

KNOWLEDGE, TRUST & NIMBLENESS

THE WILL TO GOVERN WELL



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american society of
association executives

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EXECUTIVE SUMMARY

Executive Summary

This executive summary summarizes key findings and change strategies from a new book published by the ASAE Foundation publication, *The Will to Govern Well: Knowledge, Trust, and Nimbleness*. The book provides insights, observations, and recommended response strategies for both staff and volunteer leaders—those who design, influence, and participate in the governance systems of associations. It can be used as a reference for retreats, discussion groups, and leadership orientation sessions, and as a tool kit for organizational change initiatives and strategic thinking and planning.

The Will to Govern Well

The landscape of the future for associations is by no means certain. Increased unpredictability, instability, and uncertainty about the future may warrant more open-minded inquiry into governance changes. Associations are increasingly aware of the importance of flexible governance systems that are positioned to adapt to changing environments.

In a variety of professions, industries, and interest arenas, this landscape translates into an urgent need for associations to create a unique and sustainable reputation for value among members, customers, and stakeholders. This need is creating new pressures on the association's traditional governance system. What will it truly take to successfully govern associations in the future?

This new study suggests that association leaders, above all, will need to grow, sustain, and exhibit the will to govern well. It finds that the barriers to successful evolution have more to do with the *willingness* of people to do things differently than with their knowing *what* to do differently. The will to govern well reflects personal and organizational desire: volunteer leadership and staff must develop the desire, fortitude, expertise, knowledge, and commitment to support effective governance structures, processes, and culture. The will to govern well allows successful board and staff leadership to converge and create the ability to lead the association into the future.

Associations that view themselves (and are viewed by others) as governing well have the following two factors in common:

1. *What* the governing structure—the volunteer and staff leadership—chooses to focus its attention on.
2. *How* those leaders choose to get their work done.

In an association* that exhibits the will to govern well, the underlying strategy is to change the process of governance. Changing the process changes behavior; changing behavior changes the culture. Changing the culture increases personal and organizational desire to meet new operational challenges and opportunities.

Evolution Rather Than Reinvention: An Association's DNA

In the past, experts and association leaders spoke of “reinventing” governance, focusing on changes in the balance of power among members, volunteer leaders, and staff. However, there is no need to reinvent governance—in fact, to do so would endanger the unique characteristics of associations and the contributions they make to societies globally.

What makes associations unique—different from corporations and other institutions—is that the same populations are owners, customers, and, to the extent it is composed of volunteers, the workforce. Just as human DNA has two interdependent strands wound in a double helix, an association's DNA has these three strands—owners, customers, and workforce—in an inseparable triple helix. Unraveling this organizational DNA, as the reinventors suggest, would put at great risk the key competitive advantages associations have in the 21st century—the aggregate intellectual capital of their membership, their energy as a community with common purpose, and their credibility as voluntary institutions.

Governance cannot be reinvented—it must evolve. What truly needs to change about association governance is not its functions and roles, but the processes for getting work accomplished and the underlying culture necessary to support more effective mechanisms. Evolving governance practice, process, culture, and behavior to establish the will to govern well *is* critical for associations to sustain success in increasingly complex environments.

Associations have begun to make vast improvements in governance not through radical structural change, but by merely changing a board's process of work and decision-making. By creating an opportunity for dialogue to occur within a board's traditional and often-restrictive process of deliberation under

Methods and Sources Used in the Study

The ASAE Foundation partnered with Tecker Consultants LLC to study the current state of association governance and to provide insights and tools to assist association executives and volunteer leaders in leading their organizations forward.

To create the knowledge base for this book, Tecker Consultants LLC used:

- Several specially organized panels of experts and practitioners, who were convened for in-depth examinations of governance-related practices and case studies.

- More than two dozen associations, whose real experiences in evolving governance served as “action labs” to study changes in structure, process, culture, and strategy.

- In-depth interviews with associations identified as positive and negative examples of knowledgeable decision making, trustful cultures, and nimble implementation.

- Questionnaires submitted by association staff and member leaders attending ASAE's Symposium for Chief Staff and Chief Elected Officers.

Together, these sources represented a broad mix of associations by size, industry, and cause representation; organizational structure; tax status; composition of leadership; geographic location; and membership demographics.

