

Date: November 19, 2010

To: Water Utility Board Members, Tom Heikkinen

From: Greg Harrington

Re: Homework for November 23

We will continue policy development by focusing on outcomes policies on Tuesday. Our outcomes policies are being based on the ten attributes of effective utility management (www.WaterEUM.org). As with our previous policies, Tom Heikkinen will participate in policy development.

As noted before, outcomes policies are called “ends policies” by John Carver. Attached are the book chapters you used for last month’s meeting, in case you have trouble locating them. Also attached is the second chapter from Carver’s book “Reinventing Your Board.” The purpose of this chapter is to remind you of the underlying theory behind board governance. For example, you will note that ends policies are to be written in the positive and executive limitations policies are to be written in the negative. Also, **remember that outcomes policies are focused on benefits and costs to our owners, not on benefits and costs to our customers.** Please use the attached materials as references for your homework assignment.

Before getting into the homework assignment, let’s remind ourselves what we’ve accomplished:

1. We wrote and provisionally-adopted a global outcomes policy.
2. Subunits of the board have written first draft language of 2nd-level and 3rd-level outcomes policies for the following attributes:
 - a. Operational resiliency
 - b. Water resource adequacy
 - c. Financial viability
 - d. Customer satisfaction

Here are the remaining tasks and expected completion schedule:

1. Use subunits of the board to develop first draft language of 2nd-level and 3rd-level outcomes policies for the following attributes (complete at least four more at November 2010 meeting and remaining two at December 2010 meeting):
 - a. Product quality
 - b. Employee and leadership development
 - c. Operational optimization
 - d. Infrastructure stability
 - e. Community sustainability
 - f. Stakeholder understanding and support
2. Develop final language of the 2nd-level and 3rd-level outcomes policies (complete by end of January 2011 board meeting)
 - a. Need input from the entire board
 - b. Need input from utility staff
 - c. I’m proposing a facilitated board/staff “retreat” to be held in January 2011 to reach final language
 - d. If retreat is held before the January 2011 water board meeting, we can approve our final outcomes policies at the January 2011 board meeting
3. Develop annual calendar (first draft at December 2010 board meeting, final draft at January 2011 meeting)
 - a. Review of utility performance on outcomes policies, to include policy revisions as needed
 - b. Review of utility performance on executive limitations policies, to include policy revisions as needed
 - c. Annual performance review of general manager and utility, with report submitted to mayor and council
 - d. Review of board process and board-executive delegation policies, to include policy revisions as needed

Your homework assignment is as follows:

1. Visit www.WaterEUM.org and review the remaining six attributes of an effectively managed water utility. Determine which four of the remaining six attributes are of most interest to you.
 - a. Greg – Product quality plus 3 of the remaining 6
 - b. Dan – Infrastructure stability, community sustainability, plus 2 of the remaining 6
 - c. Bruce – Operational optimization, infrastructure stability, plus 2 of the remaining 6
 - d. Madeline – Product quality, infrastructure stability, community sustainability, plus 1 of the remaining 6
 - e. Lauren – Employee leadership & development, stakeholder understanding & support, plus 2 of the remaining 6
 - f. Larry – Any 4 of the remaining 6
 - g. Tom S. – Community sustainability, product quality, plus 2 of the remaining 6
 - h. Tom H. – Operational optimization, community sustainability, stakeholder understanding & support, plus 1 of the remaining 6

2. For each attribute you selected, decide whether the attribute is best incorporated as an outcomes policy or as an executive limitations policy. If the attribute defines a benefit or cost to our ownership, then it is an outcomes policy. If not, then the attribute may be best covered as an executive limitations policy. This can be open to interpretation, so be prepared to defend your selection. Remember to be owner-centric, not customer-centric.
 - a. For each of your four attributes, write the attribute in the form of a policy and bring that with you to the board meeting.
 - b. For each attribute, think about how often you want the board to review utility compliance with the policy. For example, we can review attribute compliance monthly, quarterly, or annually. This will help us construct our annual calendar.
 - c. Carver says to write outcomes policies before figuring out how to measure compliance. After you have written your four attributes into policy statements, please write down your thoughts on how you would measure compliance.

At the meeting, we will break up into groups of common interest and work towards consensus. I expect to work on two policies at a time, much as we did under A.B. Orlik's facilitation. I look forward to moving ahead with this important work.

The Theoretical Foundation

The Practicality of Sound Theory

Policy Governance offers not a mere improvement in board leadership but a revolution in boardroom behavior and in the governance-management relationship. It cannot be implemented by changing language (for example, by mistakenly calling goals Ends) or by making a few adjustments. If your board wishes to use this more sophisticated model of governance, you must not only understand the theory but be prepared for major changes in actual behavior and appearances.

This book is not intended to convey the theory in detail. If it were, it would be a rewrite of *Boards That Make a Difference*. Rather, this book is meant to assist those already acquainted with the concepts as they deal with the specifics of implementation, and in doing so acquire a deeper understanding of the theory. In this chapter, however, we briefly review the theory. Subsequent chapters are devoted to the practical aspects of implementation, though we occasionally return to theory throughout the book when doing so will aid understanding. Perhaps this reflects our agreement with Kurt Lewin and John Milton, who assert respectively that, "There is nothing so practical as a good theory" and "A good principle, not rightly understood, may prove as harmful as a bad principle."

The Policy Governance model takes as its starting point the principle that a governing board is accountable for the organization it governs and that it exists on behalf of a larger group of persons

who, either legally or morally, own the organization. Since nonprofit and public organizations do not have stockholders, for them the concept of moral ownership may be the most valuable. This principle in itself separates Policy Governance boards from those that see themselves, often by default, as existing in order to represent staff, consumers, or other stakeholder groups of less broad legitimacy than shareholders—or shareholder equivalents. The principle forces the board to consider and answer the questions, From whom do we obtain our authority? and, To whom are we accountable? This is no easy task but is a necessary one, and it demands that the board distinguish theoretically between owners and other stakeholders, particularly customers.

For most community organizations, the community as a whole owns the organization; for membership associations, the members are owners. Owners may be customers as well, of course, but these are separate roles that governing boards must learn to distinguish.

When the board has decided to whom it is accountable, it must then settle the question of what it is accountable for. While statutes can sometimes help to answer this question, Policy Governance suggests that a generic statement of any governing board's accountability is that it must, acting on behalf of an identifiable ownership, ensure that the organization achieves what it should while avoiding what is unacceptable. This formulation sets the stage for the type of policy development necessary to implement the Policy Governance model. It also strongly implies some characteristics of the board's job. First, in order to ensure that expectations are met, they must initially be stated, then delegated, and then checked for compliance. Hence a board defines, delegates, and monitors—but probably does not carry out—organizational work. Second, the board must act as a body, or it will risk giving contradictory definitions of its expectations. Hence the corporate nature of the board—its “groupness”—is an essential element of its *modus operandi*.

The board of directors, then, answerable to its ownership, must as a body define its expectations, assign these expectations to some-

one, and check that they were met. It will normally have expectations of a number of parties:

- *Itself*. The board must enunciate the expectations it has of its own operation, its use of officers and committees, its knowledge base, its connectedness to the ownership, its manner of delegating to others, and its method of monitoring its delegates.
- *Its CEO*. The CEO reports to the board and is the recipient of all executive authority passed on to the operating organization. This officer is held accountable by the board for organizational performance. The board must provide direction to its CEO in such a way as to preserve board accountability while maximizing CEO flexibility, creativity, and freedom. Boards use various titles for this role, though *president*, *executive director*, *general manager*, *superintendent*, and *secretary-general* are most familiar. We will use the more generic term CEO because the function referred to is critical while the title is cosmetic.
- *Its chair*. The board must demand certain performance from its chair, as it will authorize its chair to make decisions on its behalf. The chair's authority to make decisions will be in an area separate from that given to the CEO. Boards use various titles for this role, though *president*, *chair*, *chairman*, *chairwoman*, and *chairperson* are the most familiar. We will use the term *chief governance officer* (abbreviated as CGO) because it more accurately describes the role regardless of title.
- *Its committees*. From time to time a board may find it helpful to have certain governance tasks carried out by smaller groups, particularly the tasks of gathering information and seeking options. It is important that such

committees or task forces work in the service of the board and spend only those resources that the board thinks the committees' products are worth.

A Policy Framework That Works

The policy framework in Policy Governance can be seen as a comprehensive, carefully crafted way for a board to clarify all its expectations and values. To do so requires the board to conceive of organizational issues as either ends or means and address both types of issues differentially. We are not concerned, by the way, that these clarifications be called policies, but we are concerned that they follow a certain highly effective discipline in their concept and format. You could define these policies simply as the values or perspectives that underlie action.

Organizational Issues: Ends

There are many definitions of ends, but only one captures the concept meant by Policy Governance. *Ends policies* describe the board's expectations about (1) the benefit, difference, or outcome in recipients' lives that the organization is to produce, (2) the persons for whom the difference is to be made, that is, the designation of the consumers, beneficiaries, or whatever group the organization intends to reach, and (3) the cost or relative worth of the benefit. Note that the term *ends* is not synonymous with *results* but is a complex of three components, one of which is results—and results that must be recipient benefit results rather than a result of some other type (such as excellent staff morale).

Ends are therefore not defined as simply anything that seems important to someone, or anything someone on the board is interested in, or what someone thinks should be exclusively board work, or the end point in a process, although we have seen all of these mistaken definitions used. Ends simply answer the questions, What good? For which people? With what worth? Ends issues—particularly the

components that describe results and the cost of results—are largely ignored by traditional boards, since the focus of typical boards is on staff methods and practices. Thus Policy Governance boards, by distinguishing ends from means, can give discrete, highly focused attention to the ends toward which all activities should be directed. Ends policies, because they describe and compel organizational achievement, are instructive to the CEO.

Organizational Issues: Means

The Policy Governance model defines *means* as any organizational issues that are not ends—an exclusion definition. The term is not simply synonymous with methods, though it includes methods along with practices, situations, circumstances, activities, and any organizational aspect that is not a direct definition of results, recipients of results, or the cost or relative worth of those results. For most people, an automatic, perhaps unspoken phrase “means to an end” leaps to mind and is difficult to suppress. But it can cause a misunderstanding of the Policy Governance means concept. We will risk belaboring that point in order to reiterate that *means* in Policy Governance refers only to any issue or decision that does not pass the ends test. For example, whether to reroof this year or whether to invest idle funds in high-return but high-risk securities are both means issues inasmuch as they do not pass the ends test, though neither is a means to the organizational ends.

Thus the board's own job of governing, along with its procedures and practices, are board means issues. The board's policies about its own means are instructive not to the CEO but to the board itself, its CGO, and, if applicable, its committees. On the other hand, operational methods such as services, programs, finances, and personnel are staff means issues. Board policies about staff means are instructive to the CEO. Boards traditionally involve themselves deeply in staff means issues. Policy Governance boards, on the other hand, involve themselves in staff means only as far as needed to safely let go of them.

Since boards are ultimately accountable for both ends and means, they must be in control of both categories of issues. That is, they have not only the right but the obligation to govern both. Policy Governance allows boards to make policy controlling both types of issues, though preserving a dominant focus on ends. The ends focus is warranted, since it is ends that justify having an organization in the first place; explicit definition of ends defines organizational success. As to staff means, the model allows boards to control them responsibly, while minimizing board interference in the acceptable variation among approaches to staff work.

How does the model enable both control and flexibility? It tells the board to control ends and means through policy (rather than through review of or participation in distinct decisions) but to express policies that control ends and means in different ways. Ends policies should be prescriptive and expressed positively, as in the example, "The XYZ agency exists so that homeless teenagers will secure safe housing and job skills." Staff means policies, on the other hand, should be proscriptive, as in the example, "The CEO may use any available means except for this programmatic practice or that fiscal ratio." This approach demands that the board compile a "don't-do-it" list, a counterintuitive but effective technique that frees boards from the need to redo, review, rehash, or second-guess staff work. The don't-do-it policies are called Executive Limitations policies. These policies prohibit means the board would find unacceptable *even if they were to be effective*. Boards as a result have time to attend to their own jobs and stay largely engaged in the study, consultation, and value-laden decision making required for Ends determination.

Delegation to the CEO is very powerful using such a system, for the CEO no longer has to guess about what ends are expected and which means are prohibited. The Policy Governance board tells its CEO to achieve the ends required by the board within the constraints on means imposed by the board. Such a method of delegation does not depend on the CEO seeking board approvals, since anything true to the policies is, as it were, preapproved.

It is obvious that if a board is to control and direct the organization through the establishment and monitoring of ends and means policies, then the policies it creates must be inclusive, complete, and comprehensive. It no longer suffices to have a policy about this and a policy about that as the thises and thats happen to occur to board members and staff. You cannot govern by policy as long as policies are merely a patchwork of pronouncements. How does the board ensure that its policies have no significant gaps? Regarding staff practices and situations, if the CEO can use any means that the board has not prohibited, how can the board be sure it has not forgotten something quite critical that should have been put off-limits? These issues are answered in Policy Governance by conceiving of policies as occurring in cascading levels. Policies do, after all, come in sizes.

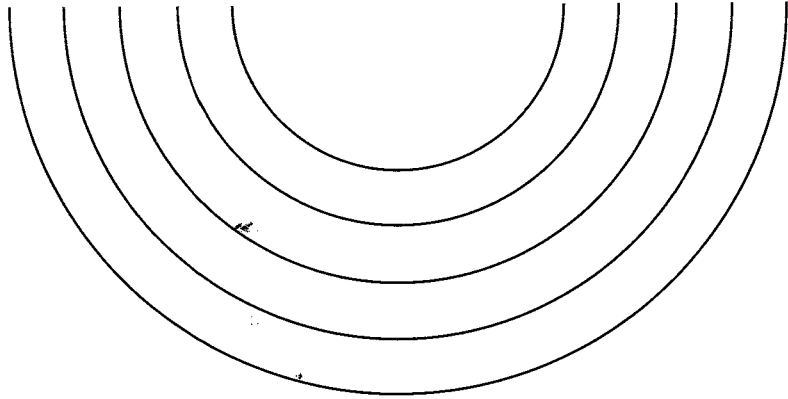
Policies reflect statements of value, and values can be seen to vary in size or breadth. Some values can be stated broadly, leaving a wide range of interpretation. Others can be stated more narrowly, leaving less to interpretation. Policy Governance asks boards to view values as a nested set, with larger values cradling smaller ones. To control such a set, the board must first control the largest member of the set. This is obvious with a physical nested set, such as a set of mixing bowls, as shown in Figure 2.1.

Tighter control, or control of smaller values, is established by expanding the direct (hands-on) control into the nested set, one layer at a time. Control over the smaller values is indirect (hands-off), but no less real, as shown in Figure 2.2.

This method allows the board to establish overall or broad-level control, which is obligatory, and to establish further, more detailed control, which is optional. By taking control over successively smaller values, the board can proceed to increase its control in increments. The increments are added until the board has established a level of control that will enable it to allow a delegatee to use any reasonable interpretation within the decision range that remains. This is the point at which the board delegates.

A board may express an ends value very broadly. An example is, "Homeless teenagers will secure safe housing and job skills." This

Figure 2.1. A Nested Set.

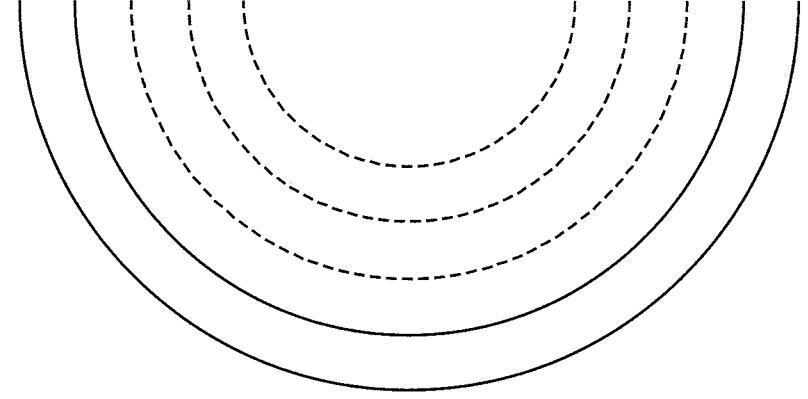


Note: Smaller bowls fit within larger bowls as smaller issues fit within larger ones. The entire set of bowls can be controlled by handling only the outermost bowl.

statement may be seen as the value represented by the largest mixing bowl. The board could choose to conclude its direct control at this point—but must be willing for the CEO to use any reasonable interpretation of this broad prescription in the course of managing the enterprise. It is more likely that the board will want to define these words further before turning the matter over to the CEO. If so, it may add, “Among homeless teenagers, minority or handicapped persons will be given priority.” This last statement constitutes the second-largest-mixing-bowl value.

