

# REALBoard Advisor

Tips to become R – Results-focused E – Excellent A – Accountable L – Linked to Shareholders/Owners

## Enriching the Dimensions of Board Decision-Making

Even boards committed to using Policy Governance® far too frequently leave the boardroom having done little more than “policy housekeeping.” You can go through the motions of using Policy Governance®, faithfully reviewing the content of your policies, and even conscientiously monitoring the CEO’s compliance with them. You can even avoid the “sins of commission” of boards that spend their time dealing with issues that really belong to management, or meddling in management areas after they have delegated responsibility. You can “use” Policy Governance® and still not maximize the value that your board adds to the organization. How can your board *use this operating system to its fullest capacity* as a vehicle for enriched policy decision-making?

### The sins of omission

Before considering enrichment, a check-up to avoid the obvious “sins of commission” is in order. More often, what stands in the way of further growth in the practice of excellent governance are the “sins of omission.” [See side-bar.]

This article focuses on one major omission of many boards: failure to allocate sufficient time and resources to do an excellent job of exercising foresight. Developing foresight requires a continual expansion of awareness and perception – the capacity to “see things yet unseen” – as well as insight – “the capacity to grasp the inner or hidden nature of things.” (Kim, 2002, p. 7)

**Able leaders are usually sharply awake and reasonably disturbed. (Greenleaf)**

Robert Greenleaf (1991, p.19-20) said “the opening of awareness stocks both the conscious and unconscious minds with the richness of resources for future need. But it does more than that: it is value building and value clarifying . . . Awareness . . . is the disturber and an awakener. Able leaders are usually sharply awake and reasonably disturbed. They are not seekers after solace.” Becoming sufficiently aware to exercise foresight is a challenge for most board members.

Before you protest that you do not own a crystal ball, let me clarify the distinction

### Avoid Boardroom Sins

#### Sins of Commission

- Evaluating the performance of the CEO on any criterion other than those stated in the Ends and Executive Limitations policies.
- Prescribing the means to be used by the CEO.
- Meddling in areas that have already been delegated to the CEO.
- Striking board committees to “help” or advise the CEO in delegated operational areas.
- Permitting any individual board member, including the chairperson, to “supervise” the CEO or any other staff member.

#### Sins of Omission

- Not stating in writing what results it expects the organization to achieve, for whom the results are to be achieved, and what they are worth
- Not stating in writing what organizational means (such as practices, activities, methods or values) are unacceptable
- Not allowing the CEO to make “any reasonable interpretation” of Ends and Executive Limitations policies.
- Not systematically monitoring the CEO’s compliance with board policy.
- Not designing the way in which the board itself will operate.
- Not deliberately linking with owners.
- Not allocating sufficient time and resources to develop effective governance expertise.
- Not taking the time and energy to develop foresight so that board policy decisions are based on enriched information.

between foresight and predicting the future. Predicting is making accurate forecasts. Even with a crystal ball, none of us can perfectly predict the future. Foresight, however, is about “being able to perceive the significance and nature of events before they have occurred” (Kim, 2002, p. 3).

**Assuming that because board members are accomplished professionals they therefore do not need further education is dangerous.**

A board needs to spend more time on its own education in order to prepare itself to exercise foresight. I am not referring here to education related to governance processes themselves, such as how to better use the Policy Governance® model, although that is an essential part of a board’s overall education plan. I am referring rather to the kind of education that “focuses on the ability to lead through ambiguity and complexity, to see the origins and depth of problems and issues accurately, and to craft responses that can bring about changes in, if not radical transformation of, the institutions they serve” (Scott, 2000, p. 11).

Scott (p. 14) goes on to say that “organizations need leaders who can engage in the practice of systemic thinking – the kind of thinking that brings a leader into direct contact and relationship with complexity, paradox, and ambiguity without being overwhelmed by confusion and despair.”

In order to develop foresight, a board needs to engage in

education that has the dimensions of both depth and breadth.

### **Depth Education**

Governance decisions require knowledge based on an in depth exploration of issues and understanding of information, so that the governing board will stand the scrutiny of its

responsibility to hold the organization in trust. Perhaps one of the biggest failings of boards is the belief that they are “too busy” to take the time for this kind of education.

