

REALBoard Advisor

R—RESULTS-FOCUSED E—EXCELLENT A—ACCOUNTABLE & LINKED TO OWNERS L—LEGACY-CREATING



The Governance Coach™, Celebrating 20 Years –
How Policy Governance® Has Made a Difference

8 Compelling Stories of Policy Governance® Success

Editor's Note...

The RealBoard Advisor™ makes its debut as a magazine with our June 2015 issue! Please enjoy the new layout and graphics created by newest staff member at The Governance Coach™, Jessie Randall. Jessie joined us in January 2015, and provides you with interesting ideas and tidbits about governance through our Twitter and Facebook accounts, as well as designing the *Advisor*.

Our magazine is distributed twice yearly at no charge to over 5,000 CEOs, Board Chairs, Board Members and administrative board support staff. Issues feature articles, tools and ideas about Policy Governance® and the application of the principles to make board governance more effective on behalf of the owners. Our contributors, the collective consultants of The Governance Coach™ have over 50 years of combined experience and education in Policy Governance, to bring you current and model consistent information.

This issue features interviews by Constance Semler, an unbiased consultant (not with The Governance Coach) who has captured the governance journeys of 8 different boards of diverse organizations. Our clients provide us with exciting and challenging work as we assist them in their passion to deliver the best governance for their owners. If you are a board member of a Policy Governance board, you may find yourself nodding in understanding as you read through their stories, or perhaps you'll find a solution to a common issue.

We hope you will continue to find *The REALBoard Advisor* a valuable resource, insightful, and pertinent to your organization. To request your own copy of *The REALBoard Advisor*™, contact me at marian@governancecoach.com or call me directly at 403.720.6282.

Until next issue,

Marian

Editor



New Video from The Governance Coach™

Who owns Richard's new car? Is it the bank, or his neighbour, or the man who pumps the gas? An engaging and humorous look at the definition of owners in Policy Governance®.

<http://bit.ly/DefiningOwners>



Additional videos available to view at
<http://bit.ly/TGCyoutube>

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Creating the Future with You... The Next 20 Years!

The Governance Coach™ is celebrating 20 years of coaching boards to implement the Policy Governance model since our founding in December, 1994. Anniversaries are occasions to look back, and give thanks for those who have contributed to our success and for what we have learned and accomplished. They are also a time to look ahead, and dream about what the future may hold.

We have chosen to dedicate this newsletter to featuring a number of our clients, to whom we owe thanks for allowing us to work with them and learn with and from them. We pay tribute to all of our clients, but space forced us to select a small cross-section for this publication. They include a school, a for-profit company, a credit union, a hospital, a college, a professional regulatory association, an arts and culture organization, and a voluntary community service association. Some have been our coaching clients as long as 17 years and others as few as 2 years.

In order to avoid introducing our own bias about the effectiveness of Policy Governance and the value of our coaching, we contracted with Constance Semler, an independent consultant (constance@constancesemler.com), to interview the Board Chair and/or CEO of these clients, and write a short article based on those interviews. I think you will enjoy having a look into their organizations and finding out how Policy Governance has impacted them.

The Governance Coach consulting team of seven people with diverse backgrounds and experience are passionate about the positive potential of boards to co-create a better world. We are committed to the value of servant-leadership.

Looking to the future, we are excited to be placing an increasing emphasis on helping our clients develop strategic foresight. Too often, boards become adept at the “mechanics” of Policy Governance, but miss the opportunity to use it as a springboard to catapult their organizations into a successful future. We urge our clients not to “do” Policy Governance for itself, but to learn to use it well, because it is a comprehensive system that places the board in a position where it has the time and energy to focus on setting future direction. We have been working with a futurist to acquire more advanced skills in helping boards move beyond their usual “thinking ruts.”

This includes learning to exercise strategic foresight: the capacity to make and live by strategic commitments in the present that are wise and context-sensitive enough to survive in a rapidly changing world, and co-create a more desirable future.

See you in the future!



Jannice Moore
President



“We’ve got your back”: a Healthy Board-CEO Relationship at GPRC

In a tight-knit community like Grande Prairie, there are few secrets. What happens in Grande Prairie is known in Grande Prairie.

Years ago, the board of Grande Prairie Regional College (GPRC) was known for doing the CEO’s job. In fact, Pete Merlo, current Board Chair, had been hesitant to join the board because of its lack of governance. “If I was hearing about it, then others were, too.” To make matters worse, decisions weren’t necessarily made around the boardroom table. Instead, according to Don Gnatiuk, current President (CEO) of GPRC, “Governance was happening in the coffee shops and cafés of Grande Prairie.”

