



2020 ANNUAL CONFERENCE

ACCOUNTABILITY DRIVEN BY PURPOSE: BEFORE, DURING, AND AFTER CRISIS

How Ends Policies Result In Real Impact in the World

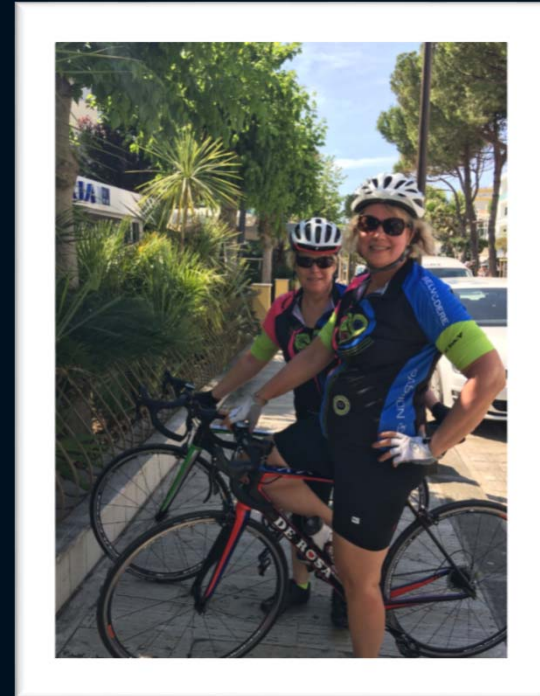
“What Works for Boards and CEOs in Ends
Policy Interpretation”

WELCOME

Kathy Wilkie



Karen Fryday-Field





How Ends Policies Can Result In

REAL
World

IMPACT

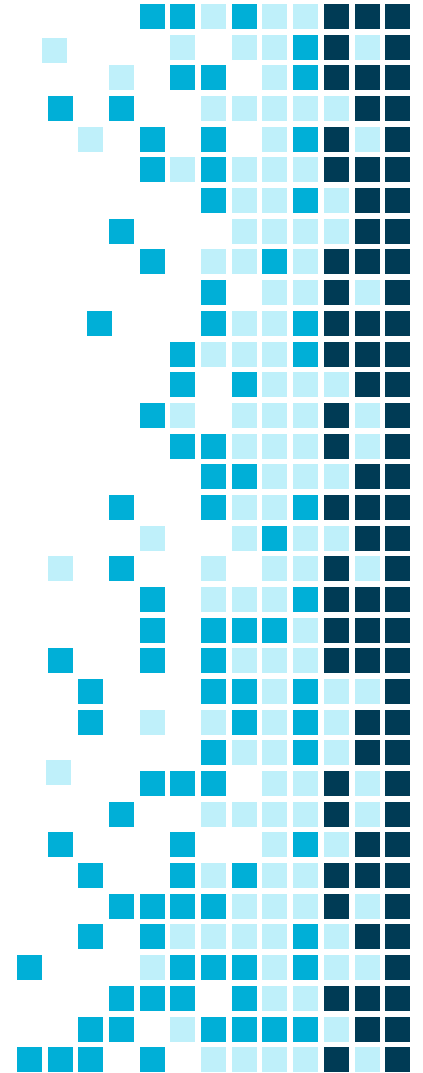
Through CEO Ends Interpretation

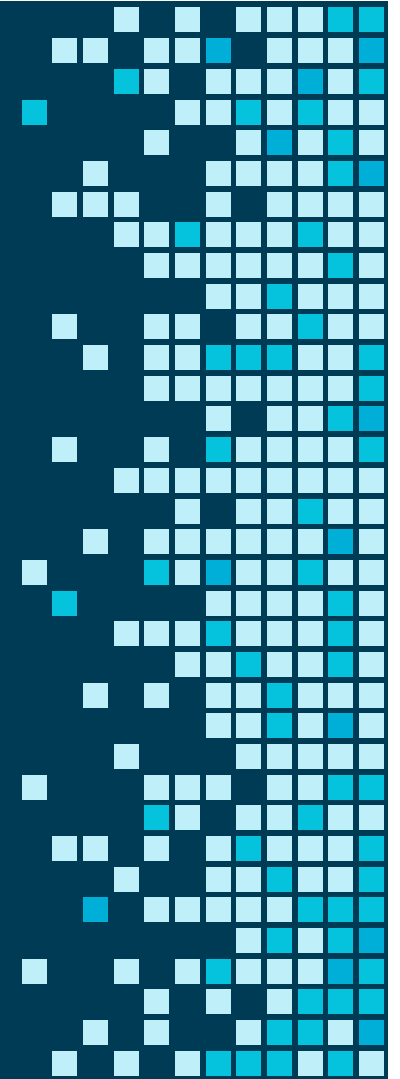
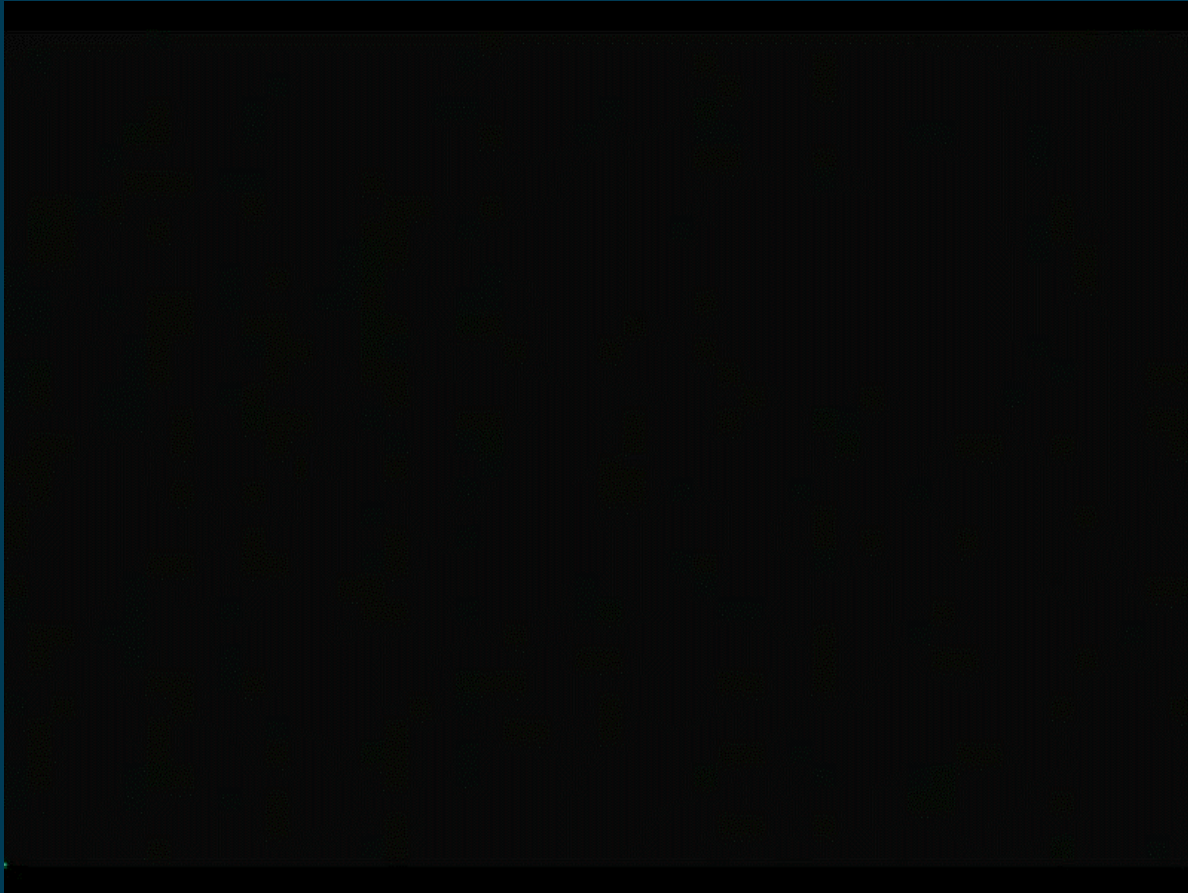
ACCOUNTABILITY DRIVEN BY PURPOSE: BEFORE DURING, AND AFTER CRISIS



Sometimes in life you
don't achieve
... the outcome you set
out to achieve

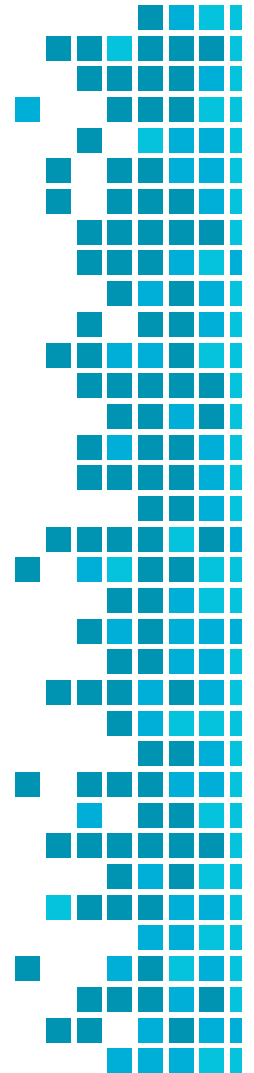
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A Board Dilemma

Board sets lofty Ends Policies
... how can the Board ensure
that there is real impact in the
world?



