

PRE-MEETING ASSIGNMENT

Our intention to complete a provisional set of board policies in five two-hour sessions is ambitious. It will be fulfilled only if every participant comes to each session prepared.

In advance of the March 23 session, we request that you:

- Read all materials in this Session One packet, including the Policy Governance handout originally provided at the December 1 retreat
- Make thorough notes of your questions and suggestions for additions, deletions or alternative language
- Take a brief tour through the remainder of your binder
- Call or write A.B. Orlik if you get stuck in your preparation: 608.334.9097 or abo@writingbarefoot.com

FULLY ENGAGED

We hope all board members will attend all five sessions, and we know other commitments intervene. We have two options to ensure that the process moves forward, and we should choose at this first meeting:

- As planned, we can require catch-up calls for nonattending members shortly after the meeting; or
- We can ask nonattending board members to accept policies developed by those who do attend – unless they have an ethical reservation about them.

CONTEXT FOR SESSION ONE

Board members had an opportunity to read and discuss a summary of the Policy Governance model at the December 1 board retreat. To make the best use of our time together, we will not review this information during the March 23 session, though we have included it in this packet as a resource.

Recall, however, Carver's assertion that a Policy Governance board must not act as if everything is its job. He summarizes the job products of a Policy Governance board as:

- Ongoing linkage to its owners
- Explicit governing policies
- Assurance of executive performance in support of those policies

To fulfill its job, the board must:

- Clearly articulate who the owners are and then consult with them with a view to the board's crafting relevant Outcomes policies for the organization
- Craft Executive Limitations policies that constrain the General Manager from choosing unacceptable organizational means (even if they would be effective)
- Make its rules for itself clear, or sufficient group discipline will never be maintained
- Unambiguously assign the right to interpret and implement board policies to those who will be held accountable for policy compliance
- Insist upon systematic, believable monitoring data that address the expectations it has established

Four major groups of board policies are necessary to implement the Policy Governance model, and the Water Utility Board will address each in an upcoming board education session:

- Board Process, March 23
- Executive Limitations, April 27
- Board-Executive Relationship, May 25
- Outcomes, June 22

The board will complete this phase of its Policy Governance exploration on July 27. If the board chooses to move forward with Policy Governance, it may provisionally approve board policies created to this point as the Water Utility Board Policy Book. The board will continue to function as it has until it is ready to embrace the entirety of its Policy Governance policies, though many Board Process policies may be put into practice immediately. Even after adopting a first set of board policies, the board will continue to modify and improve these governing documents across time.

CREATING BOARD PROCESS POLICIES

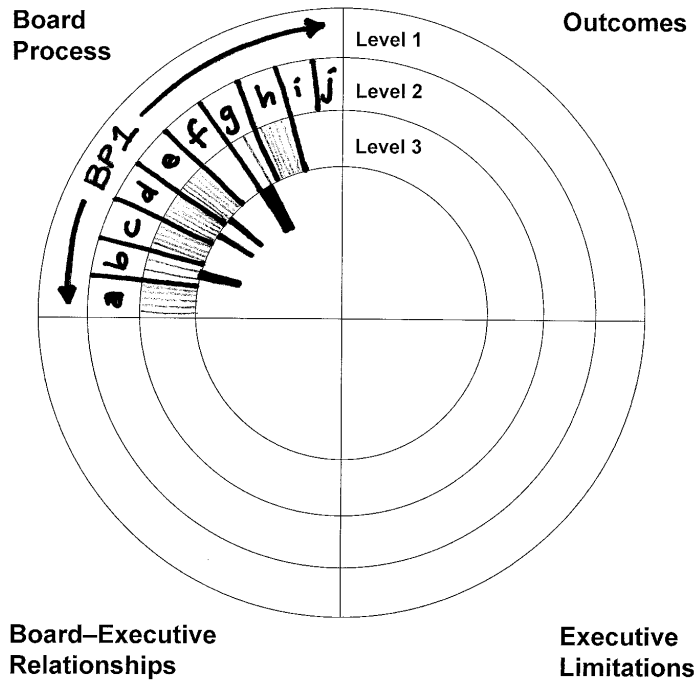
Outcomes policies define what results are to be achieved, for what groups, and at what worth. We will develop Outcomes policies in our June session.

