

Sustaining Policy Governance: Does Turnover Have to Mean Turmoil?

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Trouble Spot #1

- Board is not utilizing Policy Governance optimally
 - Insufficient understanding of the principles
 - Basics in place, but just going through the motions
 - Not applying the principles when something goes wrong
 - Current board therefore not wholly convinced of effectiveness, so can't "sell" it to new members



Trouble Spot #2

- Board member turnover
 - Some new board members don't understand Policy Governance
 - Some new board members don't like Policy Governance or have had a "bad experience"
 - Lack of solid orientation to the model
 - Lack of returning board member commitment to the principles



Trouble Spot #3

- New CEO
 - Board didn't make working with Policy Governance level of accountability a requirement when hiring
 - CEO doesn't receive sufficient support to learn Policy Governance
- Your experience?



We are what we repeatedly do.
Excellence, then, is not an act,
but a habit.

–Aristotle



Goals direct your future. Your
habits decide it.

@jameseparnell



Sustainability Habits™

1. Build a strong foundation
2. Engage in regular maintenance
3. Use Policy Governance as a springboard for effective leadership
4. Be proactive about succession planning



Habit 1: Build a Strong Foundation

- Be clear on the board’s job
- Cultivate a culture of accountability
- Obsess on Ends



Be Clear on the Board Job

- Sustainability begins with clarity
- Knowing what the board job is – and is not – is critical to prevent loss of momentum when new members join the board

Yes	No
<ul style="list-style-type: none"> • Connecting with owners • Developing governance-level policy • Monitoring for compliance with policy 	<ul style="list-style-type: none"> • Meddling in management • Rubber-stamping management decisions • Creating board committees in operational areas

Cultivate a Culture of Accountability

- Remember that the board is accountable to the owners
- The CEO is accountable to the board

Board Accountability to Owners

- Develop a robust Ownership Linkage Plan
 - Board-directed, not designed by staff
 - Deliberate, not incidental
 - Ongoing – for example, rolling 3-year plan
 - Who will the board connect with to gather reasonably representative input?
 - What questions will you ask?
 - What method(s) will you use?
 - How will you report back to owners?

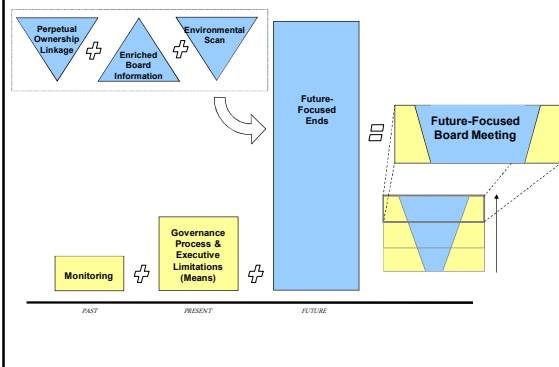
CEO Accountability to Board

- Clearly defined Ends policies
- Clearly defined Executive Limitations policies
- Regular monitoring schedule
- Rigorous assessment of monitoring reports to ensure:
 - Measurable indicators of compliance or achievement in interpretation, along with rationale
 - Actual status of compliance or achievement on those indicators

Obsess on Ends

- Include as a major component of every meeting content relevant to Ends
- Streamline other processes, such as monitoring, to maximize time available for Ends-related work
- Minimize board time spent listening to operational reports

Future Focus Formula™



Habit 2: Engage in Regular Maintenance

- Own your agenda
- Don't become mired in mechanics
- Optimize board structures



Own Your Agenda

- Lead the CEO, not vice-versa – board generates governance issues for the agenda
- Develop and be accountable for your own “governance” budget
- Design a perpetual future-focused board agenda cycle that always keeps Ends at the forefront of the board’s thinking

Month	Owner Input	Board Education	Ends dialogue or decision
Jan.	Plan for pilot focus group	Plan education needs	
Mar.	Hold Pilot focus group with owners		
May	Discuss owner input; refine process; plan next input	Speaker on subject A	
July	Hold second focus group		
Sept.	Discuss findings from second group	Staff expert on subject B	
Nov.		Environmental scan	Revise Ends in light of all input

