The Governance Coach™

REALBoard™ Advisor

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

To Excellence....and Beyond!

PLUS Inside

- Clarity Consultation – Start Where You Are

- The Board-Management Accountability Process – It Starts with Policies

- The Alignment Process – Preparing an Effective Structure for Governance

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EXCELLENCE

NEW BOOK! *Tale of Two School Boards: The Next Chapter*

Editor's Note

There are wonderfully inspiring quotes about taking a journey. Here are a few of my favorites.

If you can't fly, then run, if you can't run then walk, if you can't walk then crawl, but by all means, keep moving! – Martin Luther King, Jr. Read Joseph Inskeep's article about boards that are stuck in the weeds. Are they walking, running or flying when governing on behalf of their owners? A Clarity Consultation will determine where the board is at and help to keep it moving in the right direction.

A journey is a person in itself, no two are alike. – John Steinbeck. There are many similar boards but each has its own pathway. Policy Governance is a system that can be applied to any board, regardless of size or type. What are the values of the owners? Rose Mercier addresses how to translate these values into policies in her article about the Board-Management Accountability process.

A journey of a thousand miles begins with a single step. Watch your step. – Thomas S. Monson. The board needs to be confident that its expectations of the management as stated in policies have been reasonably interpreted and complied with. Ted Hull talks about the process of monitoring and its importance in the governance journey.

Whatever you do, or dream you can begin it. Boldness has genius and power and magic in it. – Johann Wolfgang von Goethe. Looking ahead into an unknown future is a scary process. It requires exercise of strategic foresight to refine that dream and set the direction for creating it. Jan Moore writes about actually exploring the future possibilities to make wise decisions in the present.

When setting out on a journey, do not seek advice from someone who has never left home. - Rumi One way to keep you from imperceptibly wandering off course is to have a coach who will be able to identify that drift, encourage you to get back on course and offer suggestions as to how you can do that.

The theme of this edition of the REALBoard Advisor is To Excellence… and Beyond! At The Governance Coach™, we talk about implementing Policy Governance® as a kind of journey. We stay with you, starting where you are in your knowledge and process, and walk with you to Policy Governance Excellence… and beyond, to leave a legacy for the future.

Marian

Marian Hamilton, Editor

P.S. *The only impossible journey is the one you never begin.*
– Tony Robbins

Featured Articles

"We are what we repeatedly do. Excellence, then, is not an act but a habit."

– Aristotle

TO EXCELLENCE . . . AND BEYOND: BECOMING A REAL BOARD

by Jannice Moore

Our theme for this issue is "to excellence . . . and beyond." We're talking, of course, about excellence in governance, and then more specifically, about how Policy Governance® can be an effective way to achieve that excellence.

Before going further, let's reflect for a moment on the origins of the concept of governance. The word "govern" originates from the Greek word *kubernetes*. This was the person on the ancient sailing vessels that stood beside the helmsman and ordered the navigational direction the ship was to take. He also watched out for the shoals and rocks, protecting the ship from harm. In the same way, boards today still have those two major functions: to *direct* – identify what results the organization is to produce, who are they for and what is it worth to do so – and to *protect* – identify what situations should not occur, because they would cause harm, because they are imprudent or unethical, and monitor to ensure they are not occurring.

Policy Governance® is a complete system, a set of ten integrated principles – a tool for boards to achieve excellence, and beyond that, to leave a legacy for the future of their organizations. Achievement of excellence is a process that can be likened to a journey. Different boards begin that journey from various starting points. Some literally begin at "square one" either as newly-constituted boards, or as boards that have, to this point, functioned as "working boards," combining governance and operational roles without clear distinction. Some have completed the first few stages, but for various reasons have lost their path, or simply bogged down and not reaped the benefits of completing the journey. Others are already well on the way, but want to continuously improve so as to provide the best possible leadership for their organizations, both now and in the future. At whatever stage of this journey your board finds itself, we trust you will find information here that will help you progress to the next stage.

Remember that the goal is not to "do" Policy Governance for its own sake, but to provide the necessary direction regarding your organization's mission and protection so that mission can be achieved. "Doing" Policy Governance well is valuable simply because the system is such an effective tool to help you govern.

Over the almost twenty-five years that The Governance Coach has been coaching boards in Policy Governance (a total of over 80 years of cumulative experience), we have found there are a number of stages in this Policy Governance journey. Sometimes the road curves back on itself, as when there is a significant turnover of board members, but if you keep the goal in sight, you should move through these stages over time.

We've given these stages names to describe the steps in the process, a sort of map so you can see what comes next. (You can find the visual description of the process on page 4.) With a touch of humor, we have characterized the end-point of this journey as becoming a REAL board, as noted in our publication's masthead:

  R: **R**esults-focused
  E: **E**xcellent
  A: **A**ccountable to and linked to owners
  L: **L**egacy-creating

We start where you are, and as a coach walk with you to encourage you to keep moving forward, providing the benefit of our experience and practical tools designed to make the journey easier. We hope these articles provide both practical insights, and a sense of anticipation for the next step. Happy travels!