For now, we will focus on defining Board Process policies – those that govern what is expected, acceptable, and unacceptable in the conduct of the board’s own operation.

These policies will not contain all the values board members hold, but they will contain all the values the board as a whole can agree it holds, along with those necessary for proper governance of the organization. Note that Board Process policies are *means*, not outcomes.

In Policy Governance, each group of policies consists of global policies and whichever additional subsidiary policies the board deems necessary to guard against unacceptable results and to achieve intended outcomes.

In the diagram at right, Level 1 represents a global policy. Levels 2 and 3 (and beyond) represent subsidiary policies. The levels illustrated in the Board Process quadrant correspond to those in the draft policies included with this packet.



NOTES FROM CARVER

John Carver and his associates have written extensively about Policy Governance and its application in public, private and nonprofit entities. Here we highlight brief excerpts that might be particularly useful and relevant as the Water Utility Board begins this reinvention process.

“The measure of accountability for any public board is the *fulfillment* of public will – the product of two separate functions: first determining that will, then ensuring its execution.”

“The existence of a public organization is itself proof that some manner of general will, however imprecisely interpreted, underlay its formation.” Yet, Carver notes, “for the owner-representative to know what the ownership wants is a daunting task. It is perplexing to determine what a heterogeneous population wishes, particularly on contentious and controversial issues. Public board members who form their ideas of a general will based on a few phone calls, random interactions with constituents, or even public meetings (due to the non-randomness of their self-selected participants),” he argues, diminish the integrity of governance.

“The aggregate product of all public and quasi-public organizations makes up much of what affects people, particularly in a given community,” Carver notes. So, “considered as an array of servants of the same ownership, these boards cannot perform optimally in ignorance of each other. Moreover, one aspect of a board’s connecting with the ownership might be connecting with other organs of the same ownership.”

“In the Policy Governance model ... public input at the true governance level is more extensive and of more effect due to engaging the public in determination of the general will, not in the technology of execution.”

“The board is foremost a voice from ownership to management and only secondarily a link in the other direction.”

Above: Excerpts from *A theory of governing the public’s business: redesigning the jobs of boards, councils and commissions* by John Carver. *Public Management Review*, Volume 3, Issue 1, Mar. 2001. Reprinted in *John Carver on Policy Governance* published by Jossey-Bass.

“Good governance makes a distinction between the position of the board and the minority position of a dissenter or dissenters. It calls upon boards to expect their members to adhere to board decisions until they are changed by the board.”

“Board members are likely to disagree over important issues, so speaking with one voice will not be achieved by unanimity. It is, however, a requirement that all board members support the legitimacy of a board decision, even if they voted against it. ... You may have voted 6-3 to [explore the feasibility of] Policy Governance, but if it is to be successful, you must pursue it with the resolve of 9-0.”

Above: Excerpts from *Reinventing Your Board: A Step-by-Step Guide to Implementing Policy Governance* by John Carver and Miriam Carver, published by Jossey-Bass.

Now let’s move on to two drafts for discussion at the March 23 meeting:

- Document 1.1: Board Process Policies
- Document 1.2: Expectations of Board Members

DRAFT FOR DISCUSSION

Board Process Policies

The following set of policies describes how the board will operate and govern itself, provide leadership, represent the residents of Madison, Wisconsin, and the utility's other stakeholders, get its work done, and assure these methods are sustained over time. Taken together, they represent explicit expectations for the board as a group and for individual board members. They are designed to create an environment that brings forth the board's collective wisdom on the right issues at the right time and in the right form.

BP 1. CORE BOARD PROCESS POLICY

This core policy serves as the most general and inclusive policy statement from which all sub-level policies proceed.