A Board Dilemma

END

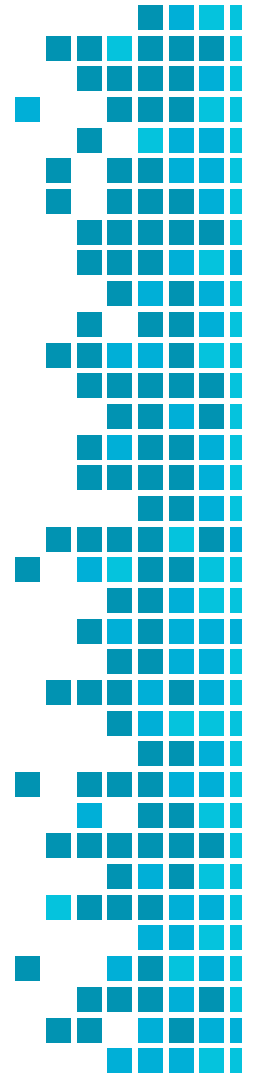
Children are well nourished in the south east township

10-50%



Chance of this happening unless it is key focus

ACTUAL IMPACT



Board's
Dream



Big Lofty
Ends Policy

Translating,
Implementing, and
Achieving Ends Policies

CEO Ends Interpretation

- Purposeful/Aligned
- Specific
- Credible, Observable
Phenomenon/Condition
- Stretch

Real and Positive
Impact in the World

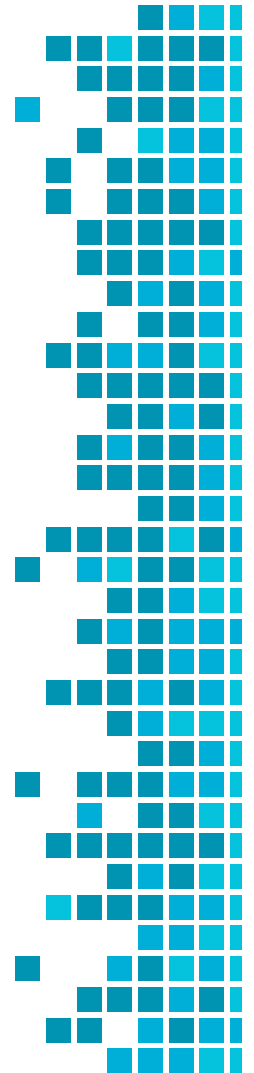
[Return on
Investment]



Learning Goals

The participants will be able to:

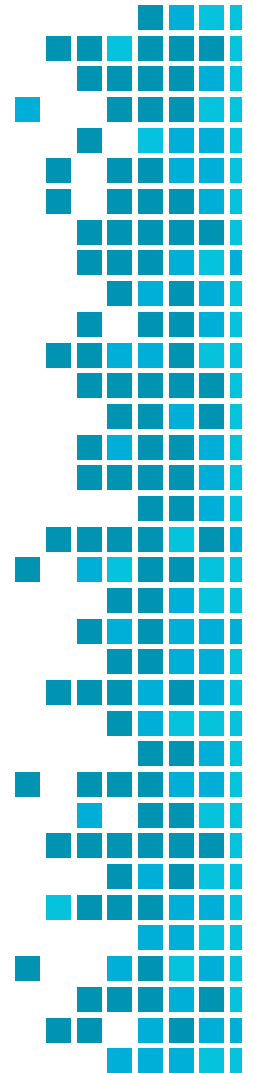
1. Appreciate the significant challenge Board's and CEO's have in ensuring the desired impact is achieved.
2. Describe the essential ingredients of an effective CEO Ends Interpretation.



Learning Goals

The participants will be able to:

3. Understand what constitutes a robust CEO Ends Policy Interpretation.
4. Build skills in ensuring alignment and enough impact.
5. Determine how Boards should assess Ends Interpretation.



Important Insight

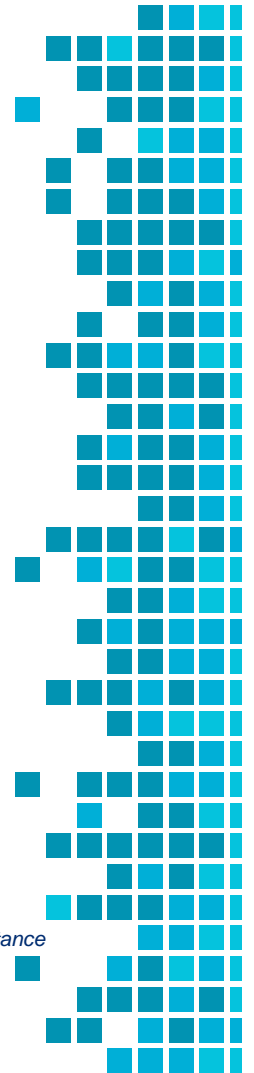
Boards judge themselves by their intentions.

Others judge Boards

by their actions and their **results.**



Adapted from: Jim Clemmer, *Growing the Distance*



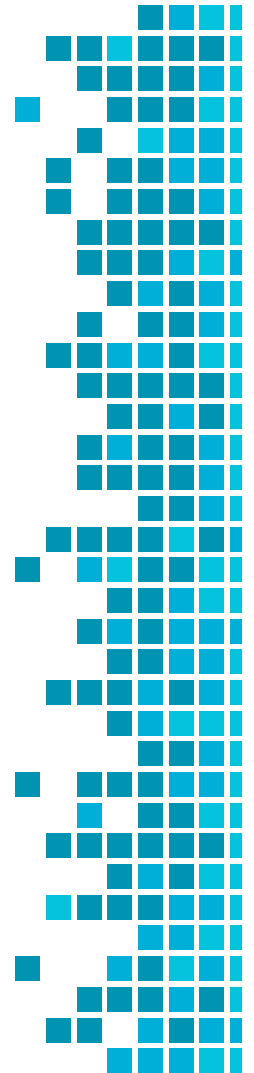
Reality Check

More than **80%** of organizations claim to have a strategy to achieve their desired results/outcomes.

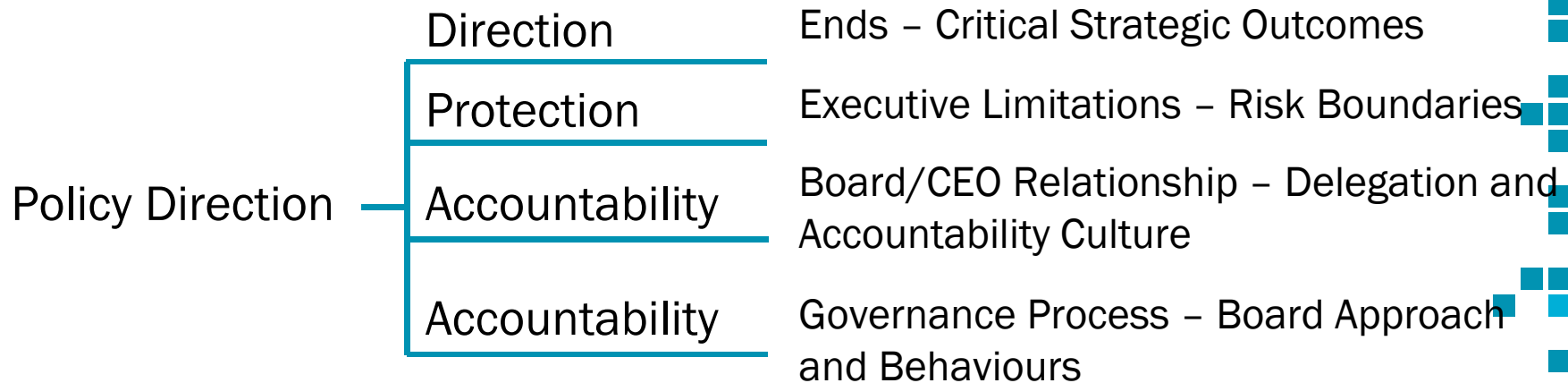
...less than **10%** can show evidence they have implemented their strategy to achieve their desired outcomes.

Quick Refresh

Governance Responsibilities/Activities of the Board



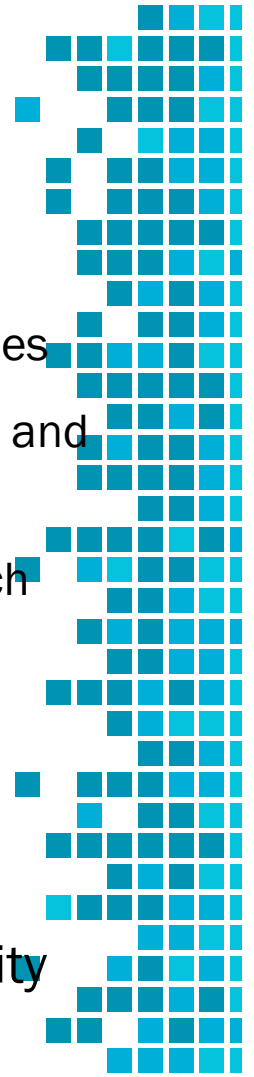
What are the jobs the Board has to undertake?



Monitoring Actual Results Accountability

- Operational
- Governance

Engagement of the Owners - Input to Board Direction and Accountability





This is a **REAL WORLD**
challenge to which

Policy Governance[®] offers a

solution!

ACCOUNTABILITY DRIVEN BY PURPOSE: BEFORE DURING, AND AFTER CRISIS



FIRST

What is an 'Ends' Policy?

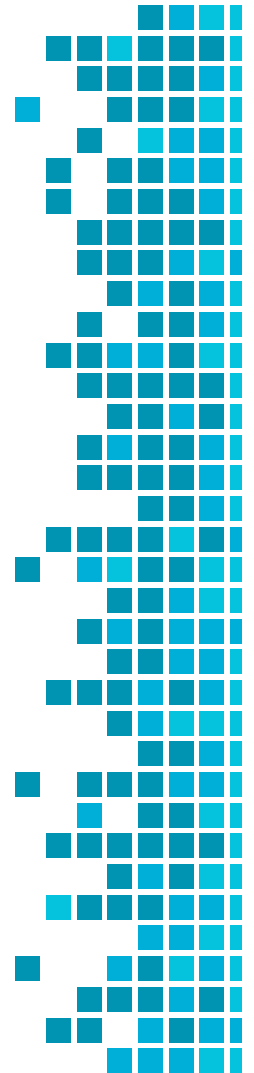
- What good (impact/outcome)?
 - For Whom?
 - At what worth?