> ## Policy Governance® Basics
>
> Policy Governance is a complete system where all principles are designed to work together as an integrated whole.
>
> The board understands that its responsibility is to govern in the interests of the owners, and it is accountable for the whole organization, positioned as the link between owners and management. The board speaks with authority as a whole, not as individual voices, using policies to communicate effectively to those to whom it delegates.
>
> The board establishes Ends policies that describe the benefits the organization is to produce, who the benefits are for, and what it is worth to produce them. It delegates the production of those benefits to the CEO, its only employee. The board also establishes Executive Limitations policies that place boundaries of prudence and ethics around the means the CEO may choose to achieve the Ends. These policies are developed in nested sizes, beginning with the largest concepts in each category, and moving to more detailed levels until the board is willing to accept any reasonable interpretation by the CEO. The board systematically and rigorously monitors compliance with those delegated policies. This monitoring, taken cumulatively, is the basis for CEO evaluation.
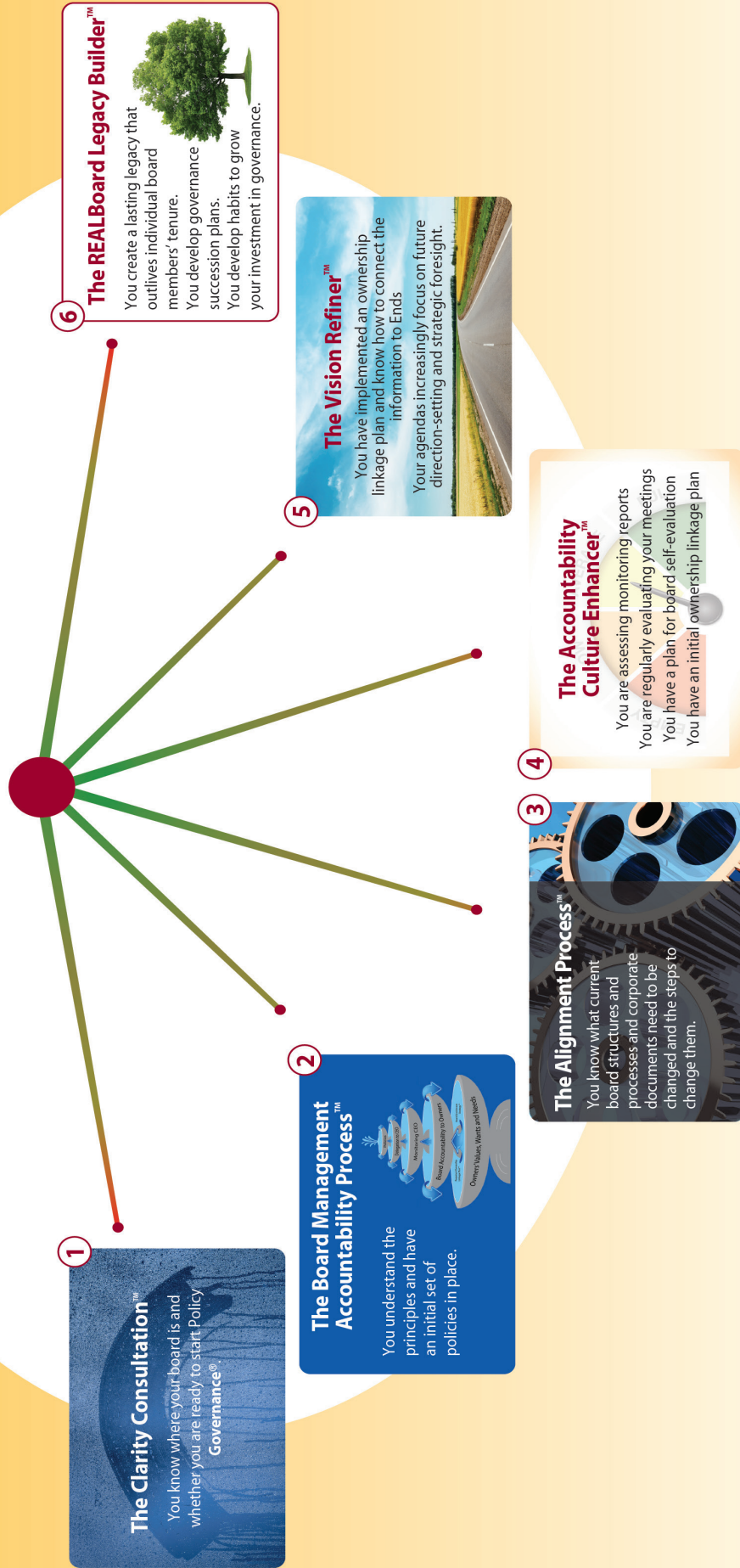>
> Finally, the board establishes policies that describe its own job and processes, consistent with the above principles.
>
> The authoritative source for what constitutes Policy Governance is www.carvergovernance.com

The REALBoard Excellence Advantage™

6 The REALBoard Legacy Builder™

You create a lasting legacy that outlives individual board members' tenure.
You develop governance succession plans.
You develop habits to grow your investment in governance.

5 The Vision Refiner™

You have implemented an ownership linkage plan and know how to connect the information to Ends
Your agendas increasingly focus on future direction-setting and strategic foresight.

4 The Accountability Culture Enhancer™

You are assessing monitoring reports
You are regularly evaluating your meetings
You have a plan for board self-evaluation
You have an initial ownership linkage plan

3 The Alignment Process™

You know what current board structures and processes and corporate documents need to be changed and the steps to change them.