The purpose of the board, on behalf of the residents of Madison and the utility's other stakeholders (the ownership), is to see to it that the Madison Water Utility achieves appropriate results for appropriate persons for an appropriate cost (as specified in board Outcomes policies), avoids unacceptable actions and situations (as prohibited in board Executive Limitations policies), and is prepared to continue to yield owner-centered, valued results into the future.

SUBSIDIARY POLICY STATEMENTS

While the core policy is clear and concise, it is not sufficient unless amplified by subsidiary policy statements housing key elements of the board's operations.

BP 2a. Governing Style: Level 2

The board will govern lawfully with an emphasis on (a) outward vision, (b) encouragement of diversity in viewpoints, (c) strategic leadership more than administrative detail, (d) clear distinction of board and General Manager roles, (e) collective rather than individual decisions, (f) future orientation, and (g) proactivity rather than reactivity.

BP 3a. Governing Style: Level 3

1. The board will adopt and hold to the highest standards of ethical conduct in applying due diligence in all aspects of its guidance of, decision-making for, and leadership of the Madison Water Utility.
2. The board will cultivate a sense of group responsibility. The board will work in partnership with the General Manager. The board will be the initiator of policy, not merely a reactor to staff initiatives. The board will use the expertise of individual members to enhance the understanding of the board as a body, but will not substitute individual judgments for the board's collective values.
3. The board will lead and inspire the Madison Water Utility through the careful establishment of broad written policies reflecting the ownership's values and perspectives. The board's major policy focus will be on intended long-term benefits (as stated in Outcomes policies) and the limitation of risk (through Executive Limitations policies), not on administrative or programmatic means of attaining those effects.
4. The board will hold itself accountable to govern with excellence. This self-discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuity of governance capacity.
5. The board will not allow any officer, individual, or committee of the board to hinder the fulfillment of its commitments or be an excuse for not fulfilling those commitments.

6. Board development will include ongoing education for existing and new members regarding the board's governance process. The board periodically will discuss and evaluate its process and performance to assure continuous improvement.
7. Although the board can change its Board Process and Board-Executive Relationship policies at any time, it will observe them scrupulously while in force. The board will monitor its performance by comparing actual activity and discipline to policies in the Board Process and Board-Executive Relationship categories.

BP 2b. Board Job Description: Level 2

Specific job outputs of the board as an informed agent of the Madison Water Utility's ownership are those that ensure appropriate performance of the Madison Water Utility.

BP 3b. Board Job Description: Level 3

Specific job outputs of the board are:

1. A credible and authoritative linkage between the ownership and the Madison Water Utility.
2. Written governing policies that realistically address the broadest levels of all organizational decisions and situations.
 - a. Outcomes: Expected organizational performance desired by owners framed in terms of benefits, recipients of those benefits, and their relative worth in cost or priority.
 - b. Executive Limitations: Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.
 - c. Board-Executive Relationship: How power is delegated and its proper use monitored; the General Manager's role, authority, and accountability.
 - d. Board Process: Specification of how the board conceives, carries out, monitors, and ensures long-term competence in its own tasks.
3. Assurance of successful performance of the Madison Water Utility on Outcomes and Executive Limitations.

BP 2c. Agenda Planning to Achieve Board Outputs: Level 2

To accomplish its job products with a governance style consistent with board policies, the board will follow an annual agenda that (a) completes a re-exploration of Outcomes policies annually, (b) updates Executive Limitations policies as needed to ensure sufficient protection from risk, and (c) continually improves board performance through board education, rich input, and deliberation.

BP 3c. Agenda Planning to Achieve Board Outputs: Level 3

1. The annual cycle will start each year in April with the board's development of a master agenda intended to guide the board throughout the next year. This master agenda will include a provisional plan for gaining ownership input and a provisional schedule for governance education and education related to Outcomes determination (presentations by demographers, advocacy groups, staff, and so on). The Board President's final adjustments to each meeting agenda before publication will provide flexibility to respond to emerging issues, requests from individual board members, and required public comment periods.
2. The cycle will conclude each year on the last day of March so administrative planning and budgeting can be based on accomplishing a one-year segment of the board's most recent statement of long-term Outcomes. The board will establish its governance capacity budget for the next fiscal year during the month of April.

