

**20 | GOVERN FOR IMPACT**  
**21 | CONFERENCE**  
VALUES TO IMPACT THROUGH TRANSFORMATIONAL GOVERNANCE

## Four Essentials for Mastering Policy Governance®

Introduction to Policy Governance®  
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VALUES TO IMPACT THROUGH TRANSFORMATIONAL GOVERNANCE

### The Policy Governance® Model

"Board leadership requires, above all, that the board provide vision. To do so, the board must first have an adequate vision of its own job. That role is best conceived neither as volunteer-helper nor as watchdog but as trustee-owner."

John Carver

**The Policy Governance® Model**

"Policy Governance® is an approach to the job of governing that emphasizes values, vision, empowerment of both board and staff, and the strategic ability to lead leaders."

**A new Paradigm of:**  
**Visionary Leadership**  
**Empowering Delegation**  
**Ironclad Accountability**

**The Policy Governance® Model**

**10,000  
Year  
Clock**



**Policy Governance® Framework**



- 1 Clear Purpose
- 3 Key Responsibilities
- 4 Foundation Values
- 10 Essential Principles

Policy Governance® Source Document

**The Policy Governance® Model**

**The Board's Purpose**

The purpose of the Board, on behalf of (the Ownership), is to ensure that the organization achieves appropriate results for appropriate persons at an appropriate cost and avoids unacceptable actions and situations.

### The Policy Governance® Model

"A responsible governing board should govern. As owner-representative, the board holds title to the most authoritative function in the organization, a function that is more authoritative than that of its CEO, its staff professionals, its legal counsel, its auditing firm, and its funding sources."







### The Policy Governance® Model

"Accompanying this considerable authority is an equally considerable accountability:

the board is accountable for everything the organization is, everything it does, and everything it achieves – or fails to achieve."

**Foundational Value - Accountability**

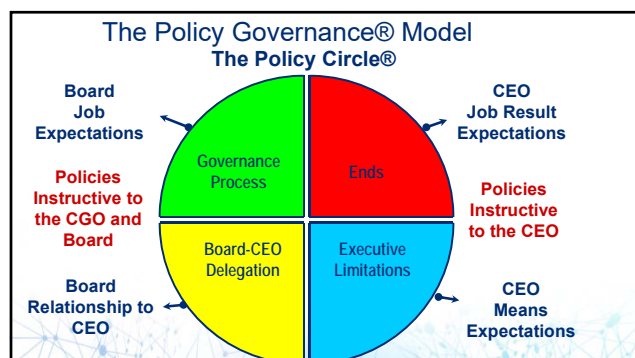
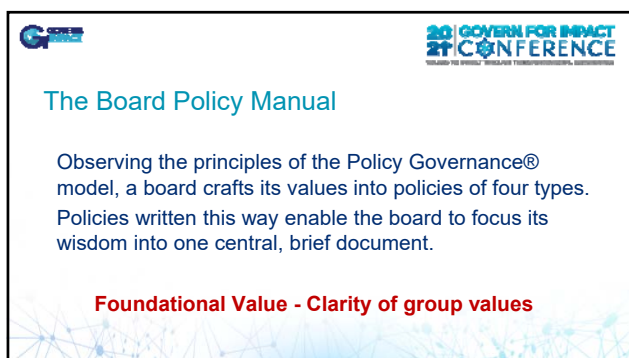
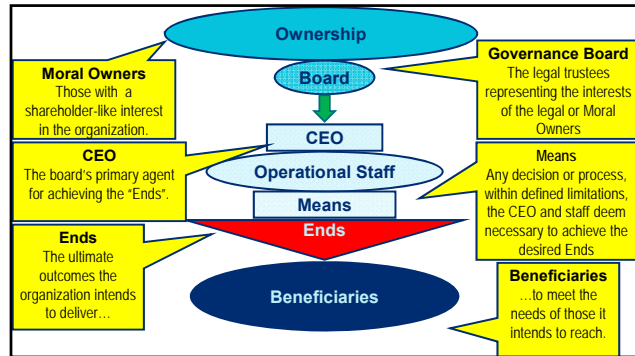
### 3 Key Responsibilities