Other clarifications would be considered at this second level. For example, the board may add that the job skills it intends homeless teenagers to receive are those that enable speedy, minimal self-sufficiency, and that by “safe housing,” it means that which provides freedom from harm or harassment. Again the board might stop here or, if it is unwilling to let the CEO choose any reasonable interpretation of its words in this second level, it may go further to define the words used in the second level of policy by creating a third level. And it can further define these words, too. The rule is simply that

Figure 2.2. Hands-On and Hands-Off Control.



Note: Direct control of the outer bowls in a nested set allows indirect control of the smaller bowls. A board will have hands-on control over the very largest issues (depicted here by bowls drawn with a solid line) but indirect or hands-off control of smaller issues (depicted by bowls drawn with a broken line).

the board defines its words in increasing detail until it is able to allow the delegatee to use any reasonable interpretation.

The same procedure is followed when the board makes policy about means. Policy about staff means is created in the admittedly counterintuitive negative language explained earlier. Such policies are called Executive Limitations policies, in that they place limits on executive authority. The Level One, or largest and most inclusive proscriptive policy, is commonly worded something like this: “The CEO shall not cause or allow any organizational decision, action, condition, or circumstance that is illegal, imprudent, or contrary to commonly accepted business and professional ethics.” Further definition of these words follows as the board, by adding further policy levels, progressively restricts the options of the CEO until it can accept any reasonable interpretation of the remaining range.

When creating policy about the board’s own means, the board can speak positively or negatively as it wishes, depending on the topic. However, the board first speaks in the broadest language that

accurately expresses its intent; if necessary, it can then systematically narrow its words by adding lower levels of policy until the “any reasonable interpretation” point is reached. This is the point that is safe for delegation.

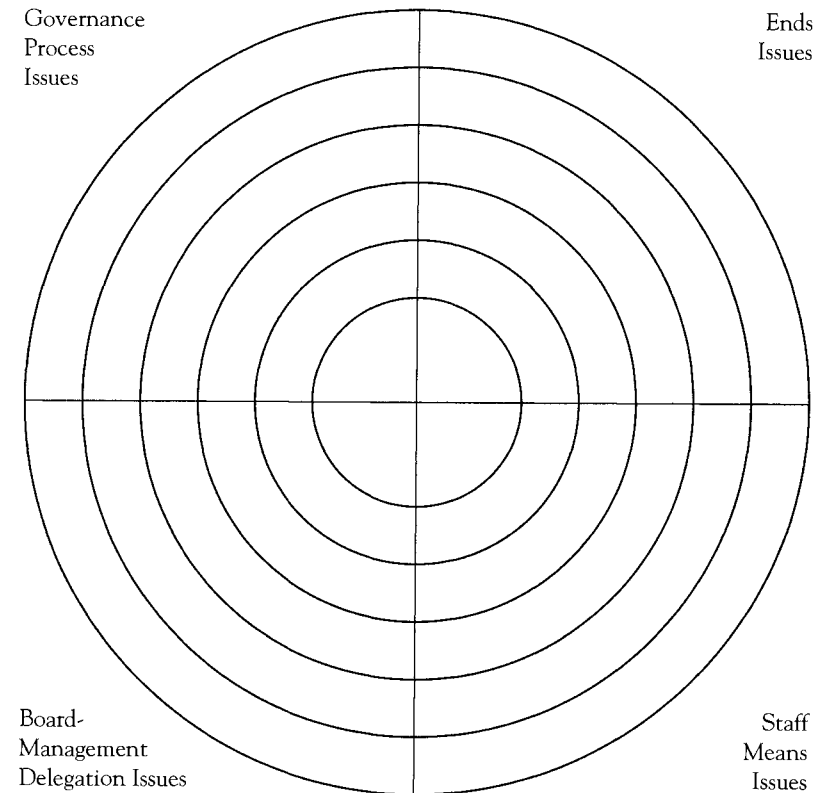
When the board has spelled out its policies about Ends and Executive Limitations, its delegation is then made to the CEO only. Thus the CEO interprets and implements board policy in both areas. When the board has spelled out its policies about the board’s own means, its delegation is to the CGO, unless a specific alternate delegation is made (for example, to a committee). Board means fall into two categories. First, Governance Process policies describe the board’s definition of its job, as well as that of the CGO and any committees it forms. Second, Board-Management Delegation policies describe the manner of connecting governance and management, that is, how authority will be delegated and how the board will monitor performance.

Finding Your Way on the Policy Circle

We will use a circle diagram (Figure 2.3) to present the emerging policy material as we trace policy development in Part Two. We introduce it here because we have found the diagram useful in helping boards to stay clear about where they are in the process. Assume that the four categories of policies can be represented by four sets of mixing bowls like those previously described. Using two-dimensional bowls, of course, we can display these four sets so that like-sized bowls in the different sets meet. Remember, all organizational decisions, situations, activities, and production fit somewhere in these exhaustive categories. That is, the circle as drawn encloses all possible organizational issues—none are left out.

View the resulting set of concentric circles in this way: note that there are four quadrants, each including every possible decision within the topic of its category. The various levels correspond to the larger and smaller issues, decisions, or values within that category. The lines further inside the circle, away from the circumfer-

Figure 2.3. The Policy Circle.

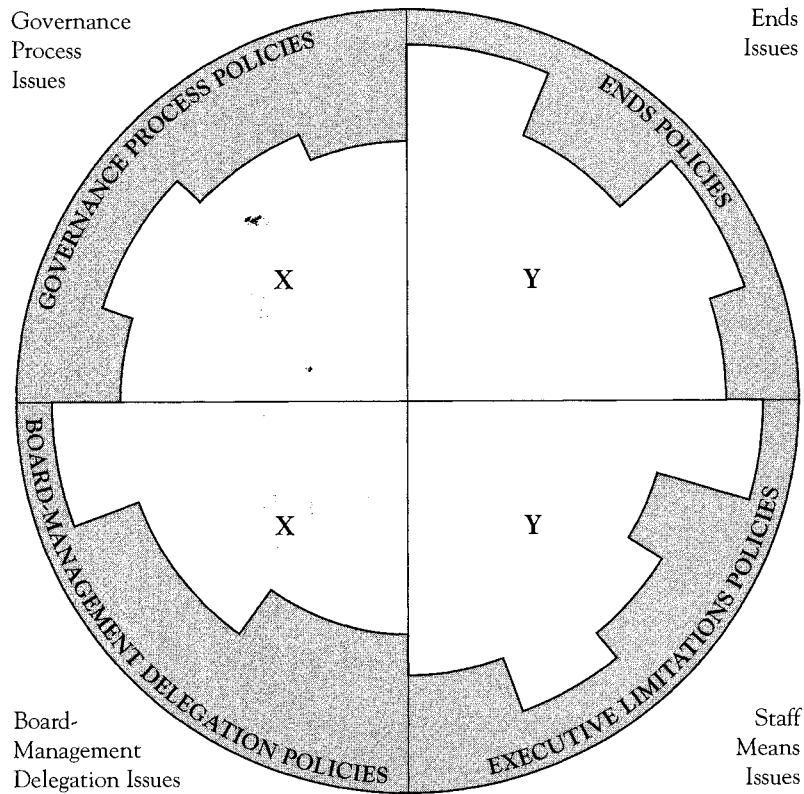


Note: The four categories of organizational issues are shown as four sets of bowls, brought together to form four quadrants of a circle. Larger and smaller issues within those categories are shown as larger and smaller bowls. For easier reference throughout this book, differing categories and sizes of issues are brought together as series of concentric circles across four quadrants.

ence, are smaller decisions, ones contained inside the larger decisions represented by those nearer to and on the circumference.

Figure 2.4 shows the same circle. In Figure 2.4, however, board decision making has reached different depths within each of the four quadrants. This diagram demonstrates what board policymaking is really like under Policy Governance. There is always policy at the outside edge of the circle (largest-mixing-bowl level of policy), while inside each quadrant, policies will have been developed to various

Figure 2.4. Board Policymaking.



Note: Completed board policies will occupy the outer part of each quadrant but will come into more detail (smaller-bowl levels), the amount depending on the board's values: The board will go into more detail about some policy topics than others, even within a given quadrant. Notice that the quadrant containing all staff means issues will be addressed by the board in a constraining or negative fashion, hence the policy category titled *Executive Limitations*. Empty space in the middle represents smaller decisions the board is content to leave to delegates. The chair (chief governance officer—CGO) will be given authority to make decisions in spaces marked X. The CEO will be given authority to make decisions in spaces marked Y.

depths depending on board values. The deeper the area of board policy, the more detailed it is and the fewer the decisions left to the one authority delegated to make the remaining lesser decisions.

Notice that the CGO and the CEO are both empowered to interpret and implement board policy but that this power applies in different domains. The CGO has no authority over staff functions (does not show up on the right side of the circle), and the CEO has no authority over the board's governance (does not show up on the left side of the circle). This arrangement corrects a traditional governance flaw wherein the chair is compelled to usurp board authority in dealing with the CEO (supervising, directing, making demands the board never made) while at the same time becoming the de facto CEO (making decisions about organizational matters). Similarly, the opposite flaw is corrected: the CEO, while held fully accountable for operational matters, is not held accountable for the board's governance, agendas, orientation, attendance, or any of the myriad other aspects of board functioning with which CEOs have been inappropriately burdened. In this latter role, CEOs have typically assumed more responsibility for the board's acting responsibly than their boards have. This role separation does not preclude the CEO and the CGO from interacting with or even helping each other, but does clarify their distinctly different authorities.

Notice also that in the areas of Ends and Executive Limitations, the board decides policies at a level appropriate to its concern but not further: thus it would never decide or approve an entire document such as a budget, a program plan, or a personnel manual. Such an act would place the board in direct control of smaller issues as well as larger ones and would needlessly remove flexibility from the CEO. Indeed, it would make definition of the CEO role all but meaningless.

Instead, the board would contemplate just what aspects or characteristics about budgeting, programming, or personnel management it would consider unacceptable. Reaching agreement on these matters, if the agreement is committed to paper, yields written guidelines to be given to the CEO. Thus, instead of approving a staff document,

a process that invites board members into unending details, the board will have produced its own far briefer document disclosing what would lead to its disapproving staff documents or actions. Hence, anything not in violation of those board requirements is automatically preapproved.

This board task is both easy and hard. The easy part is that it is far briefer—the resulting board documents are quite short and simple—and it does not require board members to become expert in the topics being controlled. Accountants, for example, are no better at governing fiscal management than nonaccountants, even though they might be immeasurably better at fiscal management. The hard part is that this process takes more discipline. Self-restraint is called for if a board is to do the higher-level thinking required rather than jumping headlong into the more concrete, more familiar details of a topic—in spite of having a staff hired to deal with such matters.

The message for the CEO is an empowering one. “As long as our intended Ends are achieved and our Executive Limitations are not violated (and we’ll be checking!), any plan you create or course you pursue is acceptable.” The most vital test of means, of course, is not in the means themselves but in whether they produce the Ends. The board finds out if its Ends demands have been met not by inspecting staff means but by monitoring the Ends policies. Traditional boards fool themselves into thinking they’ve monitored results by monitoring program activity.

Monitoring Compliance with Policies

The Policy Governance model holds that there can be no legitimate monitoring without preestablished criteria. Attempting to evaluate in the absence of criteria, while common, is both unfair and futile. Approval or acceptance of financial statements, budgets, or other plans are examples of actions that pass for monitoring but that, upon inspection, prove to be only ad hoc opinions expressed apropos of no criteria. These familiar practices are not monitoring at all—they are merely wandering around in the presence of data.

A Policy Governance board establishes its expectations about organizational performance by formulating Ends and Executive Limitations policies. Since these are the only board expectations of the organization, the provisions of these policies are the criteria it will then use to measure whether a *reasonable interpretation* of its expectations has been met. Next, the board assigns a method and frequency of monitoring to each of the policies in order to receive performance assurance as often as it desires. The method of monitoring establishes how the data will find their way to the board (they can come from the CEO, but that is not the only route). Thus conceived, ongoing monitoring of board expectations is exactly the same as CEO performance evaluation, except in a more realistic and continual form than what traditional boards have known. In Chapter Six, which deals with Board-Management Delegation policies, we deal with how a board decides what, when, and how to monitor. Then, in Chapter Eight, we explore in more depth the important implementation issues of monitoring. Further, Resource C provides examples of monitoring reports.

Designing Governance Structure

Throughout this overview of the Policy Governance model, we have emphasized that the board (not its subparts such as committees or individual members) should make its requirements clear and then monitor to see that they are met. For the board to carry out these responsibilities as a body requires it to avoid some traditional structural traps or circumstances that will militate against its ability to speak as a body. 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.

Traditional governance provides a number of ways for a board to become ineffective at voicing its corporate will. Permitting or inviting board officers or committees to be responsible as individuals for aspects of organizational performance destroys the board’s

ability to demand accountability from the CEO. Officers, particularly treasurers and chairs, are commonly put in such a position.

Bylaws often charge the chair with “responsibility for the general supervision of the organization.” Or the ostensible CEO is said to report to the board through the chair or be supervised by the chair. Any of these arrangements makes the chair the de facto CEO in authority, although rarely is the chair then held accountable in a way that corresponds to this power. Consequently, chairs often dip in and out of the CEO role, a most disconcerting behavior to the intended CEO and a sure sign of undisciplined governance.

The treasurer is frequently described as being “responsible for the books of accounts, deposits, and receipts” or other words that assign responsibility for fiscal propriety. Yet the board must surely hold its CEO accountable for these matters. So just who is accountable? To hold the CEO accountable for conditions that the treasurer has the authority to direct is both unfair and organizationally irresponsible. Again, this unclear delegation is a sure sign of undisciplined governance.

Often other board members, as individuals, attempt to exert authority in the organization. Boards rarely know the extent of such individual renegadism, since unless they witness it, they can only become aware of it through staff tattling. Board members who act in such a manner may be doing so out of a genuine desire to help or advise. Notwithstanding noble intentions, the result of interference by individual board members is that the staff use organizational resources to carry out individual demands. Board member interference is nothing less than an abuse of position. Boards must protect their organizations from such waste and misdirection by assuring the CEO that, while written board policies must be fulfilled, board members as individuals need not be pleased or catered to outside those policies. Thus a responsible board as a body protects its staff from itself as individuals.

Board committees are any groups set up by the board, instructed by the board, or reporting to the board, no matter what they are

called (for example, task forces are included), whom they include (board members, staff members, or others), or for how long they are to exist (that is, whether they are ad hoc or not). A board that, having first defined its job, decides to use a committee to help in the accomplishment of its job is using the committee mechanism legitimately. But committees can damage the board’s ability to hold its CEO accountable, just as can CGOs and treasurers. A board that puts together a group in order to instruct about, advise about, help in, or share in any part of the responsibility delegated to the CEO is not using the committee mechanism legitimately. It has set up a circumstance that renders the board unable to instruct as a body, delegate to a single point in the system, or hold that point accountable for performance according to board-stated expectations. Who is to be held accountable if a course of action advised by a committee doesn’t work?

It is a rule of Policy Governance that board committees may exist only to assist in the board’s own job and never to involve themselves in the jobs of staff. It is worth noting that advice is indistinguishable from instruction when it comes from a higher authority. Staff who want advice can ask for it from anyone, including from board members (as individuals) if the staff decide that such individuals are good sources of advice. The CEO can then be held accountable for staff decisions, since whether or not staff members ask for or follow advice is up to them. Advice, in other words, is always invited and never imposed. The Policy Governance rule about committees usually results in boards’ disbanding personnel, program, facility, finance, property, publications, public relations, and many other committees.

Defining the Board’s Job

Any job can be conceived as a package of values-added; the governing board’s job is not an exception. Summarizing those values-added yields a global purpose for governance. The board’s job is to

see to it, on behalf of the owners, that the organization produces what it should (described in Ends policies) while avoiding situations and conduct that should not occur (described in Executive Limitations policies). This seems a simple statement until we examine what is necessary to assure its fulfillment. 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 Ends policies for the organization; otherwise it will not truly be able to act "on behalf of the owners."
- Craft Executive Limitations policies that constrain the CEO from choosing unacceptable organizational means.
- 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, else the board will be so overcome with details of subordinate jobs that its own will be undoable.
- Insist upon systematic, believable monitoring data that address the expectations it has established, or it can never be assured that its careful words have led to an acceptable reality.

Policy Governance provides tools for fulfilling this role, which include separating ends from means and then separating staff means from board means. Also included are arranging issues by size and dealing with the large ones first, leaving the smaller ones to delegates when the board can accept any reasonable interpretation. Monitoring only against policy criteria is another tool.