2 The Board Management Accountability Process™

You understand the principles and have an initial set of policies in place.

1 The Clarity Consultation™

You know where your board is and whether you are ready to start Policy Governance®

CLARITY CONSULTATION – START WHERE YOU ARE

by Joseph Inskeep

Board work can be frustrating. People serve on boards to help and they hope their contributions will be meaningful. But when the board as a group is ineffective, the disappointment individual members feel is unambiguous. This is too common an occurrence and more poignant because we know that governance is no more a mystery than other group activities. Boards can learn to lead effectively. For those boards that struggle yet aspire to improve, where to begin?

In an initial Clarity Consultation, we simply *"start where you are,"* or, in this case, where the board already is. "Start where you are" means looking non-judgmentally at what works and doesn't work in current board practice. Knowing what doesn't work well is a first step to finding something that works better. Progress begins with transparency and truth about what is.

"Start" also refers to a fresh start, being willing to learn about a new model of governance. The Governance Coach consultants are fully trained in Policy Governance®, a model that has proven effective for organizations of all shapes and sizes over the past 40 years. Our conversation with you might take the form of an introductory workshop; it might be a telephone conversation exploring where your board "is" in relation to where it would like to be. It might even begin with one or more board members completing our on-line tool, the Board Practices Profile, and receiving written feedback from one of our consultants. Because one or more of these approaches will clarify the similarities and differences between your current board practice and the Policy Governance model, we call it the Clarity Consultation. The result is that you will understand where your board gets stuck and what drives board success.

Board members are often able to describe why their board struggles. Comments like these are typical:

- "We are in the weeds again."
- "We go month to month reacting to things, but we never get out in front."
- "We meet around this table, but we're somewhat isolated."
- "So little time spent looking ahead. Shouldn't we be more strategic?"
- "We just reviewed what the staff already did. Is that really our job?"

These statements express personal frustration but they also describe an underlying governance problem. Interestingly, if we explore each issue closely enough, it becomes a stepping-stone toward a solution. Let's take a few examples:

"We are in the weeds again."

This statement describes a board occupied with trivia, a common complaint lodged by both board members and CEO's alike. Using the problem as a stepping-stone, in the Clarity Consultation we explore why some issues belong to the board while others belong to CEO and staff. What principles would help us to sort this out? Does the Policy Governance model shed light on the question? Yes it does, and in quite a bit of detail. The discussion will clarify the distinction between governance and management roles and help each group to reflect on its appropriate scope of work.

There are vanishingly few new board problems. If your board experiences it, the majority of others do as well. The Policy Governance model anticipates these challenges and addresses them all.

"We go from month to month reacting to things but we never get out in front."

The problem identified here is that this board responds to current events rather than its own proactive governance agenda. All organizations have current events, but too few boards have an annual agenda plan. Again, the problem can be a stepping-stone toward the solution. If "getting out in front" means the board goes beyond current events to accomplish its broader job, there are initial steps we can discuss. First, the board can thoughtfully define its own job products (surely this should be a requirement for any board!). For example, one board product is creating policies that provide clear direction about organizational results to be achieved. Are there Policy Governance principles that clarify these critical job contributions? Yes, there are, and they are simple, elegant, and universally applicable. Once known, these job contributions can become the centerpiece of an annual board agenda. Having them on an annual agenda positions the board to stay on track and out in front, simply by performing according to plan.

"We meet around this table, but we're somewhat isolated."

This distressing situation is sometimes noticed by ownership and staff as well. It too is a potential stepping-stone, this time to increased connections outside the boardroom. But with whom should the board connect and to what end? Again, there are proven Policy Governance principles that can help guide the board in connecting to its ownership and constituencies, and to get rigorous feedback about organizational performance. Engaging with these initiatives leads the board out of the boardroom and into the conversations and enriched input it needs to govern effectively.

In these examples, identifying the problem suggests a way forward. Policy Governance was designed to offer principled solutions. What boards can remember is:

1. Good governance can be learned, and
2. Policy Governance was designed for your board, too.

In the Clarity Consultation, The Governance Coach™ will help you reflect on current board practice and the Policy Governance model so you are in a position to make informed choices about your organization's future.

THE BOARD-MANAGEMENT ACCOUNTABILITY PROCESS – IT STARTS WITH POLICIES

by Rose Mercier

Now that your board has made the decision to implement Policy Governance®, it is time to develop your fundamental leadership tool – a set of policies that will enable you to govern the organization using an integrated and comprehensive system. This set of policies will encompass all aspects of the organization's accountability: the CEO's accountability to the board, and in turn the board's accountability to the owners, those on whose behalf it governs. You might compare this process to a fountain. In the pool at the bottom of the fountain is the information the board needs to develop sound policies – understanding of the owners' values, understanding of the external context in which the organization does its work, and consideration of future possibilities. All of this information contributes to board knowledge, and hopefully wisdom, which is then codified in the form of policies. These policies percolate up to the top of the fountain and then flow downwards. Those related to operational matters are delegated to the CEO, who interprets and implements them. The CEO then provides monitoring information to the board regarding compliance with the policies. The monitoring information permits the board in turn to demonstrate accountability to the owners. [See #2 in the diagram on page 4.]