Fortunately, the situation turned around during a three-year implementation of Policy Governance®. At the end of that period, one board member stepped down, happy, relieved, and confident that both the board and the college administration were now on solid governance footing.

What does it look like when a board and a CEO have solid footing under Policy Governance?

It looks like camaraderie borne of trust and respect.

In a recent interview with Gnatiuk, Merlo, and Tab Pollock, Chair of the GPRC board’s governance committee, conversation flowed easily thanks to the friendly dialogue and banter among all three. Gnatiuk was happy to explain the recipe for success, starting with the main ingredients. “You don’t have to like each other to do this job, but with mutual respect, you can do a great job.” Gnatiuk insists that trust is also the foundation of his work. “People think that in Policy Governance, trust means blind trust, but nothing could be further from the truth. Trust means knowing that if the board questions me about something, they’re doing it to hold me accountable, and that’s their job.”

In Grande Prairie, people took notice of the change after adoption of Policy Governance. “If you do things right, people notice. If you do things wrong, people really notice. It’ll be brought up with your barber and your dentist. But I’m not hearing the same things I heard in previous years,” says Merlo. In fact, recent surveys indicate that the people of Grande Prairie strongly support the work of the board and Gnatiuk and his team.

According to Merlo, with Executive Limitations, “we can have Don’s back. In order to have his back, we need to understand. So how deep do you go to understand? That’s when it becomes challenging at times.”



*“We’ve
been able to accomplish
things we’d been told were impossible,
and good governance allows us
to do that”*

The Governance Coach™ has provided support during these challenges, helping the board maintain its current grounding in Policy Governance through coaching by Jan Moore. The group jokes that a session with Moore is like a visit to the dentist. “It may not be fun at times, but you always feel fantastic afterwards.”

Even for a board well versed in Policy Governance, new-member orientation sessions with Moore and company are key to staying on track. “Human nature is to meddle. We all want to run the college for Don,” joke Merlo and Pollock. Still, they take their work seriously, which is why the board carefully screens new members. (Currently, the board is screening candidates for three board vacancies.) Merlo says, “New members can change board dynamics. They can uproot it. Most of the people who sign up for this job are leaders with previous board experience who argue their points persuasively.” In screening for governance experience, “nose in, fingers out” is the rule. Merlo says it’s healthy for board members to ask questions, “but we don’t all need to tell Don how to cook or add ingredients to the pot. We stay out of the kitchen, so to speak.”

Another benefit of Policy Governance that becomes obvious in speaking with Merlo, Pollock, and Gnatiuk is consistency. With a capable administrator with clear Executive Limitations, and a board that holds itself accountable to the principles of Policy Governance, decision making follows consistent patterns. Pollock says that when boards suddenly change their behavior in response to crises, they create additional follow-on crises. Gnatiuk agrees. “The board has been through several crises, and each time, they didn’t suddenly change their style. There have been times when it would have been easy for the board to throw me under the bus, but my board is with me at all times.” Merlo adds that, because the board is continuously correcting and holding itself and Gnatiuk accountable, it prevents minor issues

from growing into major crises, so “there should be no surprises on either side.” Pollock concludes that, when the board and CEO are unified in their message, the community then trusts they’re doing their jobs properly.

The community also trusts that all is well at GPRC because of concrete achievements. “We move the agenda very quickly. We’ve been able to accomplish things we’d been told were impossible, and good governance allows us to do that,” says Gnatiuk.

Judging by GPRC’s experience, Policy Governance helps a board and an administrator serve constituencies. Although a vocal minority could be distracting, the GPRC board stays focused on the needs of its stakeholders. At the same time, Merlo is quick to add that a good board allows diverse voices to be heard and taken seriously. Also, in order to represent a diverse set of needs, the GPRC board strives for diversity of board members in terms of gender, cultural background, age, and type of experience. Merlo says diversity helps the board avoid “groupthink”, something to which boards may be susceptible, especially in a small community.

For organizations in their sector considering Policy Governance, all three say commitment to the model is key, followed by courage in sticking with it. “You’re either in or you’re out. You can’t put a couple of toes into the water. If you’re going to approach it that way, you’d be better off with a purely administrative board,” warns Gnatiuk.