3. Throughout the year, the board will attend to consent agenda items as expeditiously as possible.
4. General Manager monitoring will be on the agenda if reports have been received since the previous meeting.
5. An annual review of the General Manager's performance based on monitoring reports received in the last year will be conducted as soon as practical during the first quarter. The results of this review will be forwarded to the Mayor's office for consideration.

BP 2d. Board Members' Conduct: Level 2

The Board commits itself and its members to ethical, professional, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members. The board shall have the authority and responsibility to interpret and apply these standards of conduct.

BP 3d. Board Members' Conduct: Level 3

1. Members should demonstrate unconflicted loyalty to the ownership of the Madison Water Utility. This accountability supersedes any conflicting loyalty to other advocacy or interest groups, and membership on other boards or staffs. It also supersedes the personal interest of any board member who is also a Madison Water Utility customer or stakeholder.
2. Members must avoid any conflict of interest with respect to their fiduciary responsibility.
3. Members shall not attempt to exercise individual authority over the Madison Water Utility except as explicitly set forth in board policies.
 - a. Members' interactions with the General Manager and staff must recognize the lack of authority vested in any individual board member to give direction except when explicitly authorized by the board.
 - b. Members' interactions with the public, the press, or other entities must recognize this same limitation and the lack of authority of any board member to speak for the board except to repeat explicitly stated board decisions.
 - c. Members shall not publicly make or express individual judgments about General Manager or staff performance. Judgments of General Manager performance will be made only through board deliberation about whether the General Manager has achieved any reasonable interpretation of board policy.
4. Members will maintain the confidentiality appropriate to issues of a sensitive nature, respectful of applicable public body open meeting requirements.
5. Members will properly prepare themselves for board deliberation.
6. Members will support the legitimacy and authority of the final determination of the board on any matter, without regard to the member's personal position on the result.
7. Members will conduct themselves consistent with adopted Expectations of Board Members, retained as an attachment to these policies.

BP 2e. President's Role: Level 2

The President of the board is responsible for ensuring the integrity of the board's process and, secondarily, representing the board as needed to outside parties.

BP 3e. President's Role: Level 3

1. The President shall ensure that the board behaves consistently with the board's policies in the Board Process and Board-Executive Relationship categories and those rules legitimately imposed upon it from outside the organization.
2. The President will chair board meetings with the commonly accepted powers of that position (for example, preparing agendas, ruling, recognizing) and:
 - a. Ensure that meeting discussions consists solely of issues that, according to board policy, clearly belong to the board (not the General Manager) to decide or to monitor.
 - b. Ensure that deliberations are fair, open, and thorough, but also timely, orderly, and kept to the point.
 - c. Ensure that there is an opportunity for input from individuals and organizations, including staff and affiliated organizations, that have expertise and interests specifically related to board decisions and board policies.
3. The President represents the board to outside parties in announcing board-stated positions and in stating the President's decisions and interpretations in the area delegated to him or her.
4. The President has no authority to make decisions about policies created by the board within the Outcomes and Executive Limitations areas and, therefore, have no authority to supervise or direct the General Manager.
5. The President may use any reasonable interpretation of the provisions in these policies.
6. The President may delegate any part of this authority while remaining accountable for its use.

BP 2f. Vice-President's Role: Level 2

The Vice-President shall serve in the absence of the President and perform such other duties as may be assigned by the President or the board.

BP 2g. Secretary's Role: Level 2

The Secretary's purpose is to ensure the integrity of the board's documents.

BP 3g. Secretary's Role: Level 3

1. In seeing to it that all board documents and filings are accurate and timely, the Secretary will:
 - a. Ensure that all policies are current in their reflection of board decisions. Decisions upon which no subsequent decisions are to be based, such as consent agenda decisions, motions to adjourn, and staff or board member recognitions, need not be placed in policy.
 - b. Ensure that policies rigorously follow Policy Governance principles.
 - c. Make known to the board all Madison General Ordinances and other elements necessary for legal compliance and for consistency with the principles of Policy Governance.
 - d. Make known to the General Manager all requirements for format, brevity, and accuracy of board minutes.
2. The Secretary may delegate any part of this authority while remaining accountable for its use.