*The term *association* is used generally here to describe all types of nonprofit voluntary organizations with a service-oriented mission, such as foundations, charities, and certifying boards, as well as trade and professional associations.

parliamentary procedure, associations have been able to increase the quality and the speed of decision-making without sacrificing participation or enfranchisement.

Three Key Elements: Knowledge, Trust, and Nimbleness

In order to develop and sustain the will to govern well, associations will need to focus on three primary areas in governance:

- the ability to make decisions based on knowledge rather than opinion;
- the need to create a culture of trust for staff and volunteers, with common agreement on what will define success; and
- a nimble infrastructure, with work and decision-making systems that can respond efficiently and effectively to the increasingly complex marketplace represented by the association.

The development of a knowledge-based culture enables greater trust, which in turn drives increased nimbleness. The relationships are inextricable: There are real risks to increased nimbleness if it is not rooted in shared knowledge as the core element of decision-making and trust as the foundation of the organization's culture. If the vision is clear and the culture supportive, the association is in a better position to meet changing dynamics today and into the future.

The Role of Knowledge

In this context, knowledge is defined as the fact or condition of knowing something with familiarity gained through experience or association. It is the sum of what is known and the body of truth, information, and principles acquired. It is the ability to turn what is acquired, observed, and studied into action.

In the area of knowledge collection, dissemination, and use in decision-making, this study observed that:

- **Members are becoming less tolerant of mass dissemination of information.** The ongoing confusion between knowledge and information hinders the work of associations in gathering relevant data for members. Traditionally, associations have believed they should inundate members with as much information as they could produce. But how can members be expected to discern which is the meaningful data, given increased information and less time to read it? The association of the future must transform information into relevant knowledge to succeed and to develop an effective governance system.
- **Staff's role in collecting, developing, understanding, and communicating knowledge for members and leaders will increase in importance.** Without meaningful and insightful information, boards cannot make effective decisions. Staff will be responsible for providing the background and knowledge to assist boards in making strategic decisions. To do so, association staff of the 21st century will need new skills in knowledge management.
- **In a culture with knowledge as a foundation, clear and concise communication between the governing body and members is extremely important.** Members expect their leaders to be able to communicate, through language and behavior, three things:
 1. A clear, common, and positive vision of an achievable future.
 2. An appreciation for and an understanding of the values, expectations, needs, and anxieties of the members.
 3. Optimism that ability, good plans, and hard work will lead to success.

Some associations studied have embedded these statements into the job descriptions for board members and the criteria used by nominating committees in considering new leaders.

- **Associations will need to establish and maintain effective internal and external scanning mechanisms.** The organization should constantly be answering the questions: Who is the audience? What are their needs that the association is best positioned to meet? How will the association meet those needs? Associations need methodologies for identifying, capturing, organizing, and transferring knowledge openly so that leaders can make decisions that are sufficiently understood and supported. Further, associations have a greater need for strong market and member research. An increasing number of associations are seeking knowledge directly from those whose behavior they are trying to influence, rather than depending upon committees, task forces, or advisory groups as a source of filtered information.

Associations need to project, anticipate, and dive beneath the surface to gather answers from members, potential members, past members, customers, and stakeholders to understand what influences their thinking, what their current concerns are, and what future trends are of concern to them. They need to understand not just the needs of those whom the association serves, but also the needs of those served by the members—the members' customers.

- **Governance will need to cultivate a culture of strategic thinking.** In addition to creating and distributing knowledge about its member base and its relevant future environment, the organization needs a baseline of knowledge about itself and where it is headed. Clarity and consensus on what constitutes success is developed through an institutionalized process of planning strategically. Such a process forms the foundation for the evolutionary governance shifts discussed here, as well as providing a lens through which to view the relevant information and knowledge so important in making future decisions. That process includes creation of a solid strategic plan, which guides staff and volunteer actions and links into board discussion.
- **Associations will need a high tolerance for ambiguity and uncertainty.** Lack of knowledge should not be an excuse for not acting. On the most significant issues a board faces today, it is likely to find that it does not know or completely understand some vital aspect of the matter. (In fact, if a board finds itself with a meeting loaded with issues that are completely known and understood, that board is probably working at a level of specificity and detail inappropriate for the board's attention.). Ambiguity and uncertainty should not become an excuse for paralysis in decision-making. Instead, they should call forth a greater commitment to knowledgeably managing risk. The decision not to decide must be a purposeful decision—not a temporary patch for failure to adequately develop the necessary knowledge base.
- **Leaders will be expected to deliver more value by expanding their knowledge bases.** Governance will require internally focused knowledge that draws insight from the external world into the knowledge base used to make informed decisions. Simultaneously, governing bodies will need to ensure that the association is engaged in knowledge management.