The tangible benefits of whole-hearted adoption of Policy Governance are clear at GPRC, from the reversal of public perception, to a long series of achievements. Speaking with Merlo, Pollock, and Gnatiuk, the spillover effect of their work is joy. “I come into a board meeting at energy level 7 and leave it at level 9 or 10. It’s something that creates positive energy.”

Fostering Leadership Through Governance at a Growing Credit Union

Back in 2000 Andy Jaeger, CEO of the Credit Union of New Jersey (CUNJ), was at a leadership forum when he saw a presentation by a CEO experienced with Policy Governance®. It piqued his interest enough that he immediately bought and read a book about Policy Governance, then persuaded his board to read it.

That book, *Boards That Make a Difference*, sparked a cultural change at an organization ripe for it.

In 2000, Jaeger had already been at CUNJ for a decade. “The board had been involved in certain aspects of the operation, but I don’t believe they really wanted to be involved at that level.” With a strong track record, Jaeger had established enough trust with the board that they’d begun to reduce their involvement in operations. Still, the board’s hands-off approach was less the product of a formal governance model and more a product of happy circumstances – the comfort level of that particular board with that particular CEO. “It wasn’t official. Nothing was in writing,” recalls Jaeger.

CUNJ was growing rapidly. In fact, at its annual off-site seminar, the board agreed that CUNJ was outgrowing its current form of governance. On the one hand, it had neither the time nor the expertise to continue to focus on means, and on the other, it had a highly capable CEO ready to lead the credit union into further growth.

The board sought help from Miriam Carver, who gave the credit union its first formal introduction to Policy Governance. Board Chair, Eric Kraehenbuehl explains, “We met with Miriam and wrestled with the model and tried to understand it to determine if we really wanted to do it, because it meant a significant culture change.”

With the prospect of a culture change, the board took time to discuss the decision carefully. “Even though we could see the virtues of Policy Governance, we still wanted to look at alternatives,” says Kraehenbuehl. During their review of several governance approaches, some board members suggested options that looked a lot like Policy Governance. However, their time with Carver had taught them that bits and pieces of the model do not a model make and would never deliver the results they sought. “I think the way we went about the decision allowed all perspectives to be heard and aired and dealt with.”



A testament to that process is the fact that everyone on the board at that time is still on the board today, apart from those who've retired or moved out of the area.

“We make a point of going out and gathering information to allow us to reconsider the Ends. We steer the ship based on the conditions.”

One of the most important issues that Policy Governance helped CUNJ address is clarity of roles. Jaeger recalls, “I always knew my role, but maybe I wasn’t always so clear about what the board wanted to see and approve.” On the board side, Kraehenbuehl says, they wanted a solution that would enable what they call “the 40,000-foot view.” Policy Governance seemed to fit the bill. Particularly attractive were the monitoring reports they knew would give them the information they needed to be confident in operations without being involved in operations.

The timing was right for CUNJ, which was growing in terms of membership and deposits, while facing an increasingly complex regulatory environment. During this period of growth, CUNJ was able to implement a full cultural change thanks to the help of Jannice Moore at The Governance Coach, whom Carver had recommended. Initially, Moore provided assistance with monitoring reports, and later provided coaching as well as a complete review of the board’s policies. Only after several years, says Kraehenbuehl, did CUNJ establish a solid practice of Policy Governance.

According to Kraehenbuehl, the most important result of implementing Policy Governance has been the confidence to give more flexibility to the management team. “We had a highly skilled and highly educated team that could deliver the financial services in line with the regulations. We were able to give them a free hand, with accountability to show us that they delivered what was planned.” At the same time, the board was better able to focus on Ends. In financial services, Kraehenbuehl says, once the Ends are clear, it may be a while before you change them; then again, new technology and new regulations could appear at any time, and the board needs to remain nimble. “We make a point of going out and gathering information to allow us to reconsider the Ends. We steer the ship based on the conditions.”

Jaeger says Policy Governance has enabled him and his team to act nimbly, too. A striking illustration is the recent purchase of a core processing system that’s strategically critical for CUNJ. “I had Executive Limitations set by the board, like requirements for a minimum number of bids, a business case demonstrating pursuit of Ends, and follow-

up with monitoring reports,” says Jaeger. He notes that, although his board had expedited critical purchases in the past, he and his team completed this purchase in record time and more efficiently than ever before.

Ultimately, Kraehenbuehl and Jaeger see Policy Governance as a tool for fostering leadership in growing organizations. “A Policy Governance CEO should be inspired knowing that he has full control within Executive Limitations and will be held accountable for his decisions only. I think most CEOs would want that,” says Jaeger. When a CEO is inspired and empowered to lead, customers and members benefit. At the Credit Union of New Jersey, Kraehenbuehl notes, clear roles and accountability have also made it easier for credit union members to find the right person at the right level to address their financial issues.