Using these tools to accomplish the leadership with which boards are charged, any governing board should set out to produce

the following values-added, as distinguished from the products of its staff:

- A high-integrity linkage with the owners, that is, one that is unbiased and complete
- Written governing policies (Ends, Executive Limitations, Governance Process, and Board-Management Delegation) in a constantly updated, succinct form
- Assurance of organizational performance, which is treated as CEO performance when such an officer exists

These crucial job products are the nondelegatable minimum for the governing board of any organization. They cannot be handed over to the staff as can all other outputs. Each, of course, can be further defined, but these three are the basic points of departure in describing what every governing board must produce. In practice, a given board may choose to add other job outputs, but beyond these, any additional contributions the board selects to put on its own plate are optional.

Remember the following key points of theory before you go further. If you are unable to explain these points to someone else, you may need to review Policy Governance theory more thoroughly:

1. The board stands in for those who morally own the organization. By virtue of its crucial owner-representative role, the board must accept the responsibility of being a link in the chain of moral authority (or chain of command) rather than an adviser to or equal of staff.
2. The board speaks with one voice or not at all. The board will allow no officer, committee, or individual on the board to come between the board and its CEO.
3. The board directs the organization by addressing Ends and Executive Limitations policies to the CEO.

4. The board instructs no staff but the CEO.
5. Ends and means are distinguished from each other only according to whether an issue describes three key elements: what outcome or difference is to be produced, for whom it is to be produced, and the worth or cost of the outcome. An issue that describes one or more of these attributes is an ends issue. An issue that does not describe one or more of these attributes is a means issue. That a matter is important does not make it an ends issue. That the board wishes to control an issue does not make it an ends issue. That a matter is controlled by law or custom does not make it an ends issue.
6. The board controls ends issues positively—by prescribing certain ones.
7. The board controls staff means issues negatively—by prohibiting certain ones.
8. The board defines issues from the most general level of specificity to that more detailed level where it can delegate any reasonable interpretation of its words.
9. The board may change the level of its policy making at any time.
10. The board monitors performance against its policy words.

Next Chapter

Chapter Three deals with the implications your board should be ready to face if you choose to use the Policy Governance model. You must be ready to look at your job in a radically new way and to use the new principles consistently. While the implementation will give new clarity to the board's job and will empower both board and staff, it will not be without its difficulties. Being prepared for the implications of this new approach will help your hard work produce results.

Other Carver Resources:

Boards That Make a Difference: A New Design for Leadership in Non-profit and Public Organizations, Third Edition, by John Carver

John Carver on Board Leadership: Selected Writings from the Creator of the World's Most Provocative and Systematic Governance Model, by John Carver

Board Leadership: Policy Governance in Action, co-executive editors John Carver and Miriam Carver

The Board Member's Playbook: Using Policy Governance to Solve Problems, Make Decisions, and Build a Stronger Board, by Miriam Carver and Bill Charney

Corporate Boards That Create Value: Governing Company Performance from the Boardroom, by John Carver and Caroline Oliver

The CarverGuide Series on Effective Board Governance (12 guides)

John Carver on Board Governance (video)

Empowering Boards for Leadership: Redefining Excellence in Governance (audio)

The Policy Governance Fieldbook: Practical Lessons, Tips, and Tools from the Experiences of Real-World Boards, editor Caroline Oliver

Reinventing Your Board

A Step-by-Step Guide
to Implementing
Policy Governance

REVISED EDITION

John Carver
Miriam Carver

 **JOSSEY-BASS**
A Wiley Imprint
www.josseybass.com

Copyright © 2006 by John Wiley & Sons, Inc. All rights reserved.

Published by Jossey-Bass

A Wiley Imprint

989 Market Street, San Francisco, CA 94103-1741 www.josseybass.com

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400, fax 978-646-8600, or on the Web at www.copyright.com. Requests to the publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, 201-748-6011, fax 201-748-6008, or online at <http://www.wiley.com/go/permissions>.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

Readers should be aware that Internet Web sites offered as citations and/or sources for further information may have changed or disappeared between the time this was written and when it is read.

Jossey-Bass books and products are available through most bookstores. To contact Jossey-Bass directly call our Customer Care Department within the U.S. at 800-956-7739, outside the U.S. at 317-572-3986, or fax 317-572-4002.

Jossey-Bass also publishes its books in a variety of electronic formats. Some content that appears in print may not be available in electronic books.

All policy samples © John and Miriam Carver.

All drawings © John Carver.

Policy Governance is a service mark of John Carver.

Library of Congress Cataloging-in-Publication Data

Carver, John.

Reinventing your board: a step-by-step guide to implementing policy governance / John Carver, Miriam Carver.—Rev. ed.

p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-7879-8181-5 (cloth)

ISBN-10: 0-7879-8181-8 (cloth)

1. Directors of corporations. 2. Corporate governance. I. Carver, Miriam Mayhew.

II. Title.

HD2745.C3727 2006

658.4'22—dc22

2005033969

Printed in the United States of America

SECOND EDITION

HB Printing 10 9 8 7 6 5 4

Policies	vii
Figures and Exhibits	xi
Preface to the Revised Edition	xiii
Preface	xvii
Acknowledgments	xxi
The Authors	xxiii

Part One: Preparing for Change

1. Setting the Stage: Are You Sure You're Ready for This?	3
2. The Theoretical Foundation: The Practicality of Sound Theory	17
3. Deciding to Implement Policy Governance: Looking Before You Leap	37

Part Two: Crafting Policies

4. Executive Limitations Policies: Optimizing Empowerment by Setting Limits	65
5. Governance Process Policies: Defining the Board's Job	103

Next Chapter

At this point in your work, all policy categories have been completed except the most exciting and compelling one of all, Ends. In Chapter Seven, we help you begin this important process. While Executive Limitations, Governance Process, and Board-Management Delegation categories can be completed relatively quickly, Ends require more study and creativity. They are the central challenge to board decision making.

Bibliographic information is located at the end of this pdf file.

Ends Policies

The Real Bottom Line

In this chapter, we are going to guide you through the process of developing the Ends policies of your organization. Although this challenge will be the heart of the board's work forever, it is not necessary to finish your Ends work prior to putting the other three categories of policies into effect.

Policies in the other three categories should be relatively complete in order to codify the board's job and the board's relationship with management, as well as to provide the safety to let go afforded by Executive Limitations. But with those policies in place, the board and CEO can begin operating in a Policy Governance manner. We refer you to Chapter Nine for tips on getting that process started.

The work of this chapter, however, is to describe the board's never-ending task of determining not what the organization *does* but what it is *for*. Our attention turns, then, to the creation of Ends. In Policy Governance, the term *Ends* refers to the effects an organization seeks to have on the world outside itself. Its work will cause something to be different for someone at some cost. The concept embraces

- The impact, difference, change, benefit, or outcome to be obtained in the lives of consumers or consumer-like populations. Let's call this *results*.

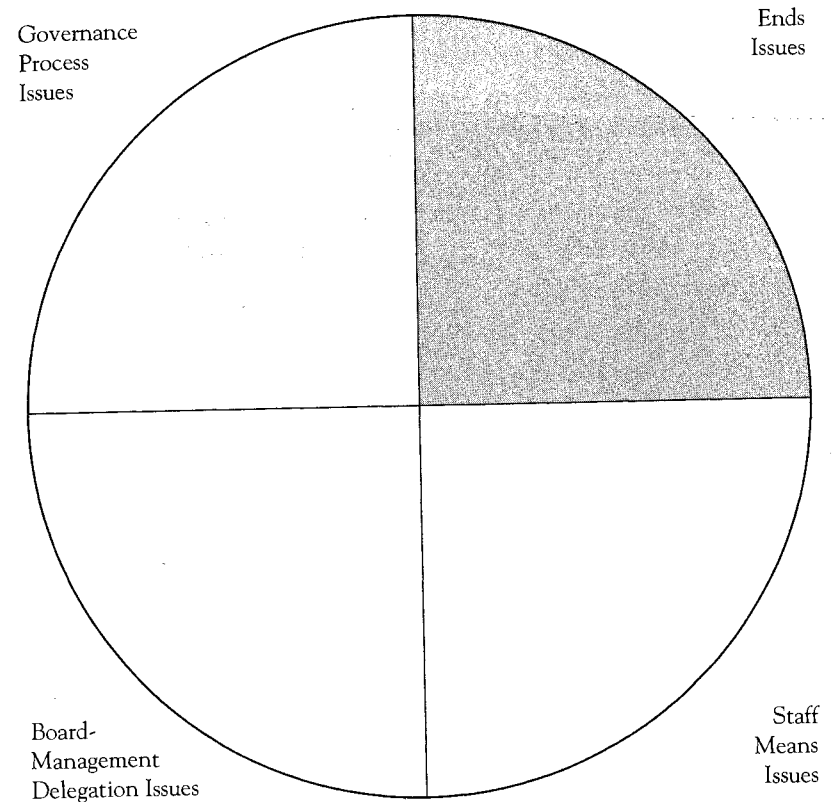
- The identity, description, or characteristics of the consumers or populations to receive the results. Let's call these *recipients*.
- The monetary expense, relative worth, or relative priority of a result or set of results, or the comparative priority of certain recipients rather than others getting the results. Let's call this feature *cost*. Keep in mind that cost can mean *cost in other results forgone*, not just cost in monetary terms.

Ends policies, then, are policies that address a threefold concept: your organization's results, recipients, and cost of results. To qualify as an ends statement, a proposition must describe at least one of the three components. Taken as a whole, of course, your Ends policies will describe all three. We intentionally risk overkill in defining the ends concept, for we have found that despite its simplicity, it is persistently misinterpreted. We strongly urge compulsive attention to the ends definition.

You will sometimes hear ends mistakenly equated with results only. Be careful not to fall into this trap, as the concept is broader than a simple designation of outcome. (If results were the only meaning of ends, there would have been no need to use a word other than *results* in the first place.) You will find yourself tempted to define ends as anything that is important, required by law, or the end point of a process. None of these are correct definitions in Policy Governance. You will find yourself tempted to define ends as your programs, services, or curricula. These are not ends; they are packages of means. Financial soundness and a good budget are means also. You will find yourself calling all of these ends occasionally. Watch out for this! We suggest that board members develop a habit of friendly but rigorous policing of each other in order that the concept not deteriorate with misuse.

Ends issues are located on the circle diagram in the top right-hand quadrant, as shown in Figure 7.1.

Figure 7.1. The Ends Quadrant.



Note: On the circle diagram introduced in Chapter Two, the issues dealt with in this chapter are in the upper right-hand quadrant.

As with all other policy types, Ends are developed beginning from the broadest, most inclusive and general level first, then toward progressively more defined levels. Also in common with the other policy types, Ends are developed to the point that the board can accept any reasonable interpretation of a delegatee. In this case, the delegatee is the CEO.

Despite these features in common with the other policy types, this chapter will be very different from the three preceding chapters. For policy development within Executive Limitations, Governance Process, and Board-Management Delegation (all means

policies), we were able to present you with some generic samples. Those policies were model-consistent examples of what many boards have used. While we expect that you will have changed them somewhat, the format and content of means policies have general applicability across organizations of all types.

To recap, Governance Process and Board-Management Delegation policies describe both the Policy Governance model and its practical application. If you accept the model, your policies in these categories will merely be slightly tailored restatements of the model itself. Executive Limitations policies are really an expression of the board's values of prudence and ethics, since these values are the only reasons to constrain your CEO's choice of means. Because people in a culture have somewhat similar ideas about ethics and prudence, these policies tend to be similar across organizations of very different types. (While policies that tell the CEO how to manage would not be generically applicable, policies that tell the CEO how *not* to manage are.)

Ends policies, in sharp distinction, are not generic at all. In fact, the uniqueness of any organization lies in its Ends. The meaningful difference between a city government and a hospital, or a mental health center and a trade association, lies not in different concepts of what is prudent and ethical nor in the principles of governance. The meaningful difference lies in the results they seek to produce for consumers, the particular consumers to whom they are targeted, and the worth or priority they assign to those results and recipients.

A further difference between the process of developing means policies (for board and staff) and that of developing Ends policies is the time involved in the policy work. Means policies, as you have seen, can be developed in a relatively short time. They are internally focused, and most of the information required for their formulation is available inside the board or staff organization. Ends policies, on the other hand, deal directly with issues of the world outside the board and the operating organization. Your board, in making its Ends policies, will be making hard choices about who

will and who will not benefit from your organization, and in what ways. Such decisions are difficult, perhaps painful, and may be politically charged. They always need to be made with proper diligence from a very informed position, for a board makes such determinations on behalf not of itself, or its staff, or even today's consumers, but on behalf of the ownership in general.

Hence, we are not able to present you with samples of Ends policies that you can work from, as we did in the other policy quadrants. What this chapter will do is provide a format, or a sequence, for your board to use when it involves itself in the long and difficult task of Ends policy development.

When your board sets out on its Ends work, approach the task with the following perspectives:

1. *Don't assume that your existing mission statement is an Ends policy.* We often find that our clients have inspiring and rhetorically attractive mission statements, and we do not at all mean to minimize either the effort that went into preparing such documents or their possible public relations value. It is rare, however, that they are written in ends terminology, that is, that they define who is to benefit from the organization, in what way, or at what cost. They therefore do not qualify as Ends policies.

2. *Expect it to be difficult.* This may be counterintuitive. Our clients often start the policy development process expecting that means policies will be difficult to write and that Ends policies will be easy. After all, they reason, it's pretty obvious why the organization exists. After not very long, they realize it is not at all obvious what benefits should accrue, much less to which consumers at what cost. It is clear that boards have seldom considered such issues and that, as a result, they need to start virtually from scratch to define organizational purpose.

3. *Be rigorous about Ends attributes.* This is difficult at first, since you will find that it feels more natural to describe activities and intentions than to prescribe results, recipients, and cost. In time, you

will get used to speaking in ends terminology, but for this to happen, you must learn to recognize that effort and action words almost always describe means, not ends. If you prescribe means to your staff, you will surely get them, but you will still be in the dark as to whether the right results were produced for the right people at the right cost.

4. *Never assume that your existing strategic plan is or contains an Ends policy.* You may have spent some time developing a strategic plan. These plans usually contain a number of goals, objectives, or strategies for future years. Our experience is that they almost always are means documents. Plans, after all, describe how to get from here to there. Ends policies describe “there” with a consumer benefit focus. It only illustrates the aimless means focus of many nonprofit and governmental organizations that it is common to have extensive strategic planning even though ends are largely undefined! In Policy Governance, the CEO has the same prerogatives with strategic planning as with any other staff means issue: to make sure that all planning is within constraints established by the board.

5. *Develop Ends policies with a long-term perspective.* Your board should aim at defining what the organization is to accomplish, for whom, and at what cost over the next several years, not by next month. Using a horizon that is appropriately distant will force the board to have a future orientation and to inform itself about future developments in the profile of needs and populations. It also recognizes that the staff needs time to plan and implement change in pursuit of the board’s Ends.

6. *Make sure Ends are doable.* Ends policies, even at the most global level, describe the achievements for which the CEO will be held accountable. Accordingly, the board must be careful to make its requirements realistically ambitious. You should expect the maximum possible, not the maximum conceivable. So avoid rhetorical flourish. “A world that works for everyone,” “A community free of alcoholism,” or “Every child a wanted child” are Ends statements, but probably not yours! These are ideal states to which your board may have a philosophical commitment and, for that reason, bear

stating. In other words, your board may want to make a statement of philosophy or be explicit about its motivation or the beliefs that bring it together in the first place. This is understandable, but such statements are not Ends. They belong in the Governance Process quadrant of board policy, declaring, in effect, where the board is coming from or the board’s mentality.

7. *Ignore current organizational divisions or departments.* Your board should not make Ends policy on a department-by-department basis. Remember that the organizational structure, or division of labor, is a staff means issue within the purview of the CEO. The CEO has the right, unless specifically constrained by Executive Limitations policies, to change internal organizational structure. Do not allow staff structure to drive board thinking about the impact your organization should have.

8. *Never allow the problem of measurement to come up as you decide Ends.* We are aware of how odd this sounds. We, too, have heard the rules about always having measurable objectives. We are not opposed to measurement! We are simply asserting that if the board allows measurement questions to contaminate its deliberations about what is to be accomplished, for whom, and at what cost, it will prescribe what is measurable rather than what is meaningful. We urge you to demand meaningful performance from your organization. The CEO will be required to convince the board that a reasonable interpretation of the board’s Ends demands was delivered. So let measurement be the CEO’s problem, but be realistically prepared to accept crude measures. It would be wonderful if Ends could be precisely measured, but at this stage of history they will likely be measured only crudely. Here’s a useful adage to remember: “A crude measure of the right thing beats a precise measure of the wrong thing.” For too long, our nonprofit and public organizations have been precisely measuring the wrong things!

9. *Expect to find that there is information you need and don’t have.* Policy Governance boards spend a large amount of time getting educated. To demand doable results, to specify recipients, and to set acceptable costs raise many difficult questions. Just what is doable?