BP 2h. Board Committee Principles: Level 2

Board committees, when used, will be assigned so as to reinforce the wholeness of the board's job, not to interfere with delegation from board to General Manager.

BP 3h. Board Committee Principles: Level 3

1. Board committees are to help the board do its job, never to help or advise the staff. Committees ordinarily will assist the board by preparing policy alternatives and implications for board deliberation. In keeping with the board's broader focus, board committees normally will not be involved with staff operations.
2. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the General Manager.
3. Board committees cannot exercise authority over staff. Because the General Manager works for the full board, she or he will not be required to obtain approval of a board committee before an executive action.
4. Board committees will not be used to monitor organizational performance.
5. Board committees will be used sparingly and ordinarily in an ad hoc capacity.
6. This policy applies to any group that is formed by board action, whether it is called a committee or not and whether the group includes board members or not. It does not apply to committees formed under the authority of the General Manager.

BP 2i. Board Committee Structure: Level 2

At this time the board authorizes no committees. Should the board create committees in the future, the board will create policies for each committee specifying the product(s) each committee is to produce and the authority (in terms of organizational resources) each committee is granted.

BP 2j. Governance Capacity: Level 2

Because poor governance costs more than learning to govern well, the board will invest sufficient resources in leadership development for its members and fulfillment of its governance charge. The board will regularly plan and monitor the participation of board members in self-education, outreach, and other activities associated with governance, including the cost of such activities.

DRAFT FOR DISCUSSION

Expectations of Board Members

The following expectations are not Board Process policies. They comprise a key part of the board job description and are incorporated into policy by reference.

ORIENT TO THE UNIQUE ROLE OF A BOARD MEMBER

1. **Think upward and outward more than downward and inward.** You are not a board member to listen to routine reports or tackle short-term, concrete matters. You are a board member to make governance decisions. There will be great temptation to focus on what goes on with management and staff instead of what benefit the utility should make in the city and in the lives of its residents. The latter is a daunting task for which no one feels really qualified, yet it is the board member's job to tackle these more complex issues. In many cases, these big decisions are made by default through board inaction.
2. Do not tolerate the making of big decisions by the timid action of not making them. **Keep the conversation about benefits, beneficiaries, and costs of the benefits alive at all times.** Converse with staff, other board members, and the public about these matters. Ask questions, consider options, and otherwise fill most of the board consciousness with issues of outcomes/ends.
3. You may tend to understand and personally identify with one or more constituencies more than others. That provincial streak is natural in everyone, but your civic trusteeship obligation is to rise above it. If you are a teacher, you are not on the board to represent teachers. If you are a private businessperson, you are not there to represent that interest. **You are a board member for the broad public purpose served.** There is no way that the board can be big enough to have a spokesperson for every legitimate interest, so in a moral sense you must stand for them all. Think of yourself as being from a constituency, but not representing only it.
4. **Use your special expertise to inform the board's wisdom, but never to substitute for it.** If you work in accounting, law, construction, or another field, be careful not to take your colleagues off the hook with respect to board decisions about such matters. To illustrate, an accountant board member shouldn't assume personal responsibility for assuring fiscal soundness. She or he may, however, help board members understand what fiscal jeopardy looks like or what indices of fiscal health to watch carefully. With that knowledge, the board can pool its human values about risk, brinkmanship, overextension, and so forth, in the creation of fiscal policies.
5. Even if your expertise and comfort lie in some subpart of the Madison Water Utility's challenge, the subpart is not your job as a board member. Do not expect agendas to be built around these areas or interests. **Agendas will be carefully constructed to accomplish the board's job of governing.**
6. No matter how considerable your expertise or how well you can do a staff job, as a board member you are not there to do it or even to advise on it. You may offer your individual expertise to the General Manager, should he or she wish to use it. But in such a role, accept that you are being a volunteer consultant and leave your board member hat at home.