Assuming that because board members are accomplished professionals they therefore do not need further education is dangerous. “Board members should be brought into an organization in ways that communicate to them that their involvement is so important that the organization is investing in their education” (Scott, p. 31)

Depth education requires a degree of readiness on the part of the board. If your board is not clear about the distinction between governing and managing roles, is not certain about who you are holding the organization in trust for (who your “moral owners” are), has not begun to reach out to obtain input from those owners, or does not have a functional monitoring system in place, then before pursuing depth education, you should go back to the basics. Learn to walk before you try to run. Review the principles of Policy Governance®, ensure that you

have sound policies in place, and a monitoring system to ensure that they are followed. Only then will you be ready for the next step.

Foresight begins with insight. Depth education begins with understanding your own organization. I am not talking about knowing all the details of how the staff operates the organization. The typical “dog and pony show” about programs provided by staff – complete with impressive PowerPoint presentations – that often passes

## **A Facelift**

*Jan’s Jottings* has been renamed. The Governance Coach™ is expanding to include a new Associate, and a wider range of clientele including corporate boards.

Our advice is designed to help boards become “Real” – Results-focused, Excellent, Accountable, and Linked to Shareholders/Owners, using the model of governance that most effectively enables a board to demonstrate those characteristics.

The cover article of this issue explores how you can enrich your board’s decision-making.

For those unfamiliar with Policy Governance®, we’ve included a “primer” of the basics. More details can be found at [www.governancecoach.com](http://www.governancecoach.com)

Also in this issue you will find an invitation to attend the 2005 IPGA conference “Creating the Future”, and information about the services and associates of The Governance Coach.™

for board “education” is *not* depth education. Depth education is about understanding how the organization “ticks.” Obtaining information from a variety of perspectives will help the board understand the organization of today in the context of its history.

**What is its character, its culture, its capacity? Why was it created in the first place? Is that purpose still valid? The key role of the board is to determine why the organization exists – who is it there to benefit? What benefits should be provided? What are those benefits worth?**

Seeing the organization in the continuum of past to future will help boards make appropriate decisions about purpose.

### **Breadth education**

In addition to in depth understanding of the organization’s history, values and culture, the board must seek breadth in its education. Try stepping out of the usual perspective of the organization to see it through the eyes of others. Just as viewing the earth from space provides a new perspective on the interconnectedness of the universe, viewing your organization from an unusual external perspective can provide a board with a new sense of how it is connected to your community, and indeed, the world. Try pretending that you are from Mars, and you are visiting your organization for the first time. What would impress you? What would you find difficult to understand? And of course, don’t forget to view it through the eyes of your owners – that means talking with them and understanding their values.

What benefits do they expect the organization to produce?

Don’t neglect the external environment. What is happening – and even more importantly, what is likely to happen in the future – in the world outside your organization? How might external events impact the purpose of your organization? What developments pose a risk that needs to be managed? What will be the key issues relevant to your organization in the future? What policy direction *now* will help the organization prepare for future success?

**The shift from a hands-on to a heads-up perspective requires a different conceptualization of service and leadership on a board. (Scott)**

Develop the habit of conducting a thorough environmental scan regularly. Research has shown that companies that do regular environmental scanning outperform those who do not. A handy acronym to help you cover major areas in which to scan is STEEP (Social, Technological, Economic, Environmental and Political/Regulatory). Environmental scanning includes both looking *at* information and looking *for* information.

While your CEO and staff may be able to provide the board with much environmental scanning information, don’t limit yourself only to that source. There are literally hundreds of resources available to board members. A simple search on the Internet will provide a wealth of information both about how to conduct a

scan, various types of scans and where to look for information. *Remember that you are viewing this information from a board policy level, not from the perspective of management who will be implementing the policy.* As with most effective governance processes, it helps to be *systematic* about environmental scanning, rather than simply passive. Reading the newspaper is an example of passive scanning.

Active, systematic scanning seeks to ensure that information representing a diversity of views, such as the STEEP

approach, is included.