MONTH	Owner Linkage	Board Education	Ends Decisions	EL Decisions	GP Decisions	Monitor Ends and EL	Self Monitoring GP, BMD
Feb	Meet with board of organization X	Plan Education Needs		Content review: EL-1; EL-2	Content review GP-1; GP-2	EL-1; EL-2	GP-1; GP-2
Mar. (no meeting)	Focus group A						
May	Debrief focus group A	Speaker on Future-focused Subject A			Appt. Auditor	E-1; E-2	GP-3; GP-4
Jun		Orientation for new members			Content review GP-5	E-3; E-4	GP-5; GP-6
Summer (no meeting)	Focus group B						
Sept. Retreat	Debrief Focus group B	Environmental Scan	Refine or reconfirm Ends	Content review EL-3; EL-4	Update Governance Action Plan; governance budget	EL-3; EL-4	GP-7; BMD-2
Nov.	Plan Linkage for next year	Depth discussion on risk					GP-8; BMD-3

MONTH	Owner Linkage	Board Education	Ends Decisions
Feb	Meet with board of organization X	Plan Education Needs	
Mar. (no meeting)	Focus group A		
May	Debrief focus group A	Speaker on Future-focused Subject A	
Jun		Orientation for new members	
Summer (no meeting)	Focus group B		
Sept. Retreat	Debrief Focus group B	Environmental Scan	Refine or reconfirm Ends in light of all input
Nov.	Plan Linkage for next year	Depth discussion on risk	

Don't Become Mired in Mechanics

- Determine how often is appropriate to review content of policies – consider a multi-year cycle
- Determine how frequently to self-evaluate the board's own compliance with Governance Process and Board – Management Delegation policies
- Organize agenda to give "prime time" to Ends-related content

Optimize board structures

- Modify board size and length of tenure if it does not support governance excellence (within any legislated constraints)
- Do not assign board committees responsibilities in delegated areas, or establish committees that negatively affect the board's holism

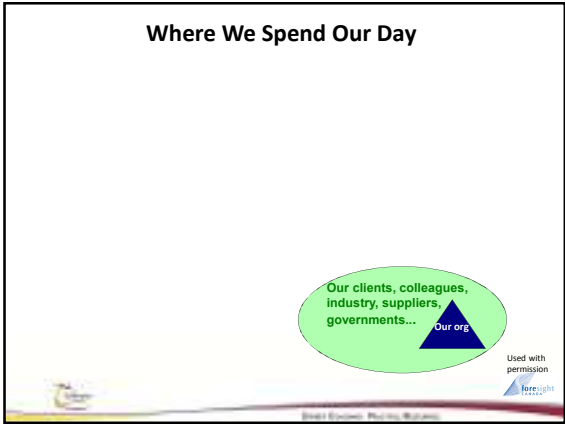
Habit 3: Use Policy Governance Because it Sets You Up to Truly Lead

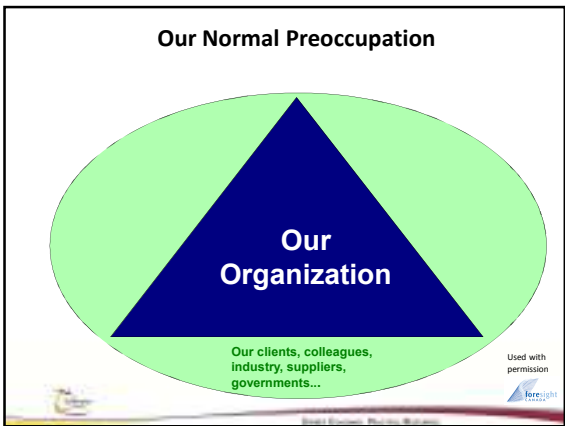
- Develop a robust board education plan
- Devote time to engaging in future-oriented strategic thinking
- Try techniques to "stretch" the board's thinking ruts
- Exercise strategic foresight to lead your organization into a future you help to co-create

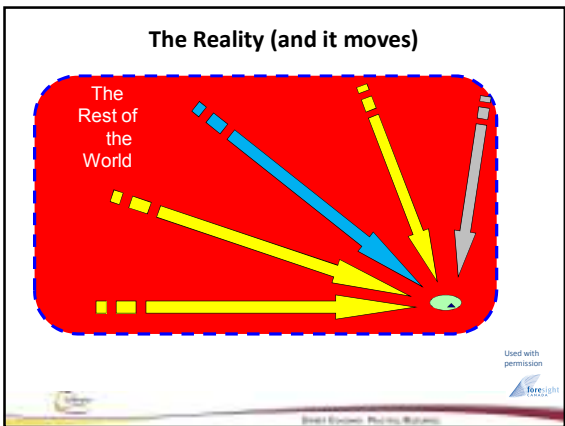


The Importance of Context









Habit 4: Be Proactive About Succession Planning

- Develop a governance succession plan to enable sustainable governance excellence
- Maintain a CEO succession plan to enable sustaining governance processes in case of a new CEO