Knowledge-Based Governance: A Strategy for Change

Possessing sufficient knowledge to inform the governance process is critical for associations of the future. Among the most effective change strategies in this area is the development of a knowledge-based governance strategy.

Knowledge-based governance is a mechanism for consultative leadership that recognizes strategy as the necessary and appropriate link between the board's role in governance and oversight and the staff's role in management and implementation.

It embraces the following basic and long-standing concepts of effective leadership that allow boards to govern strategically:

- Effective leadership focuses on the outcomes desired rather than on the activity required.
- Strategic leadership means focusing on what should happen next, rather than on what has already been done.
- Productive boards spend their valuable and limited time together using information in decision-making—not collecting it.
- Successful boards routinely consider issues of capacity, core capability, and strategic position in deciding what to do.
- Strong leadership exercises fiduciary responsibility by defining desired outcomes that are consistent with strategic intent and core values, rather than by detailing how an outcome is to be achieved or re-managing finished work.

Knowledgeable governance relies on effective mechanisms for dialogue and deliberation and on information and insight relative to four knowledge bases. These bases are the answers to four key questions:

1. What do we know about the needs, wants, and expectations of our members, prospective members, key stakeholders, and/or customers that are relevant to this decision?
2. What do we know about the capacity and strategic position of the organization that is relevant to this decision?
3. What do we know about the current realities and evolving dynamics of members' marketplace—the industry, profession, or interest arena that is relevant to this decision?
4. What are the ethical implications of the choices?

In the organizations studied, the richer and deeper the answers to these questions, the more effective governance was at developing and executing strategy.

The Role of Trust

In this context, trust is the alignment of what the association promises to what it ultimately delivers. Often trust within an organization is articulated in a set of values, and through a commitment by leaders and staff to act on those values.

Within associations, constituents universally expect that promises will be kept, even when the board and leaders are not supervising or showing others what to do. If others can be empowered to carry out leadership's directions, a trusting environment will prevail. If not, the culture cannot be a trusting one until the source of discomfort is discovered. This often requires the use of sensitive dialogue, diplomacy, and a positive approach to problem solving, driven by a commitment to discover what is right rather than a compulsion to uncover what is wrong. Creating and sustaining a culture of trust becomes an imperative for successful association governance.

Associations that seek to create, enhance or maintain a trustworthy culture should consider the following:

- **A trusting environment creates an enjoyable culture.** An enjoyable culture is one that is based on trust and practices a high degree of communication. What is unique and special about an association is not its "not-for-profitness," but its "voluntaryness." An enjoyable culture draws others to become involved and make a difference.

This type of environment encourages involvement, open access to information, community building, support for grassroots lobbying efforts, and a general sense that the association is at the center of relevant activity. Trust allows the association to eliminate unnecessary controls. When unnecessary controls are eliminated, nimbleness and responsiveness increases, enhancing the association's value for the member.

- **Effective governance is about balance.** As trust builds between the volunteer leaders and the chief staff officer, there is a tendency for the volunteers to increasingly rely on the staff to do the work normally assigned to the governing structure. As a result, the board becomes disengaged from the work of the association and withdraws. Directors begin to rely too heavily on the staff's competencies to lead. Volunteer leaders start sensing that the staff has too much power and dominates decision-making. Boards that are so satisfied with the competency of staff create a ticking time bomb that may at anytime explode. This could eventually lead to mistrust and conflict between the staff and volunteer leaders.
- **Effective governance understands and employs the distinction between oversight and supervision.** Board process is designed to enable oversight, while diminishing the opportunity for mischievous "snooper vision." If all parties (board, staff, and committees) are clear on what they are trying to accomplish, the leaders are then able to provide oversight, leaving staff and committees to do their work. Together they assess progress toward the outcomes they seek. Assessment is not conducted to document a problem, but to see whether progress is satisfactory. If it is unsatisfactory, adjustments can be made to increase the probability of success.