After conducting your scan, select a few key areas for more in depth exploration. Search for knowledgeable resource people, assign board members or committees to delve into this kind of background information and bring key findings to the board. Schedule sufficient time for reflection on what you have learned. Then analyze the information in the context of your organizational purpose. **What needs to be changed? Should additional or new Ends be developed? Should some Ends be deleted? Are there new risks in the environment that require revision of Executive Limitations policies? Do any of the board’s Governance Process policies need to be amended?**

In contrast to the often perfunctory routine of policy review or the tendency to “word-smith” policies simply so that board feels as if it has

“done something,” enriching the dimensions of your board decision-making will help you move to real “leadership by policy.” Informed by both

depth and breadth education around an issue, your board will be enabled to make appropriate policy decisions arising from true “due diligence.”

## References

Greenleaf, Robert. *The Servant as Leader*. Indianapolis: The Greenleaf Center for Servant-Leadership, 1991. (Originally published in 1970 by Robert K. Greenleaf.)

Kim, Daniel. *Foresight as the Central Ethic of Leadership*. Indianapolis: The Greenleaf Center for Servant-Leadership, 2002.

Scott, Katherine Tyler. *Creating Caring and Capable Boards: Reclaiming the Passion for Active Trusteeship*. San Francisco: Jossey Bass, 2000.

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## Policy Governance® Primer



### Policy Governance ABC's

Policy Governance® is a model of governance created by Dr. John Carver. It enables boards to provide strategic leadership in creating the future for their organization. Policy Governance ensures accountability of the CEO to the Board, and of the Board to the ownership. Its principles are internally consistent, designed to work effectively when used together as a complete “operating system” for a board.

Policy Governance enables the Board to:

- Be accountable in the position of trust in which it has been placed by its ownership/shareholders
- Provide strategic leadership—its key responsibility—by clearly defining, on behalf of the ownership/shareholders, what human needs are to be met, or what benefits are to be produced, for whom, and at what cost
- Distinguish clearly between Ends (see below) and Means (ways of doing things)
- Be involved in appropriate decisions without “meddling” or “rubber stamping”
- Set parameters for acceptable organizational performance and for itself by establishing broad policies in four logical categories that make intuitive sense.

The policy categories are:

**Ends**—what benefit, for which people, at what cost? Ends are developed based on the Board’s knowledge of and interaction with the “ownership” — those to whom the Board is morally accountable.

**Executive Limitations** — the boundaries of prudence and ethics within which the Board allows staff to make further decisions about means.

**Board – CEO Linkage** — the manner in which the Board delegates authority to staff through the CEO, and how it evaluates staff performance.

**Governance Process** — the manner in which the Board itself will operate, including its philosophy, accountability, discipline, and its own job.

# About Us

## Jannice Moore

Jannice Moore, President of The Governance Coach™, is an independent consultant to governing boards and senior management. She has over thirty years experience as a manager, planner, consultant and educator. She has worked with the Policy Governance® model developed by John Carver for over twelve years, and has studied directly with Dr. Carver, graduating from the first Advanced Policy Governance® Academy<sup>SM</sup>. Jan has coached a wide variety of boards in the use of Policy Governance®, including membership and voluntary organizations, trade associations, regulatory bodies, health care boards, and education boards. She has facilitated numerous board and management retreats, and designed award-winning board development programs. Jan holds the designation of Certified Health Executive from the Canadian College of Health Service Executives. She has a Masters degree in Health Services Administration from the University of Alberta. Most recently Jan has written the book *Governance for Health System Trustees*, published by the CHA Press. She has also authored several articles and monographs and contributed chapters to a number of books. She has contributed to *The Policy Governance® Fieldbook*, published by Jossey-Bass, and is a regular author in *Board Leadership*, also published by Jossey-Bass. Jan has been a speaker at conferences and seminars in Canada, the USA and Europe. She has been a member of the founding board of the International Policy Governance® Association since its inception, and is currently Chair. Jan is also Chair of the founding board of Greenleaf Canada Institute.



## Associates

### Susan Mogensen

Susan is a graduate of the Advanced Policy Governance® Academy<sup>SM</sup>, personally trained by John and Miriam Carver in the principles and implementation of Policy Governance®. She holds a B.A. (Honours) in Political Science from Carleton University, and certificates in Participative Training Techniques (PTT), Group Facilitation, and Small Business Development. After providing organizational, communications and senior legislative assistance to federal level Parliamentarians for 12 years, and developing additional experience in the non-profit sector, Susan is now associated with The Governance Coach™ to assist boards in implementing the Policy Governance® model. Susan's services reflect her passion for helping groups of people work together effectively. She believes in strengthening clients' abilities to create their own solutions, and places a high value on integrity, logic, and fun. Her clients have included small businesses, the City of Ottawa, the federal government, health and education boards, and non-profit associations.



