Does Policy Governance Give Too Much Authority to the CEO?

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IN NONPROFIT and governmental circles, one frequently hears concern that the Policy Governance model gives the CEO too much authority. Even boards that don't ordinarily worry about being "staff driven"—as is fairly common in associations—fear that potent delegation equals perilous abdication. To their credit, board members who are afraid of putting too much authority into staff hands are not usually against giving out some authority. It's the "too much" that bothers them. In this article, I examine what too much delegation looks like and how the Policy Governance model gives boards more effective tools to deal with this danger than do the more conventional approaches to governance.

Let me begin by saying that I fear granting too much authority to staff, too. It is a real, not an imagined, danger. And it is exceptionally easy to do. It is not uncommon for boards to be asleep at the switch, to allow organizations to do what they shouldn't do and to achieve less than they should. It is not uncommon for boards to be manipulated by their staffs and treated as a necessary but bothersome appendage to the real workers. Of course, many boards in essence beg to be manipulated and are, in fact, bothersome appendages. How well would most board meetings go if they weren't almost entirely stage-managed by staff? How much time is wasted by amateurs pretending to supervise professionals? How much unofficial delegation occurs when staffs and boards conspire to keep the board focused on trivia while the staff make all the really important decisions? The issue of delegating too much or too little can be complex when you get beyond the rhetoric in which both board and staff participate.

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It is also important to remember that whatever authority a staff has, the board has granted—intentionally and consciously, or not. So we cannot look to staff for the blame, nor for the solution for over- or underdelegation. The board is in charge, whether or not it wears that mantle happily. Except for the higher authorities that precede it (such as law and ownership prerogatives), the board has at the outset *all* the organizational authority along with the right to decide how much and to whom to give away. We could discuss others to whom a board ordinarily gives a portion of its authority, such as officers and committees, but I'm confining these remarks to what is ordinarily a more voluminous delegation: to the staff. If the board has chosen to use the CEO device for centralizing accountability (which I'll assume here), then granting authority to the staff really means granting authority to the CEO.

Now, let's look at just why a board should grant *any* authority to a CEO. After all, the authority has been entrusted to the board either by law (as in a public school system), by a membership (as in associations), by holders of equity (as in business corporations), or by some other implied legitimacy base (in the way we might infer the local population to be the "moral ownership" of a community hospital). There are only two justifications for a board to voluntarily relinquish to anyone this precious authority it holds in trust. The most compelling justification—and the one that goes to the heart of having an organization in the first place—is that the board wants something to be different in the world and considers an operating organization to be the most auspicious tool for fulfilling that desire. If an organization of human beings is to achieve what the board wants, those human beings must have the authority to make decisions and take actions necessary to achieve the board's desire. The board has no choice but to grant that authority.

The most succinct and most pointed way for the board to express itself on this central matter is to put its wishes into terms that describe the difference it wants to make, the populations among whom it wishes the difference to be made, and the amount of that difference to be made in return for the resources consumed. (A closer inspection of these "ends" reveals a little more than this simplicity, but the foregoing wording conveys what I wish for now.) But if we are dealing here with anything beyond the very simplest or most unambitious ends, the board will never have the time or even the knowledge to express its wishes in all the detail life presents. The school board might say literacy will average at national grade level with no more than 5 percent of children falling below the tenth percentile, but it can never make incremental decisions of levels of literacy during the school year for each child. Teachers, however, will

make these ends decisions routinely. Not only, then, must persons in the organization have the authority to hire and fire, design curriculum and field trips, they must also have the authority to determine the all-important ends at levels below which the board has addressed.

Since the staff gets the organizational work done and, in doing so, makes countless decisions every day, we could say that the board actually gives away *most* of its authority, not just some of it. And that is justified only if the organization really does achieve what the board has directed it to achieve. In Policy Governance, all those more detailed ends decisions made on staff are said to be justified if they are "reasonable interpretations" of the board's broader language. If they are not reasonable interpretations, then the board has lost control and its justification for granting authority just evaporated. Boards (most traditional ones, in fact) that fail even to state the broad ends expectations begin *and remain* in this illegitimate status, having negligently granted staff too much authority.