These two elements—the distinction between oversight and supervision and the ability to be clear on outcomes—can be applied organizationally. They are the ingredients critical to achieving an environment characterized by trust and the elimination of unnecessary controls.

- **There is an inextricable relationship between trust and association nimbleness.** Nimbleness and the ability to make the right decisions efficiently in response to marketplace challenges will separate those associations that provide significant member value from those that do not. An underlying culture of trust is vital to the open sharing of relevant information and the valuing of that information in the decision-making process. A trusting environment respects the qualifications, expertise, and accomplishments of the individuals it represents.

Dimensions of Building Trust

A culture of trust allows associations to abandon politically motivated controls that add little or no value to the quality of the decision. An association with a culture of trust exhibits the following characteristics:

- Board members have the necessary knowledge and expertise, and engage in the appropriate dialogue, to make informed decisions with confidence.
- Roles and interrelationships are well defined for staff and volunteers so that leaders can make quick and efficient decisions without "command and control" approvals.
- Strategy and direction setting are seen as the responsibility of the board. Accountability for the detail and implementation of strategy is assumed by member and staff workgroups.
- The chief staff officer is considered an integral part of the association's leadership team, understands the members' marketplace, and maintains an open flow of communication to the volunteer leaders.
- National organizations actively solicit the opinions of state and local component leaders in creating the future for the industry, profession, or cause they represent.
- Members are constantly informed and, where appropriate, asked for their opinions so that they feel part of the decision-making process and are adding value to the overall community.

The Importance of a Nimble Infrastructure

Nimbleness is the ability of the organization to seize opportunities. Nimbleness is not just about accomplishing work quickly—it is about accomplishing work in the right amount of time and in the right way.

Nimbleness is about being responsive. It is about reacting, but with purpose—knowing what not to do, as well as what to do. It is the ability to jump from one thing to another as it becomes necessary, and the ability to change direction quickly. In today's unpredictable environments, the ability of a nimble organization to be able to discontinue activities if they are not successful or no longer deliver value to members is imperative.

In this study, the following observations about creating and maintaining a nimble infrastructure emerged:

- **Nimble organizations are able to tolerate risk.** Risk-taking is acceptable, but in an informed sense. Honest mistakes are tolerated, as long as the emphasis remains on finding solutions and moving onto the right path.
- **Nimbleness needs boundaries, but the parameters need to be wide enough to seize opportunities.** The development of appropriate boundaries allows staff to respond quickly and effectively to opportunities that are within an agreed-upon direction, without having to “ask for permission.”
- **Nimbleness is enhanced by new technology-enabled methods of work.** Technology has created an expectation for nimbleness—an anticipation that answers will be found and outcomes reached more quickly, that work can be done in ways other than face-to-face meetings. Technology has contributed to higher and more complex expectations for customized member service. But members' interest and involvement may actually deter nimbleness. If technology is readily available, and if it is used for its own sake, it may not contribute to streamlined decision-making.
- **Associations will move away from the traditional electoral process to ensure that the right board with the right expertise is in place to support a culture of nimbleness.** Many associations will move toward a more competency-based board to ensure that governance bodies have the right kinds of skills, personalities, and orientation to act nimbly.
- **Future generations will want a place where they can experiment with new methods of work, community, and involvement.** Nimble associations are places where experiments can occur. Associations must identify where they can be nimble and experimental, and what they must preserve and resist changing. With industries, professions, and interest arenas changing so rapidly, it will be difficult to continue to serve all members. Associations may need to change not just decision-making but mission and purpose.
- **Power-driven associations are moving to become value-driven.** In the past, membership structures determined an association's governing structure. Associations in the future must increasingly be driven by a focus on what will constitute value to members and the benefits the organization seeks to provide, both tangible and intangible. Once it defines value, then the association can determine what kind of work it needs to do.
- **Nimbleness will require governance to articulate a unique service niche and direct the organization to exploit only those opportunities that fit that niche.** Associations must identify the essential needs they meet—what they can do better for their members than any other enterprise.