Rather than policies which mirror management activities, the policies you develop will align with the purpose of governing:

- The difference that the organization should produce in the world (Ends policies)

- The staff means that are unacceptable in producing those differences even if they work, because they pose an unacceptable level of risk, or violate ethics and core values (Executive Limitations policies)

- The means that the board will use in governing the organization (Governance Process policies)

- The means that the board will use in delegating its authority and assessing organizational performance (Board – Management Delegation policies)

Developing your policies requires you to make explicit your values about the organization's purpose, ethical/unethical or prudent/imprudent or tolerable/intolerable means, etc. You make these decisions proactively, rather than in response to an event or circumstance. As you develop all four categories of polices, you will comprehensively address all aspects of organizational activity.

So…where do you start? You may have developed policies previously. You might have spent many hours during your meetings doing this very thing. Could you use some of these policies as you move forward? It depends . . .

You need to decide on a process for developing your set of policies. There is no one right answer about how long this should take or how it should be done, but experience with a wide variety and number of boards suggests the process should be expeditious and practical. A protracted process makes it hard to sustain momentum for implementation of Policy Governance, because a board cannot really gain the benefits of using the model until policies are in place to direct the organization's chief executive; you also need policies that guide your board's action.

While each organization's Ends policies will be unique, organizations do share similar concerns related to the ethics and prudence of the staff means for achieving Ends and board means in governing and delegation. This makes it practical to use policy templates as a starting point. There are sample policies in a number of books by the Carvers, but it should be noted that the format of "shall not fail to" that appears in some of the Executive Limitations in these older books is no longer considered the best practice application of Policy Governance. The Governance Coach has over time developed policy templates that are designed as a starting point for different types of boards – member associations, community colleges, regulatory organizations, faith-based missions, health organizations, schools, etc. These templates are regularly revised to align them with current thinking in the Policy Governance community about the best way to apply Policy Governance principles. These have lessened the amount of adapting to unique circumstances for many boards. However, it is still important that each board not simply adopt a set of template policies, whatever the source. The values in the policies must be appropriate for your particular organization, so taking time for fulsome discussion and agreement by the board as to what your policies need to say is crucial.

While templates are a reasonable starting point for the three categories of means policies, a board must be prepared to develop its Ends policies from scratch. While the organization might have a strategic plan or key performance indicators, it is likely that these documents focus on a mix of outcomes and operational means. It is usually best to develop Ends by starting with questions such as, "If we were sitting here five years from now and looking back, what would be different because of our organization? What results would have been produced, and who were the beneficiaries?" Writing Ends policies has a fairly steep learning curve, so be prepared for some frustration caused by finding out many of the Ends you first write are actually means, or trying to understand how to establish levels of Ends policies consistently with the principle of policy sizes. Let me emphasize: it is worth the work to have a clearly expressed set of Ends that translate owners' values and perspectives to direct the organization.

How should a board write policies? Here again, there are several options that I have seen work (and possibly others of which I am not aware or which have yet to be invented).

Some boards undertake this policy development on their own. If you opt to do this, it will help to have a committee guide the process. Such a committee needs to educate itself and the board about the policy categories and the relevant Policy Governance principles, set out timelines and benchmarks, prepare and lead the board's working sessions and document the policy work as it is completed. While this approach is possible, we have found that it usually results in

some basic errors which may get a board started on the wrong foot, unless someone on the board has a very thorough knowledge of Policy Governance at the outset.
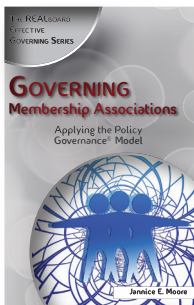
Most boards choose to work with an experienced Policy Governance coach through all or some parts of the process of policy development. With either approach, there are different methods for completing the work.

Some boards will use an intensive process, developing a complete set of policies in several working sessions of one to two days each, depending on the size and complexity of the organization and the amount of preparatory work that is done. There is also no right answer about which policy category the board should start to develop. Many boards choose to start with Executive Limitations policies because the process of writing these helps board members better understand how the board controls staff means, making it more comfortable to then delegate operations to the CEO. Some boards might start with Governance Process policies because they want to better understand how the board will carry out its role as a Policy Governance board. A few boards start by establishing Ends policies because they want to start with clarity about the organization's purpose.

Some boards contract with an experienced consultant to review their existing documents and incorporate the values in existing policies into a set of starting policy templates. A committee might work with the consultant to accomplish this. Ultimately, it is important that the whole board weigh in on the content of the policies so that the board's holism is not compromised. Depending on the organization's circumstances, this work may take place in person or using a video meeting platform.

Hopefully you can see there are a variety of ways your board can start this journey. Once your policies are complete, it is important to ensure there is a system for maintaining the integrity of policies. You want to ensure the version that is posted on the board's electronic site or printed in its manual is the most current version. You will also want to establish (documented in the policies themselves) a regular review cycle, as policies do change over time as your board gains more experience with the Policy Governance system and in response to new situations. Your first set of policies will not be perfect; strive for "good enough" so that you are confident to start your journey to governance excellence. Then keep refining the content as you move forward.
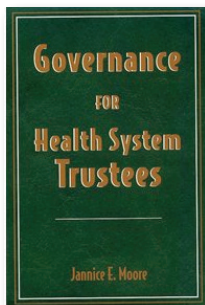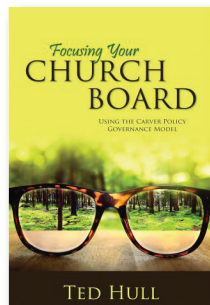
THE ALIGNMENT PROCESS – PREPARING AN EFFECTIVE STRUCTURE FOR GOVERNANCE