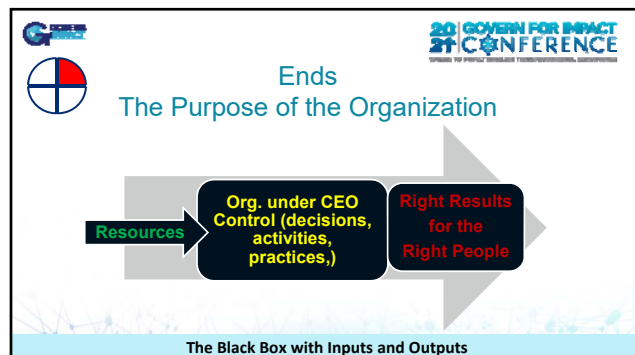
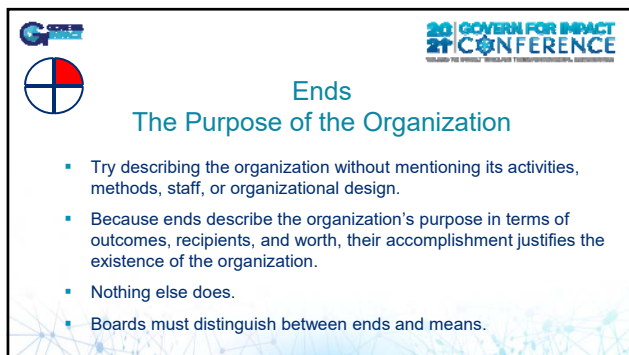
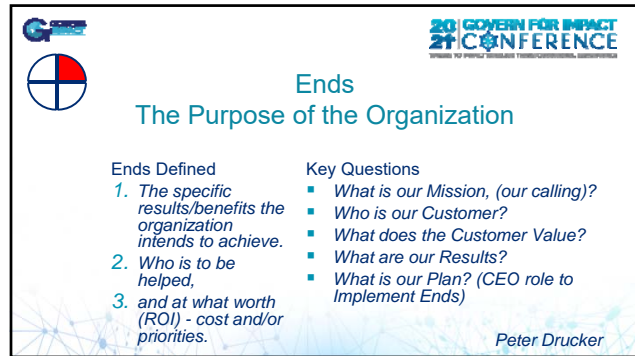
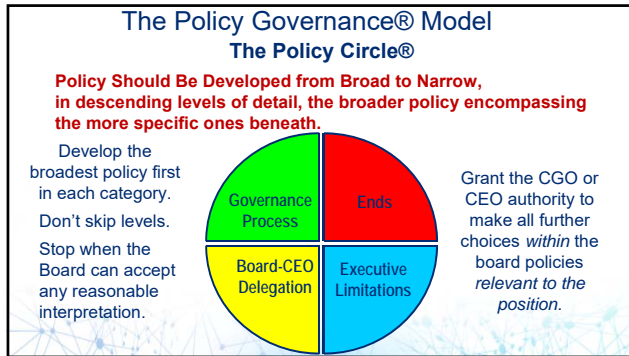
1. Represent Ownership as a Trustee
2. Create Explicit Governing Policies which address the board's obligation to fulfill fiduciary responsibility, guard against undue risk, determine priorities among organizational results, and generally direct and protect the organization.
3. Assure the CEO's performance against explicit policies.







### Represent Ownership as a Trustee

- All organizations exist on someone's behalf.
- The board exists to act as the informed voice and agent of the owners.
- All owners are stakeholders but not all stakeholders are owners, only those who are equivalent to shareholders.
- The board is accountable to owners that the organization is successful.








**Ends**  
**The Purpose of the Organization**




- The board's greatest fiduciary responsibility is requiring that there is a favorable relationship between input and output.
- The board's chief accountability is that the organization it governs produces enough of the right changes for enough of the right people to justify the resources consumed.

**Ends**  
**The Purpose of the Organization**




**Global Ends statement**

The purpose of Smartville Public Schools is that, sufficient to justify the expenditure of available revenues, young people of the district will have the knowledge and capabilities they need for successful transition to the next stage of their lives.


**Ends**  
**The Purpose of the Organization**  
**Second-tier Ends**

1. Numeracy and literacy skills at grade level.
2. Knowledge of the major historical and geographical features of the world.
3. The ability to search for and find information in a self-directed manner.
4. An understanding of science and technology sufficient to function in the modern world.

**Ends**  
**The Purpose of the Organization**  
**Second-tier Ends**

5. Where chosen, an understanding of subject areas sufficient to allow admission to appropriate further or higher education institutions.
6. Skills for entry-level employment.
7. An understanding of the diverse world in which we live and a knowledge of the demands of good citizenship.




## Executive Limitations Limitations on the CEO

Executive Limitations Defined

- Those principles of prudence and ethics that limit the choice of CEO/staff means (practices, activities, methods).

General Principles

- Boundaries of acceptability
- Control through proactive constraint
- Eliminates board involvement in details
- Addresses common board concerns about: Personnel, financial condition, asset protection, compensation and benefits, budgeting




## Executive Limitations Limitations on the CEO

Executive Limitations need to state what is not allowable “even if it works”.


**Foundational Value - Empowerment**

Board approves means that CEO brings – reactive, restrictive and unclear.




Traditional Board Process


Proactive boundaries of protection for CEO decisions. Clear and empowering.



Policy Governance®



## The Protective Nature of the Executive Limitation (Proscriptive) Policy structure



There is freedom within the limits, knowing the boundaries of acceptability.


“sub-global” policy

“global” policy

Policies dealing with a specific concern

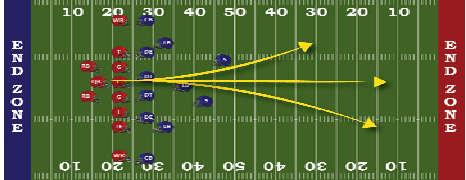
Think of it as a ship with multiple interior protective hulls, each hull protecting an increasingly specific area.