BE RESPONSIBLE FOR GROUP BEHAVIOR AND PRODUCTIVITY

7. **Be prepared to participate responsibly.** Do your homework, come prepared to work (sometimes the work is to listen), engage with curiosity and a commitment to understanding diverse points of view, agree and disagree as your values dictate, and accept the group decision as legitimate even if not – in your opinion – correct.
8. **Register your honest opinion on issues the board takes up.** Consider this an obligation of board service that applies to you and each of your colleagues. To foster this essential exchange of ideas, speak for yourself and listen with resilience. Encourage your colleagues to express their opinions without allowing your own to be submerged by louder or more insistent voices. Avoid making grand pronouncements or characterizing the views of others in a critical spirit. Ask clarifying questions to check your assumptions. Don't try to represent a whole group or ask others to represent, defend or explain an entire group.
9. While doing your own job as an individual board member is important, it does not complete your responsibility. **You must shoulder the potentially unfamiliar burden of being responsible for the group.** That is, if you are part of a group that does not get its job done, that meddles in administration, or that breaks its own rules, you are culpable. Regular evaluation and improvement of actual board activities compared to the board's Governance Process and Board-Management Relationship policies is an essential component of fulfilling this accountability.
10. Although the board as a whole is responsible for its own discipline, it will have charged the chair with a special role in the group's confronting its own process. **Support the chair in board discipline.** Don't make the chair's job harder; rather ask what you can do to make it easier.

SPEAK WITH ONE VOICE

11. Support the board's final choice. While diversity and dialog are essential to the process of policy development and adjustment, once a policy is in place every board member must support and not undermine it. **No matter which way you voted, you are obligated to support the board's choice.** This obligation doesn't mean you must pretend to agree with that choice; you may certainly maintain the integrity of your dissent even after the vote. What you must support is the legitimacy of the choice that you still don't agree with. For example, you must support without reservation that the General Manager follows the formal board decision, not yours, and you must not speak publicly in a way that undermines the legitimacy of the board's decision.
12. **Squelch your individual points of view during monitoring.** Your own values count when the board is creating policies. But when the General Manager's performance is monitored, you must refer only to the criteria the board decided, not your opinion about those criteria. In other words, the General Manager must be held accountable to the board's decisions and in fairness cannot be judged against your opinion. You should present any opinion you may have about amending the policies, of course, but not so as to contaminate the monitoring process.

Following is a description of the Policy Governance® model reprinted from the website of the City Council of the City of Frisco, Texas (<http://www.ci.frisco.tx.us/government/Pages/CarverGovernancePolicy.aspx>). All material on that site is reprinted from and used with the expressed consent of Carver Governance Design, Inc.

Policy Governance® Defined

John Carver's Policy Governance® model is the world's only complete, universal theory of governance—a conceptually coherent paradigm of principles and concepts (not of structure). The model enables boards—as "servant-leaders" of shareholders, public, members (or other "ownership" equivalent)—to ensure that organizations achieve board-stated goals and conduct themselves with probity.

Because it is a complete theory, it informs board planning, mission, committee work, agenda control, budgeting, reporting, CEO evaluation, management relationships, fiduciary responsibility, and all other aspects of the board job.

Because it is universally applicable, it works for organizations that are new or mature, large or small, profit or nonprofit (including government), and troubled or successful.

Because it is carefully crafted, it enables an efficient summing of board wisdom capable of adequate control without micromanagement.

Policy Governance® in a Nutshell

Leadership is an important, yet elusive concept. It takes on different forms in different settings. The intent of Policy Governance® is to give operational definition to "leadership" as it applies in the specific context of a governing board. It addresses the questions: "How can a group of peers be a responsible owner-representative, exercising authority over activities they will never completely see, toward goals they cannot fully measure, through jobs and disciplines they will never master themselves? How can they fulfill their own accountability while not, at the same time, infringing unnecessarily on the creativity and prerogatives of management? How can they do so when within themselves they disagree, there is a limited time for the task, and there is an

unending stream of organizational details demanding inspection?" ...

