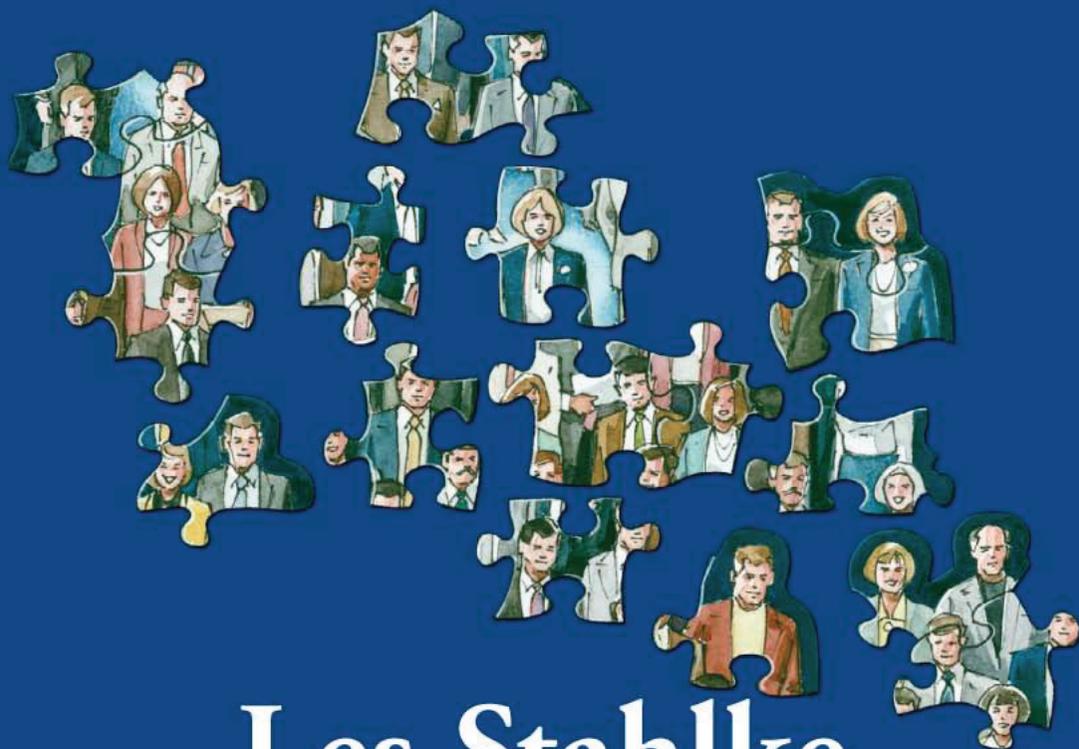


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# GOVERNANCE MATTERS

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Relationship Model of Governance  
Leadership and Management



**Les Stahlke**  
with  
**Jennifer Loughlin**

**Balancing Client and Staff Fulfillment in  
Faith-based Not-for-profit Organizations**

*“The Relationship Model helped the board of Grace International School develop the change strategy required to move from a Managing board to a Governing board.”*

Nancy Benham, MBE

Chair of Board of Governors 2000-2002, Grace International School  
Dhaka, Bangladesh

*“The process of transforming from a managing board to a governing board using the Relationship Model was a paradigm shift. However, it resulted in making Pro Coro Canada a more stable organization, increased morale, better leadership in every sense, and an encouraging positive future outlook.”*

Trent Worthington, Minister of Music

St. Albert Alliance Church

Associate Conductor, Pro Coro Canada, Edmonton, Alberta, Canada

*“Finally, a light is shone on the path out of the chasm of non-profit organizational planning. Thanks, Les Stahlke!”*

Gary R. Burkee, President

The Burkee Group

Chairman of the Board, Star of Hope Foundation

Milwaukee, Wisconsin, USA

*“The Relationship Model of governance and management helped us clearly define how to properly plan to respond in almost any future situation.”*

Ed and Rhoda Kirk, President and Vice President/Secretary

AA Electric S.E., Inc., Lakeland, Florida

Members, Board of Directors

Hope Seeds, Inc., Palmetto, Florida, USA

*“Recently The Edmonton Academy governing board adopted the relationship model. It has made a big difference in terms of how we operate. It has certainly empowered the staff to handle the day to day operations and running of the school while allowing the Board to concentrate on strategic direction. Recently our Executive Director said, ‘We have made more progress in the last two years than the ten previous years. The board is able to concentrate on strategic direction rather than spend their meetings talking about details in the management of the school.’”*

Joyce Johnson, Chief Operating Officer, The Good Samaritan Society

Board Chair, The Edmonton Academy, Edmonton, Alberta, Canada

# Governance Matters

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# About the Authors



## **Les Stahlke**

Les Stahlke has spent his entire 40-year professional career in leadership positions in not-for-profit organizations. Following six years as a parish pastor in Alberta, Canada, Les led in the founding of the Lutheran Association of Missionaries and Pilots (LAMP). During his 25 years as CEO, LAMP became an international organization with two boards and expanded to serve people scattered over more than one million square miles of northern Canada and Alaska.

In 1995, he accepted an appointment to serve as the CEO of Mission Aviation Fellowship Europe, a consortium of ten European national MAFs, providing air transport services in four east African countries plus Chad, Madagascar, Bangladesh and Mongolia.