Who are the potential consumers for whom we could make a difference, and how do we choose among them? What choices do our owners want us to make, and how will we deal with the inevitability that the owners themselves don't agree? How much should the results we demand cost? How should the results we seek change over the next few years? How will changes in public policy affect our choices? You can undoubtedly think of many more examples of information required for Ends decisions.

Now with those observations in mind, let us proceed through a set of exercises aimed at assisting your board to find the broadest, most inclusive, largest-mixing-bowl Ends policy for your organization. To do these exercises, it would help to appoint a member of the board to use a flip chart so that the various attempts that your board makes can be kept together. We strongly urge that all board members be involved in this exercise.

Let's Take It from the Top: Level One

Your board will start its Ends policy development by deciding on the largest appropriate Ends statement.

We have found that focusing on the results aspect of ends is a good start-up tactic. That is, don't try to cover results, recipients, and cost all in this beginning exercise. Not having to focus on recipients and cost makes the job easier at this juncture. You might find that specification of recipients will occasionally emerge naturally. If it does so, fine, but our initial focus will be results.

Let's give this approach a rational grounding as well as a practical one. Results precede the other two components. Organizations exist to cause something to be different. What is the difference? What is your organization for, stated in its simplest and most focused form? In other words, what should result from organizational activity? What does it produce? For this reason we'll look for getting a handle on results first.

Only then will we concern ourselves with who gets the results. Obviously, your organization can't produce its results for the whole world. Some populations or individuals will get the benefits, and some will not. Who should benefit? How will the benefits be apportioned?

Finally, we concern ourselves with what these results with these people are worth. What are they worth in monetary terms? What are they worth in opportunity cost, that is, other things given up in order to get them? Or what is their importance relative to each other rather than relative to money or opportunities foregone? In other words, what are their relative priorities?

This succession of questions (first what results, next which people, finally what cost) can be asked at all levels of abstraction. That is, they can be asked at the Level One stage that we are about to start. But they recur throughout the Ends domain. For example, think of a school system in which the board addresses what skills and insights are to be attained by young persons of a particular geographic area for a tax burden of a certain amount. In that same system, a classroom teacher is faced with deciding what skill level should be attained by little Consuela by this afternoon and whether that is worth letting a few other children wait awhile.

So let's begin our work by looking for the results component at the highest level of ends. We suggest starting the Ends development process by naming "candidates" for the largest Ends policy, which we call E #1. To begin, ponder questions like these: If this organization were to disappear from the face of the earth tomorrow, why would we put it back? What are we buying with (or what justifies) the resources consumed by this organization every year? What does our ownership demand from this organization? Remember you are concerning yourselves with what the organization is for, not what it does.

This is a brainstorming exercise, so it would be helpful for someone to record on a flip chart the various suggestions as they emerge from the discussion. Pay no attention to your existing mission

statement except as its content comes up naturally during the brainstorming. Press for full participation, encouraging the various differences in emphasis or values held by your board members to be represented.

We use examples from a mental health center board, but you will see that there are obvious parallels with other nonprofit or public organizations. We assume that your board has just produced a list like that to follow. (The items are the sort that commonly show up at this point in the process.) Remember, we are looking for what results this organization exists to produce. What is this organization for?

The following are brainstormed “candidates” for the Level One Ends policy. The question: What is our organization for?

Offer quality programs and services

Support parents of mentally ill people

Help mentally ill people

Help people reach their potential

Marriage counseling

Jobs

Advocate for the mentally ill

Make life enjoyable for low-functioning people

Responsible use of resources

Community support

Assist families in solving problems

When engaged in this exercise, continue the process until a dozen or so phrases are on the list or as long as the contributions keep coming, whichever is longer. As in any brainstorming, it is best if you do not stop to judge or even discuss any one of the suggestions. Just keep adding to the list until a natural stopping point is reached. Having collected these candidates for top billing, review them. A certain amount of weeding out will be required. It will be

helpful if you have a brief discussion aimed at reducing the pride of authorship some board members might feel, for everyone will be invited to be brutal in critiquing the list. We illustrate by critiquing our own:

- We begin by eliminating the words that describe good intentions or effort rather than results. Examples from our list include the words *support*, *assist*, and *advocate*. They bespeak not the attainment of anything but commitment and intention. They can be fulfilled while having absolutely no effect upon consumers. Be tough; allow yourselves and your CEO no points for supporting, assisting, or advocating; rather, hold yourselves to the discipline of requiring results for people. Your staff will no doubt have to support and assist and advocate, but these are means and have no value apart from the benefits they produce. Do not inappropriately dignify these efforts as Ends. Your organization does not exist to try.

- Now, we go beyond effort words and eliminate means of all types from the list. Even the most Ends-conscious board will find that it has produced some. Our list contains several. Programs and services, even high-quality ones, are means, not ends. (Actually, their quality can only be determined in relation to their ability to produce the Ends. So, apart from their achievement of Ends, how would we know they are high-quality?) That resources be used responsibly is important but is not an ends issue, as it fails to identify even one of the three components of ends. Helping mentally ill people, while broadly identifying the recipients of intended results, does not state the outcome or result those recipients should expect to receive; helping per se is an activity (means). Marriage counseling is likewise an activity. Be suspicious of verbs (*help*, *offer*). If they describe your organization’s actions rather than the benefit to be received by the consumer, they signify means. To *teach reading* to children is a means; children *can read* is an end.

- We eliminate or clarify the candidate statements that are ambiguous as to their ends or means identity. Notice that on our

list, *jobs* and *community support* could be ends or means. If the board is remarking on the fact that the organization employs people, this is a means issue and should be discarded from the list. If the board intends, on the other hand, that certain consumers should be employed as a result of the organization's efforts, this is an ends issue. Likewise, community support could mean that the board wishes the community to be supportive of the organization. This is a means issue. If the board intends that it wants to see a difference in the ability of clients to integrate into the community, or in the ability of the community to include clients in everyday life, these are ends issues and should stay on the list. *Education* is a similar word; if it means the state of being educated, it is a result. If it means the process of education, it is a means. Beware of words that can go either way. It is so easy to get off-track in working with Ends that we strongly caution you not to put even one foot on the slippery slope.

Let's see what a revised version of our list might look like, along with brief comments about the reason for revising.

<i>Candidate Statement</i>	<i>Comment</i>
Offer quality programs and services	Entirely means
Support parents of mentally ill people	Recipients are defined but no results; support is means
Help mentally ill people	Recipients are defined but no results; help is means
Help people reach their potential	That people reach their potential is a result; helping, however, is a means
Marriage counseling	Entirely means
Jobs	Ambiguous; could be ends or means

Advocate for the mentally ill	Recipients are defined but no results; advocate is means
Make life enjoyable for low-functioning people	Very close; if "life [is] enjoyable . . ." then results and recipients are defined
Responsible use of resources	Entirely means
Community support	Ambiguous; could be ends or means
Assist families in solving problems	Means because the focus is on assisting; if "families solve problems," then a result and recipients are defined

Our revised list shows that the elimination of means statements, including "effort words," and the identification of ambiguous statements change the picture considerably. As you can tell, we are bending over backward to weed out anything that isn't strictly a result. We haven't argued with the vagueness of stated results, but we have been brutal on means masquerading as results. We know that such care may seem to be overkill. But keep in mind that the top-level statement sets the stage for all further Ends work. If we cannot observe the simple principles at this global level, how can we hope to observe them as we go into more detail and potentially more complexity? Since subsequent Ends work further defines the global intention, putting the wrong elements into the global statements destines further work to define the wrong things. That is exactly what boards customarily do; they waste a great deal of time working on the wrong questions.

At this point, your board should make a new list. Now that the board is prepared to be more rigorous about the results component, you may be able to add in the recipients component as you move ahead. If you find it necessary to stick to the results part even longer, do so. It is better to have an extra step than to take a chance on forsaking rigor.

So far, we have identified that the parents of mentally ill people may be recipients of undefined results produced by the organization. What should the results be? Does the board want to prescribe that parents of mentally ill persons get an occasional rest? Does it want them to acquire certain skills? Does it want them to achieve a level of psychological comfort? Suppose the board has massaged these points and produced new candidates for the top Ends statement that look like this:

- Parents of mentally ill people will have an occasional rest.
- Mentally ill people will achieve life skills consistent with their abilities.
- Mentally ill people will have the opportunity to fulfill their potential.
- Mentally ill people will have job skills or jobs.
- Public policy and community standards will be accepting of the mentally ill.
- Chronically mentally ill people will have the ability to enjoy life.
- Families will have the ability to solve problems without violence.

If you've moved along like our example board, it looks as if you have identified results and recipients. (Don't even worry yet about the cost component; we will attend to it in a little while.) Now examine the items on the list for their level of ambition. To hold yourself accountable for mentally ill people having the opportunity to meet their potential is less ambitious than being accountable for their actually meeting it. What if your staff produced a great deal of opportunity, but no one reached potential (remember, the CEO gets

to use any reasonable interpretation of that word)? Would that be OK? Likewise, being accountable for people having job skills is less ambitious than being accountable for their having jobs. Which level of ambition is appropriate? Try to be as ambitious as is still doable.

At this point, you will notice that you have created an incomplete list of results and recipients, none of which by itself constitutes the broadest level of Ends policy, Policy E #1. The list contains Ends statements that may be important to include at further levels of definition. But the largest Ends statement must encompass all other statements in this category. Said another way, if you are relatively certain about these less-than-global designations of results and recipients, then the eventual global statement must encompass all of these and possibly more.

Upon inspection, your board's list, as does this one, may fall into some identifiable areas or themes. Our list seems to fall into three areas: mentally ill individuals and their parents, families with emotional or adjustment difficulties, and the general public (its policy or point of view). What is needed is a statement that encloses these lower-level themes.

Here is an attempt at such a statement: *People with psychiatric and emotional problems will achieve their potential in a caring community.* We make no attempt to defend this sample Ends policy, since reasonable people on a board, in different situations, may decide very differently. We simply offer it as an example for discussion.

We will not discard the list we labored over, even though it has yielded its most important contribution: helping us conceive of a global statement. Sometimes the original list has within it the global statement; that may be what happens in your brainstorming experience. But be ready to extrapolate if you need to, as we just did. In any event, the list that is left will be used later when we consider expanding our Ends to Level Two.

But to round out our tentative global statement (E #1), let's now add the cost element. Remember the intent of cost as an ends concept

in Policy Governance is to declare what some result is worth, or how much of the result we want for the money or other cost entailed. That can be expressed in different ways: an exact monetary amount, a relative priority among other results, or an external comparative statement. In the case of government, the cost of results is likely to be taxes and user fees imposed.

At this topmost level in our exercise, we will use an external comparison, possibly the easiest to use at this level. The kind of external comparison will be “market,” the average amount of good that would ordinarily be possible for whatever amount of money is expended. In other words, the efficiency (results per cost) should be about what others can do. This is a useful comparison in that it works even with changes in budget size, and it affirms that we want to do at least an average job of producing desired effects for the money being spent. Taking that path, the Ends Policy E #1 in its entirety might be worded thus:

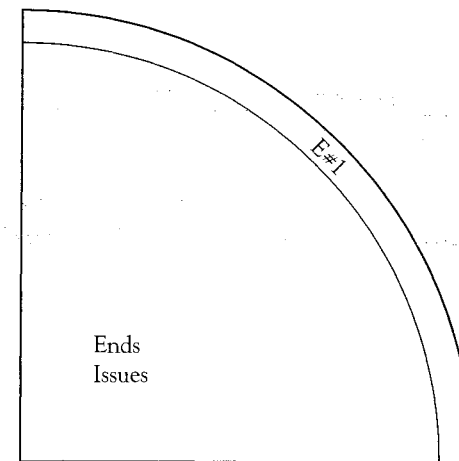
Policy E #1: Global Ends Policy

People with psychiatric and emotional problems will achieve their potential in a caring community with a level of efficiency comparable to similar organizations.

This Level One Ends policy appears on the circle diagram as depicted in Figure 7.2.

Your board would undoubtedly argue several aspects of the foregoing E #1 policy. For example, someone would say that producing at the average is not ambitious enough, that the wording should be, say, “at an efficiency materially beyond the median.” Another will argue with the word *potential*, preferring that the statement reflect an external instead of internal reference point like “will achieve a substantially normal life.” And still others will argue other issues. This is as it should be. Also, the board would be gathering information so as not to come up with an undoable dream. Remember, Ends may flow from your dreams, but they are meant to be practical tools in directing the organization.

Figure 7.2. Ends, Level One.



Note: The global or mega-Ends statement, shown in the upper right-hand quadrant, encloses or forms the base for all further Ends decisions.

So the E #1 policy, only somewhat like what is traditionally meant by “mission,” will be characterized as follows:

- Brief, but including all three ends components
- Doable, not merely a wish or unattainable goal
- Clear, but not having to bear the burden of being snappy like a slogan
- Expansive enough to embrace the fullness of your intent
- Narrow enough to distinguish your organization from the larger world

Take another look at the E #1 statement we have produced. Even though the board will probably choose to define the words further in E #2 and maybe E #3 levels of policy, the purpose of the organization is quite succinctly and clearly put as the statement stands. If the board chooses to leave Ends development at this level

without further expansion, the CEO would set out to construct definitions of the words, undoubtedly taking great care in doing so, for the board will be expecting a convincing argument that reasonable interpretations are being achieved. On the other hand, the CEO knows that no credit will be forthcoming for well-designed programs, busy and competent staff, low costs per client visit or staff-client ratios, or full work schedules. The board will no longer mistake such means for Ends performance. In fact, if the CEO can achieve the Ends as stated in this global statement with no professional staff, or a high cost per visit, or by waving a magic wand, the board will be happy.

As an aside, if we really want to harness innovation and creativity to the public's benefit in health care, education, municipal government, and other public services, this is exactly the way our governing boards must behave. Not doing so—staying stuck in the traditional mode—is a travesty imposing a massive toll in human and material cost.

Before we move on from the creation of the top level of Ends, let us look at some first-level Ends statements in various types of organizations.

City Government

The City of Greatown will be a community in which people can live, work, and visit safely and profitably worth a tax rate of no greater than cities of comparable size in this state.

Professional Association

Members of the National Association of Policy Governance Boards will have the skills and knowledge to govern responsibly in an environment supportive of real accountability worth an annual membership fee of \$1,200.

Hospital/Health Care System

The purpose of Healing Health System is a maximally healthy county population worth total expenditures of \$320 million.

Research Institution

The Hangnail Research Institute will produce knowledge necessary for a life without the pain of hangnails worth \$18 million per annum.

ASSIGNMENT: Examine the E #1 policy that your board has developed. Check to see that it really is an Ends statement, that it contains no means, and that it is the most general yet doable statement of what your organization is for. Then ask yourself if your board would be willing to accept any reasonable interpretation the CEO chooses to give the words of that policy. If the board is willing to do so, it need say no more about Ends. If it cannot, it must go to the next level, Level Two.

Here's a Little More Detail: Going to Level Two

Moving to the next level involves defining which aspects of the higher-level policy the board wishes to control further than the "any reasonable interpretation" control it already has. If the Level One policy is crafted well, this will mostly involve the further definition of what is already contained in it. Let's return to our mental health center example.

Policy E #1 states: *People with psychiatric and emotional problems will achieve their potential in a caring community with a level of efficiency comparable to similar organizations.* What components of this statement can the board further define? Clearly, a number of words in the Level One policy are open to a great deal of interpretation. Which people are we referring to? Do we mean old or young people, rich or poor people, urban or rural people, members of families or single people? All of these categories? In what proportions? What sorts of psychiatric or emotional problems do we mean? Mild ones, severe ones, those that lead to criminal behavior, intermittently disabling ones? Indeed, just what constitutes a psychiatric or emotional problem? Who hasn't had an emotional "problem" of some sort?

And what does it mean to achieve one's potential? Is that everything one is capable of or everything one desires? Is potential measured in life satisfaction or in economic achievement? Is this potential as perceived by experts, by affected persons, or by their families, friends, or employers? And which community or communities do we mean? Local, regional, or national communities, communities of similarly troubled people, church communities, the community at large?

Are the various results that could be contained in the broad statement equally important in terms of access to our resources? If not equally important, then what are the various relative importances? Are the various recipient groups equally important? Could the CEO target one specific subset of people with psychiatric problems, or must the CEO be sure to cover a representative group of all types?

And just what does efficiency mean? Cost for results can be the same when we accomplish a lot for a few or a little for many. What are comparable organizations? In our community, our state or province, our country? Of our size, type of staff, organizational maturity?

Make no mistake, every one of these questions will be answered, because they must be answered in the process of operation. True, they may not be answered in words and may not be answered consciously, but things will turn out one way or another along all these dimensions purely as a function of operating. The board does not have to answer them, but if it does not, it is duty bound to accept the way the answers come out (either by CEO-staff choice or by default) as long as a reasonable interpretation of the global statement is honored. The board, then, has first opportunity to provide the general answers that will control further definitions made by the CEO.