Balancing Act: How the SRNA Handles Complexity through Policy Governance®

Most organizations have a single mandate that offers plenty of challenge and reward for board and CEO alike. What are the challenges and rewards for organizations with multiple mandates?

That’s exactly what Karen Eisler and Signy Klebeck are managing at the Saskatchewan Registered Nurses’ Association (SRNA).

The SRNA has been around since 1917, and provincial legislation gives it the right to act as the self-regulating body of the nursing profession in Saskatchewan. Eisler, who once served on the council (board) and now serves as SRNA’s Executive Director (CEO), explains that the SRNA’s complex mandate includes its primary role as the professional regulatory body for over 11,000 Registered Nurses and Nurse Practitioners in the interest of the public, as well as an association role serving its members’ needs, provided they are consistent with the public interest.

Not surprisingly, balancing these twin mandates hasn’t always been easy. Because they pay association membership fees, members may perceive the SRNAs’ role as advocating for them. “There always is the struggle, because of our structure, to balance what our members want with the interests of the public,” Eisler confides. “Our regulatory role is to protect the public, setting standards for practice, approving programs, and providing education and support for members to meet the standards, but also intervening when standards are not met.”



October 20, 2015

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Networking Breakfast at 8:30 A.M.

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***"This session provided
a good over-all understanding
of Policy Governance®.
The networking was great!"
- Participant***

Years ago, such complexity often led to confusion about roles at the SRNA. Klebeck, Council President, says this confusion was the impetus for adopting a new governance model. “There were things happening in the nursing community and the external environment such that it wasn’t helpful to the organization for council to be running day-to-day operations.” Eisler concurs. “The work of the board is strategic and should be looking at the future of the organization.”

The SRNA adopted Policy Governance® over seventeen years ago, before either Klebeck or Eisler were involved in the council. At first, council members served two-year terms, a practice later replaced by three-year terms to improve continuity and stability. “I was on council for two years, and at the end of my term, I felt I was just starting to understand Policy Governance,” Eisler recalls. Board turnover can also create an environment in which members question whether Policy Governance is the right model. In fact, a few years ago, the council reviewed several other models in detail, ultimately deciding to continue with the Carver model of Policy Governance. Now, the SRNA invests in education for new board members, including online learning modules from The Governance Coach™.



The Governance Coach, specifically Jan Moore and Richard Stringham, plays a vital role in educating and orienting new council members on a regular basis. For advice to other organizations, Klebeck and Eisler are united in underscoring the importance of education and applying the model in full, recognizing it is a complete system. To that end, Klebeck is adamant about coaching. “Get an excellent Policy Governance coach, and then listen to your coach. You may not like what she has to suggest at times, but that’s the most valuable part, because it’s easy to stray off of Policy Governance.” Klebeck also recommends having a coach present in person at retreats and off-site meetings.

“Policy Governance has been freeing for council members,” says Eisler. “Having put in the Executive Limitations, they can monitor for compliance and focus on the long term, knowing they’ll get reports to keep them updated. Council can strive for that future ideal (and ends are future-focused), rather than get caught up in the crisis of the day. They can go out and meet with the public.” Eisler is so pleased with the results of

Policy Governance, she has shared information about SRNA’s Policy Governance experience with interested associations across Canada.

Like Eisler, Klebeck is eager to share the SRNA’s Policy Governance experience with other organizations. Using health regions as an example, she says Policy Governance is an effective tool to “empower your CEO to be the best leader possible—the kind of leader who empowers others. Then you have a quality workplace.”

Indeed. If there were one word to describe the current state of the SRNA, council and administration included, it would be satisfaction. Klebeck says, “With Policy Governance, you can give the Executive Director great independence, with boundaries, of course, and she’s empowered to unleash her leadership potential. With empowerment comes job satisfaction, and with job satisfaction, retention.”

Policy Governance has helped the SRNA better manage its complex mandate, mainly by creating clear distinctions in accountability for separate sets of results for the public and for members. Some of the mechanisms through which the SRNA remains closely linked to its multiple constituencies are, for the public, focus groups at least twice yearly, and for members, an accountability session at each annual meeting plus invitations to member groups to attend council meetings. “To better understand the public, we identify groups among the public that we want to link with, how we’re going to do it, and then put time lines on it,” says Klebeck. “For our members, it ensures we do continuous evaluation and improvement. It empowers the Executive Director and the staff and promotes low-level conflict resolution, which is huge.” The SRNA’s experience is good news for other organizations with complex mandates and proof that good governance can play a pivotal role in fulfilling those mandates.

