Board Leadership*.

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1. Chait, R. P., Ryan, W. P., and Taylor, B. E. *Governance as Leadership: Reframing the Work of Nonprofit Boards*. Hoboken, NJ: Wiley, 2005.

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