In our example, let us suppose that the board has given further definition to its Level One policy by the four Level Two policies that follow. Again, Policy E #1 states: *People with psychiatric and emotional problems will achieve their potential in a caring community with a level of efficiency comparable to similar organizations.* Moving to Level Two might have this result:

Policy E #2a: Independent Living

Chronically ill or disabled persons achieve a level of independence commensurate with their circumstances, worth 55 percent of all resources.

Policy E #2b: Public Policy

A public policy environment supportive of the particular needs of low- or intermittently functioning people worth 10 percent of all resources.

Policy E #2c: Work and Family

Adult persons with emotional or family problems achieve enhanced family and occupational functioning worth 25 percent of all resources.

Policy E #2d: School Readiness

Emotionally disturbed children gain the ability to utilize educational resources in the general community worth 10 percent of all resources.

We assume that the board spent some time discovering the extent of the need in the community and listening to the input of the various parties in the ownership who would have an opinion about the board's choices. In many communities the example given here would be indefensible, in light of the demographics and the other resources in the community. In other communities our example might be appropriate. In any event, our purpose is not to suggest what the Ends should be but to offer an example of their framing. Each board will develop its own unique method of controlling the organizational Ends.

You will have noticed in this example that the board has stated its estimation of the worth of each result area from the standpoint of the use of available resources. It is obvious in this illustration that cost and relative priority are virtually the same issue. But this is only one approach to cost or worth that may make sense to the board. If a board can only agree on a statement that one result is to have the

“dominant priority,” then that is what it should say. We are not recommending that the board say this but simply stating that the board must say what it feels. And if dominant priority captures it best, then those are the words to be used. Are they meaningless? Absolutely not. The CEO would then set out to pursue an interpretation that can later be justified to the board as a reasonable interpretation of this broad term.

One board of our acquaintance made the “market penetration” in various need areas constant across all results. That is, if available funds and methods were capable of reaching 25 percent of the need in each area, OK. If they made it possible, due to better methods or more funds, to reach 45 percent of the need in each area, OK. In any case, the CEO would be called upon to demonstrate that at least commonly accepted efficiency was met (due to the global policy), but the results would be spread across the various result areas (or it could have been across various recipient classifications with the same result) in the way prescribed. It is not our intention to dictate one manner in which the cost or relative worth of the many possible organizational results can be expressed. Only your creativity limits the ways the board can express relative priority or cost of the results it wants.

Take this a step further. Consider that the board might want to control the proportions of results that require expending its scarce resources but is willing to let results that pay for themselves go uncontrolled. In other words, the organization has some funding base that allows it to subsidize certain results, that is, to offer them at no cost to the recipient or at a cost below the cost of production. While carefully husbanding those scarce subsidy funds, the board in our illustration feels no need to limit what the CEO can accomplish when providing results that are paid for in full by the recipients. The board can express its priorities, then, with respect to use of subsidy money, enabling the CEO to do as much as he or she believes to be desirable and feasible beyond the use of subsidy. The only control over the self-financing results is that they must be a

reasonable interpretation of the E #1 policy. As we said, there is no end to possibilities.

As you examine your Level One policy and go further into Level Two, allow yourself to reexamine Level One from time to time. Sometimes you will find that the experience of going into Level Two informs your wisdom in such a way that another iteration of Level One is in order. On the other side, if you find that at Level Two you are developing more than a handful of policies, there is a good chance you are jumping levels, going into too much detail too soon. You may frame your Level Two policies around the “which people” aspects of Ends, or around the “what benefit” aspects, or you may decide to use both aspects. The choice is absolutely yours, and you can be as creative as you wish, as long as you use ends terminology and move into detail one level at a time.

As in the other policy categories, each Level Two policy can be further defined by the board, if the board is not willing to accept any reasonable interpretation of some part of Level Two by the CEO. The board that decides to further define at this level will simply take the words of Level Two policies as a starting point and proceed to define them. Thus, one of the further definitions of Policy E #2a, *Chronically ill or disabled persons will achieve a level of independence commensurate with their circumstances worth 55 percent of resources*, could be as follows:

Policy E #3a: Independent Living: Level Three

Occupational independence is a priority result area for chronically but moderately ill persons, while for severely ill persons, the acquisition of basic life skills will be the priority result to be achieved.

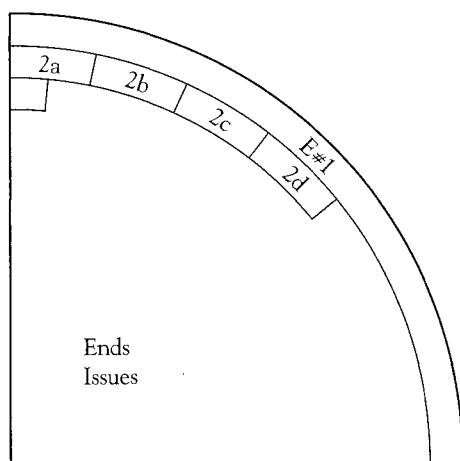
Your board should engage in similar further definition using its Level Two policies as starting points. As in previous policy categories, the board can then decide to further define its newly created Level Three policies. As always, the board defines its own words until it can accept any reasonable interpretation from the CEO.

The Level Two Ends policies, in addition to the policy E #3a just added, increase the board's definitional control of Ends as illustrated in Figure 7.3.

The exercise we have just described is likely to pose as many questions as it answers with regard to the Ends demands that your board should make on the CEO. It is to be expected that your board may not be sure of just what is reasonable to expect of the CEO in terms of results for consumers, or who all the possible consumers are. The board may not know what future need is likely to be or how it may change. Your board inevitably will need to arrange for education and consultation in order to collect the information it requires to make good Ends decisions. This education is so important that we can easily conceive of over half the board's time being spent in its pursuit.

You have probably noticed that there are more potential consumers of the benefits to be produced by your organization than there are resources to go around. This puts the board squarely in the position of deciding the distribution of a scarce commodity, that is,

Figure 7.3. Ends Policies Completed.



Note: Ends policies, as illustrated in the text, now extend from the outside edge of the policy circle (the broadest level) into varying depths, depending on the board's need to make further definitions before turning Ends over to the CEO.

organizational outputs. This is not an easy position to be in, but one for which a board representing the owners is required. This is why a board exists—to carry out this crucial ownership function that, as the organization develops, is truly definitive. Your job is to create the future.

At this point, take a look at where we've come in the mental health example. Admittedly, the Ends policy depth is not great. There is not a lot of detail, and much latitude has been left to the CEO to make decisions about just what results will be received by just which subpopulations, and at what cost those results will be produced. But policymaking at only the depth shown has given this hypothetical board greater control over the real impact of their organization than most boards ever dream of. Even a two-level Ends control by the board expresses monumentally more governance leadership than many times this amount of involvement in how the staff operates. Specifying Ends even broadly is like telling the taxi driver your destination in a few words rather than backseat driving with volumes.

Next Chapter

This chapter completes Part Two, in which we have described the process of developing policies in the Policy Governance mode. We have found policies in the Executive Limitations, Governance Process, and Board-Management Delegation categories to be quite stable. You will undoubtedly need to adjust them from time to time, but if you have created your set of policies attending closely to Policy Governance principles and to your own values, the ones you have now will likely be with you for years. Ends policies are more likely to undergo regular review and updating.

In Chapter Eight, we examine the frequently problematic process of evaluating management's performance. Because Policy Governance introduces a more precise and rigorous (yet fair) approach to monitoring, we have added in this edition more details about the mechanics and formats of receiving and responding to monitoring reports.

Other Carver Resources:

Boards That Make a Difference: A New Design for Leadership in Non-profit and Public Organizations, Third Edition, by John Carver

John Carver on Board Leadership: Selected Writings from the Creator of the World's Most Provocative and Systematic Governance Model, by John Carver

Board Leadership: Policy Governance in Action, co-executive editors John Carver and Miriam Carver

The Board Member's Playbook: Using Policy Governance to Solve Problems, Make Decisions, and Build a Stronger Board, by Miriam Carver and Bill Charney

Corporate Boards That Create Value: Governing Company Performance from the Boardroom, by John Carver and Caroline Oliver

The CarverGuide Series on Effective Board Governance (12 guides)

John Carver on Board Governance (video)

Empowering Boards for Leadership: Redefining Excellence in Governance (audio)

The Policy Governance Fieldbook: Practical Lessons, Tips, and Tools from the Experiences of Real-World Boards, editor Caroline Oliver

Reinventing Your Board

**A Step-by-Step Guide
to Implementing
Policy Governance**

REVISED EDITION

John Carver
Miriam Carver

 **JOSSEY-BASS**
A Wiley Imprint
www.josseybass.com

Copyright © 2006 by John Wiley & Sons, Inc. All rights reserved.

Published by Jossey-Bass

A Wiley Imprint

989 Market Street, San Francisco, CA 94103-1741 www.josseybass.com

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400, fax 978-646-8600, or on the Web at www.copyright.com. Requests to the publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, 201-748-6011, fax 201-748-6008, or online at <http://www.wiley.com/go/permissions>.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

Readers should be aware that Internet Web sites offered as citations and/or sources for further information may have changed or disappeared between the time this was written and when it is read.

Jossey-Bass books and products are available through most bookstores. To contact Jossey-Bass directly call our Customer Care Department within the U.S. at 800-956-7739, outside the U.S. at 317-572-3986, or fax 317-572-4002.

Jossey-Bass also publishes its books in a variety of electronic formats. Some content that appears in print may not be available in electronic books.

All policy samples © John and Miriam Carver.

All drawings © John Carver.

Policy Governance is a service mark of John Carver.

Library of Congress Cataloging-in-Publication Data

Carver, John.

Reinventing your board: a step-by-step guide to implementing policy governance / John Carver, Miriam Carver.—Rev. ed.

p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-7879-8181-5 (cloth)

ISBN-10: 0-7879-8181-8 (cloth)

1. Directors of corporations. 2. Corporate governance. I. Carver, Miriam Mayhew.

II. Title.

HD2745.C3727 2006

658.4'22—dc22

2005033969

Printed in the United States of America

SECOND EDITION

HB Printing 10 9 8 7 6 5 4

Policies	vii
Figures and Exhibits	xi
Preface to the Revised Edition	xiii
Preface	xvii
Acknowledgments	xxi
The Authors	xxiii

Part One: Preparing for Change

1. Setting the Stage: Are You Sure You're Ready for This?	3
2. The Theoretical Foundation: The Practicality of Sound Theory	17
3. Deciding to Implement Policy Governance: Looking Before You Leap	37

Part Two: Crafting Policies

4. Executive Limitations Policies: Optimizing Empowerment by Setting Limits	65
5. Governance Process Policies: Defining the Board's Job	103

CHAPTER FIVE

CREATING ENDS POLICIES

□ The Challenge

Of all the chapters in this book, this is the most important. You could not have gotten to this point without all the hard work that has gone before in developing the policies (Executive Limitations, Governance Process, and Board-Staff Relationship) that enable you to turn away from day-to-day concerns and concentrate on the heart of the matter: Why does your organization exist? What difference is it going to make in the world? Why are you sitting at the board table at all?

Ends is a peculiar word invented to denote a peculiar concept. No other word in our language (*goal, result, outcome, product*) says quite enough to cover the full meaning of *Ends*. Ends policies define what results an organization holds itself accountable for producing in the world, for which people, at what cost. Ends policies thus are very distinctive statements. They are not vague generalizations about improving the quality of life. They are not about what an organization does (that is, the activities it engages in) but about the impact it intends to have. As a result, no matter how broadly stated, Ends are ultimately measurable. Thus they provide for real accountability.

This chapter starts by reviewing the experiences of organizations in developing their Ends policies. In particular, the chapter explores the following questions:

- How do boards create Ends policies?
- How are staff members involved in developing Ends policies?
- What do Ends policies look like?
- What makes good Ends policies good?
- What are the pitfalls in developing good Ends policies?
- How do boards answer the question “At what cost?”
- How does the CEO make a “reasonable interpretation” of Ends policies?
- How do Ends policies relate to traditional statements of board strategy, mission, and values?
- What do boards gain from Ends work?

The chapter then looks at the lessons drawn from these organizations’ experiences. From there we invite you to look at where you are in the Ends development process and to consider the tools and techniques used by the organizations we have studied. Finally, we offer further suggestions and tips for enhancing your board’s Ends work.

■ The Experience

How Do Boards Create Ends Policies?

Producing Ends challenges boards to question themselves and their owners at the deepest possible level. Boards must be able to state clearly the results or outcomes they seek, the people those results are for, and how much they feel these outcomes are worth in terms of resources. Take an extreme case—the board of a hospital specializing in cardiac care—and imagine the choices that would have to be made in answering these questions. Ultimately, the reason we, as democratic societies, have boards at all is that we do not want to leave such choices to any one individual.

Therefore, the development of Ends policies takes time. In well-crafted statements, every word counts. Every word defines the organization’s future. Whether the words sound good isn’t important. What matters is their meaning. Even after Ends statements have been developed, boards need to review them constantly, because the world in which they operate never stops changing.

Some of the boards that have contributed to this book seem well advanced in their Ends work. Others have made moderate progress. A few have yet to begin. However, several of the organizations are well enough into the process to draw some significant conclusions. So let’s begin at the beginning of Ends.

It All Starts with Ownership. A board has the unique responsibility of creating its organization’s future. But the board carries that responsibility on behalf of

someone else—the ownership. Thus the concepts of ownership and Ends are very closely linked. If you are dipping in and out of this book, we encourage you to read Chapter Six in conjunction with this chapter. As you will see, all of the organizations working on their Ends policies engage their owners in the debate to a greater or lesser extent.

And Something Called a “Plug.” In developing their policies, most boards start in the category in which they have the most concerns, such as Executive Limitations, and then move on to Governance Process and Board-Staff Relationship policies. At this point, they are ready to make the switch to Policy Governance; they can enact their new policies and thereby supersede all their previous statements except their constitution (or articles or letters patent) and bylaws.

The only problem is that the board still has no Ends policies, and the Board-Staff Relationship policy states that the CEO, from now on, will be accountable for the accomplishment of Ends. The board has only two ways to go. Either it can hold back on enacting its new policies until it has developed Ends policies, which could take many more months, or it can adopt a temporary “holding” Ends statement, also known as a “plug.” In *Reinventing Your Board* (see Resource C for details), John and Miriam Carver use the following wording for this plug: “Whatever Ends the board has stated or implied in previous decisions or approvals will stay unchanged, pending formal adoption of Ends policies.”

As an additional safeguard at this point, the board might also consider a temporary Executive Limitations policy stating that the CEO “shall not significantly alter the funding, size, or scope of current results for consumers.” If board members have concerns about the CEO’s using any “reasonable interpretation” of the word *significantly*, they could further define it (in terms of dollars, staffing, numbers of clients served, or other measures). Obviously as soon as the board has developed its Ends policies, this particular Executive Limitations policy should be deleted.

And Then You’re Pretty Much on Your Own. The Carvers’ work on Policy Governance has yielded templates for the development of Executive Limitations, Governance Process, and Board-Staff Relationship policies. These templates are relatively standard. They work for organizations of all types, whether in North America or further afield. As we have seen in Chapter Four, there has been very little modification of these policies among a wide variety of organizations.

Ends development is a different matter, and rightly so, because the purpose of each organization is unique. It seems unlikely that the cookie-cutter approach could be successful here. The Carvers’ writings suggest that Ends work is more difficult. And although some excellent resources on Policy Governance (see Resource C) show what Ends policies for different types of organizations look like

and how deliberation on Ends might proceed, these resources are of limited use, because the reader knows little of the organization or of the process used to develop the statements.

The preceding chapters have drawn on the experiences of all eleven boards we have studied. In this chapter we draw on the experience of the eight boards that specifically reported on their work on Ends. The experience of some of them is presented here in table format. But a word of caution: although several stages in Ends development are represented in the tables, the organizations neither went through all the same stages nor passed through them in the same order. Every board's Ends deliberation process is unique, because it depends on a variety of factors, such as the board's particular circumstances, its group dynamics, and the nature of the data it already has available. These experiences may help you greatly, but what is most important is finding your own path—the one that is right for your board. Exhibits 5.1 through 5.5 summarize several of the approaches used by boards reporting on their Ends experiences.

How Are Staff Members Involved in Developing Ends Policies?

Ends development is primarily about the link between the board and its owners, but staff members also have an enormous amount to offer. Just as a board seeks outside advice and information from experts with valuable knowledge, experience, and vision, it seeks staff input into the Ends process. In particular, staff can help the board understand the issues and illuminate the implications of different priorities. Boards rightly want to benefit from staff expertise as they deliberate the future.

