

# Connecting with the Ownership

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HAVING DETERMINED who the owners are, a board is then faced with how to establish contact with them. The contact is intended to allow owners' values and wishes to be represented in board debate, largely about ends. The contact is not intended for public relations purposes, though these may be a side benefit. Open

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meetings will not suffice. Only a handful of owners attend, scarcely representative of the total ownership. Most owners are unaware that they are owners, particularly in the case of quasi-public nonprofit agencies. Rather than waiting passively for the ownership to contact the board, the board

should take the initiative to develop more affirmative actions, going out to the ownership in innovative ways.

## **Formalize the Board-Ownership Relationship**

The first step toward connecting with the ownership is to codify the commitment by creating policy that describes the board-ownership relationship. Remember that in Policy Governance, *all* board values are committed to writing, including board values about the initial accountability link and how the board will fulfill it. This policy belongs, of course, in the governance process category.

The point of departure for such a policy is a description of the ownership as you understand it. (All policies are created in outline form so that the larger issues are resolved first and smaller ones addressed in turn.) The preamble, or broadest statement, might say something like this: "The board provides the legitimate link between the owners of Elveden Community College, residents of Elveden County, and the operating organization. Staff members, faculty, students, and others who meet this definition of owners will be accorded the rights of owners, but not disproportionately to their numbers in the ownership." In subpoints, this policy might go on to describe the ownership more exactly, if needed, along with methods to be used for establishing the linkage.

## **Distinguishing Between Owner Input and Consumer Input**

Before a board sets out for owner input, it must first be able to distinguish owner input from other commentary. For example, owner input is that which relates to owning an organization, rather than input that relates to being served by the organization. The treatment of a particular consumer is consumer input, though how the organization will treat consumers in general is owner input. This distinction, rarely recognized by boards, is critical to obtaining the appropriate ownership linkage.

The biggest confusion is that some owners might also be consumers. The pressure to comment as a consumer is ordinarily greater than the pressure to comment as an owner. Take a city council, for example. People who go to city council meetings to have their say are both consumers and owners of city government. This situation is one of those in which both roles are played by the same people. So when Jorge or Monique Q. Public speaks to the city council, is the council hearing from an owner or a consumer? It could be hearing from either, but a quick survey of what citizens say to their city councils will reveal that most comments relate to consumer issues of city services rather than owner issues.

If I complain to my city council that potholes haven't been repaired on my street or that the drainage ditch is overflowing, these are customer complaints. However, if my comments deal with how much smooth roadbed is worth how much taxation, I am speaking as an owner. In the latter case, I am adding my voice to those of others in order to influence the council's ends decisions (what benefits, for whom, and at what cost). In the former case, such global decisions have ostensibly been made; I am merely fighting for my personal piece of the benefits.

As you can see, city councils that patiently listen to a great deal of citizen input are not necessarily getting the ownership input they need to govern. They are unable to tell the difference between consumer and owner comments, partly because it is common to

obscure the difference by referring to both groups as “constituents,” an undifferentiated term. This condition is also largely true for school boards, for whom there is only a partial overlap of owners and consumers.

This problem is very real in any organization where the consumers and owners are the same people. For example, in membership associations the board works for the

members as owners, yet governs an organization intended to benefit the members as consumers. Such boards should engage members in a continual dialogue about what they want their organization to be, what it should accomplish, and what these benefits are worth in dues charged to members. This type of interaction would be a

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true ownership dialogue. Instead, they hear more often from members as disgruntled consumers and, mistakenly, think they have therefore done their job to connect with the membership. The board should connect with members as owners, and define consumers and benefits out of that dialogue. Then the staff would connect with members in their roles as consumers. Members would exercise *no* owner prerogatives directly to staff members and would need to exercise *no* consumer prerogatives to the board.

Perhaps a couple of everyday examples will highlight the difference between owner concerns and consumer concerns when the same people wear both hats. As owners, we want safety rules and adequate enforcement of highway driving. As consumers, we want to know where traffic radar is so that we can speed; we'll follow trucks closely if it seems

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they know where the cops are. As owners, we want an effective government revenue service. As consumers, we may skirt the rules, even to the point of borderline cheating.

Owner input influences the organization's never-ending struggle with its justifications for existence: what difference is to be made for whom and at what cost. Consumer input addresses the success or failure of a benefit that the consumer feels is deserved.

