

A Matter of Thought

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Over the last 25 years, I've had the honor of working with many nonprofit boards and their Executive Directors. In recent years, however, I have become increasingly concerned that many of us—myself included—have been asking ourselves the wrong types of questions when it comes to the governance and leadership of nonprofits.

The focal point of a great deal of my work to date has been to assist nonprofit board members and senior management in answering a central question: “What should we do to take our Board governance to the next level?” and such subsidiary questions as:

- What should the core roles and responsibilities of our nonprofit organization's Board be in today's challenging environment?
- What are the appropriate boundaries between our Board and management?
- What should our Board committee structure look like?
- What should our audit committee really be doing?
- What should we engage our Board in fundraising?
- What is the Board's role in developing the nonprofit's strategy?

These are important questions—every one of them—and questions that need to be addressed to help ensure a nonprofit's leadership is governing as effectively as possible. Yet, underlying these questions is a vital question that I seldom—if ever—hear asked.

The question I have in mind (and the important efforts to answer it) strikes at the very heart of determining the ultimate effectiveness and value-add of a nonprofit organization's governance. It is a deceptively simple question, and yet it often emerges as a key indicator of whether a board is striving to be an even more significant leadership asset to the nonprofit organization. The question is:

How can our nonprofit board, in partnership with senior management, think more effectively?

Many Boards' default is to focus on operational and fiduciary oversight. Emphasis is also frequently placed on the Board's role in helping to raise the resources need to execute the nonprofit's mission. A great deal of emphasis has been placed on these two core responsibilities, and they frequently dominate the efforts of many Boards.

Ensuring effective oversight and fostering a sustainable level of resources are indeed central roles many Boards play in the success of a nonprofit. While such efforts may be necessary, are they sufficient for long-term success? Bottom-line, a central governance challenge that emerges is whether the “fiduciary oversight” and “fundraising” mindsets shared by many

Boards are sufficient to enable nonprofit organizations to genuinely flourish today -- and into the future. As you might surmise, I am skeptical.

As such, I suggest nonprofit organization Boards (and senior management) must begin to think in fundamentally fresh and innovative ways to meet the unique challenges confronting them. A brief sojourn into social science—and the ways in which thought patterns are changing in the world today—will help establish the context for the suggestion that nonprofit leaders must begin to think in new ways.

Two Minds

In the 1950s, Caltech professor Roger Sperry studied a group of patients with such severe epileptic seizures that trying to control their illness required severing the nerve fibers connecting the two hemispheres of their brains. This created a set of genuinely “split-brain” patients who could be studied to see how the two different hemispheres of the brain work.

Before Sperry, scientists thought language was what separated man from animals and, since language abilities were largely centered on the left side of the brain, that the left side of the brain was somehow superior and made us “distinctly human.”

With his research, Sperry found that the right side of the brain was actually superior to the left side for certain mental tasks. He won the Nobel Prize in medicine for discovering that the right hemisphere is not inferior to the left, just different.

Sperry’s observations about the unconscious basis of many conscious thoughts have been carried forward by the more recent work of Nobel Prize winning economist Daniel Kahneman in his 2011 book *Thinking Fast and Slow*, in which he states:

“You believe you know what goes on in your mind, which often consists of one conscious thought leading in an orderly way to another. But that is not the only way the mind works, nor indeed is it the typical way. Most impressions and thoughts arise in your conscious experience without you knowing how they got there.”

Along with the unconscious origins of left-brain “rational thoughts,” Kahneman says the genesis of right-brain thinking is equally mysterious, with decisions often being made well before we become consciously aware we are thinking at all! He goes on to note that “as we navigate our lives, we normally allow ourselves to be guided by our impressions and feelings, and the confidence we have in our intuitive beliefs is usually justified.”

And then he lowers the hammer: “But not always. We are often confident even when we are wrong, and an objective observer is more likely to detect our errors than we are.”

How, then, should a well-meaning nonprofit Board conduct its business? Might nonprofit organizational leaders need to “unlearn what they have learned” as Yoda counsels Luke Skywalker in the Star Wars series? If you’re hungry to read how Boards can apply these ideas, jump to the section “Governance as Leadership,” below. Or, if you can bear with me for a moment, let’s take one more side trip before we go on to application.

A New Age

In light of the above insights by social scientists, the last few decades have seen a huge increase in the number of studies dedicated to the way we think and decide. Among them is Daniel Pink’s provocative book, *A Whole New Mind: Why Right Brainers Will Rule the Future*, in which he describes a fundamental societal shift in the way we think: from a predominant focus on “logical, linear, computer-like capabilities of the Information Age” to, instead, “an economy and a society built on the inventive, empathetic, big-picture capabilities of what’s rising in its place, the Conceptual Age.”

To the extent you might think Pink may be off the mark, note that the core leadership, design and advertising concept embraced by Steve Jobs in recent years was “Think Different.” Pink begins the introduction of his book:

“The last few decades have belonged to a certain kind of person with a certain kind of mind—computer programmers who could crank code, lawyers who could craft contracts, MBAs who could crunch numbers. But the keys to the kingdom are changing hands. The future belongs to a very different kind of person with a very different kind of mind—creators and empathizers, pattern recognizers, and meaning makers. These people—artists, inventors, designers, storytellers, caregivers, consolers, big-picture thinkers—will now reap society’s richest rewards and share its greatest joys.”

Pink goes on to suggest that, for nearly a century, Western society, “and American society in particular, has been dominated by a form of thinking and an approach to life that is narrowly reductive and deeply analytical.”

Of course this should all sound vaguely familiar, as the shift Pink suggests is based squarely on Sperry’s core insights about how our brain functions. Some question the idea of attributing forms of thought to different parts of the brain—but few question that “a mind” can think in different ways! Pink urges us to transition from using left-brain thinking almost exclusively in decision-making matters to also embracing the intuitions and insights characteristic of right-side thinking.

Governance as Leadership

In recent years, no one has applied the insights flowing from social science more aptly to nonprofit Boards than Richard Chait, William Ryan and Barbara Taylor. In “Governance as Leadership: Reframing the Work of Nonprofit Boards” (read a [summary](#)), they argue persuasively that, to be truly effective, Boards of the future must think in three fundamental ways:

- 1. Fiduciary thought is Board thinking concerned primarily with oversight matters and the stewardship of tangible assets.** Typical questions pertain to compliance, legal matters, risk mitigation, performance evaluation and accountability.
- 2. Strategic thought is Board thinking in strategic or “constructive partnership” with management to visualize, plan and bring into existence the future of an organization.** A key insight offered by Chait, Ryan and Taylor is that strategic thinking ought not be an overly “formal, analytical or technical process.” Indeed, they suggest that “leaders can arrive at strategy another way: through insight, intuition and improvisation.”
- 3. Generative thought is Board thinking that helps to “frame” or “make sense” of the most critical questions or problems facing an organization.** The former CEO of Herman Miller, Max DePree, often remarked, “The first responsibility of the leader is to define reality.” Generative questions sometimes operate at a very conscious level, such as “What is the purpose of a nonprofit organization?” Often, however, important generative questions are more subtle and exist at the level of unconscious assumptions, emotions or values that need to be brought to light to fully understand the context and direction of an organization.

By suggesting that Boards need to more often think strategically and generatively than they do now, Chait and his colleagues have leveraged social science research to point the way toward the new kinds of thinking nonprofit Boards must leverage to be truly effective.

In sum, the traditional oversight and fundraising mindsets of many Boards, while necessary and appropriate, may not be robust enough catalysts for a nonprofit organization to strategically adapt in today’s challenging and quickly changing environment.

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