

2021 GOVERN FOR IMPACT CONFERENCE
VALUES TO IMPACT THROUGH TRANSFORMATIONAL GOVERNANCE

Interpreting Impact: How is Success Measured?

Effective Monitoring in the Policy Governance System




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Where do you fit?


- Board member?
- CEO?
- Administrative team?
- Administrative support staff?
- Consultant?
- Other



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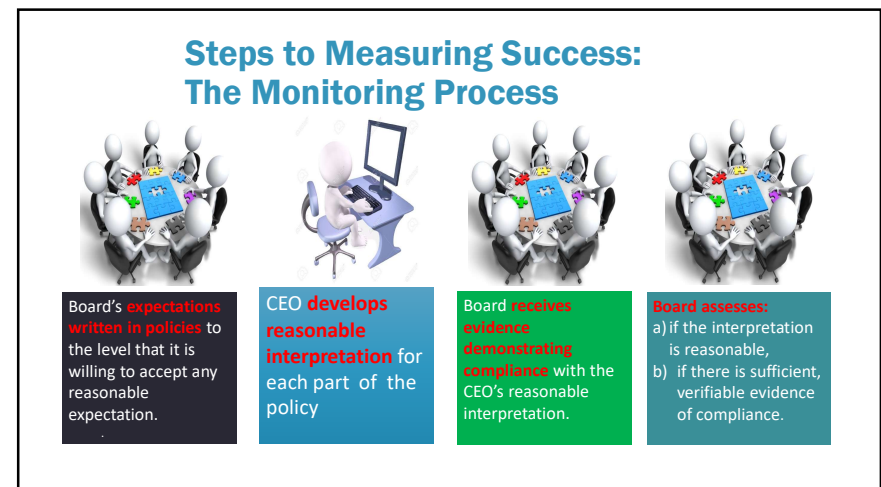
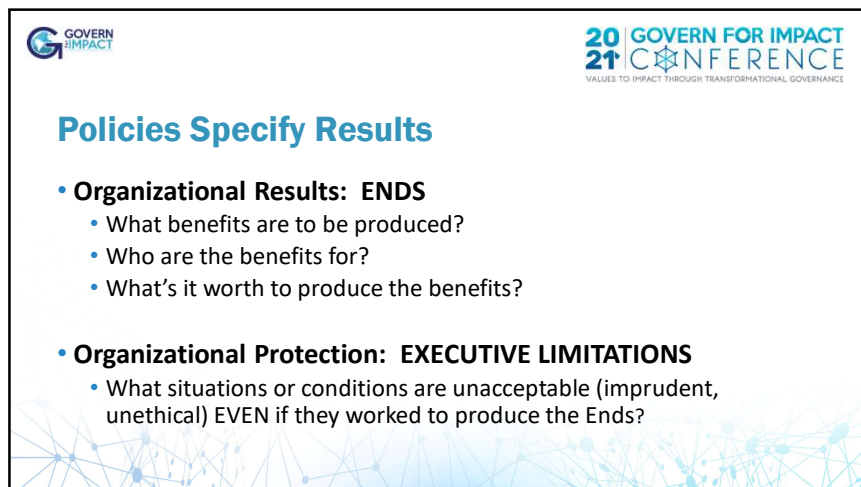
What is Organizational Success?

- Your Thoughts?

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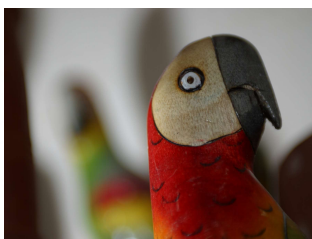
Organizational Success?

