Board Governance … for the Rest of Us*:
An Introduction to John Carver's Policy Governance®

A Quick Overview of Carver's Policy Governance®

There are **four philosophical foundations** of *Policy Governance*®:

❖ **Accountability** – An organization's board formally represents the organization's "owners,' that is, the constituency. The board's governance role is part of that ownership, not part of management (i.e., staff). "Assuring this accountability and being at arm's length from its fulfillment must coexist."

❖ **Servant-leadership** – As a representative for the constituency, the board is both servant and leader. Failing in either part of this dual trusteeship—including conflicts of interest, self-aggrandizement, or even passivity—is an abuse of authority. "Providing leadership to the constituency and being their servant must coexist."

❖ **Clarity of group values** – "The board is vested with group responsibility and group authority, whereas no single member has any." Further, "[e]xpressing individual values is requisite to the forging of group values but is not authoritative outside the group." Group wisdom needs to be made explicit to achieve clarity. "Rigorous diversity and group wholeness must coexist."

❖ **Empowerment** – "Although staff are employed to serve the board's will, both productivity and humanity are better served if the staff's latitude to make decisions, to try new ways, and to make mistakes is maximized. The board is accountable for the organization's ethics about people and promises, just as with any other aspect of organization. Productivity and human dignity must coexist."

Ten Principles of Policy Governance®

1) The board represents the interests of the "owners" (i.e., its direct constituency, presbyteries).
- ➢ This is the board's primary relationship. The board is both servant and leader on behalf of those it serves.

2) The board speaks with one voice or not at all.
- ➢ If a board is to make authoritative decisions—if it is to lead—then on a given matter it must have a single voice. This single voice derives its authenticity and authority because of the diversity that went into its development, "bringing its diverse points of view to one point."
- ➢ Differences on a board are expected, and encouraged, but they must be respected. This means during board discussion all views are valid. It also means that when a decision is made by vote, all parties on the board "must accept that the board has spoken and that its decision must be implemented as decided."

3) Board decisions should predominantly be policy decisions.
- ➢ Policies are documented in writing in the following categories: Ends, Executive limitations, Board-staff linkages, Governance process (see terms below for brief definitions)

4) Boards should formulate policy by determining the broadest values before progressing to more narrow ones.
- ➢ A "large" policy decision will contain all smaller, related policies (a type of "nested set" of policies).
- ➢ "The board should, if it wishes to address smaller levels, never skip levels but move to the next smaller level in sequence."
- ➢ "The board should grant the CEO authority to make all further choices as long as they are 'within' the board's ends and executive limitations policies."

5) A board defines and delegates, rather than reacts and ratifies.
- ➢ Boards are accustomed to approving plans brought to them by committees or staff. But the very act of "approving" forces boards to become entangled in trivia that others have spent much time with.
- ➢ Staff (or committee) plans should rather be measured by their compliance with the board's ends and executive limitations policies.

6) "Ends" determination is the pivotal duty of governance.
- ➢ Focused on outcomes, "ends" ask the board to address: what benefit or what good? For which people? At what cost? **See important note below.

7) The board's best control over staff "means" is to limit, not prescribe.

➤ Policies that clearly address unacceptable actions, behaviors and situations address what staff may not do; their work then is accomplished in whatever ways necessary that do not violate these policies. Such defining by the board "is like building an enclosure within which freedom, creativity, and action are allowed and even encouraged."

8) A board must explicitly design its own products and process.

➤ The three "products" that cannot be delegated by a board are:
- Legal and moral linkage to the organization's owners
- Assurances of executive director performance
- Explicit governing policies to accomplish the mission

➤ Governance process policies answer questions like: "Who does the board represent? What are the products [i.e., outcomes] that the board itself exists to produce? How will the board define the job of the chair, and how does it delegate to the chair? Under what circumstances will the board use [board] committees?"

9) A board must forge a linkage with staff (management) that is both empowering and safe.

➤ "No single relationship in the organization is as important as that between the board and its chief executive officer."

➤ The board delegates to the executive director the responsibility to ensure that the organization as a whole:
- Accomplishes expectations as set out by the board in its ends policies, and
- Does not engage in means that the board has prohibited in its executive limitations policies.

➤ Accountability flows from the owners (i.e., constituency) to the board to the executive director. "The executive director represents the first point at which full ownership [for the organization] is expressed in one person."

➤ Policy for this board-CEO linkage would for example commit the board to delegate to staff only through the executive director. Another policy would outline the products (i.e., outcomes) of the executive director. Another would outline how evaluation of the executive director's performance will take place.

10) Performance of the executive director must be monitored rigorously, but only against policy criteria.

➤ "When the board has told its CEO to achieve certain ends without violating certain executive limitations, monitoring performance becomes no less—and no more—than checking actual performance against these two sets of expectancy."

Carver Policy Governance® Terms Defined

- ❖ **Policy** – the value or perspective that underlies action, but goes on to delineate strict rules as to its form.
- ❖ **Policy Governance®** – "a comprehensive set of integrated principles that, when consistently applied, allows governing boards to realize owner-accountable organizations."
- ❖ **Governance process** – "the board determines its philosophy, its accountability, and the specifics of its own job."
- ❖ **Owners** – those who "morally if not legally own the organization;" owners are not simply stakeholders (anyone with a stake in the organization) but are only those who stand in a position corresponding to "shareholders" of an organization.
- ❖ **Ends** – the board defines "which owner-oriented results are to be achieved, for whom, and at what cost;" ends focus on an organization's reason(s) for existence—its mission.
- ❖ **Board means** – "how the board will organize, structure, and conduct itself in order to accomplish its job."
- ❖ **Staff means** – "the various arrangements and action needed to accomplish the (board's) ends or to safeguard the operations that produce them;" *See important note below.
- ❖ **Executive limitations** – a proscriptive way of defining staff parameters "in order simultaneously a) to avoid prescribing means [for the staff] and b) to put off limits those means that would be unacceptable even if they work."
- ❖ **Board-staff linkages** – "the board clarifies the manner in which it delegates authority to staff as well as how it evaluates staff performance on provisions of the ends and executive limitations policies."

**Note: Carver has the following to say about differentiating between the work of the board and the work of staff. Obviously in organizations without sufficient staffing capacity board committees assist in this role. However the staff means is accomplished, it is not the work of the board.

- ❖ "It is important to understand that budgets, programs, personnel policies, building, equipment, and a host of other matters which traditionally consume board time are staff means issues."