Strategies for Creating Nimbleness

Recognizing the importance of a nimble infrastructure, the study identified strategies associations use to achieve nimbleness.

- **A knowledge-based governance strategy that can facilitate dialogue and decision-making around critical issues.** To ensure nimbleness, the process of dialogue must be ingrained in how the association does business. Opportunities for dialogue must be available on a timely basis—the association should not miss a market opportunity because, for example, the board only meets once a

year. The process of decision-making must be transparent to members so they understand how decisions to serve various markets and customers have been made.

- **Mechanisms that enable governing bodies to communicate directly with members, customers, and other stakeholders.** An increasing number of associations are seeking knowledge directly from those whose behavior they are trying to influence, rather than depending upon committees, taskforces, or advisory groups as a source of filtered information from the “customer.”
- **Strong core values.** Nimbleness requires a common and universally agreed-upon understanding of the association’s direction. When members or leaders are in conflict, the cause of the problem can be either a disagreement over facts or a clash of values. If the disputants disagree over facts, leadership’s job is to collect information that is objective and defensible enough to be commonly accepted. If, however, the conflict arises because the parties don’t share the same values, leadership must refer back to the declared core values of the group and ascertain which of the proposed choices is most consistent with those core values.
- **A clear focus.** Focus is still a huge challenge for associations—the most critical and difficult element of managing risk. An association takes its greatest risks in deciding what it will do and not do, whom it will serve and not serve, how it will serve or not serve. If those fundamental judgments of strategy are wrong, then very little else matters. Focus—being able to say that the things it does create value for members, understanding that new opportunities must fit the association’s strategy—bolsters the prospects that those decisions will be made correctly.

Risk-averse boards usually lack the necessary knowledge, leaving them with no confidence in their ability to identify and manage risks. The antidote for risk aversion is the process and tools to assess and navigate risks. There is a critical relationship between nimbleness and relevance. The more risky the environment, the more nimble the association will have to be.

Key Findings of Evolving Governance Models and Processes

A number of key findings emerged from this study that have extraordinary implications for the future of voluntary organizations. These findings confront a number of myths, fantasies, and false promises about governance.

1. **Associations will increasingly alter key governance processes rather than structure.** Governance itself is as much about process as it is about structure. In fact, because so many key processes are linked to governance, it may be the most essential process of the association. Altering structure without making necessary adjustments in process merely changes the players, but not the productivity. This fact is borne out by the experiences of associations that have significantly changed their structure with little gain in their ability to deliver value. Altering structure may change the balance of power, but not the quality of what is produced.
2. **The needs and preferences of members related to time and expertise are forcing both the fiduciary responsibility of boards and the chief staff officer’s role to evolve.** The old bromide, “It is not the board’s job to run the association, but to see that the association is well run” is evolving. While these roles are definably different, both tend to focus on operations rather than direction, on management rather than leadership, on efficiencies rather than value. Good leaders have less discretionary time to give and are more aware of the limitations of their own experience and knowledge on contemporary association operations. Increasingly, boards are holding the chief staff officer accountable for seeing that the association is well run. The board’s role moves to defining what will constitute value to members, and then ensuring that value is delivered.