Achieving the organizational results the board, informed by the values of its owners, has specified, while ensuring the organization is protected from unethical or imprudent situations or conditions





Interpreting the Policies: Interpretation is NOT:



Interpretation IS an “Operational Definition”

- A description of something in terms of the procedures, actions or processes by which it could be observed and measured.
- A detailed specification of how one would go about measuring a given variable
- Makes abstract qualities concrete – describes something you can observe or measure that is a visible representation of the abstract quality
- Clear enough that if someone else were going to measure the quality, they would be measuring the same thing - a clear, concise, detailed definition of a measure



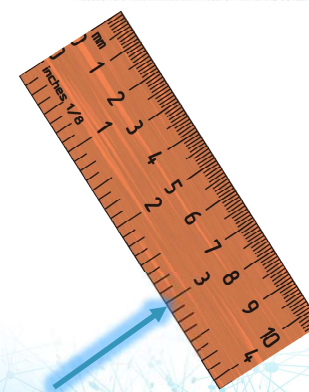
Interpretation IS:

- Identifying the **standard** or measurement tool that will be used to measure achievement or compliance
- Explaining **WHY** that standard is reasonable



Interpretation is:

- Identifying the **level of achievement** on that standard that, if reached, will demonstrate compliance
- Explaining **WHY** that level of achievement is reasonable





Types of Measures (the “Standard”)

- Quantitative measures
- Measures for “intangibles”



Quantitative Measures



Measuring Compliance with Executive Limitations

- Relatively easy
- Often a quantitative or directly observable measure
 - Financial numbers
 - Levels of knowledge or skill



Example

Policy: CEO shall not expend more funds than have been received in the fiscal year to date.

Standard (Measurement Tool): Revenues minus expenses at the end of each quarter

Level of Achievement on the Standard: Revenues equal to or greater than expenses.



Example

- **Policy:** CEO shall not cause or allow a workplace environment that is ... disrespectful.
- **Standard (Measurement Tool):** Employee survey asking level of agreement with the question: "I am treated with honesty, openness, integrity and respect."
- **Level of Achievement:** 90 % of employees agree or strongly agree with the statement



Don't forget to include rationale

- **Why is the standard (measurement tool) reasonable?**
 - Measure commonly used in the industry?
 - Questions used in a standardized test?
 - Advice from an expert in the relevant field?
- **Why is the level of achievement reasonable?**
 - Comparison to an industry or generally understood benchmark?
 - Comparison to your own organization's performance over time?
 - Comparison against conditions that would have existed, or did exist, in the absence of an intervention?



Your Turn

- What might be a standard of measurement for this policy:
 - CEO shall not allow untimely payment of payroll and debts



Policy: CEO shall not allow untimely payment of payroll and debts

Payroll:

- **Standard (Measurement tool):** Payroll records for the reporting period
- **Level of achievement:** actual payments made bi-weekly
- **Rationale for Standard:** Payroll records confirm the date payments were made
- **Rationale for Level of achievement:** bi-weekly is consistent with commitments made to staff in written Human Resource policies.



Policy: CEO shall not allow untimely payment of payroll and debts

Debts

- **Standard (Measurement tool):** Accounts payable records at month-end for the reporting period
- **Level of achievement:** no amount outstanding beyond vendor's terms unless a payment is under dispute
- **Rationale for Standard:** month-end accounts payable record actual payments still outstanding, and can be compared to vendors terms.
- **Rationale for Level of achievement:** payment consistent with vendor's terms avoids interest and maintains goodwill, unless there is a dispute regarding quality or completion, in which case it would not be good business practice to pay in full until resolution.



Policy: CEO shall not allow untimely payment of payroll and debts

Compliance will be demonstrated when:

- a) Payroll records verify bi-weekly payment of staff. This is reasonable because the records confirm actual dates of payment and bi-weekly is consistent with commitments to staff in written Human Resource policies.
- b) Month-end accounts payable for the reporting period show zero amount outstanding beyond vendor terms unless there is documentation of vendor's terms longer than 30 days, or unless a payment is under dispute. This is reasonable because accounts payable are a current record of actual amounts outstanding, and can be compared to vendor contracts. On-time payment avoids payment of interest or other penalties, unless there is a dispute regarding quality or completion, in which case it would not be good business practice to pay in full until resolution.



BUT ... Some Things Aren't Measurable?