### Richard Stringham

Richard is a graduate of the Advanced Policy Governance® Academy<sup>SM</sup>, personally trained by John and Miriam Carver in the principles and implementation of Policy Governance®. He holds a B.Sc. in Agriculture from the University of Manitoba, and is a Professional Agrologist. He has over twenty years of experience as a manager, educator and consultant, including senior level management in an organization using Policy Governance®. Past clients include Associations at the provincial and national levels as well as co-operatives. **We welcome Richard as the newest Associate with The Governance Coach™.** He brings with him a combination of facilitation and training skills, and knowledge of co-operative and agricultural organizations, in addition to his Policy Governance® skills.



# Our Services

## Introductory Workshop

### Includes:

- ✓ One-day introduction to the principles of Policy Governance
- ✓ Sufficient detail and opportunity for questions, to enable a board to make an informed decision as to whether it wishes to proceed with Policy Governance

### Appropriate for:

- ▶ Individual boards and CEOs in the exploratory stage, wishing to learn more about Policy Governance
- ▶ Groups of boards and management in any community, all interested in exploring the possibilities of Policy Governance
- ▶ Orientation for new members of boards already using Policy Governance
- ▶ Boards who have implemented Policy Governance on their own or with an outside helper, as a "refresher", given by a qualified coach who is fully conversant with the details of the model

## Full Implementation

### Includes:

- ✓ Two-day initial workshop, including review of principles of Policy Governance, and development of a majority of policies other than Ends.
- ✓ Two-day follow-up workshop to complete policy development and begin work on Ends  
**Note:** Some boards may require additional time for policy development, depending on board size, type of organization, and other factors
- ✓ Coaching during first year of implementation (See below)

### Appropriate for:

- ▶ Boards who have made a commitment to implement Policy Governance

## Coaching

### Includes:

- ✓ Regular contact, providing check-points against which to measure your progress in applying Policy Governance
- ✓ Regular reviews of complete board agenda and package, with written suggestions for improvements in the application of Policy Governance
- ✓ Assistance to the CEO in developing monitoring reports
- ✓ E-mail, phone and/or fax answers to questions as they occur
- ✓ Regular updates and implementation tools when you need them
- ✓ Customized services added as indicated

### Appropriate for:

- ▶ Boards that have implemented Policy Governance  
Coaching is recommended for at least one year after implementation. It is based on an annual retainer agreement. Preferred client rates are offered for coaching clients for any on-site follow-up desired

## Policy Governance® “Users Conference”

### Includes:

- ✓ Elements from any of our programs—a customized design
- ✓ Network facilitation and idea sharing

### Appropriate for:

- ▶ A group of boards in any geographic area who are all using Policy Governance

## Policy Governance® 202 and 303 and...

### Includes:

- ✓ Customized workshops appropriate to your board's stage of implementation designed to address your board's issues. Choose from a menu of topics such as
  - Assessing monitoring reports
  - Effective ownership linkage strategies
  - Governance information needs
  - The board's servant-leadership role in Policy Governance
  - Future-focused agendas
  - Board self-evaluation

### Appropriate for:

- ▶ Boards who have already developed basic policies, and wish to deepen their application of Policy Governance principles to obtain the most value from the model

## Workshops For Management

### Includes:

- ✓ Introduction to Policy Governance, to understand implications for management
- ✓ Facilitation of strategic planning sessions following board development of Ends
- ✓ Development of monitoring reports that meet board needs
- ✓ Application of Policy Governance principles to the managing of staff

### Appropriate for:

- ▶ Management and/or all of the organization staff

## Conference Presentations

Invite The Governance Coach to stimulate dialogue at your next conference or convention, with one or more of the following presentations. Custom presentations will be prepared on request.

### ► **Developing a Culture of Governance Accountability**

The performance of corporate boards continues to be scrutinized by the public in the wake of regularly-revealed corporate scandals. Is there a better way? The Policy Governance® model is an approach to governance that can position boards to be certain they have fulfilled their accountability to their shareholders. The model can be characterized as an “operating system for boards.” Rather than tinkering with individual aspects of governance, the model presents a complete theory of governance that is conceptually intact. Foundational to the theory is the concept of the board as an agent of the ownership, fully accountable to them for the performance of the organization. When applied together, the principles of the model allow a board to demonstrate clear accountability to shareholders. This presentation explains the principles of the model, and how it can be applied to corporate boards.