Consumers need an avenue of expression, and the board should insist that management provide such a path. The path of consumer expression should not typically be to the board. Operating systems should be able to resolve consumer issues. In fact, when consumers must grieve to the board to get legitimate complaints dealt with, it is symptomatic of an unacceptable system. The board should look beyond the consumer grievance at hand and ask the CEO why such matters ever get to the board. Is

there no way that consumer problems are to be systemically responded to? Why not? Is there no ombudsperson or, at least, sympathetic ear available to consumers?

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## Dealing with Input from Nonowners

Nonowners (or the consumer aspect of persons who are both owners and consumers) can be insistent, however, so board members need to know how to deal with them. Perhaps the most useful way for the board to deal with the input of nonowners is to resolve *not* to deal with it on a case-by-case basis. To do so drags the board into operational matters. If the board deals with nonowner input at all, it should deal with it on an aggregate basis as part of monitoring executive performance (if and only if the board has already set performance criteria). There might be occasions when the board legitimately contacts consumers to be sure that they are, in fact, getting what the board has decreed for them. This effort, however, is at the board's behest as part of a total monitoring scheme. It is not intended to hear complaints and certainly not meant to resolve them. The intent, should this approach be used, is merely to monitor one or more aspects of CEO performance. Like other monitoring, it should not be scatter-gun in nature but targeted to specific, policy-stated criteria.

It is easy to see how school board and city council meetings would change if they were not strangled with direct board-consumer interactions. There would be time for ownership concerns. These concerns tend to be longer term and intently focused on what outputs are worth what costs—the very long-term ends issues that boards currently overlook so consistently.

## Measures Toward Connecting with the Full Ownership

The key to the board-ownership linkage is the active endeavor of a committed board to contact and heed its true ownership. With this in mind, I often recommend that boards include in their policy language text along these lines: "The board will pursue ownership input on an affirmative basis, not waiting for input to be initiated

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← FAQ

How does the board deal with customer concerns?

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← FAQ

How should a board gather input from its ownership?

by owners.” If boards don’t go out after the input, they will likely receive either (1) virtually no owner input, (2) occasional owner input, but so outweighed by consumer input that the owner input is not useful, or (3) disproportionately weighted owner input due to some owners having better access, more fervor, or greater verbal ability than others.

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For boards of public, quasi-public, and large membership associations, the ownership is too large a group to reach easily. Consequently, the board will not be able to hear directly from more than a fraction of the owners. Moreover, most owners will not think of themselves as owners with owner prerogatives. In this case, it is all too easy to

allow the few owners who are heard to wield far more influence than their numbers warrant. Too often boards will make decisions based on the few owners who happen to have contacted board members.

Consequently, a board must work diligently to design input processes to overcome these impediments, committing their methods to policy, making them part of the board’s prescribed governance activity. The aim is not to reach every owner—which

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would be impossible for large groups—but to reach whatever sampling would be a reasonably representative input. Focus groups and surveys with these persons can be useful. But due to our perennial distortion and negligence of this broad ownership input, it would be healthy to look at each method with a critical eye. Let’s look at a few meth-

ods of connecting with the ownership. Some methods may not apply to your board, though all will apply to some boards. Boards fully committed to leadership will invent far more than I can list and, indeed, far more than I know.

■ Recruitment or appointment of new board members can take into account a candidate’s ability to identify with and connect to the ownership. This need not mean a slavish formula of board member demographics that turns into a bizarre casting call. So while individually representing a small segment of the ownership is not recommended, firsthand experience with the ownership will help the board member keep focused on ownership issues.

■ Whatever its composition, a board can link at least abstractly by attending formally and explicitly to its linkage responsibility. This includes talking about the obligation,

discussing the interests consequently to receive front-burner consideration, and finding ways to disentangle nonowner input from the real thing.

■ The board can enhance its linkage ability by gathering statistical data, particularly demographics and values assessment, that relate to the specific ownership as defined. The challenge is getting data about the ownership rather than some other grouping, even though other sources may be less expensive and easier to obtain.

■ The board can listen to vocal and assertive subparts of the ownership when these subparts request a hearing, but the board shouldn't assume that these smaller groups represent the total ownership. Try to get such groups to say not only what the organization should do more of, but also what it should in consequence do less of. Invite groups that push you in opposite directions to debate the matter between themselves in your presence.