In addition, although owners, not staff members, give the board the authority to make decisions about Ends, it is also the staff's task to define board Ends further and to determine the *means* to achieve the results intended by the board. Staff members need to understand the Ends process if they are to support it and translate the Ends policies into reality. When board members and staff members focus on their respective jobs, work can proceed in partnership.

The experience of our eight sample organizations shows that boards are involving staff members in their Ends work but that it can take board members time to understand the staff's role in providing input. Two examples demonstrate this. In one organization, staff members were very anxious about the board making important planning decisions and directing the future of the organization when they knew they had more direct experience and knowledge of the issues. In particular, staff members did not want the board to make a decision that would stop anything they were currently doing from being done in the future. As the discussion progressed, it became clear that, in fact, staff members had great differences about where they wanted the organization to go. It also became clear to everyone that, up until this point, the staff rather than the board had been driving the agenda.

The balance seems to have been found in this organization. A staff member reports, “Observing [the board’s] commitment made me realize that I didn’t have a problem. Who are we to think we are better situated than the board to make these decisions? In a very real way and in a deeper way, we have redefined the roots of the organization: community, as opposed to other tangents we got into through the strategic planning process.”

A second example occurred with the Southern Ontario Library Service, bringing the board to a similar point. There was an issue over polling (an informal voting method) in terms of draft mission statements. The board very much wanted the staff involved in the discussion but found that because so many staff members were present, they had a significant effect on the vote and could alter the board’s decision. Board members decided that although they would continue to value and seek staff input, final votes on Ends policies would be taken by the board alone.

For Policy Governance to work properly, there must be a strong, demonstrable partnership between board and staff. When each party understands its role, the ensuing synergy can generate outstanding results.

What Do Ends Policies Look Like?

Four sets of Ends policies appear in Exhibits 5.6 through 5.9. They are clear and largely Policy Governance–consistent examples of how boards can develop their policies through increasingly specific levels of definition.

What Makes Good Ends Policies Good?

The Ends statements in Exhibits 5.6 through 5.9 reflect the effects the organizations wish to have on their beneficiaries. The statements clearly answer “What good?” and “For whom?” Some (for example, the City of Bryan and Parkland Health District), have gotten further along the road and also answer “At what cost?” Each level of Ends policy defines the previous level of Ends policy further. Together the statements publicly proclaim the results that the board will be accountable for achieving in the community.

But aside from looking for these stated intentions, how can we tell whether Ends policies are designed to do their job effectively? The literature (such as p. 149 of *Reinventing Your Board* by John and Miriam Carver; see Resource C for details) says that Ends policies should be

- Brief, but including all three Ends components (what good, for whom, at what cost)
- Doable, not merely a wish or an unattainable goal
- Clear, but not having to bear the burden of being snappy like a slogan
- Expansive enough to embrace the fullness of your organization’s intent
- Narrow enough to distinguish your organization from the larger world

EXHIBIT 5.1. ENDS DEVELOPMENT PROCESS OF WEAVER STREET MARKET.

Weaver Street Market (WSM) did not cut any corners in its move to Policy Governance. The board conducted patient and deliberate discussions and proceeded methodically and slowly. For this unique organization, the path to Ends was a dynamic, multilayered, and exciting process consisting of several steps.

Stage of Ends Development	Technique Used	Purpose	Comment
Public education	Existing newsletter	To develop ownership awareness about the Policy Governance process and about cooperatives in general	Educational articles were included in the newsletter.
Data collection	Survey	To ensure the highest-quality data from the most people in the least amount of time	The survey was distributed to owners.
Analysis		To review survey data	The survey revealed WSM's success in achieving its mission and the relative importance of various parts of the mission.
Discussion	Retreat	To debate Ends values	The board extracted values from data, sorted values by Ends and means, prioritized Ends values, and created Ends policies.
	Post-retreat meetings	To draft mega-Ends statement	
	Existing newsletter	To provide feedback to owners on draft mega-Ends statement	The feedback was sent to owners along with an article titled "Why a Renewed Mission Statement?"

EXHIBIT 5.1. ENDS DEVELOPMENT PROCESS OF WEAVER STREET MARKET (*continued*).

Discussion (<i>continued</i>)	Brainstorming	To define Ends further, to distill themes inherent in owners' feedback to the mission, and to craft further effects	The board reviewed the survey results again.
	Homework	To develop priorities among effects	Board members were asked to reflect on their personal priorities. This furthered the process and helped board members prepare for meetings. The board decided to categorize rather than prioritize its effects.
	Subcommittee	To consider values arising from the discussion and to restate them as Ends	
	Full board meeting	To consider the Ends in the context of others in the community; to reflect on progress	The board examined Ends statements of other organizations.
	Homework	To refine Ends statements further	Board members were all asked to create sample statements.
	Retreat	To develop final Ends statements; to develop "inner shell" statements	The board reexamined the draft for missing items and for items needing further development.

EXHIBIT 5.2. ENDS DEVELOPMENT PROCESS OF PARKLAND HEALTH DISTRICT.

The Ends process was challenging for Parkland Health District's board, which has undergone structural changes and massive turnover. This board proceeded through a series of distinct stages in defining its Ends policies.

Stage of Ends Development	Technique Used	Purpose	Comment
Data collection	Gathering and reviewing existing (1) needs assessment data (demographics, interviews, and community meeting reports), (2) available health status data, (3) provincial government resources information, (4) subjective needs assessment data on several health-related issues, (5) objective demographic data	To explore what areas of health might be of most concern	The new board reviewed the work of the old board, particularly ownership input.
	New needs assessments	To obtain data on target groups' health needs (youth, seniors, mental health)	Some assessments were completed, and others were planned.
Consultation	Presentations to community groups	To outline board priorities and elicit feedback	Each board member makes three presentations annually. The entire board determines the content of the meetings.
	Public meetings	To highlight past achievements; to outline planned priorities; to solicit feedback	

EXHIBIT 5.2. ENDS DEVELOPMENT PROCESS OF PARKLAND HEALTH DISTRICT (*continued*).

Consultation (<i>continued</i>)	Open board meetings		These meetings are held twice a year.
	Local newspaper and district newsletter articles and ads	To publicize changes in Ends; to request input on the relative priority of Ends.	
Establishment of priorities	Framework for making decisions	To facilitate decision-making priorities	The board identified all the sources of information it would check related to each Ends issue before making a decision.
	Criteria for making priority decisions	To facilitate setting priorities	The board established a set of criteria to use as a template.

EXHIBIT 5.3. ENDS DEVELOPMENT PROCESS OF THE CITY OF BRYAN, TEXAS.

The City of Bryan, Texas, provides an important example of Ends development that has found favor with council, staff, and citizens. The council wanted to talk to citizens about Ends issues in a "nonadversarial format." The City spent considerable time and effort designing and refining an Ends development process that resulted in a multimeeting approach, which included linking with owners in a significant manner. This approach puts Ends policies before the ownership in a way that a traditional approach to governance does not. The council reports the following results: the council can articulate its vision more clearly, council meetings are spent talking about and creating this future, and this future focus has spilled over into the community, making residents feel better than they ever have about Bryan.

Stage of Ends Development	Technique Used	Purpose	Comment
Discussion	Annual retreat	To discuss values and community needs and to set priorities	The discussion provided an opportunity for newly elected council members to contribute to the Ends policy document and to help them understand their role and responsibility to the electorate. Council members are encouraged to offer suggestions that incorporate not only their individual philosophy but also that of the community.
Exploration	Multimeeting process	To discuss particular aspects of the council's Ends policies	

EXHIBIT 5.3. ENDS DEVELOPMENT PROCESS OF THE CITY OF BRYAN, TEXAS (continued).

Exploration
(continued)

Experts, partners, other community groups, and members of the community at large were invited to meet with the council.

To give the council differing perspectives

Council meetings are videotaped and broadcast several times over the local cable station.

To ensure that the public is aware of the process

Discussion

Full council meeting

To provide a forum for the council's own dialogue on "What good for which people at what cost?"

The council discussed Ends, drafted Ends statements, and formally adopted Ends.

EXHIBIT 5.4.
ENDS DEVELOPMENT PROCESS OF THE SAN FRANCISCO AIDS FOUNDATION.

The San Francisco AIDS Foundation board has used several techniques in developing its Ends policies. The board and staff have gone to considerable lengths to integrate Ends throughout the organization. The overall Ends statement appears everywhere—in the building, in the newsletter, in speeches to the public, and in talks with staff. According to one board member, the “beauty of this model is that the board can explicitly direct the staff as it sees the changes coming. The board is very good about knowing that the Ends are a work in progress.”

Stage of Ends Development	Technique Used	Purpose	Comment
Preparation for Ends meetings	Vice-chair for Ends	To facilitate and ensure that Ends development takes place	Tasks include preparing agendas and other materials in conjunction with a staff board liaison officer.
Consultation	Brown-bag lunches	To seek public input	The consultation provided an opportunity to discuss important issues.
	Open forums	To seek public comment	Forums were large community meetings focusing on a specific topic.
Exploration	One-on-one meetings	To get information from other agencies or individual owners	The meetings were attended by both a staff and a board member so that staff could answer means-related questions and board members could still elicit the information they needed.

EXHIBIT 5.4.
ENDS DEVELOPMENT PROCESS OF THE SAN FRANCISCO AIDS FOUNDATION (*continued*).

Exploration (<i>continued</i>)	Open meetings	To hear from community members	There is concern about potential results, because community members often want to talk about means. There needs to be a way to listen to the means questions and to give satisfaction to those asking them and still to get the information the board needs.
Discussion	Mini-retreat	To provide Ends input into staff strategic planning process	The retreat is held each year.
Documentation	Binders (See Chapter Eight for more on binders.)	To create a permanent record of the process; to record a sense of the thinking that went into the deliberations; to document background information on the epidemic so that board members can look to the future	The archives contain the "developmental stages" of Ends work and insightful articles on Policy Governance and on issues related to AIDS.
Process	Meetings	To facilitate Ends discussion	Saturday mornings are the preferred format.
	Videotaped sessions	To record discussion about Ends	Videotaping allows members unable to attend to be involved in the process.
	Ends policy review	To address trends in the epidemic	Regular review of Ends is critical, because the epidemic is constantly changing. For example, when affordable housing for AIDS sufferers was identified as an emerging issue, the board was able to shift emphasis away from less-pronounced trends.

EXHIBIT 5.5. ENDS DEVELOPMENT PROCESS OF THE VERMONT LAND TRUST.

An imaginative process of Ends development led the Vermont Land Trust (VLT) board on a fascinating journey of discovery.

Stage of Ends Development	Technique Used	Purpose	Comment
Exploration	Roundtable	To elicit various points of view from experts about VLT	The roundtable took the form of a three-hour facilitated discussion with a judge, an economist, a legislator, a farmer, and a writer. The board could only watch this discussion. Many issues were uncovered about Vermont's place in the global economy and the purpose of land conservation. After the initial discussion, the board was allowed to ask questions and make comments.
	Rainbow sheets	To distill the day's conversations into a manageable format	A work group was charged with framing the board's discussion around whether the primary reason for conserving land was natural, cultural, or economic. Each rainbow sheet (paper of different colors) articulated a major focus for the organization, along with the advantages and disadvantages of that focus and ways in which the organization would have to change in order to make this a primary focus.
Discussion	Retreat	To explore the various agendas suggested by the rainbow sheets	The retreat led to a framework for the board's future discussion of Ends and to plans for meetings with partners.
Consultation	Partner meetings	To determine what other organizations were doing	The outcome-oriented discussion helped the board determine what it needed. This resulted in a work plan that outlined areas requiring exploration or consultation.

EXHIBIT 5.6. ENDS POLICY OF WEAVER STREET MARKET.

Weaver Street Market is a business cooperatively owned by its consumers and workers. Its mission is a vibrant, sustainable community defined by the following:

Flourishing, locally oriented cooperative commerce where

- Business values reflect community values
- Business and community invest in one another
- Resources remain within the community
- Trade is mutually beneficial and nonexploitative

A heightened sense of community, including

- A forum for expressing shared values
- Increased opportunity for community interaction
- A greater sense of community potential

Community members with a strong sense of individual well-being, including

- Equal treatment and respect among all community members
- Empowering and fulfilling work experiences
- Access to healthful and affordable sustenance
- Community members who have the knowledge to achieve their own well-being

The board is considering defining further levels of specificity under each sub-End.

CarverGuide 6: Creating a Mission That Makes a Difference (see Resource C for details) cautions boards to avoid verbs such as *enhance*, *advocate*, *encourage*, and *support* and nouns that signify activities. There is always the need to check whether the statements reflect actual end results or simply describe activities that may or may not achieve the results.

The wording of the mega-End, or mission, must be absolutely impeccable. From it will flow all the other statements that will eventually lead the organization to achieve results. Finding such flawless terminology is often difficult, but it is essential that boards persevere until their words have the maximum clarity and power.

The Colorado Association of School Boards helps its member school boards jump-start their own Ends process (ten of the organization's member school boards are using Policy Governance) by suggesting sample wording: "As a result of our efforts students will. . . ." Individual boards can then brainstorm the benefits sparked by the question "What good?" This discussion helps the board determine which statements reflect the needs of its unique school district. Themes emerge

EXHIBIT 5.7.
ENDS POLICY OF PARKLAND HEALTH DISTRICT.

Vision: Healthy Living in Rural Saskatchewan

The mission of Parkland Health District is to achieve results in the areas of:

I. Healthy Environment

1. Healthy Physical Environment

1.1 Clean air *priority 1*

1.1.1 Reduction of smoking in public places

1.1.2 Public awareness of air contaminants

1.2 Public has access to information re: environmental contaminants
priority 2

1.3 Safe Water

1.3.1 Host district notified of problems with safety of drinking water

2. Nurturing Environment

2.1 Safe living conditions in locations where care is delivered *priority 1*

2.2 Social support to maintain wellness is available *priority 2*

2.2.1 Early recognition of symptoms of lack of social support

2.2.2 Sense of security that support is available

II. Healthy Lifestyles

1. Mental Health

1.1 Increased social interaction for high risk groups *priority 1*

1.2 Public access to information re: the importance of the spiritual and cultural component of wellness

1.3 Positive self-esteem for at-risk groups *priority 1*

1.3.1 Youth a priority area

1.4 Skills to cope with stress

1.4.1 Adequate school access to mental health professionals

1.4.2 Adequate public access to mental health professionals

1.5 Decrease in suicide attempts

2. Physical Health

2.1 Decreased accidents, e.g. farm accidents, ATV's [all terrain vehicles], snowmobiles, automobiles, especially [for] teens *priority 1*

2.2 Decrease in preventable communicable diseases

2.3 Access to aids to independent living

EXHIBIT 5.7.
ENDS POLICY OF PARKLAND HEALTH DISTRICT (*continued*).

II. Healthy Lifestyles (*continued*)

2. Physical Health (*continued*)

- 2.4 Increased recreation and exercise
- 2.5 Proper diet
- 2.6 Participation in early detection and screening opportunities

3. Social Health

- 3.1 Decrease in substance abuse (smoking, alcohol, street drugs, smoke free tobacco) target teens; over-the-counter drugs
priority 1
- 3.2 Less sexually active youth
- 3.3 Better parenting skills
 - 3.3.1 Awareness of the need for adequate supervision of children
- 3.4 Decrease in gambling addictions

III. Healing

1. There will be adequate in-district physician coverage.

2. Physical Healing

- 2.1 Residents receive timely care in emergency situations *priority 1*
- 2.2 Timely access to diagnosis *priority 1*
- 2.3 Healthy delivery for mothers and babies *priority 1*
 - 2.3.1 Delivery of low risk pregnancies in district
 - 2.3.2 Increased number of deliveries in district
- 2.4 Restoration to optimum health from illness or injury *priority 2*
- 2.5 Maintain independent living for as long as possible with support that meets assessed and documented need *priority 2*
- 2.6 Dying with dignity *priority 2*

3. Mental Healing

- 3.1 Restoration to optimum mental well-being *priority 2*
 - 3.1.1 Care-givers
 - 3.1.2 Those in mental health crisis
 - 3.1.3 Those with addictions and their families
 - 3.1.4 Those in situational crisis
 - 3.1.5 Those in abusive relationships

4. Spiritual Healing

- 4.1 Clients can access the spiritual support they feel they need

EXHIBIT 5.8.
ENDS POLICY OF THE SAN FRANCISCO AIDS FOUNDATION.

End the pandemic and human suffering caused by HIV.