### ► **Structuring Boards to Make a Difference**

- How can the Board structure itself for maximum effectiveness?
- How can the Board design and use committees effectively?
- Does the Board Chair have more authority than other board members do? What is the Chair's role?
- How can the Board plan effective meetings?
- What is the Board's own responsibility for an effective process?
- Is the Board's agenda "owned" by the Board or the CEO?
- How should the agenda be developed? Who develops it?
- What kind of information should the Board receive? Who decides?
- How does the Board evaluate its own functioning?

### ► **The Board-CEO Team**

Some would argue that the roles of managing and governing are so complex that it is impossible to disentangle them to have a clear understanding. While both are focused on achieving the mission of the organization, the Board and the CEO each have different roles to play. Just as an effective baseball team must have clear rules, so too an effective Board-CEO team.

- What is the CEO's job?
- How does governance differ from management?
- How does the Board delegate authority to the CEO?
- How can the Board effectively monitor the use of that authority?

### ► **Does Your Board Measure Up?**

This session will address the components of good governance that maximize the value of the Board's contribution to its organization.

- What constitutes effective leadership?
- What is the "value-added" that the Board brings to the organization?
- How can board members focus their time and energies on areas in which they can have the greatest positive impact?
- What are the tools that enable Boards to make the best use of their time, work together more effectively, and clarify their role in relation to management?

## Policy Governance® Board Chair Forum

April 26 & 27, 2005  
in Calgary Alberta.

With Jannice Moore and guest  
presenter Pat Knoll.

Seminar for Board Chairs, Board  
Vice-Chairs and  
Board Chairs-Elect

Practical Tips and Tools for the  
“Chief Governance Officer”

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**www.governancecoach.com** or  
call for further information.

Attendance is limited at this  
session. **Reserve your place now.**

## Coming This Spring the REALboard Toolkit™

The Governance Coach is  
launching a new series of tools to  
assist boards in effectively using  
the Policy Governance® model.

First in the series is *Meaningful  
Monitoring*. This Toolkit will  
include the Who, What, Where,  
When, Why, and How of  
Monitoring, as well as a variety  
of samples and tools to move  
your board from monitoring  
novice to monitoring expert.

Orders of 8 or more copies of  
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until March 15, 2005.

## IPGA News

“Creating the Future: Good Governance in Action” is the theme of the IPGA Annual Conference June 2-4, 2005 in Scottsdale, Arizona.

Last year’s conference saw 200 people gathered from around the world to share ideas about using Policy Governance®. This is an excellent educational and networking opportunity. **Register before April 15, 2005 and save!**

To find out about the IPGA, to become a member, or to register for “Creating the Future: Good Governance in Action” please see the official website



[www.policygovernanceassociation.org](http://www.policygovernanceassociation.org)

Or email Susan Mogensen at [membership@policygovernanceassociation.org](mailto:membership@policygovernanceassociation.org)

### IPGA Membership Benefits

- ◆ **Access to sharing and learning with peers about governance issues** through the IPGA website, networking, annual conference and occasional special events
- ◆ **Up-to-date information** about Policy Governance developments in newsletters
- ◆ **The opportunity to actively participate in a growing movement for governance that makes a difference**
- ◆ **The opportunity to qualify as a certified Policy Governance® Consultant (coming in the future)**
- ◆ **Significant discounts on publications, training courses and symposia:**
  - 10% discount off IPGA Annual Conference registration fees
  - 40% discount from Jossey-Bass Publishers on a subscription to *Board Leadership*
  - 20% discount on purchases of selected books and monographs from Jossey-Bass Publishers including Policy Governance titles
  - 10% discount on any seminars or courses conducted and sponsored by Carver Governance Design Inc. (One member per affiliate board)
  - 10% discount on Policy Governance symposia offered by On Target Consulting

### IPGA Board News

Jannice Moore was recently elected Chair of the International Policy Governance® Association (IPGA).

## The Governance Coach™

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### Credits

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