A Policy Governance® Board Comes of Age

Located in Surry, B.C., Semiahmoo House Society (SHS) offers assistance and housing to people with developmental disabilities and traumatic brain injuries. With roots in community organizations formed over fifty years ago, SHS has expanded services well beyond its initial offering to provide a wide range of support to people with disabilities throughout their lifetimes. In the last decade, SHS has grown exponentially, acquiring new facilities, establishing new programs, and recently, developing and running Acquired Brain Injury Services funded by Fraser Health. Today, SHS has a staff of over two hundred.

At the helm of SHS is Doug Tennant, Executive Director since 2012 and formerly on the board for a decade. He has a unique perspective on SHS based on his experience in both board governance and administration. In a recent blog post, "Creating Vision through Ownership Consultation," Tennant ponders questions of ownership for charitable organizations like SHS: Who are the owners? To whom are such organizations accountable? Is it to the public? Is it to the people they support directly?

Ultimately, Tennant asserts, it is to the community that organizations like SHS are accountable. His article reflects a way of thinking about human services that's inclusive. Gone are the old dichotomies between Vulnerable and Strong, Haves and Have Nots. Instead, everyone is viewed as potentially being in need of support at times. For SHS, that means everyone in the Surrey-White Rock area is in some sense an owner.

It's no accident that the concept of ownership is front-of-mind for Tennant. When he joined the board in 2001, it had recently begun a transition to Policy Governance®, with members attending workshops in Atlanta run by the Carvers'. Ownership linkages are a key concept in the Carver model, serving as both a framework for accountability and a guide for definition of organizational vision, mission, and Ends.

"Recruitment is easier when you have a clear governance model you can explain to potential directors."

For nearly 15 years, Tennant has seen the SHS board mature in its application of Policy Governance principles. In his early days on the board, the board was composed largely of people related to those the Society serves, e.g., parents of people with disabilities. Naturally, these board members were involved in operations, due in equal parts to personal involvement and practicality. "When our staff numbers were small, those people needed to be involved in the day-to-day work just to make sure it

The Governance Coach™ in your area...

As of this publication date, a member of The Governance Coach Team will be traveling to the following areas in 2015:

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June 8 Waterloo, ON

June 9-11 Eastmain, QC

June 17 Detroit, MI

**June 18-20 Vancouver, BC
IPGA Annual Conference**

June 23-24 Edmonton, AB

July 12 Indianapolis, IN

July 23-24 San Francisco, CA

August 18 Mississauga, QC

August 19-20 Battle Creek, MI

August 27-28 Helena, MT

September 2 Regina, SK

September 10-11 Cape Cod, MA

September 17-18 Fort Wayne, IN

September 22-24 Wemindji, QC

September 27-28 Edmonton, AB

September 29 Toronto, ON

October 1-2 Edmonton, AB

October 17 Princeton, NJ

October 20-21 Halifax, NS

Open Workshops

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**Marian Hamilton
Office Manager**

Tel: (403) 720-6282

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got done,” says Tennant. Later, when the board had defined separate roles for board and administration, some still felt compelled to monitor actively in detail out of fear that Ends and Executive Limitations were insufficient.

“That’s where education comes in,” explains Tennant. “I or another board member seasoned in Policy Governance would come alongside and help them understand how the model works.” Since 2007, The Governance Coach has played a key role in educating new board members through workshops.

The composition of the board has also evolved in the past ten years, in thanks partly to Policy Governance, according to Tennant. “Recruitment is easier when you have a clear governance model you can explain to potential directors.” Policy Governance is often a welcome change for new board members, many of whom now come from the business world. “They’re used to rolling up their sleeves and making things happen. It’s an interesting shift for them, to define the Ends and then let staff make it happen,” notes Tennant. “Plus, the way we structure our agendas around education and ownership keeps it interesting for them. We’re always future focused, three years out.”

The focus on education and ownership in meetings plus periodic workshops with The Governance Coach have helped the board deepen its understanding not just of Policy Governance, but also of the organization. “There certainly was a growing period in my ten years on the board, in terms of how we thought about the model and board responsibilities,” recalls Tennant. Lately, the board has opened new avenues of community input to the SHS vision. Two years ago, SHS invited spiritual leaders from a variety of faiths to meet to discuss perspectives on people with disabilities and society’s responsibilities to them. “When we meet with owners, I can put some responsibility back on them. It behooves them to support what SHS is doing

because it also supports them,” says Tennant, a firm believer that a society that fully embraces people with disabilities is a healthier and more resilient one.