Example

The Board Ends Policy Direction

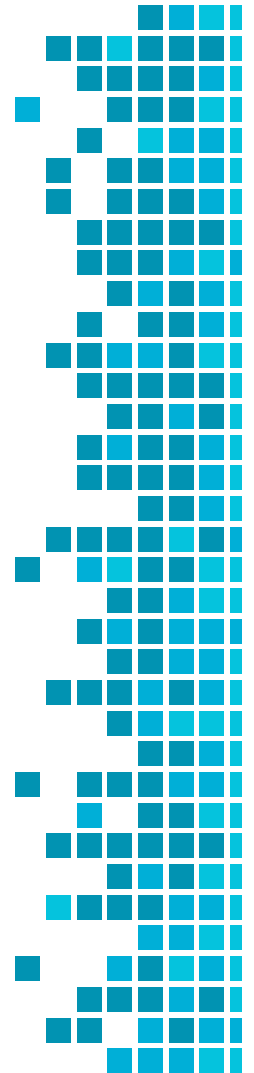
Pre-school and primary school children in the 5-county area are well nourished for a reasonable cost.



Example

The Board Ends Policy Direction

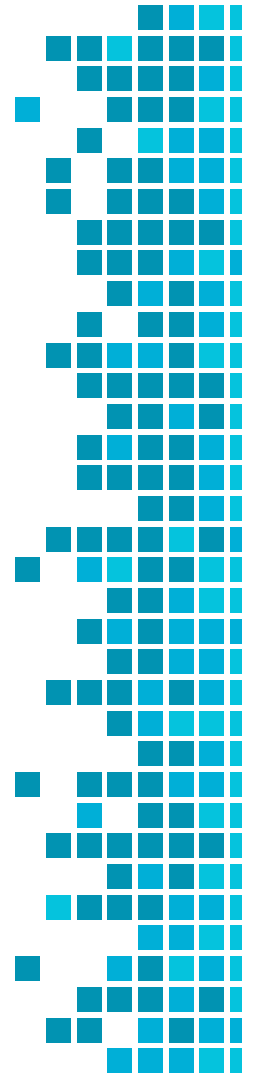
Communities in Fringal County have safe water at a cost equivalent to area benchmarks.



Example

The Board Ends Policy Direction

For all our customers, jewelry will be safe or fully replaced if lost or stolen for a competitive price.



Example

The Board Ends Policy Direction

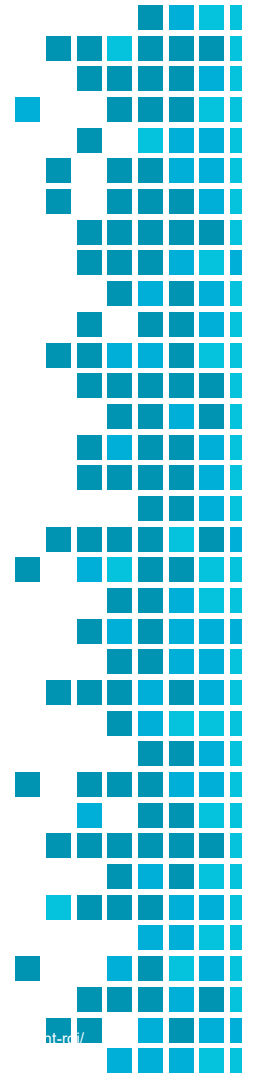
Southwest Region patients will achieve maximum recovery and health status for a cost equivalent to benchmarks.



Example

The Board Ends Policy Direction

SUV consumers will be highly satisfied with the product and services and safe in their vehicles. Return on investment will be 15% annually for the next 3 years.



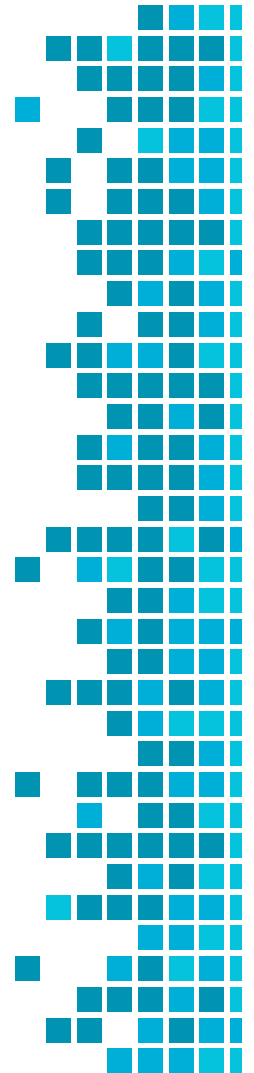


Why Ends Policies Are So Important



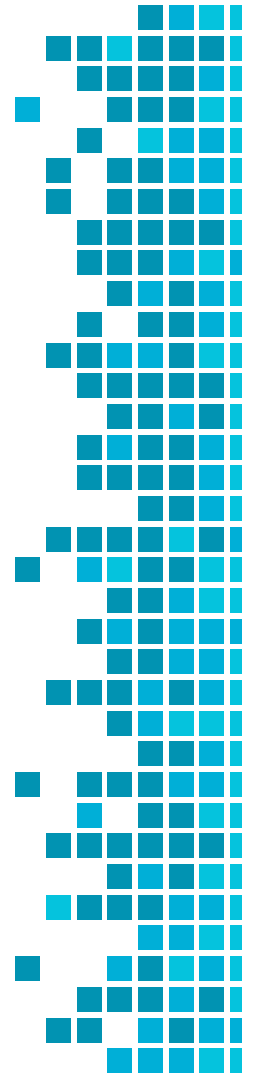
- Ends focus the organization on results
- Define specific outcomes, specific people served, specific value/worth
- Create a disciplined organization
- Prevent splintering their always limited resources.

Adapted from Peter Drucker, 1989



Translating Ends Policies

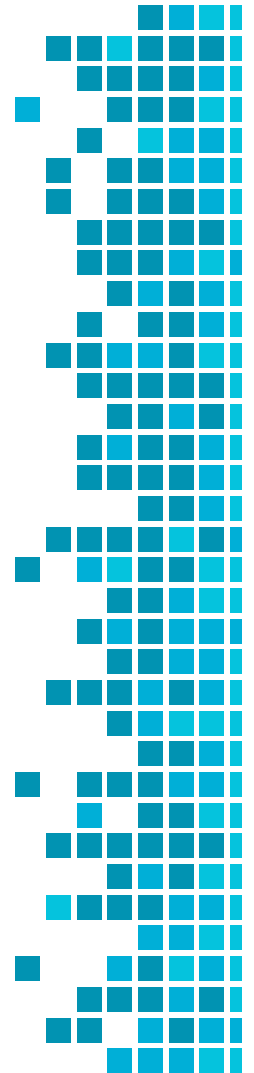
- Ends policies create questions about the next level of decisions.





Board Ends Policy Direction in a Socially Responsible Corporation

More children in Africa will have shoes to walk safely to school at no cost to them.

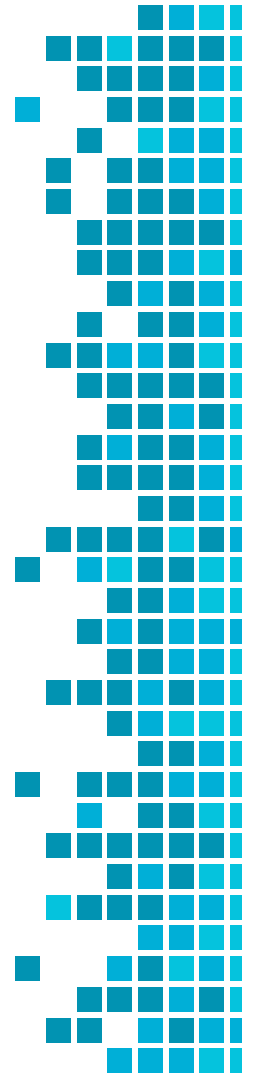


Translating Ends Policies Example

If a public school system says its high-level End is that “young adults have the skills to achieve meaningful employment and contribute to their community as engaged citizen”.

- Which young adults? Which skills?
- What is the priority relationship between gifted and other young adults?
- What does engaged citizen look like? Mean?

The Ends Interpretation process answers these questions.



What challenges have you as a CEO had in translating Ends into real results?

Discussion





What is a CEO Ends Interpretation?

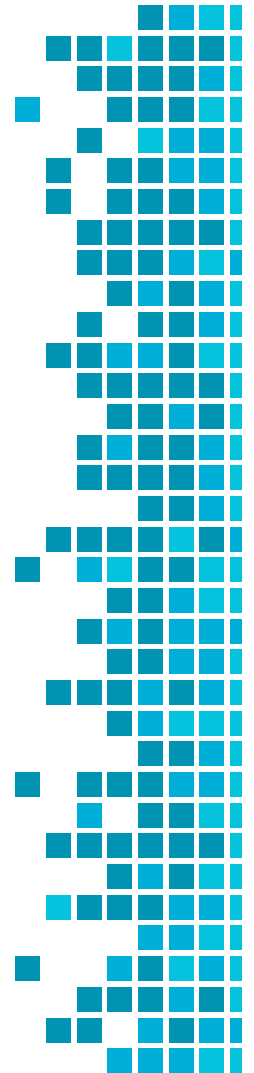
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What is the Board Looking for in the CEO Ends Policy Interpretation?

– 3 Ingredients

- Operational outcome or observable condition that will be created.
- Target for how much of that outcome can be achieved.
- Rationale for why.

