

# Governance Matters: A Relationship Model™ of Governance, Leadership and Management



by Richard Bull

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**Richard Bull reviews this book on Governance which is unusual in being written from a Christian point of view. It turns conventional wisdom on its head, by suggesting good governance is illustrated by a tree, where power is fed upwards from the grass roots. The Relationship Model™ offered for organisations is unashamedly based on Christian values.**

Isn't it wonderful when you find a simple picture to explain a complex problem? Well, if ever the relationship between the board and management of an organisation you are involved with appears unclear and an obstacle, rather than an enabler, of its success, the Relationship Model™ developed by Les Stahlke could provide valuable insights into why it is so – and how to resolve it. This article illustrates some of the insights available in his book *Governance Matters*<sup>1</sup> but each reader is likely to discover their own.

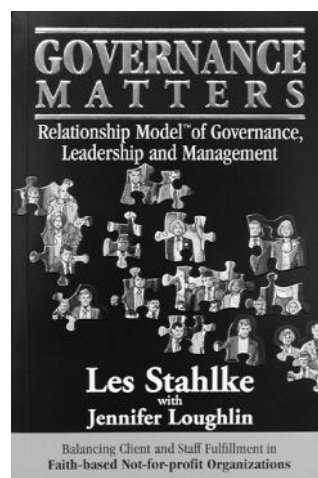
Les, the former CEO of Mission Aviation Fellowship Europe (MAFE), has written *Governance Matters* with Jennifer Loughlin, the former Director of Human Resources for MAFE, who has had sixteen years experience with TearFund and as a trustee of People In Aid. Les lives in Canada but makes frequent visits to the UK. During a recent trip he

presented his model to trustees and management of a variety of organisations in my local community of Petersfield in Hampshire. He impressed us with his wisdom and insight, built on sound biblical principles and reflecting the character of Jesus.

There are hundreds of books listed on Amazon which include the term 'governance' in them but this is one of only two books

which appear to bring the Christian faith to bear explicitly on the subject<sup>2</sup>. And it focuses on relationships within an organisation rather than the legal framework on which publications such as the Institute of Directors' Fact Sheets tend to focus.

The Relationship Model™ of Governance can readily be applied to what Les calls 'faith-based' organisations – not just churches but charities and other organisations led by people who have a vision based in Christ. However, the structure and principles can be applied equally to what he calls 'values-based' organisations (organisations across the not-for-profit sector) and can be extended to those in the commercial sector, even those which might be called 'profit-based'. Les has written separate versions of his book for 'faith-based' and 'values-based' organisations and is working on material for 'profit-based' ones.



The model pictures an organisation as a tree (see figure 1). The tree draws its nutrients from the ground, by its roots, up through the trunk and main branches, to its leaves and to its fruit. In the same way, an organisation draws its authority – and the resources it generates – from a particular source and passes it through its various channels to deliver its products or services.

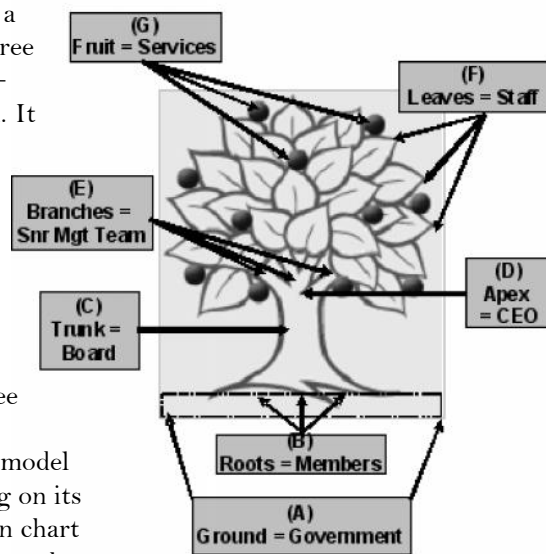
Although the picture is of a fruit tree, the image of a tree can be applied to all sorts – and sizes – of organisation. It has now become common to refer to organisations as organisms and the model applies to the smallest bonsai as well as the largest sequoia.

Each component of the tree represents a stage in the organisation. But here the model turns conventional thinking on its head. A typical organisation chart represents a hierarchy, where the Chairman or CEO sits at the top and applies power downwards. However, in this picture, authority is drawn from below and passed upwards. Les Stahlke quotes Jesus as endorsement of this way of thinking. “You know that **the rulers** of the Gentiles **lord it over** them and their **high officials exercise authority over** them. **Not so with you.** Instead, whoever wants to be the great among you must be your **servant.**” (Matthew 20:25-26, NIV).