Develop a governance succession plan

- Create a Governance Succession Policy
 - Identify the competencies needed on the board
 - Include development of leadership capacity for ongoing board leadership
- In your Investment in Governance Policy, include requirements to:
 - Educate candidates for board positions about the commitment required and the board's approach to governance
 - Orient new board members to Policy Governance® as early as possible in their tenure.

Start with the Governance Job

Job 1

Connect with owners

Job 2

Create sound policies on behalf of owners

Job 3

Monitor CEO performance

Qualifications to Connect with Owners

- Servant-leader mentality
- Ability to understand owners' perspectives
- Willing to have transparent board processes



Qualifications to Connect with Owners

- Strong communication skills
- Good listening skills



Qualifications to Develop Policy

- Outward focus to discern what organizational results should be



Qualifications to Develop Policy

- Systems thinker – able to see the big picture
- Open-minded – willing to explore options



Qualifications to Develop Policy

- Critical thinker – ability to ask insightful questions about policies being developed
- Able to discern value



Qualifications to Develop Policy

- Active participation – able to deliberate as part of a group



Qualifications to Develop Policy

- Contributes to overall diversity of perspectives on the board to enhance deliberation
- Contributes to range and depth of experience on the board needed to develop sound policy



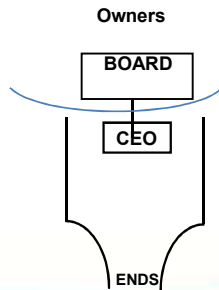
Qualifications to Monitor CEO

- Critical thinking – able to assess interpretations and judge whether they are reasonable
- Critical thinking – able to assess evidence and determine if it is consistent with interpretations



Additional Qualities Consistent with Policy Governance System

- Willingness to govern using Policy Governance® System
- Willingness to delegate operational details



Additional Qualities Consistent with Policy Governance System

- Prepared to honor board decisions even if personally disagreed



Additional Qualities Consistent with Policy Governance System

- Commitment to active participation in all board work
- Learner mentality – prepared to participate in board education



Add Qualifications Specific to Your Organization

- Passion for organizational mission
- Willing to learn to use whatever communications system the board has, such as web-based technology
- Other characteristics important to your board

Notice What's Missing from Traditional Approaches

- No requirement for someone who has expertise in specific internal areas in order to help management
 - Financial expert
 - Legal expert
 - Human resources expert
 - Specific program areas
- May still want people with specific expertise, not to help management but to help the board make sound governance-level policy and monitor it

Take Stock of Current Board

Create a matrix to identify the range of perspectives and experience

- Age
- Gender
- Amount of board experience
- Knowledge of external environment
- Connectedness with ownership
- Geographic area (if relevant)
- Ethnicity (if relevant)
- Experience/perspective that contribute to wise policies
- Other characteristics important to your board

Complete the Matrix and Identify Gaps

Board Member	Joe	Martha	John	Andrea	Matt
Characteristic					
Age					
Gender					
Geographical Area					
Occupation					
Ethnicity (if relevant)					
Board Experience					
Financial Knowledge					
Knowledge of industry					
Knowledge of external environment					
Community Connectedness					
Other					

Rate Importance of Each Characteristic

- How important is each of these characteristics to the board? One approach:
 - Have board members individually rate the importance of each characteristic on a scale of 1 to 5
 - use the average where ratings are similar
 - where there are major discrepancies, discuss and come to a board agreement
 - Identify “deal-breakers”

Apply the Matrix

- Assess candidates against characteristics and score
- Eliminate candidates with “deal-breakers”
- Rank remaining candidates

But . . . How Do We Know Candidates Have Desired Characteristics?

- Design a targeted interview guide for candidates
- Design questions to ask of referees
- Use questions that get to the “soft” characteristics, in addition to simply looking at experience, professional expertise

Example re: Outward Focus

What do you see as the most important function of a board?