3. **Good governance sees its mission as having three dimensions, and the allocation of its time among those dimensions is shifting.** The three facets of leadership's mission are direction-setting, operational oversight, and attention to the organization's culture. Oversight and direction-setting have traditionally been part of the board's responsibility, and much time has been allocated to executing those roles, but few governing bodies have paid attention to their impact on the association's culture. As associations increasingly depend on their ability to offer community as a way to differentiate themselves from other service providers, the cultural element of the board's mission will need additional attention.
4. **Increasingly, governance is evolving from retreat-driven, product-oriented traditional strategic planning to a process of ongoing strategic thinking.** As members have more choices about where to belong and less time and funds to give, boards are spending more time on whether programs are achieving their desired outcomes. Governance is placing greater emphasis on ongoing strategic thinking. Direction is being defined as a vision of preferred conditions.
5. **Leaders desire a higher level of partnership and shared accountability with staff.** The traditional wall between governing bodies and management has become a porous membrane, with strategy as the common ground where roles meet. Governance expects staff to be more conversant with the dynamics of the industry, profession, or cause-related issues than ever before. They want staff to be a source of good and specific advice about how the association can be a tool for meeting their needs. For many years, association staff and volunteer leaders have been counseled to clearly define and distinguish their respective roles and accountabilities. Some associations spent just as much energy protecting these distinctions as they did providing value. Now, in many associations, governing bodies want a higher level of partnership and shared accountability. Clearly defined roles are less important and less valued. Increasingly, boards want staff to provide information and insight and participate in decision-making about desired outcomes and potential strategy with leaders.
6. **Expertise and honesty are becoming even more important.** Leaders of volunteer organizations have greater access to a richer and wider array of information about associations and their operations than ever before. With instant access to conversations on a larger number of Web sites and an ever-increasing number of publications specifically directed to volunteer leaders, the knowledge base of member leaders has grown exponentially. Leaders exposed to successful practices in one organization often expect improved performance in another. Therefore, association leaders are increasingly less tolerant of inexperience in staff or other volunteers.
7. **Governance is becoming less risk averse, but is more demanding of defensible information needed to effectively manage risks.** In most associations, the world that governing bodies are serving is changing rapidly, and the association has to evolve at least as quickly to remain relevant. Associations must be able to manage a greater level of risk—and leaders will require and demand information that helps them manage those risks.

In many associations, the pace of change will require adding new or emerging products to the program portfolio. Systems for prudent innovation are emerging, and boards are expecting their staffs to be able to effectively design and operate such systems. Attention to these systems and the judgments they produce are replacing traditional committee status reports on board agendas. Boards are becoming increasingly less tolerant of large volumes of information—as well as reports designed, consciously or unconsciously, to demonstrate how successful the organization is and how busy the staff and committees are. What boards want instead is information that allows them to determine or anticipate whether the association is delivering value.

8. **The next generation of members will not define enfranchisement merely as having a person with similar demography in a seat on the board.** Many voluntary organizations struggle periodically with issues related to board composition in the belief that minority voices growing to majority position desire a participation in the traditional mechanisms of governance. Younger members prefer a knowledge-based approach to governance that lets them participate in dialogue on substantive issues confronting the industry and the association. They also have high expectations about technology: The next generation of leaders and members will expect associations to use technology to enable them to participate in the organization's work without having to travel to a certain place at a certain time.
9. **Governance is moving from the traditional political model of debating the ideas of others to a more knowledge-based model.** In that model, leaders define the desired outcomes and establish parameters for the work of staff and volunteers, who then become accountable for action plans and implementation. Governance that exhibits the will to govern well enables board members to distinguish between being a "representative for" a constituency and being a "representative of" a constituency. The "representative for" argues and votes on behalf of a defined population. The "representative of" assures that the interests, beliefs, and values of a population are reflected in the decision-making process and promotes and votes for the best interests of the enterprise as a whole. The shift from a traditional closed political model to a more open rational model first requires altering governance process. Where the evolution of governance has been successful, it has been catalyzed by a competent executive who knows how to enlist volunteer and staff leaders from several leadership generations as champions of the change.
10. **Good leaders and governing bodies makes conscious choices not just about what will be accomplished, but also about how they will lead.** These judgments are made at an individual, group, and enterprise level on a case-by-case basis. The act of consciously making these judgments together tends to promote a) the knowledge necessary for strategic thoughtfulness; b) a common commitment to behaving in a fashion that earns the kind of trust necessary for others to agree to follow; and c) a disciplined flexibility consistent with nimbleness.

A Final Word: A Call to Action

The study of associations summarized in the ASAE Foundation book, *The Will to Govern Well: Knowledge, Trust, and Nimbleness*, assists organizations in creating governance systems with optimal flexibility, controlled not by what was decided yesterday, but by conversations about what should happen tomorrow.

This book provides a number of observations about the links between knowledge, trust, and nimbleness, and how together they contribute to effective governance systems in the 21st century.

The authors believe that developing and sustaining the will to govern well is truly an imperative for all associations in the future. It is the only thing that will ensure that associations' unique strengths will not be undermined. It preserves the key competitive advantages associations have in the 21st century—the aggregate intellectual capital of their membership, their energy as communities with common purpose, and their credibility as voluntary institutions.