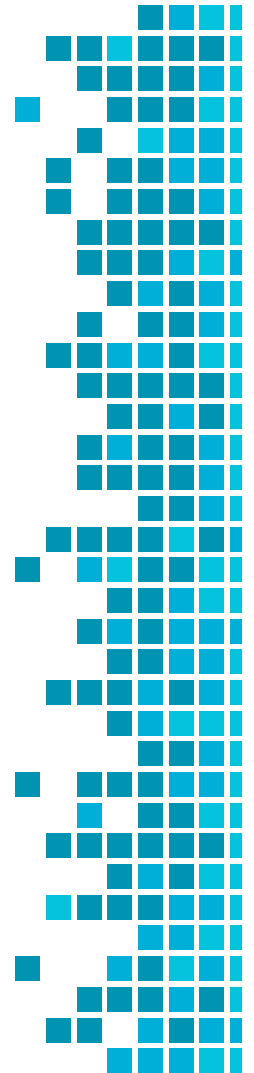




Key Elements of a GREAT Ends Policy Interpretation Operational Definition

Operational Definition: What can be observed if
Ends are achieved?

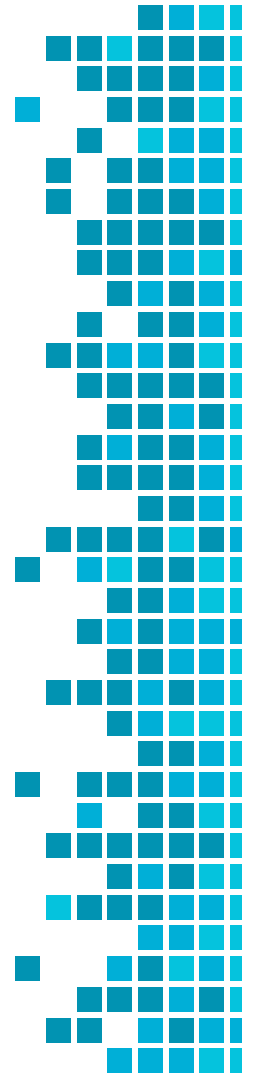
- State as comprehensively as possible.
- Observable and measurable.



Key Elements of a GREAT Ends Policy Interpretation Operational Definition

Rationale – Why is this considered reasonable?

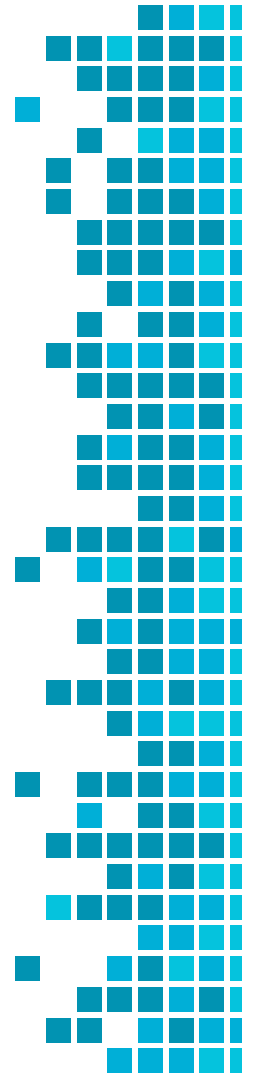
- Who says? Quote external, reliable sources.
- Is it aligned?
- Is it enough stretch and is it doable?
- What gives confidence that this is a valid, reliable, operational definition?





Key Elements of a GREAT Ends Policy Interpretation Operational Definition

- Metrics – how will we measure?
- Targets – indicate the desired level of performance/results.



IN SUMMARY:

Anatomy of an Ends Policy Interpretation

The Ends Interpretation by the CEO has several key elements:

- 1. The Operational Definition** – words which may be used to further define or explain how operations will understand or narrow the meaning of words/phrases in the policy - the field from the statement of the big impact on the need being served to an actual achievable change in the world.
- 2. The Operational Definition Target** - a clear statement about the type and amount of benefit/good/change/impact that will occur in a period... i.e. what will be the quantitative or qualitative impact.
- 3. The Rationale** - a rationale for this target (e.g. support by evidence, literature, etc).
- 4. The Measure** - a way to measure the impact (the good being done).

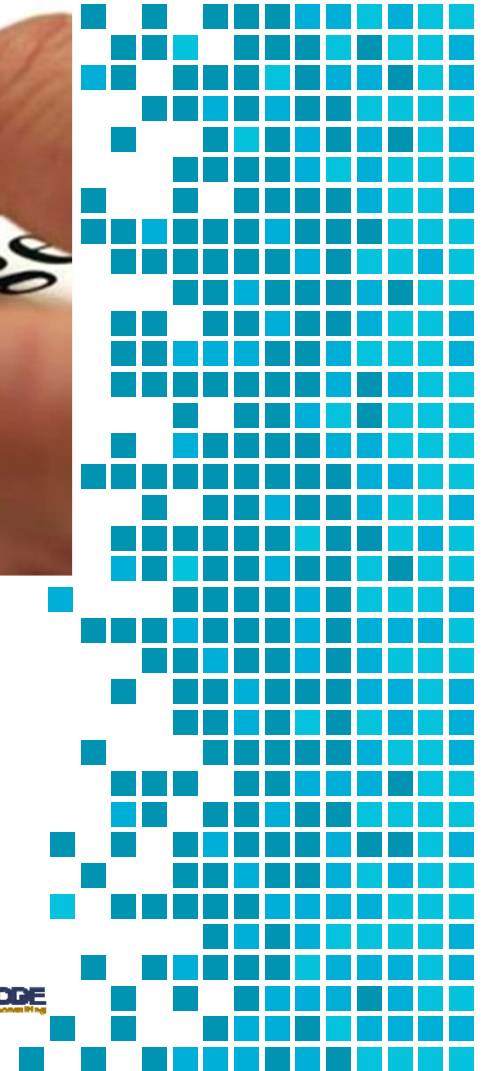




What's Reasonable?

... is that a reasonable CEO interpretation
of the Ends Policy?

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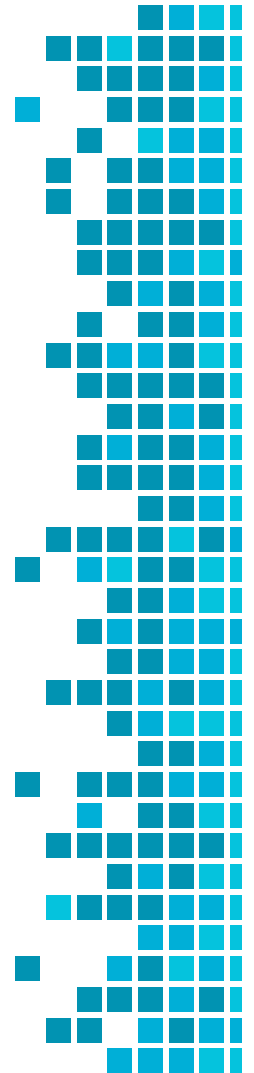


Ends Policy Interpretation...can be ANY reasonable interpretation

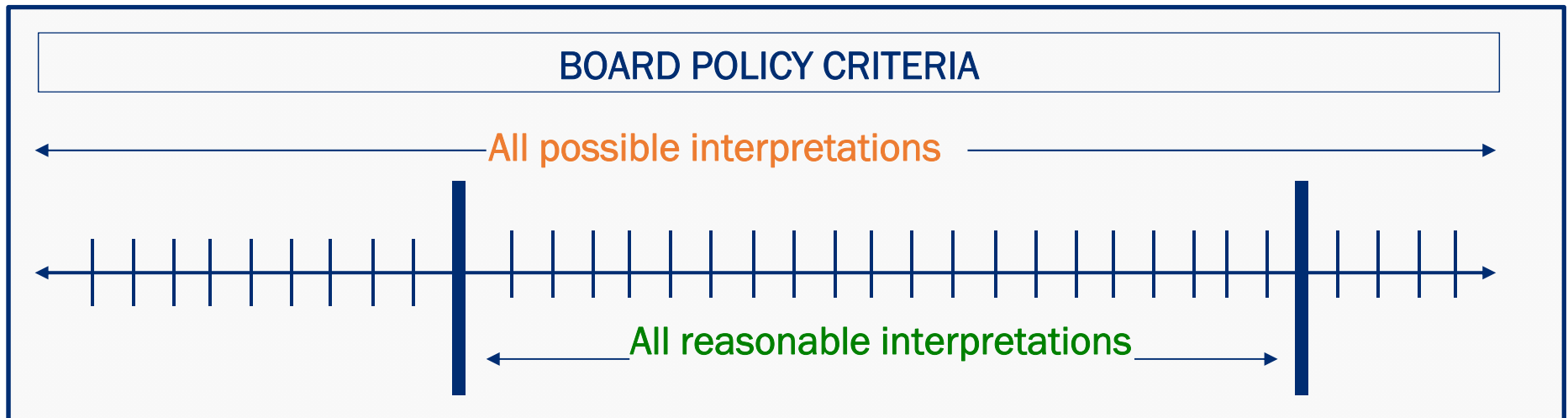
WHAT'S REASONABLE?

Board Criteria:

- Aligned with the 'outcomes big idea' in Board Ends policy direction.
- A good stretch for the organization (stretch but not overstretch-realistic).
- Will represent a good return on the investment.
- Is measurable.



What is Policy Interpretation?



In order to operationalize and achieve or comply with a policy, the CEO has to interpret the policy.

CEO is accountable for achieving or complying with their interpretation of each Ends and Executive Limitations Policy, i.e. the CEO's interpretation creates the operational definition of success.

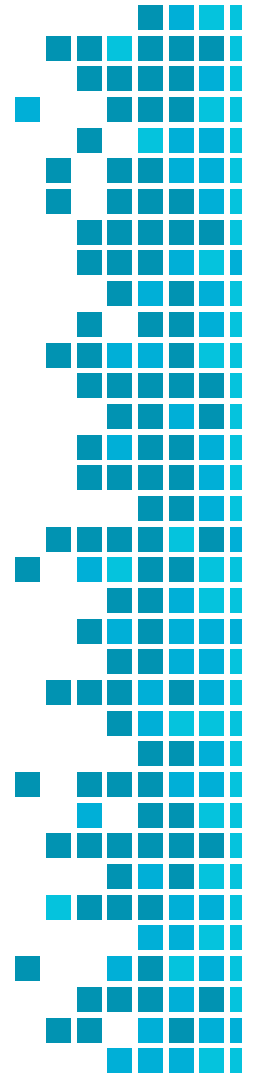
'SMART' Operational Definitions

The operational outcomes can be stated as SMART operational outcome goals.