by Andrew Bergen

Many years ago, I was living in Eastern Europe. In the particular country of my residence, I noticed a pattern of construction that left me wondering what might be going on. Several buildings were under construction, with partially built brick walls. I watched the progress of these buildings and looked forward to seeing the final result. However, three months later, none of those construction sites had made any progress. I finally asked a friend who had lived there his whole life if he knew what was going on. He replied, "Yes, that's the new pattern of construction here. The owners will buy as many bricks as they can and build until they're used up. Then they wait until they have enough money to buy more bricks. But most owners never find that money and the buildings are left half finished."

After a few more months, I noticed these half-finished buildings were de-constructing. The bricks were being removed. Sure enough, my friend confirmed that brick stealing from unfinished sites had become the way other owners tried to gain enough bricks for their own construction sites.

I've seen boards engaged in a similarly dangerous practice. Some boards "adopt" Policy Governance® by writing their first policy manual and then take it no further. While writing a policy manual consistent with Policy Governance principles is an important and foundational step toward governing with excellence, it isn't enough. Without building on the foundation provided by the policies, the effectiveness of governing practice will stall or even reverse. There are several important steps for a board to take in order to align its governing practices and make the best use of the Policy Governance Model.

1. **Examine your board agendas and build them to support the main work of the board.** Three main roles of the board are to connect with ownership, write governance-level policy and monitor for compliance. Of these three jobs, connecting with ownership and writing policy are forward looking while monitoring is examining the past. Far too often, board agendas are created in a reactive rather than proactive way. After adopting the minutes, traditional meetings often start with business that arises from the minutes, followed by "old business." This is all done prior to dealing with "new business." By the time a board arrives at "new business," much of the time allotted to meet has already expired, people are tired, and the "new business" shows up as "old business" at the next meeting.

   Instead of this pattern, construct your agendas in a way that keeps the board's future focused work at the front end of the meeting because this is the most important work of the board. Place ownership linkage, board education and Ends policy work at the beginning of the meeting. These future-oriented items should consume the majority of the board's time. After this important work is completed, the agenda can move on to include Executive Limitations and Governance Process items for decision. Monitoring should be placed near the end of the agenda and take a minimum amount of time, especially as the board becomes adept in the practice of monitoring.

   Additionally, ensure the supporting information for the agenda is clearly identified as decision, monitoring or incidental information. Decision information belongs at the front of the meeting to support the board's main jobs. If information is incidental, consider including it at the very end of the meeting in a section called "Nice to Know." This way the board can be informed about operational matters as desired, but doesn't spend its valuable time in areas that don't directly relate to board work.

2. **Create a yearly agenda for the board's work.** Map out the meetings for the year ahead and assign the board's work to spread out over that time period. The focus of this yearly agenda should be on Ends. In other words, determine where in the year the board will review the Ends policies (ideally before the CEO needs to create the budget necessary to achieve them) and work backwards from there. Plan to include ownership linkage activities at the beginning of the yearly cycle to allow time to gather ownership input into Ends work. Make sure to add time for additional board education that is needed to support the board in its future-focused work. This can include time in the year to receive and discuss an environmental scan and any other additional education the board needs in order to be informed in its decision making. In this yearly agenda, also include time in each meeting for monitoring. Rather than monitoring all at once, spread the monitoring of policies throughout the year so that both the CEO and the board can be prepared to do this work expeditiously.

3. **Ensure your policies align with any legal requirements.** Bring your policies to your lawyer, preferably a lawyer who is familiar with the Policy Governance model. Ask for advice on any gaps related to legal requirements that may exist in your policies to ensure the board has done its due diligence. Check as well with your Policy Governance consultant if you are unsure whether suggestions are consistent with the principles of the model.

4. **Review bylaws and determine if any amendments are necessary to avoid contradicting Policy Governance principles.** As an example, one board I've worked with is facing difficulty because its bylaws require the board to have an executive committee (comprised of the Chair, the Vice-Chair and the Secretary). This committee's job is to make "important" decisions in the case of emergent issues, leaving the board in a vulnerable state because this executive committee is the *de facto* board. This is a violation of the principle of board holism. If the executive committee is making all of the "important" decisions, what decisions are left for the board? It appears that only non-consequential decisions are the board's realm leaving one to wonder what the purpose of the board is in the first place. It is important

to review bylaws for these types of issues and make the necessary amendments to ensure effective governance.

5. **Examine all board committees and ensure that they are true board committees and not management committees.** A true board committee is one that helps the board do the board's work. Again, the main roles of the board are to connect with owners, develop policy and monitor the organization. Any committee that helps the board do this work is an appropriate committee. If an existing committee is instead involved in "helping" management in operational areas already delegated to the CEO, develop a transition plan to eliminate that committee, as it does not permit clear delegation to management and thus confuses accountability.