Now that it has come of age, so to speak, the SHS board is able to act as a mentor organization in Policy Governance. During workshops with The Governance Coach, SHS has invited other organizations in the area to participate. Tennant also speaks regularly to other organizations about the positive impact Policy Governance has had on SHS. “I see Policy Governance as part of the growth of any organization, from adolescent to adult, as it were.”

Cree School Board Effects Cultural Shift with Policy Governance®

Kathleen Wootton and Abraham Jolly are highly-educated people well versed in leadership theory. Wootton, a former Deputy Chief of the Council of the Cree Nation of Mistissini and current Chairperson of the Cree School Board (CSB), has a master’s degree in educational leadership. Jolly, Director General of CSB, has a master’s degree in leadership and management. In recent years, Wootton and Jolly have had ample opportunity to put their academic training into practice where it matters most for them: creating quality education that helps Cree people flourish.

Back in 2008, an education review of the CSB revealed a number of issues of deep concern, including illiteracy and low graduation rates among young Cree. The review called for strong leadership from the CSB, including a plan of action accompanied by clear accountability and communication. The publication of the review was a turning point in which the CSB determined to adopt a new form of governance—one that would clarify the lines of accountability between the administering body and the governing body. Jolly had learned about the Carver model during his master’s

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program and suggested it could make the CSB be more effective in performing the crucial work before them. Consequently, in 2010, the Council began working closely with The Governance Coach on implementing Policy Governance.

The CSB made good progress with the new governance model. By the time Wootton became Council Chairperson in 2011, the Council had already created a policy manual, and Jolly had crafted a strategic plan to achieve the Ends. Moreover, Council had set a vision for the future that features prominently on the CSB website: *“Working together to build a well-educated and successful Cree Nation through inspired teaching and valued learning.”*

Despite having acted immediately and strategically on the recommendations of the 2008 review, the Council met with resistance from some constituents. Wootton attributes such resistance to an artifact of colonialism. In this traditional view, one looks to the highest authority, such as a Band Chief, to solve problems on one’s behalf. Expecting the Council of Commissioners to dictate to Jolly, they instead saw the Council delegate to Jolly. The hands-off approach appeared to them to be an abdication. “They didn’t understand that you’re not giving up your power. The power is in creating direction through the policies,” she affirms, adding that then it’s up to the Director General to prove to the Council that he has followed the policies and met the Ends. “Though the CSB sees a continued need to explain the model, a growing number of constituents are confident the CSB is doing its job. The seeds of positive change it has sewn are taking root and sprouting. The Council has met with almost all of the key Cree organizations in an effort to understand the Ends the people of the Cree Nation would like to see.”

The CSB has put in place new support systems for students to succeed, and graduation rates have improved. “In March, we were able to say to the School Committees, “You said you wanted to see this or that problem addressed, and here’s what we’re doing to address what you brought up,” Wootton said. “They understood it takes time to see results, but they see the CSB is working hard to address their concerns.”

Within the organization, although tough choices had to be made, people have accepted that the CSB needs to govern itself differently than in the past. The organizational culture change has been challenging, nevertheless, because staff had become accustomed to seeking a top administrator or even a Council member to resolve issues. “It’s about taking responsibility,” says the Chairperson. “We tell people, ‘We’ve hired each person to do a job and make decisions specific to their role, so why would we make decisions for them and undermine their authority,’ which is not the response some expect.” On the positive side, Council has noticed that many staff members are more confident and decisive than ever before, thanks to increased clarity of expectations and accountability.

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Council has worked closely with The Governance Coach throughout the process, taking advantage of in-person coaching at every Council meeting for the first few years. Similarly, Jolly has sought the help of a coach at a number of management team meetings and with monitoring reports. As they have gained familiarity with the model, there was a mutual agreement to scale back the frequency of coaching. Wootton says Council members still have questions about Policy Governance, so a coach helps them stay on the “straight and narrow.” She adds, “I’ve heard people say, ‘Oh, I wish my organization operated that way’. They look to what we’re doing as something good. It has been good for us.”

