SYNOPSIS: BOARDS THAT MAKE A DIFFERENCE

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Boards that make a difference
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Synopsis

We should expect a good model of governance to:

1. "Cradle" Vision: holds and supports the vision in the primary position.

2. Explicitly address fundamental values: focus on values, not events.

3. Force an external focus: concerned more about external needs & markets.

4. Enable an outcome-driven organising system: establish and procedurally enforce mission.

5. Separate large issues from small.

6. Force forward thinking: long term thinking.

7. Enable proactivity: lead, don't react. Engage in creating more than approving.

8. Facilitate diversity and unity: Board needs to speak with one voice without squelching dissent or pretending unanimity.

9. Describe relationships to relevant constituencies: define where customers fit into the scheme.

10. Define a common basis for discipline: keeping discussion to the point.

11. Delineate the Boards role in common topics: specific contribution of the Board on any topic should be clear - define the role.

12. Determine what information is needed.

13. Balance overcontrol and undercontrol: clarify aspects of management requiring tight versus loose control.

14. Use Board time efficiently: Sort out what really needs to be done.

Policy focused leadership is a hallmark of governance because:

1. Leverage and efficiency: by getting hold of the most fundamental issues, Boards can affect many issues with less effort.

2. Expertise: Governing by policies does not require levels of expertise required to operate the organisation.

3. Fundamentals: addressing that which has enduring importance.

4. Vision and inspiration: Dreaming is obligatory for leaders to inspire vision.

Policy making must be central to Board function, but Boards may be involved in other activities e.g. executive performance, fundraising.

Categories of Board policies (values):

1. ends to be achieved (ENDS)

2. means to those ends (EXECUTIVE LIMITATIONS)

3. the board-staff relationship (BOARD-EXECUTIVE RELATIONSHIP)

4. the process of governance itself (BOARD PROCESS).

Policies must have:

1. Explicitness: must be in written form.

2. Currentness: ensure kept current and used.

3. Literalness: must mean what they say.

4. Central availability: kept in one place.

5. Brevity: seek the compelling elegance of simplicity.

6. Encompassment: stick to the larger values issues. Start with the broadest policies in each category.

A powerful Vision statement is a broad ENDS statement with six critical characteristics:

1. Results terminology: not couched in terms of activities but the change itself that is the Vision.

2. Succinctness: no more than a sentence.

3. Authoritative generation: the Board must not simply approve another's statement - if the Board is not actively involved in determining the Vision, why should it be involved in anything else?

4. Horizontal integration: Boards must speak with other Boards - no more meaningful subject that community Boards can converse in than Vision.

5. Ubiquity: simply cannot be repeated too much - should appear on all documents, on the phones and on the walls. Live with the Vision.

6. Vertical Integration: must be the theme and the backbone of the organisation. Connects the Boards job with the CEO's job and thence to all others. Must tie every job and objective to the Vision.

Policy making stops at whatever point the majority of the Board is willing to allow the CEO to make further decisions.

The CEO is the top person in the organisation to whom all upwardly flowing accumulating accountability goes.

Each individual is responsible for his or her own behaviour. Supervisors are also responsible for the behaviour of their subordinates. This cumulative responsibility is called accountability. The accountability burden increases as you move up the organisational ladder.

The Board has only one employee - the CEO. He or she holds the accountability for the entire organisation. The CEO's personal work or responsibility is immaterial, and should not be formulated or assessed as part of a performance appraisal of the CEO.

The CEO is accountable only to the full Board, and the CEO relationship to individual Board members is collegial, not hierarchical.

So how do Boards monitor whether it's directives are being followed?

Preestablished monitoring criteria are required, and these come from established policy. If this is the basis for monitoring, the Board's anxiety will drive it to develop all the policies needed. "If you haven't said how it ought to be, don't ask how it is".

Getting started with alternative model:

1. Gaining commitment: getting commitment after discussing the new model from all directors.

2. Establishing a sequence: start with writing policies. Start from scratch. Don't delve into the past looking for old policies. Start thin in all categories and then carefully expand. In expanding into narrower categories the best sequence is

   Executive Limitations, Board Process, Board-Executive Relationship, then Ends. Policies are to be developed by the whole Board, not a committee.

3. Implementing the plan: What are the broadest statements for the four categories? These are the Board's "starter set" on which all remaining policy is expanded e.g.

Ends

The purpose is stable employment in our community

Executive Limitations

The CEO may allow no practices or circumstances that violate commonly accepted business and professional ethics or common business prudence.

Board-Executive Relationship

The Board will relate officially to staff only through the CEO.

The CEO is accountable for the entire organisations attainment of Ends and compliance with Executive Limitations.

Board Process

On behalf of the total community, the Board will govern with one voice through written policies with an emphasis on long term Ends.

1. Expanding the policies: Board returns to the sequence mentioned above and generates "worry areas", each of which develops into an Executive Limitations policy topic. Once the worries and anxieties are addressed, the Board can move to forward planning. Next they look at Board Process. Then it is prepared to establish the ground rules of delegation and CEO functions by creating Board- Executive Relationship policies. Ends policies are developed last because they are the most important and the Board has lots of practice once they have done the others. Plus, the others go far to remove impediments that block the Boards attention to Ends issues.

2. Managing the transition: can take several months to a year to implement. With professional guidance, all but the Ends can be developed in one or two meetings.

3. Collecting Board Wisdom: When explicit policies have been produced an organisational "value history" is produced to pass on to future Board members.

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