Specific	<ul style="list-style-type: none">• Is the outcome precise and well-defined?• Is it clear?• Can everyone understand it?
Measurable	<ul style="list-style-type: none">• How will we know what success looks like (i.e. when the outcome has been achieved)?• What evidence is needed to confirm it?• Have you stated how you will judge whether it has been completed or not?
Achievable	<ul style="list-style-type: none">• Is this outcome within the organization's capabilities?• Are there sufficient resources available to enable this to happen?
Resourced/Realistic	<ul style="list-style-type: none">• Is it possible for the individual to perform the objective?• How sensible is the objective in the current business context?• Does it fit into the overall pattern of this individual's work?
Time-bound	<ul style="list-style-type: none">• What is the timeline?• Is it feasible to meet this?• Is it appropriate to do this work now?• Are there key milestones?

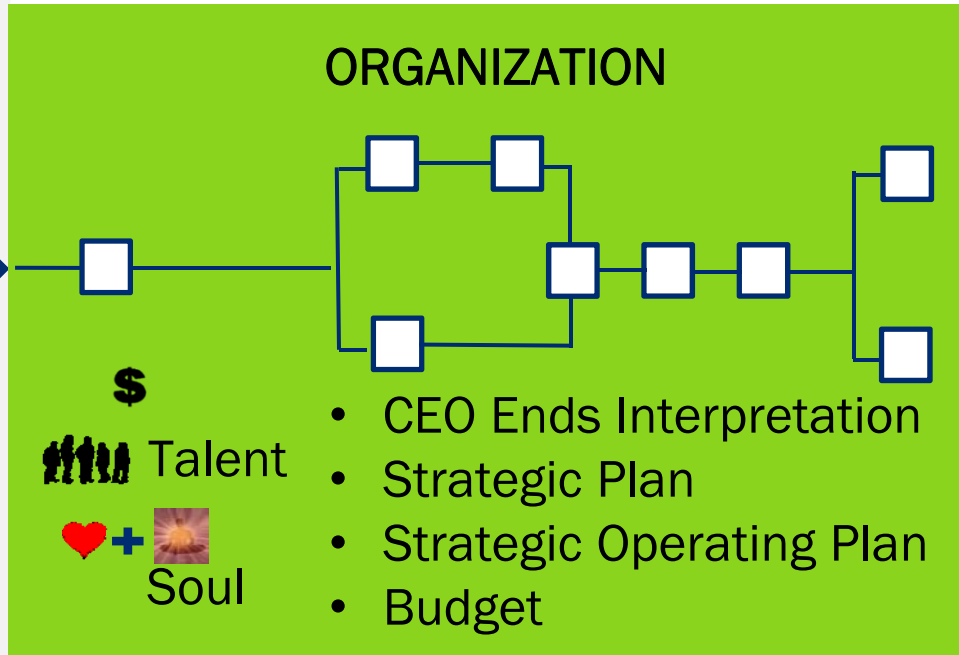
Position of Interpretation

- Interpretation starts after Ends Policies have been developed.
- It is the responsibility of the CEO, and best done in dialogue with the Board.
- Interpretation is informed by the organization.
- Final step: Board assesses reasonability of interpretation (Monitoring Report).



Ends to Impact

Board clear expectations of relevant Ends to be achieved



**RESULTS
ACHIEVED**

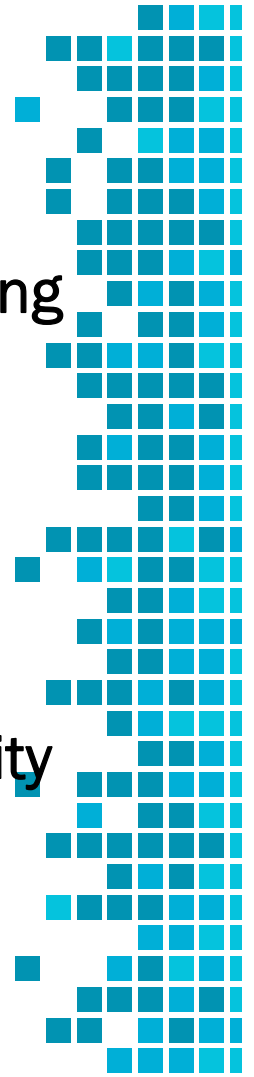
(Outputs,
Outcomes,
Impact)