Not Just for Non-Profits: Policy Governance® at Frontenac Mortgage Investment Corporation

Bill Calvert has total clarity: “We’re here to make money for our shareholders.” For Calvert, current Board Chair of Frontenac Mortgage Investment Corporation (FMIC) in Sharbot Lake, Ontario, the best way to ensure the corporation fulfills its mission is to separate means from ends and properly delineate board and CEO responsibilities and accountabilities. The best way to do that, in turn, is Policy Governance.

FMIC has been in business for over thirty years, underwriting residential and construction mortgages in mostly rural areas across Eastern Ontario. Focused mainly on straightforward mortgage types, the company draws on portfolio managers to raise capital nationwide.

“We’ve got an extremely talented & skilled staff. Through Policy Governance, we’ve enabled them to spend less time supporting board activities and more time creating deals that make money for our shareholders.”

High performance notwithstanding, FMIC has seen a gradual evolution toward its current efficient and effective board-CEO relationship. Calvert says that, in the early days, it wasn’t uncommon for board members to spend significant time analysing past deals in detail. Furthermore, the CEO was required to obtain board approval for even the smallest deals. “We had a director signing off on every mortgage, and we do hundreds every year.”

Fortunately, that picture began to change. Former CEO Wayne Robinson had a keen interest in establishing a

stronger governance structure. Also, former Board Chair Alan Gordon was a strong proponent of using policies to govern, without prescribing any particular flavour. “We researched different models, discussed them with the board, and eventually settled on the Carver model,” Calvert said. After a close associate provided a strong reference for Rose Mercier at The Governance Coach™, FMIC began to work closely with The Governance Coach on implementing Policy Governance.

That move began a long process of transformation. The bulk of the work took place in the early stages, with the first involving intensive consultation with Mercier on the writing of policies and setting of Executive Limitations in order to “get the directors out of the kitchen.” In the second year, the focus shifted to reporting. During the entire process, Mercier helped adapt templates and practices to suit FMIC’s business. Her expertise in financial planning was an asset to the board.

Lately, the work has tapered off, with Mercier providing ongoing coaching. Having a coach sit in on board and committee meetings wasn’t to everyone’s liking initially, but the value of Mercier’s presence soon became obvious. Her periodic report cards and availability to answer questions reinforce the good habits the board has developed. In fact, Calvert jokingly refers to Mercier as “a good security blanket to have in the boardroom.”

The transformation at FMIC has been remarkable, most noticeably in the focus of the board’s meetings. Instead of looking backward at past deals, the board spends the majority of its meeting time reviewing policies to be sure they’re in line with current strategy. The flexible parts of the agenda happen early on, including a review of the strategic direction set in December before the fiscal year starts. The remainder of meeting time is devoted to approvals required by regulators, such as distribution of dividends, prospectus and financial reports and statements.

As advice to other for-profit organizations, Calvert is quick to underscore the need for commitment. “To change the way you do business in a significant way, you need to commit time and resources.” That commitment requires buy-in from everyone, a process during which everyone has an opportunity to share their perspectives. Mercier facilitated this discussion at FMIC, resulting in complete consensus.

According to Calvert, the effort required to implement Policy Governance is well worth it. “We’ve got an extremely talented and skilled staff. Through Policy Governance, we’ve enabled them to spend less time supporting board activities and more time creating deals that make money for our shareholders.”



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- What should be included when engaging an external monitor
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- Is your board “stuck in the mechanics” of Policy Governance?
- Are you using Policy Governance as a tool or to govern well?
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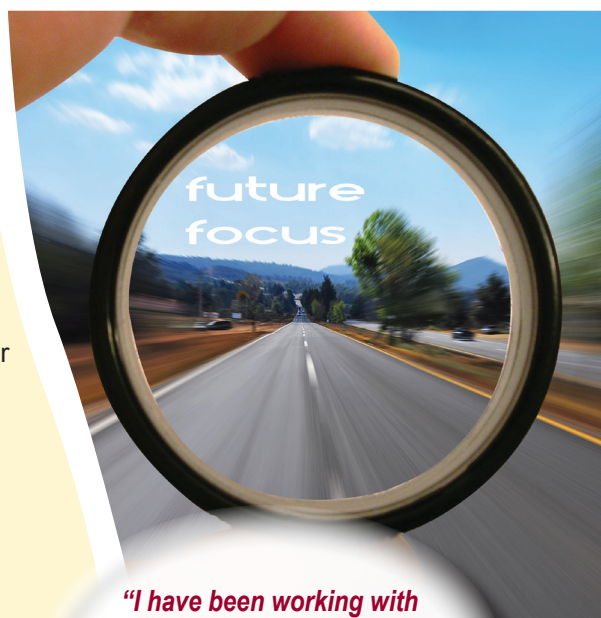
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A Small Hospital Wins Big through Policy Governance®

In 2013, Lake of the Woods District Hospital (LWDH) in Kenora, Ontario, won an award for board governance. The award was presented by the Governance Center of Excellence of the Ontario Hospital Association, and LWDH was the first small hospital to receive it.