I. End the pandemic

A. HIV exists at the lowest possible rates

1. New HIV infections exist at a continually diminishing rate in San Francisco
2. Individuals most at risk have the self-knowledge, objective knowledge, skills and tools to practice safe behaviors in San Francisco
 - a) People know their HIV status as early as possible after exposure to HIV
 - b) People know their treatment options as soon as possible following exposure to HIV

B. Public policies reflect an informed community, a supportive social structure and necessary funding

1. Elected officials and other policy/decision makers create and enact legislation/decisions that promote the Ends of the San Francisco AIDS Foundation

II. End the human suffering caused by HIV

A. People with HIV have their basic human needs met

1. People with HIV in San Francisco have adequate housing
 - a) Homelessness for people with HIV in San Francisco exists at a continually diminishing rate

B. People affected by HIV have hope, dignity, quality of life and choice

1. People with HIV will live for the longest possible period
2. The human rights of people with HIV are honored and protected
3. People have the self-knowledge, objective knowledge, skills and tools to make informed choices about HIV treatment
 - a) People choosing treatment have the support they need to obtain maximum benefit from HIV treatment

4. People with HIV have access to the best available treatment options for themselves

C. A wide range of treatment options exist, and barriers to treatments are removed for people with HIV

1. People know their HIV status as soon as possible after infection

EXHIBIT 5.9.
ENDS POLICY OF THE CITY OF BRYAN, TEXAS.

The City of Bryan exists so that Bryan will be a healthy, safe, attractive, and successful community for a reasonable financial burden.

1. There is a safe environment for residents and visitors
 - 1.1 People can move in, out and within Bryan safely, quickly and efficiently
 - 1.1.1 Pedestrians can move in, out and within Bryan safely, quickly and efficiently
 - 1.1.2 Vehicles can move in, out and within Bryan safely, quickly, and efficiently
 - 1.1.3 Air traffic can move in and out of Bryan safely and efficiently
 - 1.2 There is an adequate supply of high-quality drinking water
 - 1.2.1 The current supply of drinking water meets current demand
 - 1.2.2 The drinking water is wholesome
 - 1.2.3 The drinking water tastes good
 - 1.2.4 There is an adequate reserve of high-quality drinking water for the future
 - 1.3 There is efficient and effective disposal of waste
 - 1.3.1 Waste is collected and appropriately disposed of in a timely and cost-effective manner
 - 1.3.2 Recycling is appropriately utilized
 - 1.4 There is clean air
 - 1.4.1 Air is of high quality
 - 1.4.2 Air quality is ensured into the future
 - 1.5 Animals are appropriately controlled and cared for
 - 1.5.1 Dangerous animals are restricted
 - 1.5.2 Human injury from animals is infrequent and insubstantial
 - 1.5.3 Animal populations are appropriately controlled
 - 1.6 Residents and visitors are reasonably protected from emergencies and natural disasters
 - 1.6.1 There is a low crime rate
 - 1.6.2 There is low loss due to fire
 - 1.6.3 There is a readiness for emergencies and natural disasters
 - 1.6.4 Citizens have protection from flooding

EXHIBIT 5.9.
ENDS POLICY OF THE CITY OF BRYAN, TEXAS (*continued*).

2. The economic life of the community is stable and growing appropriately
 - 2.1 There is an adequate employment base
 - 2.1.1 Citizens are employable
 - 2.1.2 Workforce is employed
 - 2.1.3 There are adequate business opportunities to meet the employment needs
 - 2.2 There is a diverse recession proof economy
 - 2.2.1 There is an appropriate mix of small, medium and large businesses
 - 2.2.2 There is diversity in the types of businesses/industries
 - 2.2.3 Products are high quality and innovative
 - 2.2.4 Businesses can compete globally
 - 2.3 There is a dynamic, positive business climate
 - 2.3.1 The economic climate is favorable to businesses
 - 2.3.2 Businesses flourish
 - 2.3.3 The economic climate is responsive to the changing needs of businesses
 - 2.3.4 The economic climate is responsive to the changing needs of citizens
 - 2.3.5 There is growth in the economy
 - 2.3.6 Businesses contribute to the community
 - 2.3.7 Businesses collaborate
 - 2.3.8 Businesses are innovative, knowledge-based and idea-based
3. The community is attractive, clean, and aesthetically pleasing
 - 3.1 Neighborhoods are aesthetically pleasing
 - 3.1.1 Citizens participate in planning and decision-making
 - 3.1.2 Neighborhoods are neat, orderly, and clean
 - 3.2 City entrances are attractive
 - 3.2.1 Other organizations and industries understand the importance of first impressions
 - 3.2.2 Entrances are symbolic of the character of the City or neighborhood
 - 3.2.3 Entrances have a pleasant appearance
 - 3.2.4 Entrances are easily accessible and identifiable
 - 3.2.5 Major entrances are orderly and neat
 - 3.2.6 Transportation corridors are attractive

EXHIBIT 5.9.
ENDS POLICY OF THE CITY OF BRYAN, TEXAS (*continued*).

- 3.3 The city is well-maintained
 - 3.3.1 There is controlled vegetation
 - 3.3.2 There is a lack of visible junked vehicles
 - 3.3.3 There is a lack of abandoned buildings
- 3.4 There is a balance of green and developed space
 - 3.4.1 There is green space for both recreation and relaxation
- 4. Residents have a good quality of life
 - 4.1 People have physical, mental, and social well-being
 - 4.1.1 People have the information and knowledge they need to pursue a high quality of life
 - 4.1.2 There is a vibrant cultural life
 - 4.1.3 There is adequate housing
 - 4.1.4 People can recreate
 - 4.2 There is civic pride
 - 4.2.1 The community shares the vision of a healthy city
 - 4.2.2 Bryan has a distinct identity
 - 4.2.3 Residents are active in their community
 - 4.2.4 People value diversity
 - 4.2.5 Residents take responsibility for the appearance of the city

from the ideas collected in the brainstorming session, which eventually lead to subsidiary, or lower-level, benefits. Statements that are actually means or that are beyond the board's control can be dropped.

What Are the Pitfalls in Developing Good Ends Policies?

Even with the good advice provided in the literature, the road to Ends can have a number of pitfalls. Undoubtedly, Ends work demands considerable time and energy from the trustees who venture into it. Sometimes the work leads the board down unproductive paths.

Consider, for example, the experience of the Southern Ontario Library Service. In an early Ends session, the board divided into small groups, each with the task of developing a mission statement. This was done to encourage quieter members to participate. However, when the groups reconvened, they proposed six

different missions, which each group proceeded to defend. It took further discussion to uncover common threads. The board then directed its informal executive committee to build on the input and to provide some options for the next meeting. In the process, the committee identified a seventh mission, which the board found “unclear and confusing.” The board points out that it made several errors in the process, constantly arriving at solutions that satisfied only a small group. The board had to reopen opinions several times and ended up repeating discussions.

Another point to consider carefully is the accurate definition of ownership. The organization must be sure that it defines its own particular Ends and not those of another organization. This would seem self-evident, but boards of associations or of federations may mistakenly see the Ends of their member organizations as their own. The Colorado Association of School Boards, for example, needed to be clear that its ownership consisted of its member school boards, not the students whom those boards serve. Similarly, it was critical for the Southern Ontario Library Service to identify the library boards of southern Ontario as its ownership, rather than identifying the communities that own those boards. Defining the ownership incorrectly can lead the board astray.

Another trap is to neglect the successive definition of Ends policies. When and if the board wishes to go to another level of detail (thereby limiting the CEO’s room for reasonable interpretation), each of the more detailed Ends statements should flow directly from the one before, thereby increasingly narrowing the focus. Without this discipline, Ends policies can deteriorate into just another “to do” list.

How Do Boards Answer the Question “At What Cost?”

The Ends question “At what cost?” perplexes many boards. The San Francisco AIDS Foundation reports that “the hardest questions are around ‘For whom?’ and ‘What cost?’ ‘What cost?’ is the most difficult to answer. It is still on the table. It is the one issue that keeps coming back.” Of course, the very act of agreeing on Ends clarifies the organization’s priorities; some things are in, and some things are out. However, if the board wants to dictate the overall value of the Ends (in terms of money or by some other resource measure), it needs to do more work. Indeed, the board may wish to state the relative value of individual outcomes for specific beneficiaries.

Some boards may be satisfied with a very basic pronouncement of the cost. Following are examples of some of the most obvious parameters for achieving Ends:

- A dollar figure. For example, the City of Bryan, a \$140 million municipal corporation, simply states that the overall End of “a healthy, safe, attractive, and successful community” will be fulfilled for “a reasonable financial [tax] burden.”
- The relative priority (such as high, medium, or low) of second-level Ends, or sub-Ends.
- A time frame.
- A percentage of resources to be used.
- A comparison between the organization and another organization.
- Competitive rates in a particular sphere.
- State-of-the-art efficiency.
- A specific level of customer satisfaction.
- Minimal cost.

Organizations might consider a “What if . . . ?” discussion to help them define the cost issue. For example, the Colorado Association of School Boards asked what would arise if one Ends priority were to be pursued over another. What happens if . . . ? What are the implications of . . . ? Who will and who will not receive benefits if the organization’s funding is jeopardized? Which Ends should go, and which Ends should stay? These are difficult questions—but ones that the board must address. As yet, the board has not specified the cost in terms of either the relative priority or the estimated price tag for each End. However, the board is well aware of the nature of the issue. The CEO gives an example of the kind of question the organization faces in its Ends work: “If we agree to focus on improving public support for schools, this implies high expenditures; can we afford that choice? Is it worth it?”

Parkland Health District’s board uses both a framework for decision making and criteria for decision making in its approach to setting priorities. Both these policies are included in its Governance Process policies and enshrine the principles on which the board will base its decisions. Such a discussion helps to prepare the board for the difficult and sensitive choices associated with setting priorities. See Exhibit 6.1 for more details of the framework on which the Parkland policies are based.

The “At what cost?” discussions are often complicated by a threat of serious or drastic consequences. In the Parkland Health District example, the CEO and board consultant report, “The value choices [the board] faced were significant, in some cases resulting in the closure or major change in function of a health care facility.” Several of Parkland’s Ends statements are designated “Priority 1” or “Priority 2,” as can be seen in Exhibit 5.7.

Early in its process, Parkland Health District volunteered to be one of several Saskatchewan health districts to be audited by the provincial auditor regarding its “resource allocation process.” While recognizing that the process was “evolving,” the auditor nevertheless suggested several improvements:

- Consistently comparing community opinion findings [input from the ownership] with information from the province or the nation
- Improving their process of ranking priority health needs by using real health status information
- Validating their prioritization of Ends through community consultation
- Setting measurable targets for priority health needs [which in Policy Governance language would mean being more specific in defining and prioritizing Ends]
- Developing some consistent core decision principles to guide the board's decisions when prioritizing Ends
- Obtaining measurement of actual performance in achievement of Ends

Significantly, the auditor suggested actions that are clearly consistent with Policy Governance principles. For boards with nagging concerns about the model's ability to ensure compliance with fiduciary duty, this may provide substantial comfort.

How Does the CEO Make a “Reasonable Interpretation” of Ends Policies?

Ends discussion helps the board focus its attention on future outcomes. When specific outcomes are defined, it is the CEO's job to interpret those outcomes in a “reasonable” manner in any level of detail needed to contrive the means to achieve them. The more definitive the Ends policies are, the less the CEO and subsequently the staff will need to define them further.

As with all policies in the Policy Governance model, the board “stops speaking” (formulating more detailed levels of policy) when it is willing to accept any “reasonable interpretation” of its policy statements. This issue is dealt with extensively in Chapter Seven. However, it is worth discussing here in relation to the design of Ends statements.

As an example, the Ends policies of the City of Bryan are really striking in their depth and breadth. The process has allowed the council to progress further than most organizations implementing Policy Governance. The consecutive definition of Ends policies leads the way for the CEO and staff to explore what safe neighborhoods look like and what indicators can be used to prove that they have been created. However, there needs to be a balance between specificity and flexibility. The more the board defines the Ends policies, the narrower the range of options the CEO has for interpreting the definitions of success that the board might accept. The broader the range of options available for the CEO and subsequently for staff members working under the Policy Governance model, the more their own creativity and ingenuity can emerge.

When a board prioritizes its Ends policies, these priorities are also open to the CEO's “reasonable interpretation.” Thus a board that stops speaking after

indicating “Priority 1” and “Priority 2” could be asked to accept an interpretation that gives a little more weight to Priority 1 than to Priority 2 or an interpretation saying that Priority 1 must be fulfilled before moving to accomplish anything in Priority 2.

The board must be clear that it really is willing to accept any reasonable interpretation of what it has said. If it knows that it is not willing to accept certain interpretations of its current policy, it must proceed to a further level of detail.

How Do Ends Policies Relate to Traditional Statements of Board Strategy, Mission, and Values?

Strategic planning is a traditional process in which the organization—usually the board and the staff—maps out how it will achieve particular goals necessary for implementing the organization’s purpose over a specified period. These goals are broken down into manageable components or objectives that specify how much of a particular goal is to be met by when. The strategic plan focuses on the strategies and tactics to be used to achieve these goals and objectives. It is consequently a *means* document. Doing strategic planning is often the activity that engages traditional boards most and makes board members feel that they are really accomplishing something.

The Policy Governance approach encourages the board to spend the majority of its time doing continuous, future-oriented thinking; exploring options; developing Ends; and consulting with owners. When the board has completed its work on Ends, the staff will carry on and define Ends even more specifically and eventually choose the programs and services that will achieve the Ends.

Thus there are similarities between the Ends process and strategic planning. Under Policy Governance, however, the board tells staff members what they should be planning *for*, and the staff members actually do the planning. In its ongoing Ends development process, the San Francisco AIDS Foundation goes on an annual retreat that provides input into the *staff’s* strategic planning and budgeting exercises.

The distinction between Ends work and strategic planning relates to the nature of the Ends themselves. Ends could be called “goals” or “objectives” or even “strategic outcomes,” but they are not Ends statements unless they clearly answer the questions “What benefit, for which people, at what cost?” And if they are not Ends statements, the chances that the board can clearly and consistently monitor progress toward them are slim.

How do the terms *vision* and *mission* fit within the context of Ends? Parkland Health District refers to its long-range Ends statement as its “vision.” Many organizations adopting Policy Governance refer to their overall or “mega-Ends” statement as their “mission.” Whatever a board calls the statement, the key

requirement is to make sure that it answers the questions “What benefit, for whom, at what cost?”

Many boards have also worked long and hard on overarching statements, such as Guiding Principles or Values, and it is natural that they would want to hold on to them when they adopt Policy Governance. The content of these statements can usually be incorporated in Policy Governance policies, but they may need some analysis first. If these documents relate to how the board intends to do its job, they can go in Governance Process. If they basically tell the staff not to behave in certain ways, they can be put into suitable language and incorporated in Executive Limitations. If they are related to Ends, then they simply become part of the thinking that produces the Ends policy. If they fall into two or three policy categories, the board will have to pick through them extremely carefully when doing the translating. In most cases, boards find that in developing their Policy Governance policies they have actually said everything that they included in previous documents—and said it a lot more clearly.

What Do Boards Gain from Ends Work?

When Policy Governance is only partly in place and Ends work has not begun, boards can feel disconnected from their organizations. Reviewing Executive Limitations monitoring reports to check compliance with board policy is critical but hardly exciting. Board members can feel lost and unsure of their role.

The boards who have contributed to this book are at varying stages on the path of developing Ends, but they have all expressed their satisfaction with Ends work. The process has been immensely satisfying to Weaver Street Market’s board and staff. They report that it has provided understanding and clarity for the board. It has also created a multifaceted approach to communicating with owners. “It is truly freeing to move beyond the details of what is happening inside the organization to see that it can indeed define, strive for, and achieve something bigger in the world.” Although the Ends process is never complete, the chair reports that the Ends policies “paint a possible future that necessarily provides some direction.”

For the Colorado Association of School Boards, the overall experience of Policy Governance seems to have been successful. “The board really likes this serious Ends discussion. There is overwhelming support on the board to spend our time here. No one on the board wants to go back to approving what kind of tables we buy for the conference room. . . . Our staff is able to focus so much better. We know what is expected of us. We know better now what to say yes to and what to say no to. Everything is much clearer.”

Echoing that sentiment, the Southern Ontario Library Service board chair recounts that Policy Governance “was a real asset in dealing with [government officials]. I always felt quite secure that I spoke for the board and the organization.

The roles were clear. . . . I knew who I represented and what my goals were.” It is also clear to the Vermont Land Trust board members that although they have a three-part agenda, which could be confusing, they understand it more clearly because of the Ends work. “We now understand that our agenda is in the interest of developing the community and the economy. In tandem if possible. And if not, then with no harm to either.”

These boards have found meaning, purpose, and relevance in the discussions and retreats they have attended. They have built a sense of team. When Ends work is progressing well, boards start getting excited about *their* work. As a result, boards are less likely to be drawn into staff activities. When not actively involved in Ends determination, boards seem uncertain about what they should do. For a number of the organizations profiled here, Ends work seems to be the activity that integrates Policy Governance into the board’s way of life.

