

Book Review

The Handbook of Board Governance

A Comprehensive Guide for Public, Private, and Not-for-Profit Board Members

By: Richard LeBlanc (Ed.) with John Fraser

John Wiley & Sons (2016)

Transformational Governance

How Boards Achieve Extraordinary Change

By: Beth Gazley and Kathy Kissman

John Wiley & Sons (2015)

Reviewed by: Sid Mohn

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The Handbook of Board Governance is promoted as a “comprehensive guide for public, private, and not-for-profit board members.” The editor, Richard LeBlanc, has compiled articles from 50 notable authors, including himself. The contributing authors are to be lauded for their geographic and demographic diversity, albeit the majority are from academic institutions or business-focused consulting and technical assistance firms.

Although the book is billed as a comprehensive guide inclusive of not-for-profit board members, I would contend that its primary relevance is for governance of public and private for-profit entities. Only one article focuses exclusively on not-for-profits, and that is located in the closing chapter. In the article “Transforming Nonprofit Boards to Function in the Twenty-First Century,” Eugene H. Fram offers a cursory overview that serves as an introductory primer for readers new to the not-for-profit governance arena. The article is embedded in the last chapter of the compendium “Governance of Different Forms”; this chapter includes information on nonprofits, corporate start-ups, small cap companies, family firms, and businesses in the Middle East and North Africa. This one article devoted to not-for-profits is in a chapter of miscellany; consequently, for readers who want an in-depth look at not-for-profit governance, this is not the guide.

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Fram's article has the benefit of focusing the not-for-profit board of directors' role on policy and strategy and divesting the board of preoccupation with operational details and micromanagement. Fram advances a strategic and policy focus for the not-for-profit board by reflecting on a new approach to standing committees. He proposes three standing committees: planning and resource, assessment, and executive. He complements these committees with a variety of task forces, reporting up to the standing committees. I laud the intent to "reimagine" a more effective board structure, but I don't think the author goes far enough. His model, however, is a step in the right direction for a more contemporary board. Fram indicates that there is considerable debate about the role of an executive committee, although he does not fully articulate or evaluate that debate.

For the well-grounded not-for-profit executive or board director who is willing to wade through articles of little relevance, such as "Lessons From the Banking Crisis," "The Nonexecutive Chairman [*sic*]: Toward a Shareholder Value Maximization Role," and "The Rise and (Precipitous, Vertiginous, Disastrous) Fall of the Fiduciary Standard," there are some helpful insights to be mined in other quasi-relevant articles.

In "CEO Succession Planning," Mark B. Nadler provides a good overview of the three dimensions of CEO succession planning: rational, emotional, and political. Nadler suggests that companies still do a poor job in developing their internal talent pool, in spite of the recent trend of identifying internal candidates for the CEO role. Nadler advances that the HR function is often undervalued and underutilized in corporate decision making.

"Trends in Corporate Governance" by Chris Pierce is a good read for those interested in culture, ethics, and conduct. Pierce claims that boards have comprised the "male, frail, pale and stale" and argues that diversity is key in that it results in better board attendance and in more benevolent and less power-oriented decision making.

"The Role of the Board in Risk Management Oversight" by John R. S. Fraser is recommended for those interested in birthing a risk management program in their organization or in refining their existing risk management program. This article provides a good, albeit weighty, introduction to and overview of risk management. Fraser provides helpful insights into developing an enterprise risk management system and the role of a board risk committee within such a system.

In "The Happy Myth, Sad Reality: Capitalism Without Owners Will Fail," Robert A. G. Monks advances that most for-profit corporations have moved toward a singular power-oriented approach, lacking a "harmony of corporate enterprise with public interest." Citing Peter Drucker, Monks proposes that corporate fiascos in the past 40 to 50 years should demonstrate that the board as an institution has failed and a new approach is needed. Monk proposes that government action is needed to "restore its necessary monitoring function," thereby generating a system in which a robust economy results in advantages to all levels of society.

In "The Individual's Role in Driving Corporate Governance," James McRitchie ably articulates that board directors must be accountable for more than maximizing shareholder value; they are also to be responsible for advancing and ensuring social values. He highlights Google's motto "do no evil" as an illustration of a declared commitment to a social value. He claims that "too many CEO's and Boards are shifting the burden of externalities onto society, leaving us with the consequences of global warming, political chaos, and so on." So as not to be burnished as merely a do-gooder,

McRitchie illustrates that firms with high ratings on environment, social, and governance performance are more successful. He provides Norway as an example in which the government mandated a percentage of women board directors to address society's needs for "justice in society, . . . equality between the genders, human rights . . ." And voilà! These diverse boards were correlated with higher profits.

"Responsible Boards for a Sustainable Future" by Dr. Yilmaz Argüden is an inspiring article, particularly for those committed to global efforts that advance sustainable development in accord with the Rio +20 Sustainable Development Goals. Argüden promotes that boards move from perspectives focused on corporate social responsibility and risk management to a perspective on value-creation opportunity—which he understands to have economic benefit as well as social value. Argüden highlights Unilever's "sustainable living plan" as a best practice model; I consider this a must read for anyone interested in sustainable development and the role of the private sector.

