5 BENEFITS OF POLICY GOVERNANCE

1) Safety and success for the organization. With Policy Governance, the board puts protective boundaries in place early on, clearly defines expectations and authority given to the CEO, and then rigorously monitors to make sure all expectations and boundaries are being adhered to. A CEO who knows what is expected and how to be accountable, is able to take more rapid, more innovative and more decisive action. Taken together, these tend to increase both results and safety.

2) Vision for the board. This system gives the board a way to succinctly define how much protection is just enough so that it does not put the brakes on organizational performance. When they delegate most operational decisions to the CEO, the board is free to do the value-added strategic work of envisioning the future, and the meaningful work of connecting with the owners they represent.

3) Support for the community. In the areas defined by the board, customers experience a more effective and efficient delivery of positive impacts in their lives and their communities.

4) Respect for the owners. With Policy Governance, owners have an active set of representatives who use owner values and preferences to make the best decisions about where to head and how to protect the value the owners have invested in the organization.

5) Confidence for the employees. Clearly defined roles and ranges of authority allow staff to know what they can and cannot act on by themselves. This allows them to use more of their innate ability, achieve greater accomplishments, and worry less about being blindsided.

A BOARD WITH ONE VOICE

No matter how the directors have arrived at the board, they commit to representing the best-informed interest of the entire ownership community. Knowing they will likely have to make decisions that not everyone will agree with, they try to first understand everyone's values and then make the best decision based on those values and what they can learn about the issue.

A board is a representative body, and its authority is held by the full body. This means that the board needs good process to bring its members' various voices into an agreed position and that once the position is reached, it is supported as the official voice of the body. Individual board members have no authority to act alone, whether in dealing with the press or in directing staff. Board holism and one voice refer to this concept of the group as authority and the need to reach and support the official conclusion determined by the board to be best.

MTA

Positive & Effective Leadership through Board Policy Governance®

IS THE POLICY GOVERNANCE MODEL RIGHT FOR US?

Board Policy Governance requires things to be done in a way that is different from what most boards do. It is based on principles rather than rules, which requires an ability to apply the principles to every situation. It gives the board a method to address any issue, but the model may not be as easy to learn as others.

If a board is fond of being involved with the day-to-day management of the organization or lacks the interest or ability to consistently follow a system, Policy Governance is not a good choice. This method of governance is systems-based and strategic. Boards that are good candidates for the model, can:

1. Think strategically;
2. Use different perspectives to seek wisdom;
3. Engage in dialog to determine the best group thinking;
4. Work as part of a team seeking the greater good.

HOW POLICY GOVERNANCE WORKS

Defining Ends

With this model, the board defines "Ends" instead of goals or objectives. This special method of defining what good should occur as a result of the organization's activities is a powerful way to set strategic direction. Goals and objectives can apply to results or activities or even just good intentions. The Ends define what specific changes should occur in the world and for whom. Many strategic plans have lots of goals and objectives about what the organization will do and be, but never address the critical question of "so how will we be better off?" Policy Governance does.

What most think of as strategic planning is usually delegated to the CEO, but only after the board has taken the first steps by defining the Ends and setting the parameters within which the CEO must operate to achieve them. The CEO is free to do any necessary planning as long as it is aimed toward achieving the outcomes within the parameters as set by the board.

The board is concerned about three major things as they relate to performance:

1. Did the organization it controls actually produce what it exists to produce?
2. Was the organization it controls run safely and effectively?
3. Did the board itself work in a manner that would best support the first two situations?

Assuring performance on each of these three is accomplished by proactively developing a set of criteria for what each of the three things means, making clear who is accountable for them happening, and then using data-based monitoring to make sure that they actually do happen.

Writing Policy

The board proactively develops a set of policies that covers everything that would ever be of significant concern, including actual financial situations and conditions, as well as how financial planning and budgeting are done, and delegates those policies to the CEO to carry out. Then the board actively and regularly measures whether or not the requirements in the policies are actually being met.

The way the policies are written is important. Both the board and the CEO will need to make decisions, at different levels, about the Ends and the operational situation. Because the board begins its policy at the broadest level of each issue first and then defines it level by level until it can accept any reasonable interpretation of the policy as written, the board identifies exactly what belongs to the CEO to decide.

Monitoring The CEO

The board defines what its expectations are as a group, writes them in policy, delegates their performance, and then measures whether or not the criteria are being met. In Policy Governance, the CEO regularly submits monitoring reports that include a definition, a measurement system and actual data. The board assesses whether or not the CEO's report mirrors its policy and whether or not the data is appropriate and shows sufficient performance. Success is defined by achieving the Ends criteria and avoiding what is off limits.

BEING FINANCIALLY RESPONSIBLE

Fiduciary duties are often defined as care, loyalty and lawful obedience.

Care

A Policy Governance board shows care by developing policies that define which things need to be cared for and to what extent, and then making sure the person charged with that duty is actually fulfilling it.

Loyalty

The board shows loyalty by proactively seeking the values of the entire set of owners to develop policies to guide the organization.

Lawful Obedience

The board shows lawful obedience by ensuring that its behavior, and that of the management, is aligned with the bylaws and appropriate laws and regulations.

Supporting Great Governance

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