# Policy Governance – A Backgrounder

"Policy Governance is a model that describes the responsibilities and function of a Board of Trustees.  It defines the work of the Board as "governance" and makes the distinction between governance and management." (Ballantyne, 2006, p. 1)

## What does policy governance do?

- Clarify why we need a board and what it is responsible for what
- Provide a complete model for managing the operation that clarifies who does what (separates the role of the Board from the role of the ED)
- Define the Board – Staff relationship
- Clarify the role of Board Members
- To provide a group of principles that are internally consistent, externally applicable and logical (ensuring that we avoid a hodgepodge of practices, whims of individuals and capricious decision making)
- To provide an evaluation process that is both fair (based on results) and rigorous

In **traditional governance** the board tries to keep up with and to direct management.  Often it ends up following management. The Board approves staff action plans and tries to exercise oversight often focusing on the details of the operation or micromanaging.

**Policy governance Boards** states what the organization must achieve and holds management accountable.  The Board is clear about the required results (ends) and describes what means are not acceptable (ED limitations).  The focus of the board is on revising desired results and means attending to the needs of the membership (owners).

## What is the Board's job?

The Board's job is to represent the members of the community and to be accountable to ensure that its organization works.  Our responsibility is to represent and to speak for the interests of the community. The Board has all authority and responsibility until it gives some of it away (delegates).  Two things it cannot delegate are the ultimate responsibility for the finances of the Society and the personnel policies of the Society.  The community is essentially the *owners* and the board is essentially a servant to the

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owners.  It is important to note that it is the board as a whole that speaks for the owners and not individual board members.  The board must speak in one voice as it is the board as a whole that carries the responsibility and not each individual who sits on the board.  "One voice" does not require a unanimous vote but it requires that all board members (even those who voted against a decision) respect the decision.  Boards are responsible for **leadership** and **vision**.

The actual running of the organization is delegated to management.  And in order for that management to be successful it is important that the Board be very clear about expectations so it can be clear as to whether or not those expectations have been met.

Policy Governance generally recommends that the Board uses a single point of delegation (i.e. an Executive Director) for all of the board's organizational expectations.  In essence all of the authority of the Board is granted to the Executive Director with limitations defined by the policy.  The Board only has one employee (all other Staff report to the ED) who is totally accountable to it.  So it is incumbent on the Board to:

- Be clear about expectations (ends)

- To assign expectations clearly (policy)

- To check that the expectations are met  (evaluation)

## Ends/Means Distinctions

*Ends* are the intended changes that clarify the organizations impact on the world and clarifies at what cost

*Means* are all of the actions/activities it takes to achieve the ends

Boards define the ends and the Staff is responsible for developing and carrying out the means.

"Thus, when we say a board is responsible that its organization works, we simply mean that the organization (1) accomplishes the intended results for the intended people at the intended cost or priority – expressed in the board's Ends policies; and that it (1) avoids unacceptable methods, conduct, activities and circumstances – unacceptable means expressed in the board's Executive Limitations policies." (Carver and Carver, 2001, p. 7)

## Four Categories of Board Policies (way of board clarifying its expectations)

1. Ends

The Board acting on behalf of the membership (owners) set targets for the organization to achieve. Ends include expected results, clarify as to the recipients of these results and the worth of the results (dollar value and priority).

2. Executive Limitations

In Policy Governance constraints (unacceptable means) are stated negatively in policy because telling someone what to avoid is more empowering that telling them what to do. Policies should be crafted in such a way as to not limit the choices the manager has to achieve the "Ends". An example might be that the ED must consult the Executive before developing a workplan as to how they will achieve a particular End. The board sets the principles and guidelines but does limit operational choices. The Board identifies risks, states what is unacceptable and establishes boundaries.

3. Governance Process (Board Means)

The details of the role of the board Chair, executive, branch representatives and members at large are clarified in these policies as well as the values (e.g. Code of Conduct and Code of Ethics). Clarity as to the nature and role of standing committees and special interest committees is another example of governance process.

4. Board-Staff Linkage (Board Means)

Defines how the Board links with the Staff. For example there is often a direct relationship between the Board Chair or the Board Treasurer and the Executive Director. Clarity as to what is advising and what is supervision is important. The individual executive members do not supervise but maybe important sources of wisdom and support for the ED.

## Accountability

The ED is accountable for carrying out the policies. The Board is obliged to say what must be achieved and then monitor the results

*"Board members who expect that their role is to help with wise managerial advice, or who are good at spotting problems in financial sheets, or are accustomed to offering volunteer services, will find little application for their skills on a Policy Governance board.  Board members leave their personal wants and visions for the organization at the door."* (Ballantyne, 2006 p. 3)

**Essentially the Board is to attend to the needs of the community it represents and not to assist management.**  Policy governance requires the Board to articulate what must be achieved and then holds staff accountable to achieve the results.

**Evaluation** is totally about whether the board expectations are being fulfilled.  Therefore it must be related to the expectations defined in the Ends or the Board Limitations.  The ED knows that they are being evaluated on the results and not on other criteria that may be extraneous.

Boards must be responsible for their own performance and therefore it is important to evaluate the Boards performance on a regular basis.  Is the Board representing its members, is it monitoring and developing policy and is it adhering to its governance processes?

## Board Meetings

Board meetings occur because of the need for board members to learn together, to contemplate and deliberate together, and decide together.  Board meetings are not for reviewing the past, being entertained by staff, helping staff do its work, or performing ritual approvals of staff plans. (Carver and Carver, 2001, p. 15)  The Board uses the meeting to address its needs and thus may include learning sessions or joint meetings with other boards.  The meetings need to focus on the identification of the Ends and the making of decisions.