1	2	3	4	5
Sees board's function primarily as advising or supervising the CEO, approving CEO plans	(Score in the range of 1-5)		Understands board's function is to direct CEO on behalf of the owners	

Examples re: Outward Focus (2)

How would you respond to a concern from a staff member, customer, or a member of the public about the organization's operation?

1	2	3	4	5
Would become personally involved in addressing operational concerns	(Score in the range of 1-5)		Would refer operational concerns to the CEO	

Example re: Commitment

It is our expectation that board members attend all meetings, in full and on time. Do you have any family or other commitments (such as job responsibilities or commitments on other boards) that would limit or interfere with your ability to devote the time and energy necessary to serve on this board?

1	2	3	4	5
Has reasons ready why meetings might be missed, or has history of missing meetings	(Score in the range of 1-5)		Commits to attending full meetings regularly and on time	

Example re: Systems Thinking

Question for Referee: Would you describe this person as more interested in future possibilities, or in the details of the “here and now”? Please explain your answer.

1	2	3	4	5
Majority of focus is on detail	(Score in the range of 1-5)		Usually looks at how an issue fits into the larger context	

Example re: Critical Thinking

Question for referee: From your observation, is this person likely to allow emotions to get in the way of objectivity?

1	2	3	4	5
Sticks with opinion regardless of facts	(Score in the range of 1-5)		Is prepared to change opinion if presented with facts	

But . . . Our Board Members are Elected!

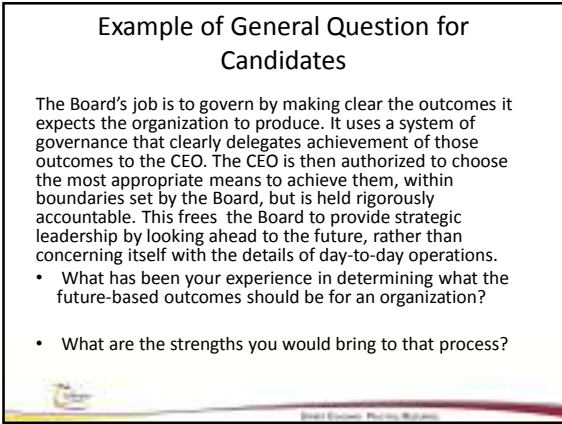
Help your owners make informed decisions.

- Let electorate know what the board’s job is
- Let electorate and candidates know what characteristics you need for good quality board members
- Ask candidates to answer specific questions and publish answers for the electorate to consider

Example of General Question for Candidates

The Board's job is to govern by making clear the outcomes it expects the organization to produce. It uses a system of governance that clearly delegates achievement of those outcomes to the CEO. The CEO is then authorized to choose the most appropriate means to achieve them, within boundaries set by the Board, but is held rigorously accountable. This frees the Board to provide strategic leadership by looking ahead to the future, rather than concerning itself with the details of day-to-day operations.

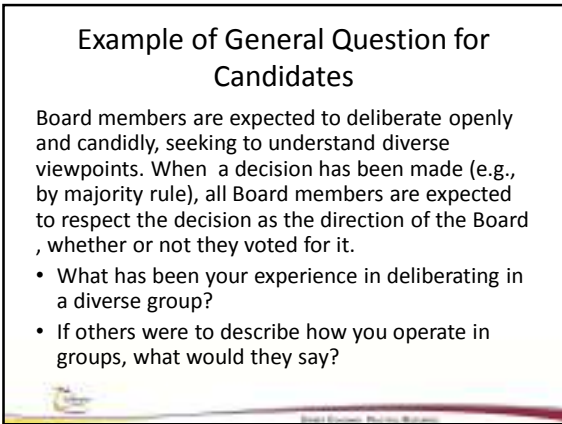
- What has been your experience in determining what the future-based outcomes should be for an organization?
- What are the strengths you would bring to that process?



Example of General Question for Candidates

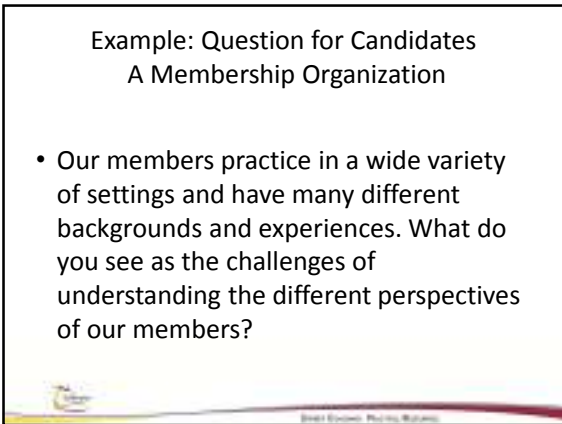
Board members are expected to deliberate openly and candidly, seeking to understand diverse viewpoints. When a decision has been made (e.g., by majority rule), all Board members are expected to respect the decision as the direction of the Board, whether or not they voted for it.