The ultimate source of authority, whether from God or via his agencies of government (usually, in practice, Companies House or the Charity Commission), is

represented by the ground (A). The roots (B) of the tree represent the members or shareholders in the organisation from whom the trunk (C) – the board – draws its nourishment. Indeed, it is often forgotten, especially in not-for-profit

**The Relationship Model™ of Governance**  
**Figure 1: Picturing an Organisation as a Tree**



organisations, that the board of trustees or directors are appointed by the members and draw their authority from them. Sometimes it appears the other way round.

At some point the trunk gives way to the main branches of the tree. These branches (E) represent the senior management team. There is a point at which they diverge from the trunk – at its apex (D). However, it is not always easy to discern exactly where the trunk ends and the branches start. In an organisation, this point usually appears to be personified in the role of the

Chief Executive Officer (CEO). But, just as it is not always easy to see the dividing line between trunk and branches, so it is often ambiguous as to where the role of the board ends and that of the CEO takes over. We shall return to this later.

The main branches of a tree support smaller branches (‘lower’ levels of management), and pass nutrients on to its twigs and leaves. The leaves (F) represent the staff (whether paid or voluntary) in an organisation and demonstrate their role as ‘front-line workers’. They provide the face of the organisation to the outside world, including its customers, suppliers and local community. However, the ultimate purpose of the tree is to produce fruit (G), which represent the value and benefits, in the form of goods and services that the organisation is designed to deliver.

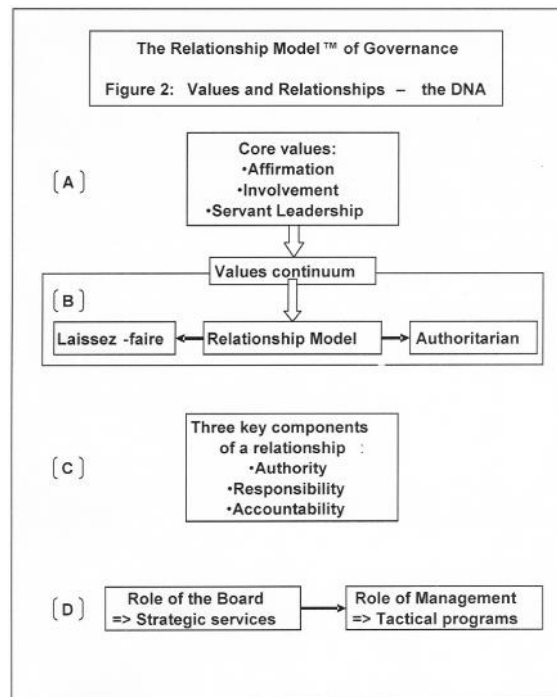
Les Stahlke identifies ten principles of governance, leadership and management within his model and one of these is the importance of maintaining a balance between the fulfilment of the needs of the donors (or shareholders in ‘profit-based’ companies), the customers and the individuals (employees or volunteers) in an organisation. (The book has the strapline of ‘Balancing Client and Staff Fulfilment in Faith-based Not-for profit Organisations’). This very much reflects the ‘stakeholder’ model of governance promoted by Tomorrow’s Company and others who have sought to moderate the narrow view of ‘maximising shareholder value’ prevalent in so many companies.

This analogy of an organisation as a tree is very helpful in picturing the various roles within it. It illustrates how authority is drawn from the original source to the people who deliver the services for which the original authority was given. It also evokes a number of other images. The most vivid for me was of the effect on the tree of windy conditions: 'winds of change', whether they be social, technological or environmental - not to mention economic recession. In a strong wind leaves may fall (redundancy) and fruit may perish (services compromised or made obsolete). The large and small branches may be broken off but generally they will sway with the wind. However, the trunk of the tree is the strongest part and usually the last to go. Therefore a great strain applies at the apex, where the swaying branches are held fast by the trunk. And it is here that we often see the pressures on the CEO, torn between the demands of the board and the diverse experience and competencies of his/her team.

The Relationship Model™ of Governance is not limited to the external picture of a tree. Figure 2 illustrates the values and relationships which provide some of the intrinsic components - or DNA - that make the tree (or organisation) what it is. It is a weakness of the model that these are not incorporated into the

picture of the tree but they are nevertheless core to it.

