

Creating Meaningful Trust and Empowerment Through Clear Boundaries

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It's All About People

The Board's Challenge



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How can a group of peers:

- **1. responsibly exercise authority:**
 - over activities primarily unseen
 - toward goals difficult to measure
 - over jobs/skills different from their own?
- **2. fulfill this accountability:**
 - without unduly infringing on management capability and creativity?
- **3. do so when:**
 - they themselves have disagreements
 - time for the task is limited, and
 - the stream of organizational details is endless?

The CEO's Board-Related Challenge

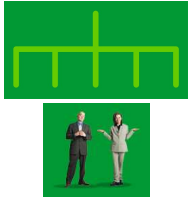


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How can a CEO:

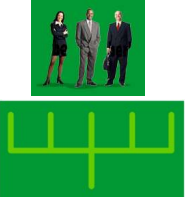
- **1. please the boss (the Board) if...**
 - It hasn't clearly defined expectations
 - Influential Board members have different expectations, or
 - The personalities keep changing?
- **2. "lead" the boss when...**
 - Some board members just want to "look good", or
 - Others want "control" and not to be dominated by CEO
- **3. be effective when...**
 - You have to "manage your Board", rather than benefitting from its leadership

The Governance/Management Distinction



Manager

Operating Organization



Board

Manager



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The Need to Delegate

- Board — accountable for...
 - ...Everything!
- Board has *all* organizational authority.
- Since far more than can put “hands on” — Boards must delegate right to make decisions.
- Delegation = giving some of it away
- Dilemmas...



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Delegation Dilemmas

- #1: How to retain accountability for decisions made by others?
- #2: (commonly top of mind...)
 - How to avoid giving *too much* authority?
- #3: (not top of mind enough...)
 - How to ensure giving *enough* authority to get the job done?



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Effective Delegation

1. Performance expectations clearly defined
2. Performance expectations clearly assigned
 - (responsibility *and* authority)
 - (no ambiguity)
3. Verification that the expectations were met



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The Board's Oversight Challenge:

- How to control operations?
 - (without getting stuck in them)



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Traditional Approach: “Approvals”

- How do Boards approve operating plans?
 - CEO/staff prepares plan for Board approval
 - Committee and / or Board produce the plan



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Consequences of Approvals

- What happens when the Board approves an operational plan?
 - No clarity of underlying values
 - Implies “one right way”
 - Board mired in managerial details
 - Staff lose incentive to innovate



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A New View of Board “Approvals”

- A Board should “approve” something ONLY if it first has agreement and criteria as to:
 - “On what basis would we vote no?”



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Is it a Good Plan? (or, “What are we approving?”)

- To extent concern is about effectiveness....
- ENDS accomplishment is the only needed test!
- But, some means are cause for concern, even if effective!
- Solution: address these directly....
- State what is UNACCEPTABLE.



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Principle: Use Parameters – not “Approvals” - to Empower and Control CEO/Operations

- Accountability = CEO not faulted for Board's decisions.
- Define what is “off-limits” – even if it would work
 - then let people run / make decisions within boundaries
- “Pre-approval”
- Allows for reasonable creativity, flexibility and agility.
- Example: Speed Limits



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Don't PREscribe
 (“Approval Syndrome”)



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PROscribe
(set parameters)



The Value of Parameters



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Staff Means

Sample Executive Limitations Policy “General Executive Constraint”

- The CEO shall not cause or allow any practice, activity, decision or organizational circumstance that is:
 - **unlawful,**
 - **imprudent, or**
 - **in violation of commonly accepted business and professional ethics and practices**



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Staff Means

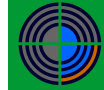
Potential Lower Level Definitions*

*Source: Policy Governance Principles and Model Consistency Framework, v. Oct 11, 2022

1. These policies comprehensively cover all unacceptable CEO means.
2. Executive Limitations articulate the values about operational means which would be unethical or imprudent. Preventing imprudent and unethical behavior is the board's sole aim in setting these policies.
3. ...It's not the intent of these policies to direct the specific choices or means that the CEO uses to lead or operate the organization...The CEO is "left free as possible to experiment, innovate, and shift everything else quickly and easily" (John Carver).



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Staff Means

Executive Limitations Common Lower Level Topics

- General Executive Constraint (*ethics/lawfulness*)
- Treatment of Members/Customers
- Treatment of Staff
- Financial Planning/Budgeting
- Financial Condition & Activities
- Asset Protection
- Compensation and Benefits
- Emergency Executive Succession
- Board Awareness & Support



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Staff Means

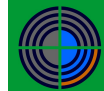
Fellowship Housing Policy MP 1.7: Compensation and Benefits: With respect to employment, compensation and benefits for employees, consultants, contractors or volunteers, the Executive Director shall not cause or allow jeopardy to Fellowship Housing's financial integrity or public image.

Accordingly the Executive Director shall not:

1. Establish salaries and benefits that deviate materially from the geographic and/or professional market value for the skills employed.
 - a. Total compensation, including benefits, should be targeted at or near the mean of the market, but with flexibility so that compensation is based on experience, performance, and business need to attract and retain specific talent.
2. Change their own compensation.
3. Change their own benefits, except as consistent with the package for all other employees.
4. Promise or imply permanent or guaranteed employment to anyone. All employees shall be considered at-will employees.
5. Establish or change retirement benefits that would cause situations unpredictable for the organization or inequitable for employees.



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Staff Means

Potential Criteria for Judging Consistency of Board Behaviors*

*Source: Policy Governance Principles and Model Consistency Framework, v. Oct 11, 2022

1. The CEO listens politely to individual board members but only acts on the full board's passes policies.
2. The CEO chooses the most appropriate means to achieve Ends without asking board's approval.
3. The board places no limits directly on any staff other than the CEO.
4. The board can articulate to third parties which expect extensive "approvals" how the limitations approach simultaneously enhances both productivity and accountability.



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Staff Means

Discussion Questions

1. How have good Executive Limitations/Management Parameters policies (and effective monitoring of compliance with them) strengthened trust between the FHC Board and ED?
2. How have good Executive Limitations/Management Parameters policies (and effective reporting with ED interpretations and data) empowered her as FHC ED?
3. Audience questions/comments?



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