**Foundational Value - Empowerment**




## Executive Limitations Boundaries on the CEO

### Proscription vs. Prescription



**Foundational Value - Empowerment**






### Executive Limitations Boundaries on the CEO

Proscription vs. Prescription

**Global Executive Limitation:**  
The CEO will not cause or allow any organizational practice, activity, decision, or circumstance which is either unlawful, imprudent or in violation of commonly accepted business and professional ethics and practices.

**Foundational Value - Empowerment**





### Board-CEO Delegation Relationship to the CEO


**Board-CEO Delegation Defined**

- The Board clarifies the manner in which it delegates authority to the CEO as well as how it evaluates CEO performance on the Ends and Executive Limitations policies.

**General Principles**

- CEO is only accountable to the whole board
- The board has only one "employee" (agent)
- The CEO's work is measured only by results against written expectations






### Governance Process Board Job Expectations

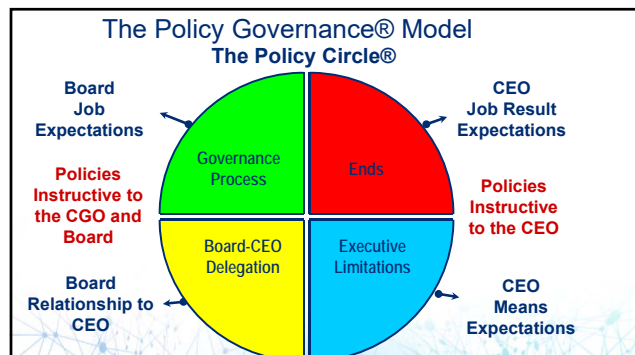
**Governance Process Defined**

- The board determines its philosophy, its accountability, and specifics of its own job.



**A Basic Job Description**

- Represent Ownership
- Explicit Governing Policies
- Assurance of Successful CEO/Organizational Performance on Ends and Limitations












### Assurance of CEO Performance

Process:

- Establish criteria for CEO performance through policies on Ends and Executive Limitations
- Establish method and frequency for monitoring the Ends and Executive Limitation policies
  - Frequency (monthly, quarterly, annually)
  - Responsible party (Board, CEO, outside agent)



**Foundational Value - Accountability**

### Evaluating the CEO

Process:

- Monitoring = Evaluating!
- The board evaluates the CEO's interpretation, rationale for reasonableness, and the data demonstrating accomplishment.
- CEO performance is directly connected to organizational performance related to Ends and Executive Limitations
- Plan annual discussion of cumulative monitoring data

### Monitoring Performance

**Reasonable Interpretation:**

An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed.

**Defensible measures and standards:**

- ✓ Are objectively verifiable (e.g. through research, testing, and/or credible confirmation of observable phenomena.)
- ✓ Are relevant and conceptually aligned with the policy criteria and the board's policy set.
- ✓ Represent an appropriate level of fulfillment within the scope of the policy.




### Monitoring Performance

**"In God we trust,  
all others bring data"**



Edwards Deming

Monitoring Performance		
Policy	Method	Frequency
Ends	Internal	Annually
Financial Planning and Budgeting	Internal	Annually
Financial Condition and Activities	Internal	Quarterly
	External	Annually
Asset Protection	Internal	Annually
	External	Annually
Compensation and Benefits	Internal	Annually
	External	Annually
Communication and Support	Direct	Annually
Treatment of Consumers	Internal	Annually
Treatment of Staff	Internal	Annually
Emergency CEO Succession	Internal	Annually

Policy Governance® Framework	
1	Clear Purpose
3	Key Responsibilities
4	Foundation Values
10	Essential Principles
Policy Governance® Source Document	

Responsibilities	
<i>Hands On!!!</i>	
<i>Examples of What the Board Should Do Hands On</i>	
✓	Set the board's work plan and agenda for the year and for each meeting
✓	Determine board training and development needs
✓	Attend to discipline in board attendance, following bylaws and other self-imposed rules
✓	Become expert in governance
✓	Meet with and gather wisdom from the ownership

Responsibilities	
<i>Hands On!!!</i>	
✓	Establish the limits of the CEO's authority to budget, administer finances and compensation, establish programs, and otherwise manage the organization
✓	Establish the results, recipients, and acceptable costs of those results that justify the organization's existence
✓	Examine monitoring data and determine whether the CEO has used a reasonable interpretation of board-stated criteria and has performed accordingly.

## Responsibilities

*Hands Off!!!*

*Examples of What the Board Should Keep Hands Off*

- ✓ Establish services, programs, curricula, or budgets
- ✓ Approve the CEO's personnel, program, and budgetary plans
- ✓ Render any judgments or assessments of staff activity where no previous board expectations have been stated




## Responsibilities

*Hands Off!!!*

- ✓ Design staff jobs or instruct any staff member subordinate to the CEO (except when the CEO has assigned a staff member to some board function)
- ✓ Determined staff development needs, terminations, or promotions (except for the CEO)
- ✓ Decide on the table of organization and staffing requirements




## The Difference

- Focus on Results – Mission accomplished
- Clear Chain of Command
- Written Expectations of CEO and Board
- Proactive Problem Prevention - Limitations
- Accountability - monitoring
- Empowerment of CEO and Board
- Gain Owners and Stakeholders Trust