Policy Governance ... is a radical redesign of board leadership that makes new sense of the board-staff relationship, planning, evaluation, and all other aspects of the board job. ... Our missions and our own integrity demand that boards govern rather than either rubber stamp or meddle. Our busy lives demand that time, energy and wisdom be well used and that boards and managements should both be optimally empowered in their work.

The message of Policy Governance is not that individual boards should work harder toward what has long been held out as the ideal for board behavior, but that the ideal itself is flawed. ... Policy Governance, as its name implies, is about governing by policy, but it is policy of a more sophisticated nature than policy as we have heretofore loosely defined it. It has also long been said that boards should be (a) more involved and (b) more arm's-length. The truth is that boards should be more involved in some things and less involved in others. Only a creditable model - not anecdotal wisdom - can reliably and powerfully help a board and its CEO know which is which.

The model is a thorough working theory of board leadership that cannot be fully presented in a brief exposure. Nevertheless, here are a few of its basic tenets. Let's begin with the purpose of any governing board's job:

The purpose of [1] the board job is, [2] on behalf of some ownership, [3] to see to it that the organization[4] achieves what it should and [5] avoids what is unacceptable.

[1] The board job

It is the board's responsibility to govern; the board has a commensurate authority to govern. Individual board members do not. That is, whatever authority is legitimately wielded by a board is wielded by the board as a group. Hence, a CEO is bound by what the board says, but never by what any board member says. A board should pledge to its CEO that it will never hold him or her accountable for keeping board members happy as individuals and will never hold him or her accountable for any criteria except those expressed officially by the full board. In other words, the board as a body is obligated to protect its staff from the board as individuals.

For nonprofit and governmental organizations, the "one voice" aspect of governance is regularly lost by having a host of board committees running about involving themselves in issues ostensibly delegated to staff. Staff members end up taking direction from segments of the board. Common committee roles do grave damage to the integrity of CEO delegation. Personnel, finance, program, publicity, and other such committees are the prime offenders. The board should not have committees either to help or instruct staff. Board members can serve on staff committees if asked (removing their board hats in the process), but foisting board help and advice, at best, makes a mockery of the board-CEO relationship and, at worst, renders the CEO no longer a CEO.

The suggestion here, also, is that the board has a specific job to do, a specific set of "values added" that justify its position. This differs from having a job that is essentially looking over everyone else's shoulders, reacting, and largely being steered around by whatever staff have been doing (the show-and-tell board meeting of staff reports) or are thinking about doing (reviewing and approving detailed plans). That a board has its own job to do means, if the board is responsible for getting its own job done, that board agendas should be the board's agendas, not the CEO's agenda for the board. Yet most board agendas are products of those who work for the board - a practice that would rarely occur anywhere else in an organization.

[2] On behalf of some ownership

Boards rarely "own" an organization themselves. They ordinarily are a microcosm of a larger ownership. The owners may be legal owners (stockholders for an equity corporation) or more a "moral" ownership (the whole community in the case of a local social service organization). But in any event, the board speaks on their behalf, a task that requires (a) knowing who the owners are and what their desires are, (b) being able to distinguish owners from customers (clients, students, patients) and other stakeholder groups. Finding ways to link with owners even more than with management is a major challenge to any board. Most nonprofit and governmental attempts to do so deteriorate into linkage with disgruntled customers instead (watch any city council or school board meeting).

[3] To see to it

Seeing to it implies a commitment to assure, not simply to hope that things come out right. Seeing to it that things come out right requires three steps: First, the board must describe "right" - that is, the criteria that would signify success. These are noted below. Second, the board must hold someone accountable for reaching these criteria. This is most easily done by using the CEO function, for that role allows the focusing of performance in one individual even though actual performance occurs due to many individuals. Proper use of the CEO role has been hard to achieve in business and in some nonprofits and government in that boards abdicate to their CEOs until disaster is full blown. Proper use has been hard to achieve in many nonprofits and government (though not so much in business) in that boards interfere with their CEOs, not cleanly delegating sufficient authority to them. Third, the board must systematically and rigorously check to see if criteria are being met, that is, the board must monitor performance regularly.