Running a hospital, even a small hospital, is a complicated affair. Hospital administration at all job levels requires highly specialized skill sets, experience, and competencies. Although the LWDH board has always been well aware of this fact, and despite its intention to have more of an outward focus, it nonetheless often found itself involved in a number of operational issues.

When Mark Balcaen, CEO of LWDH, brought the Policy Governance model to the attention of board members in the early 2000s, they were highly receptive. “Although they found Policy Governance a little foreign at the time, being used to approving capital expenditures and running several committees, they agreed that not enough work was being done in the community and as a liaison to the Ministry of Health,” recalls Balcaen.

It’s not uncommon for hospital boards to be involved in hospital administration. In fact, in some ways, it’s expected. The Ontario Ministry of Health has legislated certain aspects of hospital board governance, including the requirement that the board establish and maintain a quality committee, and the Ministry even legislates aspects of hospital budget and senior management compensation.

The LWDH board does an admirable job of complying with both provincial legislation and the principles of Policy Governance. Through regular coaching and workshops with The Governance Coach since 2004, the board has invested time and effort in learning the model and adapting it to LWDH’s unique environment. For example, the board established the required quality committee, delegating to the CEO creation of appropriate reporting mechanisms to

enable it to fulfill its responsibilities to the Ministry. The policies have been formed and documented in a policy manual that is reviewed at regular intervals. The Ends have been defined and Executive Limitations set. “The first two to three years are the most challenging,” Balcaen confides. “Monitoring reports were laborious at first, but now they’re done in a few hours. Once you get over that hump, you’ll see that the model is working.”

Another change for the board was performance evaluations. In the Policy Governance model, performance evaluations of a CEO are based on whether the CEO has made the expected progress in achieving the Ends. They do not include evaluation mechanisms often used by HR professionals, such as 360-degree feedback.

***“Policy
Governance has freed
the board to spend more time in the
community LWDH serves.”***

One of the most important changes for the CEO under Policy Governance is that the model has enabled the LWDH board to delegate to him while keeping clear distinctions between board and administration accountabilities and responsibilities. This clarity is difficult to achieve for boards without Policy Governance, according to Balcaen.

Best of all, by putting the onus of reporting on the CEO, Policy Governance has freed the board to spend more time in the community LWDH serves. In the period leading up to its receipt of the governance excellence award, the board had met with a staggering eighty community groups and one thousand individuals, gathering feedback about community expectations and whether the hospital was meeting them. The board continues to use community feedback to shape its Ends, which are updated and published on the LWDH website for all to see, even inciting a bit of envy at times. “Inevitably, when my colleagues at other hospitals look at our Ends document, they say, ‘I want that for our organization’,” says Balcaen.

He recommends that any board considering Policy Governance speak with board members of organizations already established in the model; then, if the value is clear, get expert help. “There’s no such thing as a Policy Governance hybrid. You have to commit to the model as a whole, or you’ll flounder,” he warns. Consistent coaching and new member orientation are key.

For hospitals and other organizations with legislation around board governance, LWDH models a way forward under Policy Governance. “Though no organization is perfectly compliant with the model at all times, LWDH is close.”



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The Governance Coach is pleased to introduce our newest consultant... Ted Hull

Ted brings 25 years of experience in management and administration of churches and mission organizations. He has authored three books, including *Focusing Your Church Board – Using the Policy Governance® System*. He is also a contributor to *Board Leadership*, published by Jossey Bass. Ted was personally trained at the Policy Governance AcademySM by Miriam Carver. Since 2009, he has consulted with the boards of denominations, churches, mission agencies and other charities in the implementation and application of the Policy Governance system. He has served on a number of boards, and currently is a board member of Missionfest Manitoba, and Avant Ministries International.

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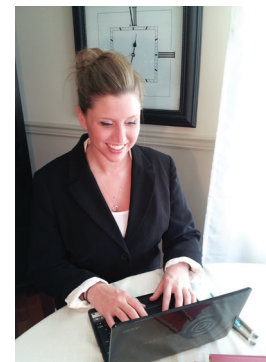


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