Les has served on numerous not-for-profit boards as a director and chair. The Relationship Model™ is supported by many years of leadership experience, personal observation, theological study, research and analysis.

Since 1999, Les' company, GovernanceMatters.com Inc., has offered the Relationship Model™ to churches, faith-based and secular not-for-profit organizations in North America, Europe and Asia. He presents the model in person and via the Internet.

Les Stahlke lives in Edmonton, Alberta, Canada.



## **Jennifer Loughlin**

Following a childhood commitment to world mission, Jennifer served in a mission hospital in Nazareth. While at a major London hospital, Jennifer was invited to serve with TearFund, a Christian Relief and Development Agency. For 16 years, she was responsible for selecting and supporting people who served throughout the developing world, initiating a unique program for new graduates to gain cross-cultural experience.

With a Master's degree and as Director of Human Resources, Jennifer served with Mission Aviation Fellowship Europe, a mission flying into some of the world's most inaccessible places.

Jennifer maintains her commitment to international mission as a trustee of People In Aid, an organization establishing and maintaining standards of good practice for international aid workers. Today, she supports non-profit boards in their governance responsibilities through her organization, Creative People Solutions.

Jennifer lives in Cobham, Surrey, United Kingdom.

# Prologue

“Who is your audience?” people ask me. Personal friends and colleagues have suggested that I write this book for four different types of organizations:

- faith-based not-for-profit organizations
- secular not-for-profit organizations
- Christian churches
- for-profit corporations.

The Relationship Model™ of governance applies to all, but I am writing primarily for the first of these four. In this book I have chosen to emphasize the source of the Relationship Model™—the Bible. I believe that the Relationship Model™ follows God’s design for healthy, balanced relationships.

Other holy books contain the same insights. For example, the Koran makes 67 uses of the word “limitations” in the same context as it appears in the Relationship Model™.

Even people for whom holy books may have no particular value may benefit from the Relationship Model™. Common sense is at the heart of this model of governance, leadership and management. I believe that common sense is another of God’s creations. Why would there be any conflict between what we read in the Bible and what we know from common sense?

I suggest that the best way to read this book is by starting at the beginning in order to introduce yourself to the conceptual basis of healthy, balanced working relationships detailed in the Relationship Model™. Once you have done this, feel free to move to the section most applicable to you, perhaps the role you have in your organization. There is something here for boards, board chairs, CEOs, managers, paid and volunteer staff.

Two of us have had a role in writing this book. Jennifer Loughlin, my colleague who lives and works in the United Kingdom, has written the sections that deal with competencies of board members, board chairs, chief

executive officers and managers. Her research and expertise in competencies, vital components to healthy working relationships, is a major part of the Relationship Model™.

Many of the common English words in the text are used as technical terms. They have specific meaning to give the model clarity. For example, words like *strategic* and *tactical* can have several meanings. Other words, like *power*, *hierarchy* and *accountability* have been “abused” over the years. Each carries baggage that changes the meaning for many of us. In this book these words have only one meaning. All words to be taken as technical terms are included in the Definition of Terms in Part 3, Appendix A. Referring to these definitions may help you to understand the model more clearly.

You will also find in the appendices a bibliography of the work of other people on this journey towards knowledge. The development of their themes and concepts is, I believe, worthy of your consideration. Their works are foundational to this practical application of governance to not-for-profit organizations. I have quoted from some of their works, as I considered appropriate and valuable.

Life is a journey of learning, a journey that appears to have no destination of complete wisdom in this life... only milestones of “aha” experiences and discoveries. My purpose is to add value to your own journey by building on what is already available to you.

I believe that from your own experience and common sense, you are already acquainted with the many pieces that make up the “puzzle” of healthy, balanced working relationships. My hope is that this book will help you find clarity in seeing how the many pieces can fit together to form the big picture of a healthy not-for-profit organization.

*Les Stablke*

## **The Relationship Model™**

### **Principles of Governance, Leadership and Management**

- 1 The organization seeks a balance between the fulfillment of the needs of the clients and the personal fulfillment of the staff and volunteers.
- 2 The affirmation, involvement and servant leadership of every individual and group at every level in the organization are vital to the success of the organization.
- 3 Authority, responsibility and accountability are the primary components of all relationships. Limitations of authority and expectations of responsibility are the secondary components.
- 4 Circles of authority and responsibility are defined clearly and are maintained equal in size by placing limits on authority or by negotiating expectations of responsibility.
- 5 The board of directors, acting on information from all stakeholders, is responsible for governance: defining target groups, services/needs, vision, mission and priorities, monitoring performance and measuring results.
- 6 The CEO is responsible for managing the delivery of services to the clients in accord with board-stated priorities and for achieving the strategic goals within the limitations of the authorization and resources available.
- 7 Each individual has a share in responsibility for creating, owning, understanding and implementing the mission of the organization.
- 8 Decision-making proceeds from shared values, vision and mission, not unilaterally from the board or the CEO. Decisions are made as close as possible to where they are implemented.
- 9 The organization is results-oriented. Indicators of results are identified. Strategic and tactical goals are set in balance with available resources. Results are measured.
- 10 Accountability is mutual. The source of authority is accountable to the recipient for providing adequate authorization and resources. The recipient is accountable to the source for achieving results.