John Carver challenges us with Policy Governance and especially so with Ends. These policies need to be lofty enough to motivate staff and board, practical enough to make sense to owners and consumers, and achievable enough to satisfy board and CEO performance expectations. What if the organizations we have worked so hard to create for the important purposes we have struggled to achieve (eradication of disease; creation of healthy, sustainable environments; promotion of literacy; and so on) could actually accomplish what they set out to do? Perhaps our organizations would exist on a different level. Maybe we would no longer need them. Whichever the case, our world would indeed be a better place. Policy Governance makes it just a little more possible.

✓ Key Learnings

This section summarizes what can be learned from boards’ experiences in developing their Ends policies.

There Is No Template for Ends, but There Are Common Stages

Each of the boards profiled in this chapter developed its own approach to drafting Ends policies, yet a number of common stages and activities emerged:

- Collection of information
- Board exploration and education
- Preparation for Ends meetings
- Promotion of ownership awareness and education
- Consultation
- In-depth discussions

- Decision-making process
- Priority setting
- Documentation of meetings
- Dissemination of information
- Archiving of information

There is not a template for Ends policies or for the Ends process. Although other boards can undoubtedly draw on the common stages and techniques listed here, it appears that the Ends development process is not necessarily linear. Every board will not start with the first stage and progress to the last one in order. There may be points when the board has to return to a previous stage or jump ahead to another stage simply because that's what the board's process demands at the time. Put another way, the board must find its own path.

The common stages and techniques suggest areas that require serious consideration. What is most important is that boards develop Ends processes that work *for them*.

Patience Is Essential

The Ends process has many challenges. Peeling off the layers of meaning, getting to the fundamental choices, and expressing them clearly require a lot of patient work. The Ends development process can be long and involved. The process must be planned to keep momentum and to ensure that people are productively involved. Boards also need to develop their discussion skills for internal use and for use with others (owners, other boards, and staff members). Policy Governance consultant Jan Moore compares the Ends development process to eating an elephant. It must proceed "one bite at a time."

Ends Start and Finish with Owners

Involving owners in the Ends process is instrumental in helping boards create Ends policies that accurately reflect the reasons for the organization's existence. Owners' input is critical to the very special future-oriented policy work required for Ends. Once Ends policies have been drafted and approved, it is also important to elicit feedback to ensure that owners' input has been correctly interpreted. Several suggestions and tools for assisting with the information gathering and consultation phases of Ends development have emerged from this chapter and are summarized in Exhibit 5.11 at the end of the chapter. Further suggestions for consulting owners can be found in Exhibit 6.2.

Widen Your Horizons

Exploring new ideas and educational opportunities sparks the development of Ends policies. Be creative in finding and creating new activities and information to get the ideas flowing. Recognize that the issues are apt to change over time. De-

mographic shifts, economic fluctuations, and changes in government can all have significant effects on needs and hence on organizational Ends. The quest for the most relevant and current information is perpetual.

Staff Members Count

Staff members and other experts in the organization's field have much to contribute to the Ends discussion. Staff members in particular need to understand Ends and the board's process in delineating them because they will be both defining the Ends at more specific levels and choosing activities to achieve the desired results. The staff may be anxious that the board is making the overall decisions, but that *is* the board's domain. Once staff members see the depth and breadth of the board's Ends discussion, they will likely realize that their fears are groundless.

Watch Out for the Pitfalls

It is wise to avoid rather than stumble into the potential pitfalls and traps in Ends work. Step back frequently to reflect on where deliberations have brought you. Carefully work through each stage of your board's process, and maintain a balance between process and content.

There Are Several Ways to Determine the Costs

Boards have tackled the cost issue in many different ways. There is no one-size-fits-all solution. Each board has to find its own expression of the cost, but it should discuss the implications of all the possible alternatives. In answering the question "At what cost?" the board is dictating the relative priorities for each End—what will get dropped when resources are short and what will get expanded as new resources become available.

Prepare Carefully for a "Reasonable Interpretation" of the Ends

The more specific the Ends are and the more precisely they are stated, the clearer the CEO and the staff will be about what a "reasonable interpretation" is. The board must determine which results would be acceptable and must give staff members sufficient room to use their own expertise to make good decisions about the Ends.

Carefully Translate Traditional Board Statements into Policy Governance Statements

Most of the valuable work that has gone into a board's previous governance statements about goals, values, and principles can be incorporated into Policy Governance policies. But a board must decide which statements correspond to which category of policy. In the end, the original statements may undergo quite a change. It is generally more effective to start from scratch, looking back to check that

you haven't missed something important, than to start from where you were. When translating older documents into Ends policies, make sure they really are Ends.

Results for People—What It's All About

Once a board gets to its Ends work, it has found its role and has determined what Policy Governance is all about. Boards enjoy working on Ends and reconnecting with the organization at a whole new and more powerful level. This is what most board members really wanted when they joined—to make the world a better place.

○ Taking Action: Strategies for Where You Are Now

When considering your board's approach to Ends, it is important to choose a path that reflects your board's needs. The evidence presented by the boards highlighted in this chapter indicates that Ends development really never stops, so don't be afraid of making a mistake. To some extent, when it comes to Ends development, being at the beginning is a long-term state. Some techniques will work for your board and some will not. What is important is to persevere in the work of Ends development.

Exhibit 5.10 is meant to help the board review the steps it has taken so far and determine how these steps might be modified or augmented. It asks a few questions that may help your board in its Ends work.

▶ Practical Tips and Tools

Once you have determined the areas in which you require support, refer to Exhibit 5.11. This chart lists the techniques and tools that organizations have used in their Ends development activities. You may wish to try them.

In addition, you should refer to the Tool Finders in Resources A and B. These charts provide a further range of techniques to help you keep moving.

Several articles, book extracts, and creative-thinking tools are particularly useful resources for basic Ends development. See Resource C for more details about all the titles listed here.

- *CarverGuide 6: Creating a Mission That Makes a Difference* provides a checklist for reviewing the mission or mega-Ends statement.
- *Board Leadership* newsletter has published four articles by John Carver on Ends development in different settings: a board of a trade association, a hospital board, a public school board, and a city council.

EXHIBIT 5.10. WHERE ARE YOU NOW? CHECKLIST.

Stage of Ends Development	Questions
Exploration	What perspectives might help you further your board's Ends process? What skills does your board require to facilitate the Ends process?
Consultation	With whom will you consult? What techniques will you use? Who will lead and be involved in the consultation process?
Discussion	What is the purpose of the discussion? Will you have an outside facilitator? If not, how will you facilitate the discussion? What techniques will you use?
Collection of information	What information do you already have? What information do you need? How will you get it?
Decision-making process	How has your board made decisions in the past? What will help your decision-making process in the future?
Preparation for Ends meetings	How would you characterize your meetings at the present time? What preparation do you currently do for meetings? What other activities might help you prepare?
Dissemination of information and education of others	With whom do you want to share information? What techniques have you used in the past to share information with owners? With clients? With partners? With funders? What techniques will serve you in the future?
Establishment of priorities	What techniques have you used in the past to determine priorities? What techniques and criteria will you use to set priorities in the future?

EXHIBIT 5.11. TECHNIQUES FOR ENDS DEVELOPMENT.

Stage of Ends Development	Technique Used	Description
Exploration	Roundtable	A discussion among invited informants or experts is facilitated. The board might only observe the initial discussion, asking questions and making comments later.
	Joint meetings with other organizations	Organizations with common interests are invited to discuss Ends issues.
	Challenging speakers	A speaker is invited to stimulate board discussion and deliberations.
	Expert informants	Input is sought from experts in the field.
	Open forums or meetings	At large-group meetings, owners and customers may provide information to the board. Staff members may be needed to handle means questions.
Data collection	Needs assessment	A survey is conducted to determine customers' most pressing needs.
	Impact study	A statistical study is conducted to determine the effects of the service or the program on consumers.
Consultation	Focus groups	Meetings are held with selected informants to ask specific questions.
	Brown-bag lunches	Informal lunchtime meetings are held with the public to discuss important issues.
Discussion	Brainstorming	The board uses this creative-thinking technique to generate ideas.
	Retreat	The board usually meets off-site for one or two days to have a focused, intensive discussion.
	Rainbow sheets	Major issues or concerns are summarized on notepaper of different colors and presented for consideration.
Decision-making process	Polling	Boards often use this informal voting technique in a policy blitz to help define policy statements.

EXHIBIT 5.11. TECHNIQUES FOR ENDS DEVELOPMENT (continued).

Stage of Ends Development	Technique Used	Description
Public education	Newsletter	This owner-member communication tool is distributed on a regular basis.
	Media releases and press conferences	Boards formally announce news items and policy changes via mail, e-mail, radio, television, or speeches at a specialized meeting.
Preparation for Ends meetings	Informal executive committee	This board committee is headed by the chair, whose purpose it is to prepare for board meetings.
	Designated board member	This board member is designated to prepare for meetings and to develop information required for board Ends deliberations.
	Homework assignments	Specific tasks are delegated to board members between scheduled meetings.
Documentation of meetings	Videotaped meetings	Ends meetings are videotaped.
Establishment of priorities	Policy on decision-making framework	A policy is outlined for the board's decision-making process in terms of Ends.
	Policy on criteria for setting priorities	A policy identifies the criteria the board will use in choosing priorities for Ends.

- The City of Bryan's six-meeting process for Ends development is described in *Board Leadership* no. 24, in an article titled "Guest Presentation."

- The process of "nesting" Ends policies and examples from a variety of organizations is described in Chapter Seven of *Reinventing Your Board* by John and Miriam Carver.

- For information on monitoring and measuring Ends, see Chapter Seven of this book.

EXHIBIT 5.12. MIND MAPPING.

Mind mapping helps you break through barriers to creativity. This method is intended to tap into your creative capacity by paralleling the way your mind organizes information through associations, rather than in perfect orderly categories like information in a library. Mind mapping is appropriate at any step of problem solving when new ideas are required. It can be used as an individual or group tool.

Here are the guidelines for mind mapping:

1. Write an issue, problem, or situation in a box in the center of a page. Think of the big categories related to this item. Draw branches out from the center, and label them with the major category headings. As ideas related to this category occur to you, draw limbs onto the branch and write the idea. As new associations continue to occur, add new limbs or draw other branches.
2. Save any evaluation or sorting until you have exhausted your thoughts. As you scan the page and see relationships between the ideas on different limbs, use markers of different colors to draw connecting lines between these ideas. This method is one of the least structured ways of stimulating nonlinear thinking and creativity. The form is of no importance.
3. In a team meeting, have each individual take ten minutes and draw a mind map of a problem facing the team. After team members work alone, have them put their ideas together on a master mind map taped to the wall. Anytime people have an idea or discover a problem, they can add an idea to an existing branch or draw in a new branch to accommodate their idea.

- Two other useful works for general background are *Collaborative Leadership* by D. Chrislip and C. Larson and *Benefits Indicators* from the RE-THINK Group.
- Exhibit 6.1 also provides a very helpful tool for decision making in Ends development.

Several group process techniques can help generate ideas. For example, see brainstorming in Exhibit 3.6, mind mapping in Exhibit 5.12, and the affinity diagram in Exhibit 5.13. (For more on mind mapping, see *The Mind Map Book* by T. Buzan and B. Buzan. For complete instructions on using the affinity diagram process and other decision-making tools, see *The Memory Jogger™ II*. Details are in Resource C.) Exhibit 5.14 explains the force field analysis technique, which can help you analyze the challenges you face in developing Ends.

EXHIBIT 5.13. AFFINITY DIAGRAM.

Using the affinity diagram helps when you need to find the major themes in a large number of ideas, opinions, or issues. In this method, you group naturally related items and then identify the one concept that ties each group together. It is a creative rather than logical process that produces consensus by sorting cards (or post-it notes) rather than by discussing the topics.

Use this method when

- Chaos exists.
- The team is drowning in ideas.
- Breakthrough thinking is required.
- Broad issues or themes must be identified.

To construct the affinity diagram, follow these steps:

1. Assemble a team of at least four people.
They should have varied perspectives.
They should be creative and open-minded.
2. Phrase the question that will help the team consider the issue.
It should be broad and neutral (for example, "What are the issues connected with . . . ?" Or "What are all the barriers to . . . ?").
It should be clearly stated and easily understood.
Make it a complete sentence.
3. Generate and record ideas.
Follow guidelines for brainstorming.
Record each idea on a card.
Don't write one-word ideas. Use complete sentences of five to eight words.
Write complete, concise thoughts.
4. Randomly display all completed cards.
Put them on a wall, table, or flip chart.
Do not sort the cards while laying them out or transferring them to the wall or other surface.
5. Sort the cards into related groupings.
Have everyone move around the display together, sorting the cards as individuals.
Work in silence.
Go with your gut reaction.
Sort quickly.

EXHIBIT 5.13. AFFINITY DIAGRAM (*continued*).

If there is disagreement over a card's placement, simply move the card, rather than discussing it.

If a persistent disagreement over placement continues, create duplicate cards and place one in each grouping.

Make at least six groups.

6. Create the header cards.

Make the header concise.

Don't use one-word headers. Use a full sentence to create a complete thought that reflects the header's essence and substance.

Use fresh words, not ordinary jargon.

The header should make sense by itself. It shouldn't be necessary to read the cards beneath it to understand.

The header should capture the essential link in all the ideas beneath it and should indicate how the cards are expanding on that linking idea or theme.

Place the header at the top of each grouping.

Turn subthemes into subheaders where needed. Avoid disproportionately large groupings.

Don't stop here. This is knowledge. Push the process to find wisdom.

Find insight through the categories.

7. Draw the finished affinity diagram.

Draw lines connecting headers and subheaders with all the cards beneath them.

Bring together related groupings.

Have the team review the diagram.

Have important non-team members review the diagram and revise it as needed.

EXHIBIT 5.14. FORCE FIELD ANALYSIS.

A force field analysis is a visual listing of possible forces that drive or prevent change.

Use this method when

- You must identify what is driving, slowing, or preventing change.
- Team members want to learn to think together.
- Creative solutions need to be developed.
- Starting points for action need to be identified.

To construct a force field analysis, follow these steps:

1. Assemble a team.

Create a group of any size.

Choose a variety of people who collectively see both strengths and weaknesses in the current situation.

2. Agree on a question that will help the team consider the issue.

3. Draw the force field.

On a flip chart, draw a line down the center.

Label one column "Driving Forces" and one column "Preventing Forces."

Brainstorm various forces without worrying about validity.

Here's an example:

How can we educate customers about Policy Governance?

Driving Forces

We have board and staff support.

Customers want to talk to board members.

Board members and the CEO are fully trained in Policy Governance.

We have some interesting topics to discuss.

Preventing Forces

Customers want to talk about immediate issues.

We believe we have done enough.

We don't know how to go about educating customers.

We have no budget.

4. Decide which of the preventing forces to eliminate and agree on strategies for doing so.

THE POLICY GOVERNANCE FIELDBOOK

Practical Lessons, Tips, and
Tools from the Experience of
Real-World Boards

Caroline Oliver, General Editor

Mike Conduff, Susan Edsall, Carol Gabanna,
Randee Loucks, Denise Paszkiewicz,
Catherine Raso, Linda Stier

Foreword by John Carver



JOSSEY-BASS

A Wiley Company

www.josseybass.com

Copyright © 1999 by John Wiley & Sons, Inc. All rights reserved.

Published by Jossey-Bass

A Wiley Imprint

989 Market Street, San Francisco, CA 94103-1741 www.josseybass.com

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, 978-750-8400, fax 978-646-8600, or on the Web at www.copyright.com. Requests to the publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, 201-748-6011, fax 201-748-6008, or online at <http://www.wiley.com/go/permissions>.

Limit of Liability/Disclaimer of Warranty: While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

Readers should be aware that Internet Web sites offered as citations and/or sources for further information may have changed or disappeared between the time this was written and when it is read.

Jossey-Bass books and products are available through most bookstores. To contact Jossey-Bass directly call our Customer Care Department within the U.S. at 800-956-7739, outside the U.S. at 317-572-3986, or fax 317-572-4002.

Jossey-Bass also publishes its books in a variety of electronic formats. Some content that appears in print may not be available in electronic books.

Policy Governance © is a registered service mark of John Carver.

Library of Congress Cataloging-in-Publication Data

The policy governance fieldbook : practical lessons, tips, and tools from the experience of real-world boards / Caroline Oliver, general editor ; [contributions by] Mike Conduff . . . [et al.] ; foreword by John Carver.

p. cm. — (The Jossey-Bass nonprofit and public management series)

Includes bibliographical references and index.

ISBN 978-0-7879-4366-0

1. Boards of directors. 2. Corporate governance. I. Oliver, Caroline, 1953– II. Conduff, Mike, 1954– III. Series.

HD2745.P65 1999

658.4'22—dc21

99-6258

Printed in the United States of America

FIRST EDITION

PB Printing

10 9 8 7 6