- A measure is a quantitatively expressed reduction of uncertainty based on one or more observations*
- If a thing exists, you have already observed it somehow
 - If it matters at all, it is detectable or observable
 - If it is detectable, it can be detected as an amount or range of possible amounts
 - If it can be detected as a range of possible amounts, it can be measured

*Douglas Hubbard. *How to Measure Anything: Finding the Value of "Intangibles" in Business*



Measuring "Intangibles"

- Personal values and attitudes
- Knowledge
- Conditions – the state of a person or thing against an accepted, social, cultural or universal standard
 - Example of a "conditions" scale: in crisis, vulnerable, stable, safe, thriving – a move from one increment to the next is a measure of outcome
- Status – fitting into a social standard category that assesses a particular characteristic
 - Example of a "status" scale: a move from an endangered species to a protected species status



EXAMPLE

- **Policy: Children in our preschool will be ready for kindergarten**
- What would be an **observable indicator** of school readiness?
 - **Standard/Measure of cognitive development:** xxx standardized test that determines what proportion of children recognize all the letters of the alphabet and the sounds they make, the numbers from one to ten, sort 10 items by shape, and recognize and name 6 colors
 - **Rationale for the standard:** xxx test was developed by xxx experts and has been standardized in our region of the country. It is acknowledged as a valid and reliable measurement tool.



Policy: Children in our preschool will be ready for kindergarten

- Level of Achievement: 80 % of students achieve a score of 70 %
- Rationale for the level of achievement: 70 % is the regional average for preschoolers who have taken this assessment. Since our preschool includes a range of children from a wide range of socio-economic backgrounds, and since our score last year was 75 %, we believe that a modest increase to 80% represents a reasonable level of achievement.



Organization: Luxury Travel Membership Association

- **Ends policy: Honeymooning couples can book idyllic island hideaways**
- **What might be your standard of measurement and level of achievement, along with rationale?**



Ends policy: Honeymooning couples can book idyllic island hideaway vacations.

EXAMPLE:

- **Standard:** Participant agreement on a survey that their booking met the following conditions: exotic location in an area of the world that can be reasonably foreseen to be safe; include at minimum a private beach, luxurious accommodations at least somewhat isolated from other tourists, and personalized catering.
- **Rationale for Standard:** A survey conducted last year of 1,000 randomly selected newly-weds that had registered with three major bridal registries in the local trading area identified the above conditions as "idyllic."
- **Level of Achievement:** 95 % of participants agree their experience meets the above conditions
- **Rationale for Level of Achievement:** There are a wide variety of personal preferences, and it is unlikely that every couple will be completely satisfied with every aspect of a booking. 95 % is 3 % higher than the 92 % achieved last year, so represents a modest improvement.

The Question for the Board



ASK:

"Could a reasonable person have made this interpretation?"



NOT:

"Do I agree with it?"

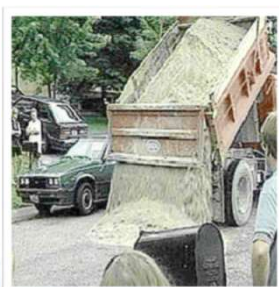
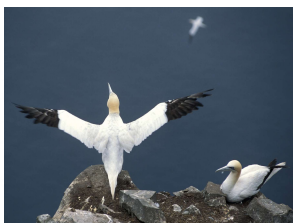


What Constitutes Good Data/Evidence of Compliance?

- Actual **result** on the standard of measurement
- **When** the data was collected
- **Source** of the data
- IF non-compliance, anticipated **date for compliance**

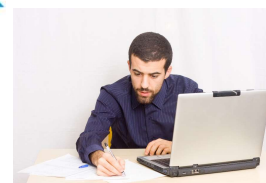


Common Problems with Data/Evidence of Achievement or Compliance



Internal Report

Direct written report from the CEO indicating compliance with policy



External Report

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Legal Audit



Financial Audit



Human Resource policy compliance audit


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Direct Inspection


Direct inspection of documents or activities by the Board or a Board Committee to assess compliance with policy criteria




3 Keys to Evaluating the CEO



ONLY criteria used are the previously written expectations in Ends and Executive Limitations



The board monitors CEO compliance through fair and systematic assessment



The cumulative summary of these assessments = the CEO's performance evaluation

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Your Questions





Thank you

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