**BOARD
DIRECTION**

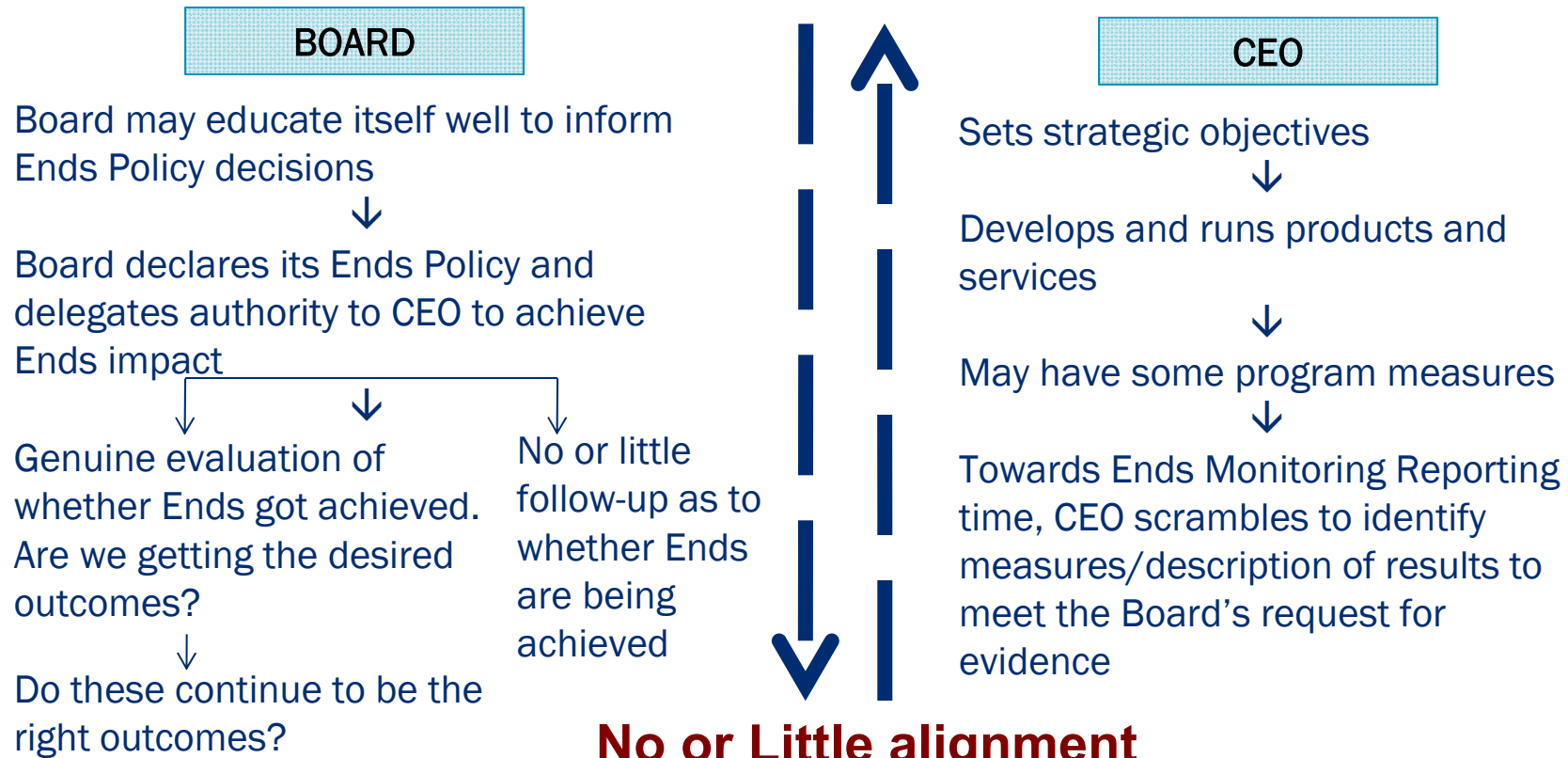
TRANSFORMATION AND TRANSACTION

- Operational Definition and Targets
- Strategies
- Processes/Programs

Ends Policy Achievement

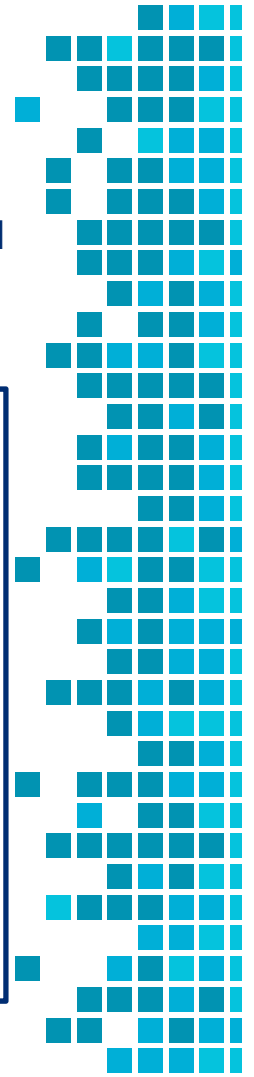
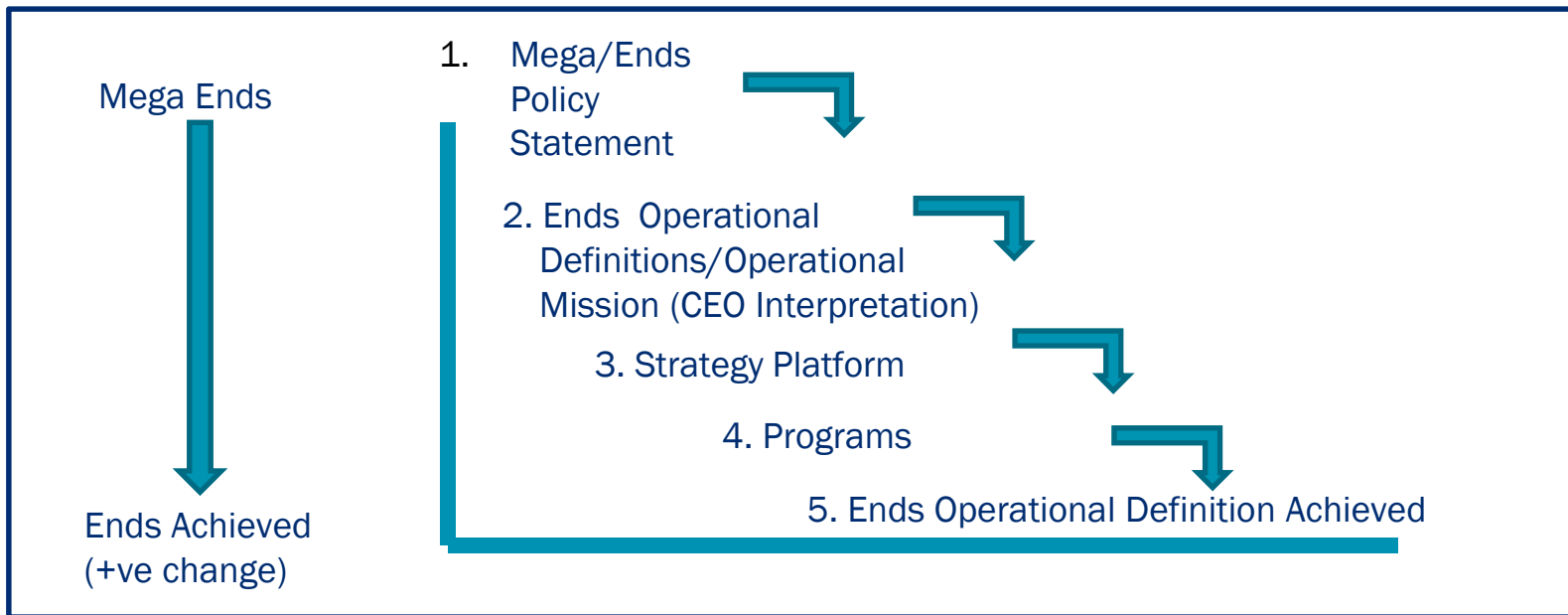


The most common pattern where Ends Policy implementation goes off the rails looks like this...



The Mega Ends to Strategy to Results Stairway

Too many nonprofits rely on their highest core Mega Ends to guide their program delivery decisions. They miss two critical intermediate steps: formulating an operational mission/operational definition of the Ends and devising a strategy platform. Without those steps, nonprofits easily fall prey to the stick-and-stretch syndrome.



Example



Ends Policy: Our travel customers arrive on time to their destination.

**POLICY INTERPRETATION EXAMPLE:
What does arrive on time mean?**

Could be measured in several ways:

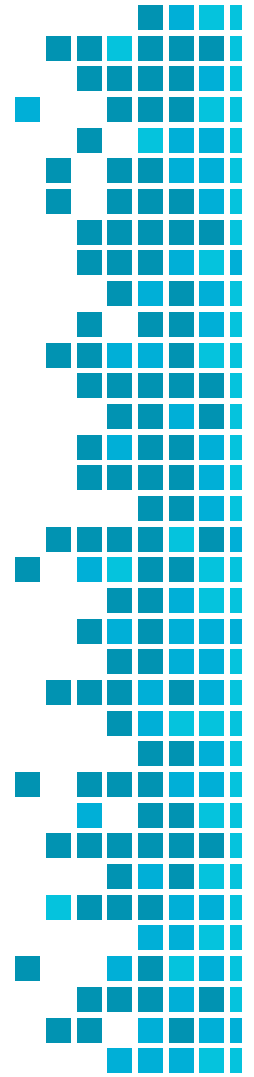


Stopped at the gate within 2 minutes of time stated as arrival time?

What does arrive on time mean?



Landed within 5 minutes of printed arrival time?



What does arrive on time mean?

First passenger left the plane within 2 minutes of time stated as arrival time?

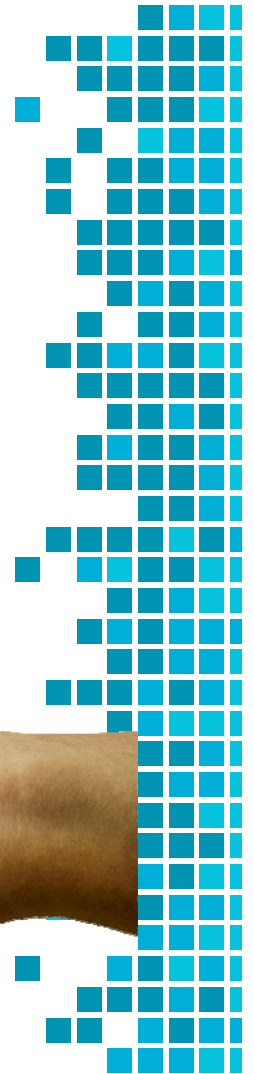
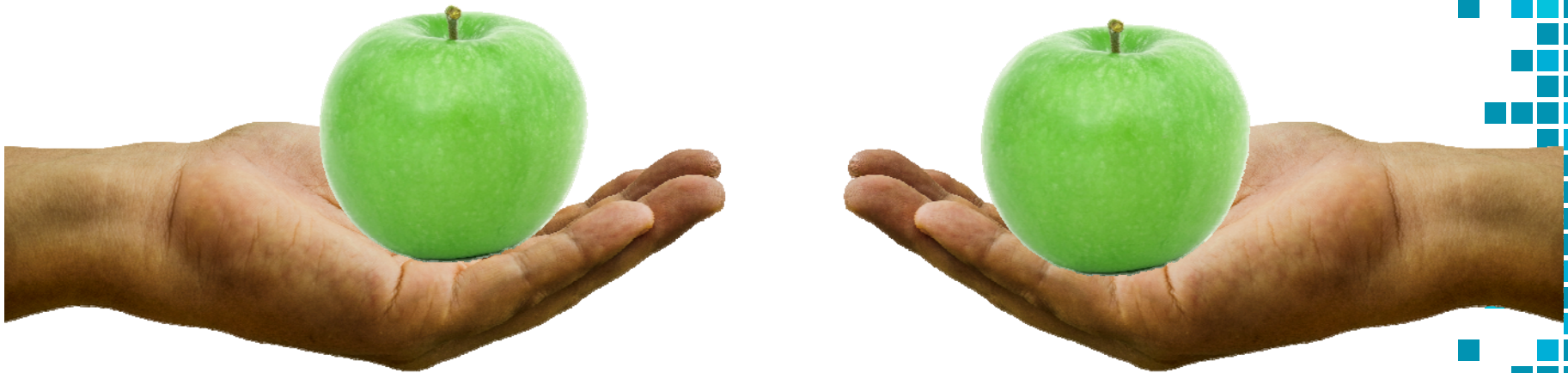




Last passenger left the plane within 10 minutes of printed arrival time?

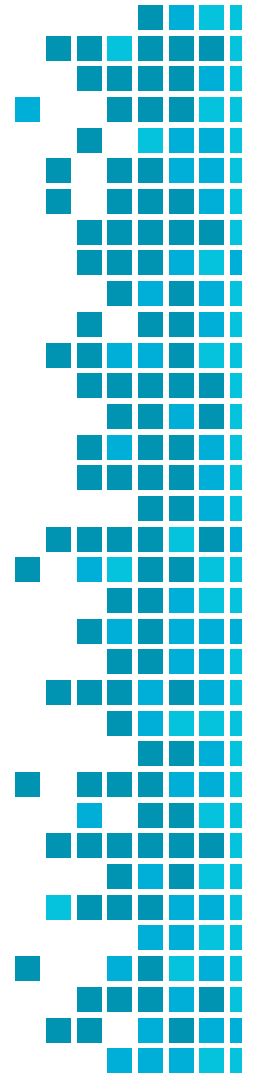


In order to assess whether travellers arrive on time, the CEO and the Board must be looking at the same measure.





- Having an organization without a clear, relevant, and sophisticated Ends Policy is like sailing a ship through a storm with no destination in mind.
- Having a strategy plan without Ends Interpretation of observable conditions to be achieved and related performance indicators is like sailing a ship through a storm without a compass.



Three Major Roles for the Governing Body in Board Strategic Directions



1. STRATEGIC DIRECTION

Create clear, focused, relevant, current, and sophisticated Ends (vision for impact) that really address the needs of the public.



2. STRATEGIC ALIGNMENT

Evaluate the CEO plan for operational outcomes for alignment and value (i.e. the CEO's Ends Interpretation – is it relevant, clear, measurable, a stretch and does the CEO's interpretation of the Ends Interpretation “jazz up” the people who will work to achieve the Ends?).



3. STRATEGIC ACCOUNTABILITY

Monitor/evaluate actual results achieved against the CEO interpretation (critical strategic outcomes).