In "Board Governance for a Better World," Alice Korngold continues Argüden's powerful argument for corporations and their boards to commit to a focus on building a better world and simultaneously improving their bottom line. She highlights how a relatively new corporate entity, Divine Chocolate Limited, is introducing a new model within the unsustainable cocoa industry. The Divine Chocolate model seeks to serve farmers, their communities, and industry, linking social responsibility and profits. Korngold advances that boards must have a focus on social responsibility and innovation. She, too, highlights Unilever's exemplary work in this arena with its simple purpose "to make sustainable living commonplace, achieved through fairness in the workplace, opportunities for women and inclusive business." Each of these pillars of commitment are accompanied with impact metrics. As someone tutored in and committed to the field of human rights, I resonate with Korngold's highlighting the Reggie Principles (the United Nations Guiding Principles on Business and Human Rights). For anyone interested in social justice and the role of business, this is a must-read article.

In summary, *The Handbook of Board Governance* is not geared for the not-for-profit executive or board director, in spite of its title. Those with experience under their belt can glean helpful insights and inspiration by wading through the articles detailed in this review. The *Handbook* is most relevant for not-for-profit leaders who are interested in topics of the business sector's current and potential leadership in sustainability and advancing social good and social justice. It is the latter that most recommend the book.

In contrast to *The Handbook of Board Governance*, *Transformational Governance* is solely focused on not-for-profit organizations and their boards of directors. It explicitly declares a commitment to being a how-to guide to move organizations from "good to great." The book is based on the American Society of Association Executives 2013 national survey of good governance practices and additional qualitative research produced specifically for the book. *Transformational Governance* is more practical than theoretical, a welcome contrast to the *Handbook*.

Each chapter in this relatively short book (nine chapters in all) begins with an overview of board governance issues. I found that these overviews were, well, too much of an overview and somewhat lacking in substance. They provided more of a preamble to the focused topic, rather than an overview of the topical area.

I also found that the scope of topics included in the book was somewhat limited; the book is targeted at an overview of the change process within boards of directors

and the role of the CEO and board chair in effecting change. The changes described in the introductory sections of the chapters are “reform-like” in nature in contrast to more substantive transformations (a tease in the title of the book that was not realized through the reading of the book).

That said, as a former executive director of a nonprofit, and as a nonprofit organizational consultant, I liked some of the visual illustrations in the book, such as the change matrices detailed in Table 4 in Chapter 4 and the checklist for engagement of a consultant in Chapter 8. These are precisely the types of evidence-based pragmatic tools that I longed for in each of the topical chapters.

I also lamented that there was not a summary of best practice findings at the end of each chapter. Whereas *Transformational Governance* is to be applauded for its practical approach, it is a bit lacking in having a theoretical summary based on case study documented evidence. Parenthetically, most of the case studies were those of association management not-for-profits. I would have benefited from a wider array of not-for-profit case studies, including social service- and social justice-focused organizations.

So what did I like? In spite of their association management basis, I found the case studies to be valuable. As a former president of a nonprofit, I found that the case studies were well researched and documented and that they provided a good process understanding of issues facing the highlighted organization and its problem-solving or change management approach. The success of the book is embedded in its case studies, in my opinion.

The final chapter entitled “Conclusion,” in one page, summarizes key learnings from the entire book. It may be worth starting from these final summarized key learnings and then reading the case studies to gain the greatest benefit from the book.

The book ends with an appendix of resources for not-for-profit leaders, including “Sample Communications Guidelines,” “Board Orientation Checklist,” “Board Director Agreement Form,” and “Board Meeting Evaluation Instrument.” The appendix may be the most important component of the book.

The Handbook of Board Governance predominantly focuses on for-profit organizations, whereas *Transformational Governance* primarily focuses on not-for-profit associations. The *Handbook* is theoretical in its focus; *Transformational Governance* is pragmatic, as evidenced in its use of case studies as its primary pedagogical approach. Neither is fully satisfying; neither provided for my desire to have concise summaries that could serve as pocket guides or references for the busy not-for-profit executive or director.

Tailored excerpts from both books could be used by nonprofit consultants who are working with clients on organizational governance issues, but such background references for clients will have to be carefully investigated. For undergraduate or graduate educational purposes, I recommend *The Handbook of Board Governance* for master’s level students, particularly those interested in corporate social responsibility or those studying the intricacies of for-profit governance structures. *Transformational Governance* may have merit for students engaged in a service-learning project with a nonprofit organization, but only if those students have prior governance experience with a nonprofit or if they are engaged in a service-learning program.

Both of these books are helpful resource guides for the not-for-profit CEO’s library, but I’m not sure that either belongs on the top shelf.