The purpose of Policy Governance is not simply to write policy for the sake of having sound policy. It is to build a practice of governing that is effective and ensures delivery of the right results for the right people at the right cost. Without making the necessary structural changes to the board's work, the board will be vulnerable, as structural issues continue to hinder its progress, and may even lose any momentum gained when building the foundation of written policies. Structuring your board in the ways described above will help you build a sound governance process.
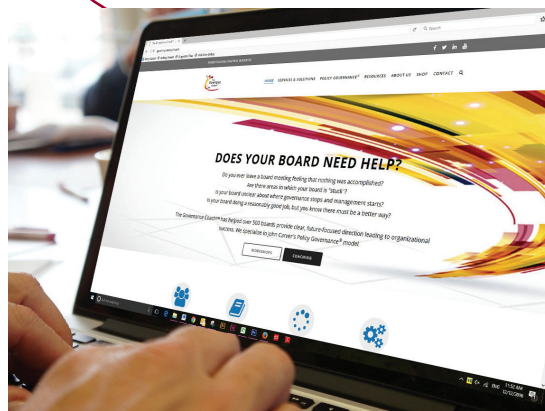
THE ACCOUNTABILITY CULTURE ENHANCER – MONITORING

by Ted Hull

A board should always *implicitly* trust its CEO…and it should never *explicitly* trust its CEO.

In any organization, as in any relationship, implicit trust is critical if the relationship is going to be healthy. In the case of a board and its CEO, a board must believe that its CEO will make decisions that are in the best interests of the organization. After all, if a board has hired a CEO it doesn't trust, it has hired the wrong person. The culture will be cynical and suspicious, and ultimately, it just won't work.

However, implicit trust should not be confused with the absence of accountability. Accountability means that I don't – and won't – just trust your word. A board will delegate authority to its trustworthy CEO; but delegation should not be confused with abdication. Delegating authority and then walking away because a board trusts its CEO is a bad idea. Remember those Ends that were carefully crafted and those Executive Limitations which were strategically designed to ensure the CEO operated within the board's boundaries? Those policies articulated the values of your board. If your board has values important enough to write in a policy, those values are important enough to be monitored – and monitored with regularity and rigor.

Successful monitoring begins with clearly defined expectations stated by the board. Then, the CEO will tell the board his or her understanding of the board's expectations. In Policy Governance® language, we call it a *reasonable interpretation*. A reasonable interpretation is not an explanation or a synonymizing of the board's words. Suppose for example that your spouse tells you not to have your suitcase packed too heavy. Then, just as you both are heading out the door, you're asked again, "Hey, how's that suitcase?" At some point you have grabbed the handle, given it a quick lift and guessed that it was not overweight. You had a task and your spouse checked to see if you had complied with the request. Then you arrive at the check-in counter and discover that the suitcase is two pounds overweight.

A reasonable interpretation is more than a good guess, a random opinion or a quick tug on the handle. It is a measure that, if achieved, would show policy compliance, tied to a rationale. In the case of the luggage, the rationale is that airlines have stated that luggage weighing more than 50 pounds is overweight. Monitoring is more than a '*have you done this?*' It's more than just a tacit acknowledgement that the expectations have been met. In the case of luggage, it's checking the actual weight. Monitoring is the way of knowing that the board's stated expectations, reasonably interpreted, have been met.

One of the practical advantages of a regular monitoring routine is that it serves as a checklist and a reminder for both the CEO and the board of those things which are important and need to be reviewed for compliance.

Another reason for good monitoring is to ensure that your board never assumes that because a monitoring report has been submitted and the CEO has declared compliance with all of the Ends and Executive Limitations, that such is actually the case. A monitoring report needs to be carefully scrutinized by every board member. The temptation of some board members is to take a quick peek at the monitoring report and feel a sense of relief if there are no declarations of noncompliance. Instead, each board member needs to make sure the policy is reasonably interpreted and the data demonstrates compliance with that reasonable interpretation.

If the board is going to be that tenacious in ensuring compliance with its expectations of its CEO, why would it not also be just as diligent in monitoring its own behaviour? As such, it needs to have a schedule that will require the board to monitor its own behaviours regularly . This should be much more than just a collective grunt when it looks at its own policies. It needs to ask of itself and each of its members where it is compliant and where its own behaviour is less than stellar.

For example, when your board first implemented Policy Governance it understood and embraced the idea of connecting with its moral owners. But as you look back, what was originally a good idea, is still that – a good idea. You don't have a plan for how or when you will do it, so unless your board is stubbornly persistent in monitoring its commitment to connecting with owners, it is more than likely not going to happen.

The concept of monitoring makes sense. As a board, your intentions can be noble and your resolve can be resolute. But drift happens.

One way to keep you from imperceptibly wandering off course is to have a coach who will be able to identify that drift and encourage you to get back on course and offer suggestions as to how you can do that.

You believe in your own desire to develop governance excellence and you implicitly trust your CEO's aspiration to accomplish the Ends within the boundaries you have set. Careful monitoring will ensure that what you believe and trust will be confirmed.

INTRODUCING THE SEQUEL TO A UNIQUE POLICY GOVERNANCE® PUBLICATION...