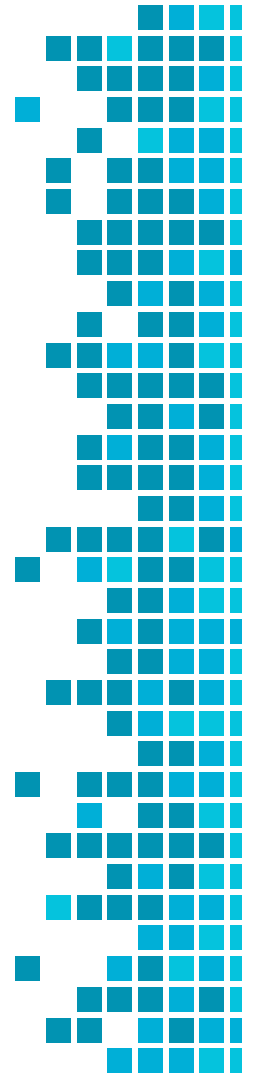


AN INTERPRETATION EXAMPLE

ENDS POLICY INTERPRETATION Cancer Research

Ends Policy

Cancer is eliminated as a cause of human suffering and death. Our role is to focus on people living in the eastern seaboard in the United States. We achieve this result through efficiently and effectively investing as many resources as we can make available for this cause.



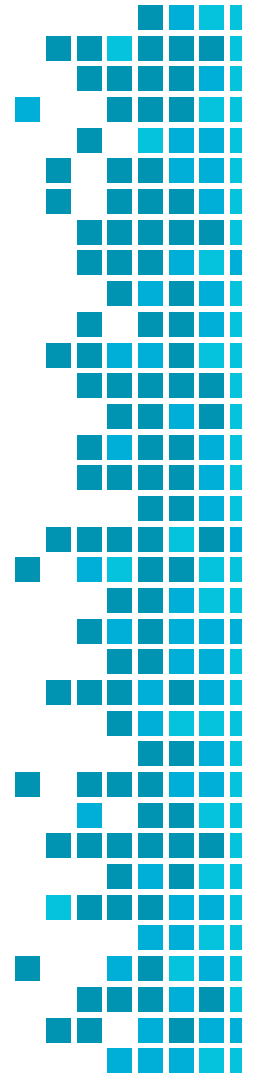


ENDS POLICY INTERPRETATION

Cancer Research

Interpretation

I interpret that the Ends will be achieved over this 5-year cycle when the impact of the 5 most common categories of cancer is reduced. This is as far as we can reach with our \$400M investment annually. Research indicates that there is significant opportunity to achieve the benefit of reduced human impact in all 5 diagnostic categories. Our specific targets for impact are outlined in the chart below.



End Policy	Operational Definition / Interpretation of Operating Definition	Good to be Done in the Period (i.e. return on the investment)	Measures/Indicator
Cancer is eliminated as a cause of human suffering and death.	Over the next 5 years, the top 5 cancers will be reduced and/or eliminated as a cause of human suffering and death.		
	<ul style="list-style-type: none"> • Colon 	Reduction of deaths	5% decreased mortality rate
	<ul style="list-style-type: none"> • Prostate 	Increased longevity	50% of cases have life span of greater than 10 years after diagnosis
	<ul style="list-style-type: none"> • Lung 	Reduced incidence	20% decrease in population incidence
	<ul style="list-style-type: none"> • Breast 	Reduction of death within 5 years	25% more cases diagnosed in period live longer than 5 years
	<ul style="list-style-type: none"> • Uterine/Ovarian 	Earlier detection	50% of cases will be diagnosed before any mastitis is diagnosed



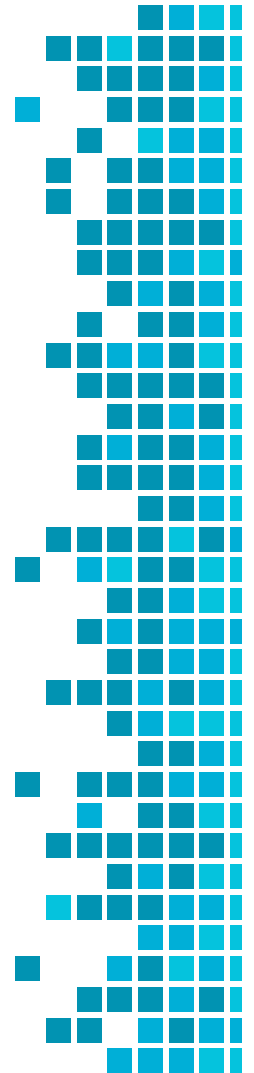
ENDS POLICY INTERPRETATION

Cancer Research

Rationale

The rationale for each of these targets has been established by a meta-analysis of the research available in each diagnostic category.

More details provided by CEO – can't fit here.



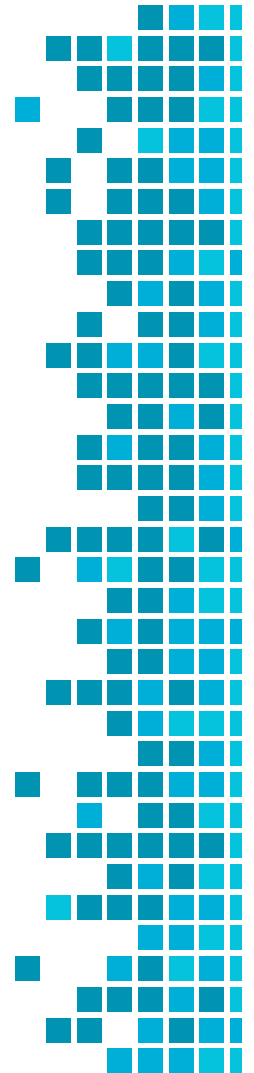


EXAMPLE OF A MULTI-YEAR INTERPRETATION

College of Medical Laboratory Technologists of Ontario Example

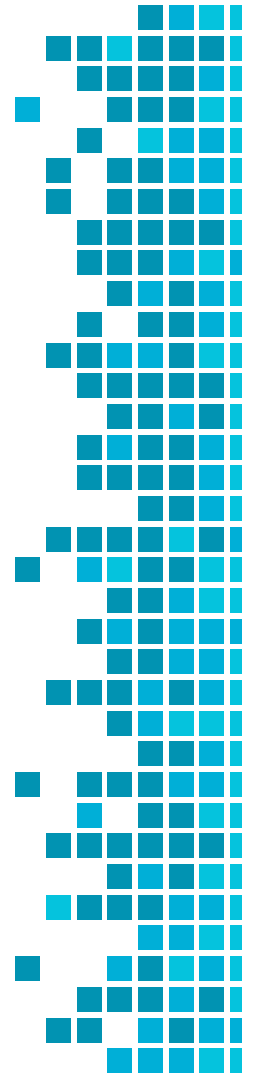
Ends Policy:

Medical Laboratory Assistants and Technicians are regulated in the Province of Ontario for the protection of the public.



Registrar & CEO Interpretation: I believe this End will be achieved when in :

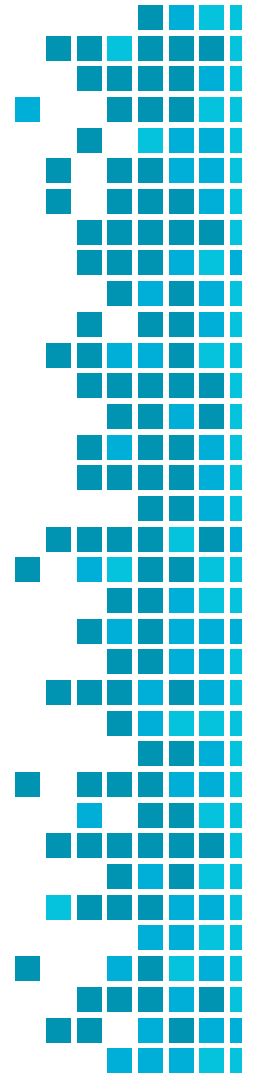
- Year 3 – eligible technicians are accepted to a voluntary roster (target 500)
- Year 5 – the registry of technicians has grown by a significant amount (target 1500)
- Year ? (8-10) – the legislation is passed causing technicians to be regulated
- Year ? (12) – all technicians are regulated to practice



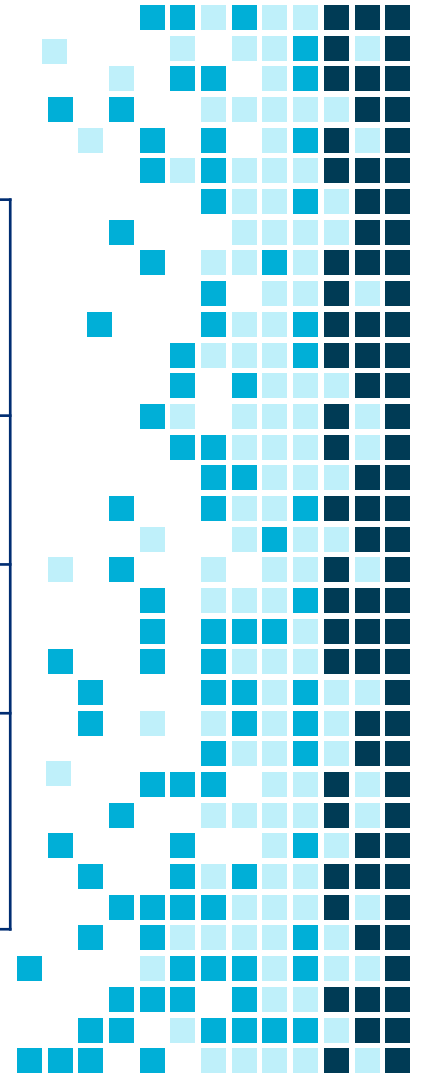


Rationale:

Achievement of regulation for all medical laboratory professionals is needed to achieve public safety in health care. At present technicians are not regulated and the nature of their practice represents the potential for significant harm to the public. Regulation ensures an essential level of requirement (skills, knowledge, experience) to be on the registry assuring the public that the professional is qualified, is continuously improving, and that public concerns have an avenue for resolution. The end of achieving regulation is a multi-year end.