Traditional board operation fails in all three areas, especially in the first and third. Outcome expectations (what difference is to be made in recipients' lives) are rarely or incompletely stated. Acceptability of practices and methods is rarely clarified. Hence, when a board tries to monitor, it has no criteria against which to do so. The result is not monitoring, but foraging about. Observe any board approving a financial statement or a budget: the board has no idea what it would disapprove, for it has given the CEO no criteria to be met. Traditional board "development" will help a board to follow this path with more ability to read financial statements, but does nothing to help the board find a more effective way to use its time.

[4] Achieves what it should

What should any organization achieve? This is the most important aspect of instructing the CEO. The only achievement that justifies organizational existence is that which causes sufficient benefits for the right recipients to be worth the cost. What good is this organizations to accomplish, for whom, at what cost or relative worth? (I refer to these ways of describing achievement as "ends" as opposed to means.) Traditional approaches to governance have allowed boards to sidestep this crucial determination. We have focused far more on what activities the organization will be engaged in, not the consumer results to be achieved.

Consequently, boards give their CEOs credit for programs, services, and curricula rather than demanding data (even crude data are better than none) on whether the right recipients received the right results at the right cost. In order to lead, boards must learn that services, programs and curricula have no value except as they produce the desired ends. Therefore, boards are well-advised to look past these operational means and on to the ends that really matter.

[5] Avoids what is unacceptable

Putting the board's emphasis on ends is a powerful tactic for board leadership, but the board cannot forget that it is also accountable for the means as well. "Means" include not only practices and methods, but situations and conduct as well - in other words, all aspects of the organization that are not ends (given the definition above). Concerning itself with means, however, is ordinarily an opening for boards to become entangled in operational details. This is where micro-management and meddling are born. It is a dilemma: on the one hand, boards are accountable for staff practices and situations, yet dealing with them directly trivializes the board job. Policy Governance offers a safer way for boards to deal with this dilemma: The board can simply state the means that are unacceptable, then get out of the way except to demand data (monitor) that the boundaries thus set are being observed.

As counterintuitive as this approach sounds, it works magically. The board can succinctly enumerate the situations, circumstances, practices, activities, conduct, and methods that are off-limits, that is, outside the authority granted to the CEO. For most boards, this can be done in a half-dozen pages dealing with staff treatment, financial management, compensation, asset protection, and a few other areas of legitimate board concern. These proscriptions avoid telling the CEO how to manage, but do tell him or her how not to manage. Although verbally phrased in an intentionally negative or limiting way (to avoid the board's tendency to slip back into prescribing means), this approach is psychologically quite positive. The message to

the CEO is, with regard to operational means, "if the board has not said you can't, you can."

To fulfill board leadership in this more effective way, the board produces four categories of policies in Policy Governance: (1) policies about ends, specifying the results, recipients and costs of results intended, (2) policies that limit CEO authority about methods, practices, situations, and conduct, (3) policies that prescribe how the board itself will operate, and (4) policies that delineate the manner in which governance is linked to management. These are exhaustive policy categories; except for bylaws, there is nothing else for the board to decide. Moreover, they are policy categories designed for the job of governing, not for the job of managing as are traditional categories used for board policy-making.

There is a great deal more to the Policy Governance® model - some critical principles have been omitted from this brief summary - but these comments provide a glimpse of the wide differences between conventional practice and the Policy Governance redesign of board leadership. The implication is no less than an assertion that what most boards do most of the time is a waste of time and inimical to good governance and good management. It is a hopeful model, in that it asserts that the process is more the problem than the people. (Good managers on boards, by the way, are caught up in almost the same errors as non-managers.) No matter how dedicated or intelligent, people cannot be all they can be in a poor system - and that is exactly what boards have been handicapped with. Policy Governance provides an advanced framework for strategic and visionary board leadership.