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In other words, the first step to being sure the CEO has not been given too much authority is for the board do its duty with respect to ends specification to begin with. Ironically, most persons who fret that Policy Governance grants too much authority will, at the same time, see no problem with boards failing to state and demand compliance of ends rigorously!

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> How can the board protect against the CEO being too powerful?

But there is a second step a board must consider to be sure it is not giving the CEO too much authority. Quite apart from the need for staff to participate in ends determination (and for which, as I have pointed out, it need authority), there are innumerable decisions that must be made by staff that are not of the ends type. Policy Governance refers to *all* non-ends decisions as *means,* in this case, the staff's means. Surely, these staff means decisions offer another domain in which the board can give the CEO too much authority.

And that is correct. Staffs can be granted—again, whether intentionally or not isn't important—too much authority with respect to these means decisions. (Readers familiar with Policy Governance know that these non-ends decisions run the gamut of issues across personnel, financial, physical arrangements, planning, and countless other areas. They are truly extensive, outnumbering ends decisions many times over.) One way of handling this delegated authority is merely for the board to tell its CEO to

do whatever he or she finds necessary to accomplish the ends. After all, such latitude would maximize room for creativity, innovation, agility in response to changes in circumstances, and staff comfort in making decisions. Since the board's command is to accomplish ends and since the board will subsequently monitor that accomplishment, one could contend that the board could profitably allow means delegation to be unlimited.

As far as concerns organizational effectiveness at achieving ends, that will work—there is no possibility of giving the CEO too much authority, so the board needn't worry about it. But there is another source of worry, and it is a big one. While the ends pressure will assure that means are effective, it does nothing to assure that means are ethical and prudent. If the board fails to control means, it will have negligently granted staff too much authority.

Still the most prevalent governance tactic is for boards to worry a lot about means, so much so that prescribing ends is largely neglected. Most board agenda items, most board committee assignments, indeed most recruitment strategies are built typically around means control. But by involving itself in staff means, boards interfere with the staff's unswerving marshalling of its (and its advisors') strengths to accomplish ends. The CEO cannot be held as accountable for ends if a board personnel committee is "helping" with personnel issues or a board finance committee is inserting itself into the budgeting process. "Working with" the board (or often, in spite of the board) becomes as important as working on ends production. The board, thinking that there is some virtue in being "involved," feels more engaged and in touch with "what's going on," though the organization is less effective. Of course, neither board nor staff can tell that it is more effective because the ends have not been clearly stated nor rigorously monitored.

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So the board that wants to be prudent about how much authority it gives its CEO is in a bind. If it gives too much, it loses control. If it gives too little, it causes the organization to be less effective and its linkage with the organization less accountable.

The solution is simple, but it is not to be found in all the years of board history until the advent of the Policy Governance model: First, the board must state the ends in the detail necessary for any reasonable interpretation of them to suffice. Second, the board must delineate the boundaries of acceptability, within which (given any reasonable interpretation by the CEO) *all* staff decisions, activities, or circumstances are acceptable. Then the board must systematically examine data that demonstrate

the degree of compliance both with ends expectations and boundary observance. That's it.

Let me summarize. The board has the option in Policy Governance of defining the ends to whatever degree necessary to satisfy the board's own values, thereby assuring the CEO will aim the organization in a board-determined direction. The board has the option in Policy Governance to define the unacceptable means to whatever degree necessary to satisfy the board's own values, thereby shrinking the CEO's authority as it chooses. Policy Governance gives a board more carefully crafted control over the amount and type of authority delegated to its CEO than is available through other means. So while one might disagree with the amount of latitude a board chooses to give as it uses the model, *it is impossible for the Policy Governance model per se to give the CEO too much authority!*