- What has been your experience in deliberating in a diverse group?
- If others were to describe how you operate in groups, what would they say?




Example: Question for Candidates A Membership Organization

- Our members practice in a wide variety of settings and have many different backgrounds and experiences. What do you see as the challenges of understanding the different perspectives of our members?



Use Your Ownership Connections

- When doing ownership linkage, be alert for individuals who would make good board members
- Talk to owners to identify potential candidates who have the characteristics you seek
- Approach those candidates and encourage them to let their name stand for nomination or appointment



Board Experts. Public Schools.

But . . . Our Board Members are Appointed by Someone Else!

- Identify the characteristics you need on the board
- Talk to the appointing authorities and explain what you need and why it's important
- Although you won't always get what you want, there is a strong chance that you can influence the appointments



Board Experts. Public Schools.

What About Governance Leadership Succession?


- But . . . Our board members turn over every year or two
- But . . . Our CGO has to change every year



Board Experts. Public Schools.

Challenge the Status Quo


- Why do board members have to change every year or two? Why does CGO have to be a one-year term?
- What is the ideal term of office for board members? Why?
- Balance enough time to develop governance expertise with need for periodic “new blood”
- Bylaws can be changed! You have to make the case for why it’s important.



Board Election, Policy, Bylaws

Develop a Governance Leadership Succession Plan: Ideas to Consider

- Overall board member selection so that any board member has qualities to become CGO
- CGO-Elect rather than Past CGO(or both)
- Deliberate grooming of board members to become CGO – specify particular responsibilities; expect CGO to share what is done in the job with CGO-Elect, or board member being groomed
- Specific training in role of CGO



Board Election, Policy, Bylaws

Develop a Robust Orientation Program

- Your organization – history, traditions, structure
- Legal requirements
- Policy Governance system
- Board culture, why did board decide to use Policy Governance
- Board structure, committees



Board Election, Policy, Bylaws

Develop a Robust Orientation Program

- Board meetings, agenda structure
- Board's key relationships
- Logistical information, board support
- What do I do when
- Board working documents
- Brief operational overview
- Current governance issues and background

Maintain a CEO Succession Plan

- Require CEO to have an internal succession plan for the short term
- Ensure board is aware of capabilities of internal successors
- Create a policy for CEO recruitment before it is needed
- Include requirement for a CEO to be willing to work with Policy Governance

Have a CEO Onboarding Plan

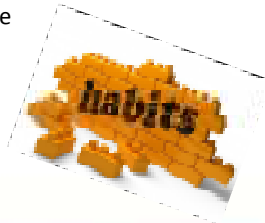
- In addition to operational orientation, include support for CEO to learn how to use Policy Governance
 - Include support for learning to write monitoring reports

Consider Retaining a Coach

- A good coach
 - Constantly presses you toward excellence, pointing out ways the board can continuously improve to be the very best you can be
 - Is available to provide in depth orientation to incoming board members or a new CEO
 - Provides suggestions based on experience with what can help you maintain a strong system and get the most out of it

Sustainability Habits™

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Further Resources for Sustainability

- Carver, John and Carver, Miriam. *Implementing Policy Governance and Staying on Track*. CarverGuide. Jossey-Bass
- Carver, John. *Boards That Make a Difference*. 3rd Edition. Jossey-Bass. (Chapter 11 in particular)
- Carver, Miriam and Charney, Bill. *The Board Member's Playbook*. Jossey-Bass
- From The Governance Coach™ www.governancecoach.com
- Best-Fit Board Member Matrix™
 - Suggested characteristics, descriptions and instructions for using
- Best-Fit Board Builder™
 - Question bank of potential questions to assess candidates and scoring guide
- Orientation Manual Template
 - includes predesigned information plus room to customize
- On-Line Learning Modules on Policy Governance basics
- Webinars for Board Chairs, board support staff
- Toolkits with practical application ideas
- Books on applying Policy Governance to associations, health organizations and schools

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Thank You...

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