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■ Owners can be educated as much as possible, and boards should at least make sure that they don't miseducate them. Public boards continually teach the public inappropriate behaviors by the way board meetings and public input are structured. It is as if the public is enticed into missing the point of ownership. While educating the ownership might be a tricky undertaking, in some situations (for example, trade associations) it is quite achievable.

■ Written or oral questioning can be used to survey the ownership. Be sure you get a representative sampling, using stratification and randomness as appropriate. Remember that you are seeking input about what benefits for whom have what relative and absolute worth. You are not seeking input about means.

■ Focus groups can sample owners' values and wishes in depth. Notice that the more of these data a public board has, the better it can deal with splinter groups that claim themselves as representatives of the public. You need not shut them out, but with no ill intent you will drown them out with more extensive data about ownership wishes than they can ever claim.

■ Broadcast communication with the ownership is possible, for example, through the commercial press. Report results and delineate ends quandaries. One client of mine bought advertising space in a daily newspaper for a quarterly report to the public. Note that this communication is not for the purpose of selling the organization or

making it popular—in short, it is not for public relations in the usual sense—but for reporting to the board’s “boss.” Take great care in the design, since such a report can be terribly boring to owners not nearly as excited about their role as you are.

■ Boards can lead the press rather than being led or intimidated by them. The press will consistently confuse the owner-consumer distinction and the ends-means distinction. How the press presents public ownership has a massive effect, though thus far not a very helpful one.

## Connecting with Other Boards

It is likely that the board is only one of several boards that work for the same ownership. A hospital board may have the same ownership as the school system, mental health center, and city council. These boards could be seen as employees working for the same boss. Just as in a management situation, they must communicate productively with each other in order to serve that boss well.

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One tactic in approximating the ownership connection is to link with other organs of that ownership: other boards. Boards should talk with boards—a valuable activity almost completely overlooked in current governance patterns. The commitment to do so is first thought through and put into the board policy I mentioned earlier. One

board added this: “Other boards will be chosen based on their having (1) similar or overlapping ownership or (2) similar mission. Those boards most capable of communicating about ends and governance process will be given priority.”

Another added this phrasing intention: “Board-to-board communication will be a minor board activity for one year from adoption of this policy, but will grow to a significant engagement after three years.” More specific language might go on to describe just which boards will be focused on and what the objectives of the interaction will be. Because this policy is part of the governance process category, unless the board designates another person or committee to make further decisions, the board chair is given the right to use any reasonable interpretation in carrying the board’s words to fulfillment.

When boards get together, what should they talk about? I think the most productive topics are ends and governance itself. In a community setting, the ends of all community organizations (political and otherwise) taken together largely define the effect the community has for people. While boards may not agree with each other

about the aggregate of these separate visions, it is folly for them to be operating in ignorance of it, yet we do it routinely. Governance is a natural topic; boards can help each other find better ways to govern, including more creative ways to link with their ownerships.

Now, a disconcerting dash of reality: At this point in the history of governance development, it is likely that other boards will not be able to match your own board's ability to have a productive dialogue. They are too mired in staff work instead of board work. So your board will either wait a very long time to engage in such an advanced dialogue or—here is my challenge—your board can work for a revolution in governance in your community!

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### **There's Such a Thing as Being Responsible Owners, Too!**

AS A PEOPLE, we have a hard time being responsible owners of our public and nonprofit organizations. We have difficulty (1) knowing what to expect of the boards that represent us and (2) treating those boards appropriately once they are operating. Here are a few tips to association members, community members, city residents, and other owners (enough to include us all!).

1. Expect the board to consider a wide range of opinion rather than to short circuit that diversity based on board members' biases or on disproportionate input by a few vocal subparts of the ownership.
2. Recognize that we as owners do not agree with each other, so the board cannot make everyone happy. It should be expected to use a well-designed, fair process and deserves support as long as it does its task with integrity. The board needs—and deserves—our encouragement most when the opinions it is balancing are most diverse or most passionately held, that is, when we are even more likely to be unhappy with its decisions!
3. Understand that the staff is obligated to fulfill the board's interpretation of what we the ownership wants. The staff is not obligated to fulfill your or my interpretation, so don't judge the CEO based on our individual criteria.
4. Demand good leadership, but give leaders a chance to lead!



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ON BOARD  
LEADERSHIP

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THE CREATOR OF THE WORLD'S  
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FOREWORD BY SIR ADRIAN CADBURY



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