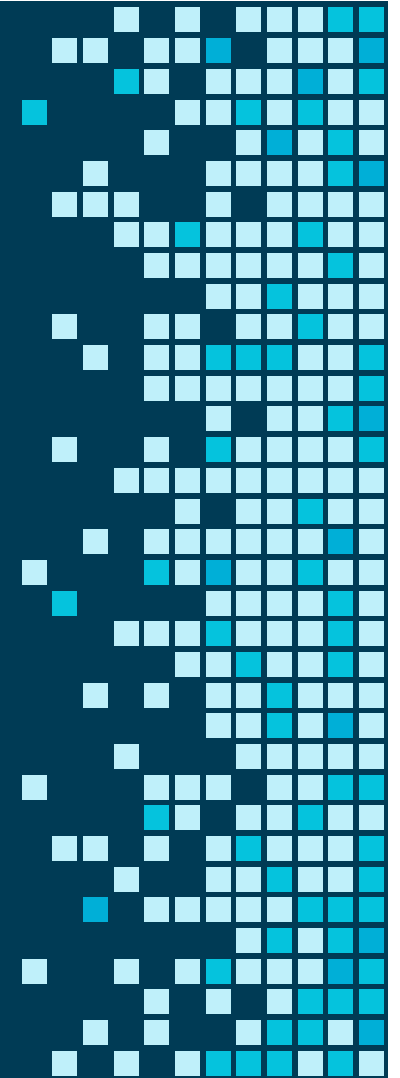


Year 3	<ul style="list-style-type: none"> • Existence of registry (yes/no) • Baseline number of technicians approved (500 target)
Year 5	<ul style="list-style-type: none"> • Number of technicians on registry (1500 target, 300% increase)
Year ? (8-10)	<ul style="list-style-type: none"> • Existence of legislation (yes/no)
Year ? (12)	<ul style="list-style-type: none"> • Number of technicians formally regulated/registered under the legislation (Note: at present do not know denominator)

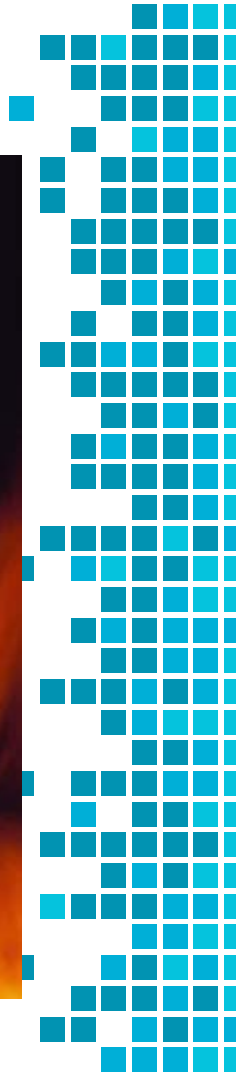




Now Your Turn



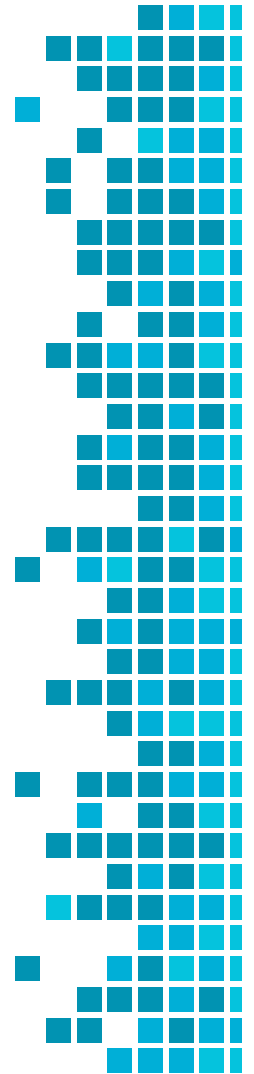
Find the “heat” in these
hot potato/off the rails
Example CEO Interpretations.



Nothing – there is no interpretation



Words of the policy
are just repeated
back.





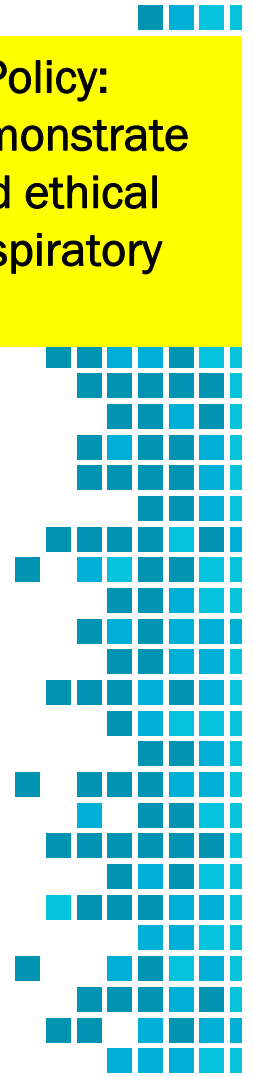
CEO Interpretation Example C:

CEO Interpretation

I have reasonably interpreted competent and ethical practice of Respiratory Therapy.

Example End Policy:
Graduates demonstrate competent and ethical practice of Respiratory Therapy.

MONITORING RESULTS	2016	2017	2018	2019
All exams passed	82%	83%	86%	94%
Performs Clinical Practice Guidelines competently (measured by simulation)	76%	78%	80%	86%
Fully knowledgeable of College Codes of Conduct	57%	63%	63%	79%
College Granted Registration	92%	93%	93%	94%



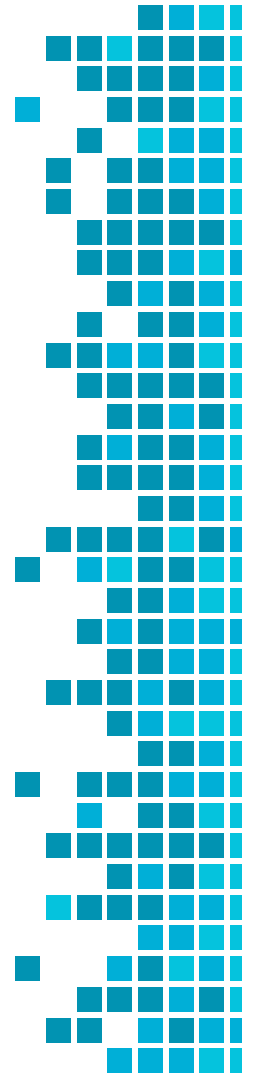
Interpretation Pitfall

CEO doesn't explain the interpretation...says its reasonable and skips to the monitoring results.



Poor Ends Policy Interpretations

1. CEO assumes the policy is self evident to everyone and needs no interpretation.
2. CEO simply repeats the Board policy by paraphrasing.
3. CEO simply replaces the Board's words with "dictionary" definitions.
4. CEO simply makes a statement of good intent.
5. CEO lists a series of activities as the operational result to be achieved.
6. CEO lacks a statement or definition of what will demonstrate achievement of Ends e.g. operational outcome or definition.
7. Rationale missing.
8. Interpretation only addresses part of the policy.





Keys to Effective CEO Ends Interpretation Achievement or Compliance (Avoiding Hot Potatoes)

Provide Interpretation and Evidence From The Lowest Level Ends First, Then Work Up To The Highest Level.

MEGA END

High Level End

Sub-End

Sub-End

High Level End

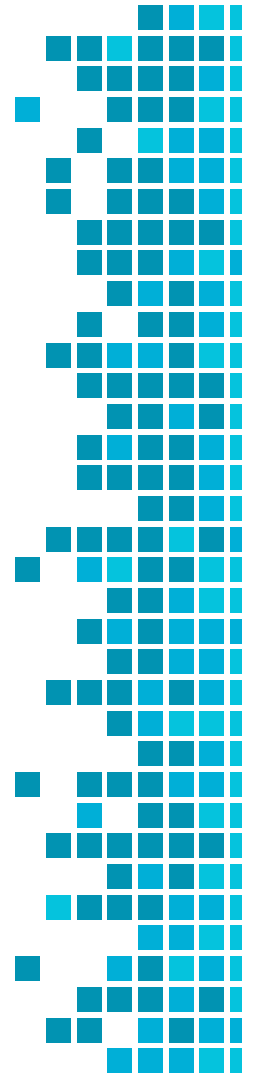
Sub-End

Sub-End

← Interpret and report on sub-ends first



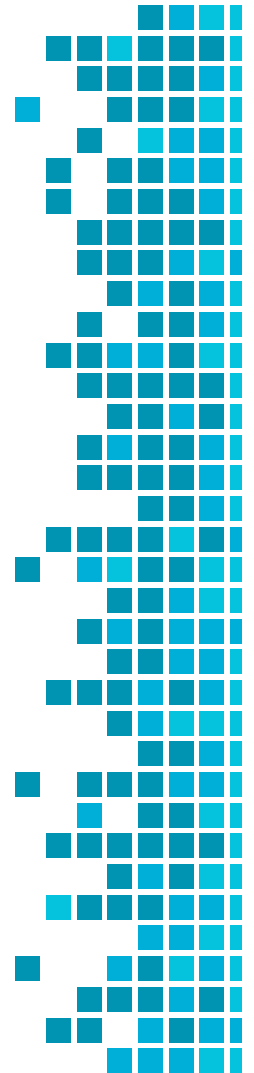
ACCOUNTABILITY DRIVEN BY PURPOSE: BEFORE DURING, AND AFTER CRISIS





Anatomy of a CEO Ends Interpretation

If your Board is not getting these components..... it is not getting a reasonable interpretation!!!





*It is more important to know
where you are going than to get
there quickly. Do not mistake
activity for achievement.*

– Mabel Newcomber



ACCOUNTABILITY DRIVEN BY PURPOSE: BEFORE DURING, AND AFTER CRISIS



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