THE REALBOARD EFFECTIVE GOVERNING SERIES

A Tale of Two School Boards
Applying the Policy Governance® Model

Andrew Bergen & Jannice Moore

THE REALBOARD EFFECTIVE GOVERNING SERIES

A Tale of Two School Boards: The next Chapter

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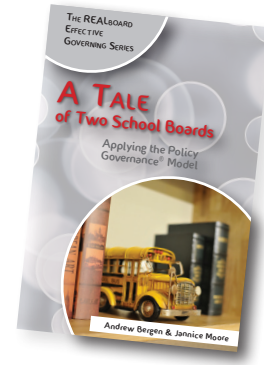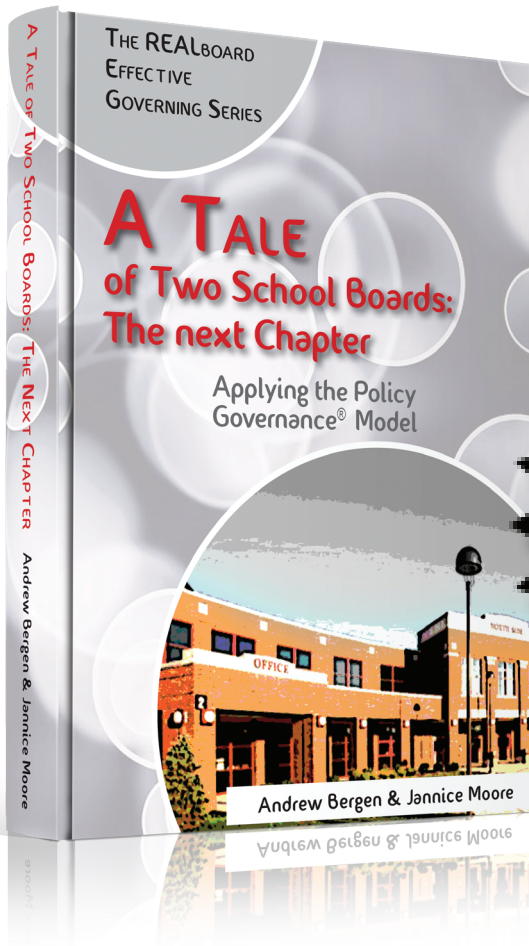
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A TALE OF TWO SCHOOL BOARDS: THE NEXT CHAPTER

In the words of author, Andrew Bergen, "I was just too fond of Anthony to say goodbye, so the tale continues!" The sequel to the unique novel, *A Tale of Two School Boards*, takes the reader along with chair Anthony Reyes and the Norcrest School District Board. They encounter numerous scenarios as a board, while expanding their knowledge and understanding about how the Policy Governance system helps the board direct and control the organization. The board will walk you through specific applications of Policy Governance and you'll see how the trustees learn to apply Policy Governance in practical and realistic ways.

From a staff perspective, Nathan Bentz, Superintendent of Norcrest School District explores some ideas about how to support school district staff in furthering their understanding of how Policy Governance applies to their work. He also addresses how to write monitoring reports, understand and apply policy, the necessity of maintaining the ten principles and supporting Board Holism.

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**Special: Pre-publication orders (until June 30th) can be purchased online at
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THE VISION REFINER – STRATEGIC FORESIGHT

by Jannice Moore

You started the journey some time ago. You've created policies that incorporate your values. After this "construction" work building the foundation, you got ready to "turn on the lights" – you examined your board's structures and processes and aligned them with the principles of good governance enunciated in Policy Governance®. You've put in place a system to monitor for compliance with those policies. Because you have clear delegation to management and accountability measures are in place, your board is not involving itself in operational details. You've freed up board meeting time that in the past was focused on operational decisions.

So now what? Do you rest on your laurels and simply shorten your meetings? Or, because you've now done all this great work, are you just going through the motions of regularly reviewing your policies ("yes, they still look fine"), but you have become somewhat bored with the whole thing, wondering when you will do some "real work"?

You are definitely overdue for the next stage! To me, this is the most exciting, challenging – and sometimes scary – part of the board's work. You probably created an initial set of Ends policies based on the knowledge that your board had at the time about what direction the organization was going. Perhaps since then you have developed a plan for making connections with your "owners" – those on whose behalf you govern – to determine if that initial set of Ends is aligned with their values and what results or benefits they expect the organization to produce. (If you haven't yet done that, stop right here and learn about how to make that all-important connection, develop a plan to link with your owners, and get started. You might check out our Toolkit: *Connect! A Guide to Ownership Linkage.*)

If you have begun ownership linkage, now is your opportunity to refine your vision, and ultimately refine your Ends. There are several types of information a board needs to do this ongoing Ends work. As an aside, doing Ends work doesn't always mean actually changing the Ends. Doing that too frequently is a recipe for frustrating your CEO, who needs to interpret the Ends – determining what measures would actually demonstrate achievement – and develop and implement plans to actually achieve them. So changing them too often is counter-productive. However, the Ends should always be at the forefront of the board's consideration. That means continuously gathering information that periodically will be used to determine if any adjustments to Ends are necessary.

We've already mentioned input from connecting with your owners. The primary purpose of this information is to understand the values and perspectives of your owners, so you can govern effectively on their behalf. But because the board is in a position of trust, you need to know more about the issues than the average owner. This is where strategic foresight comes into play. Remember the *kubernetes*? Setting the ship's direction meant knowing the destination and also knowing the danger spots along the way. Strategic foresight involves actively exploring future possibilities, so that when you set direction, you have not locked the organization into one possible future. You have not missed potential opportunities or threats. You have not continued to lead your organization in a direction that will be irrelevant in the rapidly changing world of tomorrow.

