DIFFERENTIATING GOVERNANCE RESPONSIBILITIES AND DECISIONS

This resource describes three ways that governance responsibilities, and the decisions that flow from them, can be differentiated. They are described as continuums because the responsibility or decisions will fall somewhere along them. It also provides an example of how it can work.

Differentiating helps organizational leaders to identify the kinds of skills, knowledge, experience and personal attributes that are needed to fulfill the governance responsibility or make the decision. It also informs the kinds of processes that will get the work done most effectively.

Three ways to differentiate

Governance responsibilities or the decisions that flow from them, fall somewhere on each of these three continuums.

A governance responsibility or decision can be:

1 Simple ⟵ Complicated ⟶ Complex

A **simple** responsibility or decision is more routine and can be easily accomplished, such as reconfirming the audit firm.

A **complicated** one, like deciding on the best indicators for evaluating collaborations, requires a diversity of expertise and experience. There are more factors involved, and deeper analysis is required.

Complex responsibilities or decisions can open more challenging questions, address a web of issues, and have significant implications for the organization, such as deciding to shut down or significantly expand a program.

A single governance decision might fit into all three categories. For example, deciding on whether to renew a significant partnership would be:

- ✓ Simple if it’s been effective;
- ✓ More complicated if it’s important to continue, but has major issues between organizations; or
- ✓ Complex if the collaboration has serious issues, higher risks, and impacts many key stakeholders.

Understanding the distinctions will help organizational leaders to decide who can and should participate in the decisions and the most effective processes for making the decision.

2 High risk ⟷ Low risk

High-risk governance responsibilities, and the decisions they entail, such as a decision to fundamentally change the revenue mix or program directions, may require more formal, centralized processes and structures. There are significant implications for the organization and its purpose, and they link specifically to the fiduciary responsibility of the board to act with the highest standards of care and in the best interests of the organization.

There are **low-risk** governance responsibilities, which allow for more informal, decentralized mechanisms and more distributed participation, such as deciding what success looks like for the organization and how that is measured. If necessary, these can be revised without putting the organization at risk and they benefit from highly diverse perspectives and broad engagement.

3 Strategic ⟷ Tactical, Routine

Strategic governance responsibilities and decisions are more episodic, happening irregularly and occasionally, such as setting strategic priorities or hiring the CEO/ED. These require more generative conversations and broader, deeper analysis; the decision might be urgent or there may be lots of time to weigh options. They have significant implications for the organization, and may have impacts for the broader system. This work often provides opportunities to share governance decision-making by drawing in a diversity of perspectives and leadership characteristics.

This kind of governance responsibility or decision requires a complex set of skills, knowledge, experiences, and personal attributes that can include things like financial acumen, knowledge of the organization's ecosystem and the people served, big picture thinking and critical insight, comfort with innovation, and ability to bridge aspirations and realities.

> Examples*: envisioning the organization's future and what success looks like, developing high-level indicators that give confidence that the resources are used effectively, or addressing complex and emerging opportunities and issues.*

Tactical and routine governance responsibilities or decisions most often involve the monitoring and analysis of information and generation of insights and learnings, which lead to tweaks and shifts in performance, directions, and priorities. It requires expertise such as financial acumen, risk assessment, policy development, and research, as well as skills like listening, observing, analyzing, questioning, and good judgment. This work may be less likely to lend itself to broader participation in decision-making.

> Examples: *reviewing the financial statement, doing the CEO/ED performance review, addressing recurring and less complicated opportunities and issues, and confirming the audit firm.*

If the right mechanisms or monitoring processes (*e.g., regular reporting against key indicators, good checks and balances*) are in place, then it's not usually high-stakes work. The mechanisms should generate "red flags," which indicate that deeper strategic work is required. However, if these aren't in place, then the tactical and routine governance responsibilities and decisions become higher-stakes work, and can potentially put the organization in jeopardy.

An example in action

Let's say an organization is interested in a more shared governance decision-making approach between the board, staff leadership team, volunteers from the community, and other stakeholders because it's more inclusive of diverse perspectives and increases the board's capacity. The organization has decided that it should be more broadly sharing governance responsibilities and decisions that are *strategic, with moderate risk, and that range from complicated to complex.*

Some governance responsibilities and decisions that are strategic, with moderate risk, and that range from complicated to complex could include:

Envisioning the organization's future, including what success looks like.

Setting outcomes in a way that resonate and are clearly understood by stakeholders.

Identifying the potential of integrations and collaborations to achieve greater impact.

Creating high-level goals and actions for authentically engaging stakeholders

Articulating what decent work looks like and the key characteristics that should be present in the leadership team.

Creating scenarios in which the organization could be at risk and then translating those into key principles that shape risk strategies.

Developing high-level indicators that resources are used effectively, including aligning aspirations with real-life expectations.

Describing the desired organizational and governance culture and exploring what indicators will give confidence the desired culture is in effect.

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