Les Stahlke recognises that there are a wide range of values within an organisation and identifies three core Christian relational values (A) that flow from the most basic of all values - Christian love. These are: affirmation (one aspect of love); involvement; and servant leadership<sup>3</sup>. Les illustrates how



God demonstrates these values towards us by his love towards us, involving us as stewards over his creation, and through Jesus' example and teaching. How contrary these are to what we often see in reality! Criticism has lost its affirming quality and has come to have only negative connotations. Involvement has given way to informing or, at best, consulting. And instead of servant leadership the desire for control over subordinates is still

prevalent in even the most altruistic of organisations.

These core values are at the heart of the relationship model, which Les Stahlke describes as at the centre of a 'values continuum' (B). At one extreme is a set of *laissez-faire* values where we tend to avoid conflict and avoid dealing directly with issues. At the other extreme is a set of authoritarian values where "might is right" and where obedience produces rewards. In the centre lie the relationship values of affirmation, involvement and servant leadership which ensure a balance between meeting the needs of the various stakeholders, particularly staff and customers.

The essence of the relationship model is the principle of providing 'freedom within boundaries' at each stage at which authority is passed (up) through the organisation. This freedom, within boundaries, is built on the structure of relationships within the model. The structure comprises three key components (C): authority, responsibility and accountability<sup>4</sup>.

Authority includes authorisation of money and of people; limitations to that authority define its boundaries. Responsibility describes the purpose of a particular role. It is further defined by the outcomes expected of that responsibility, which is negotiable - based on competencies, experience and level of authority provided.

Accountability provides measurement and is a neutral term, even though it has tended to have negative connotations, allowing for affirmation when standards are met. It measures whether authority and responsibility are in balance and is therefore mutual between the parties. It is important that the boundary of the one does not exceed the boundary of the other.

The biblical principle of 'freedom within boundaries' is illustrated by



■ Les Stahlke ■

God giving Adam and Eve permission to eat from *any* tree in the garden – except from the tree of the knowledge of good and evil. It is a principle which we are

taught to apply as parents towards our children, and indeed the Relationship Model™ describes the relationship between trustees or directors and the CEO as 'parenting' rather than 'managing' - through involvement (a core value in the model) and consultation rather than too much, or too little, control. I found the statement that "ten prohibitions are worth a thousand permissions" was very challenging. How often, when we write a job description, do we try to list the details of what *can* or *should* be done, rather than define its boundaries and what is not permitted within them?

This principle is nowhere more relevant than in defining the relationship between the board and the senior management team (D) and the role of the CEO. The

Relationship Model™ clearly distinguishes between the roles of governance and management. One of its ten principles is that "The Board of Directors, acting on information from all stakeholders, is responsible for governance: defining values, target groups, needs/services, vision, mission and priorities, monitoring performance and measuring results". On the other hand, "The staff is responsible for management, delivering services to the customer in accord with Board-stated priorities and for achieving the strategic goals within the limitations of the authorization and resources available." In

other words, the board is responsible for determining *what* the organization is about (including its values); the CEO is responsible for the *how* this is to be achieved - and implementing it. The board is responsible for defining *Strategic Services* and providing the authority, financial and human resources; the CEO is responsible to the board for defining and delivering *Tactical Programmes* that achieve strategic results. Accountability is mutual.

It follows from this that, while the roles of Chairman and CEO are equally important, they are mutually exclusive. The model helps to address the ongoing issue of whether these roles can or should be combined. The message is clear that, to avoid ambiguity and conflict of interests, they should not. The

experience of companies in the UK and USA in recent years has clearly demonstrated that this is best established from the outset. Untangling the roles and dealing with broken relationships, once they are established, have caused many traumas in the boardroom which have jeopardised the success of the wider organisation.

There is far more in this book than can be addressed in this article. Whether you are a member of the board or senior management of an organisation, or a member or other key stakeholder, this book can give you insights into what may be causing conflicts or obstacles to the successful fulfilment of its purpose. I recommend it to you. ■



■ Jennifer Loughlin ■

*Richard Bull is a freelance writer on the essence of business and has been a member of the Christians in Consultancy group at Ridley Hall.*

## Notes

- 1 *Governance Matters; Relationship Model™ of Governance, Leadership and Management* (paperback) available from Resolve which will also provide licensed Relationship Model™ consultancy services telephone/FAX 01273 549512 or email: [office@christianmediation.org.uk](mailto:office@christianmediation.org.uk)
- 2 The other is *Faith in Governance* by Michael Willis and Michael Fass, Industrial Christian Fellowship, 2004. It was reviewed in FiBQ 9:1.
- 3 For a more detailed description of these values, see <http://relationshipmodel.com/fb/relmod/model.aspx> for an article by Les Stahlke on the Relationship Model
- 4 For a more detailed description of these components, see the above article by Les Stahlke.