Robert Greenleaf said that "the failure of a leader to foresee may be viewed as an ethical failure; because a serious ethical compromise today (when the usual judgement on ethical inadequacy is made) is sometimes the result of a failure to make the effort at an earlier date to foresee today's events and take the right actions when there was freedom for initiative to act."[1] In order to exercise due diligence, the board needs to exercise strategic foresight.

The trouble with many boards is, that if they take time to do this kind of thinking at all, they may be doing it in a naïve way. Back in 1969, William Bernbaum[2] said, "Much of what passes for future-think is an imagination of what the world would look like if it 'worked right' . . . it is an imagination dominated by *now*, which aims to imprint the 'best' of now upon the future. The trouble is that the 'best' of now . . . is not very satisfactory (in a world of profound change)." If he was saying that about the rate of change almost 50 years ago, think about the exponential way in which that rate has changed – and continues to change – since then!
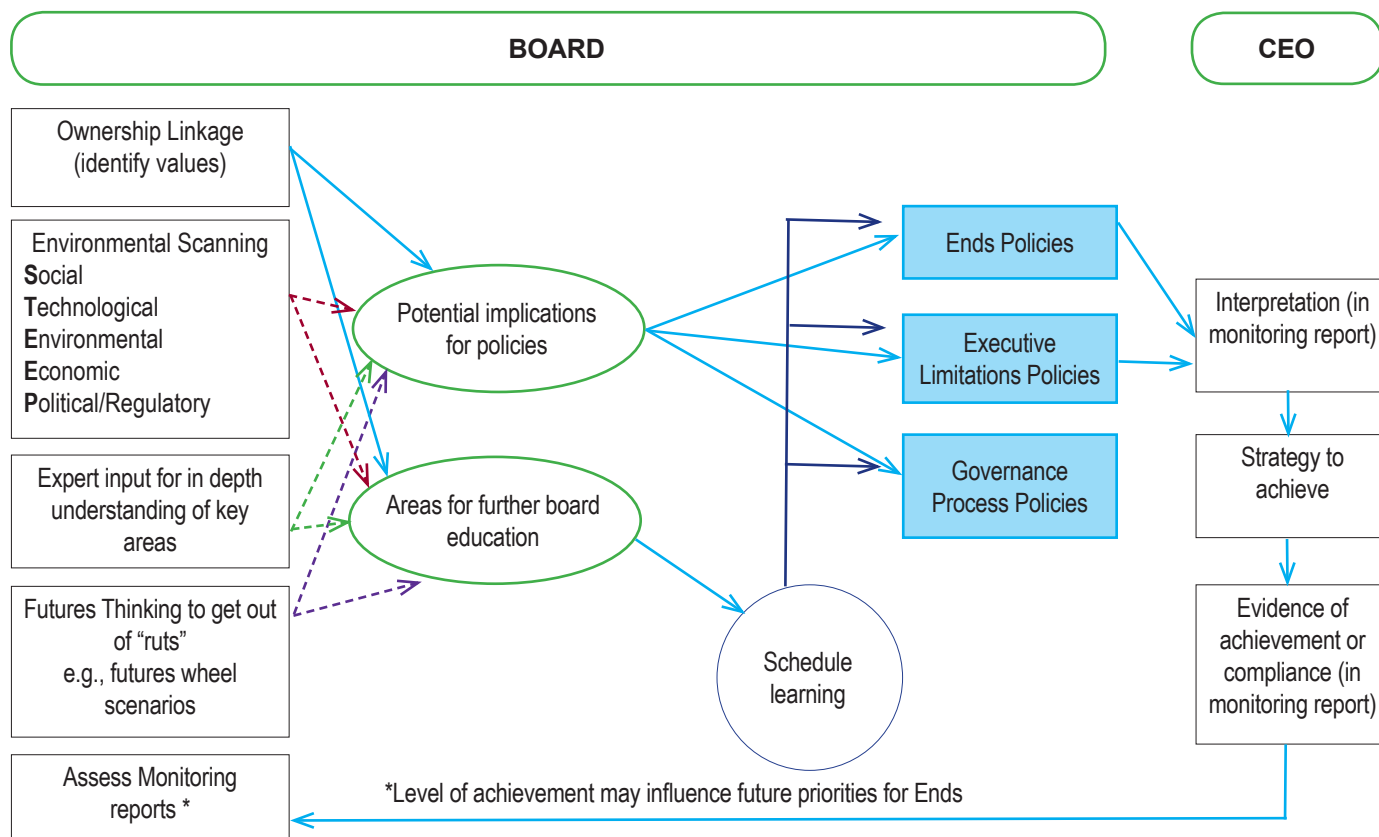
We've become used to doing things in certain ways; that in turn leads us to thinking in certain ways; ultimately, it affects even the way we can imagine – in other words, we are stuck in a rut. Even when we think we are thinking out of the box, often we don't realize that we are still very much in it! So boards need to consider ways to jolt themselves out of those thinking ruts in order to imagine alternative possible futures, and then set Ends directions for their organizations in light of a wider range of future possibilities than they may have originally considered. Devoting time and attention to this active exploration of future possibilities develops foresight, which allows the board to make decisions that will be judged 'good' not just today, but in the long run.

When you begin to "future-focus" your board agendas to allow time for this kind of exploration and deliberation, board meetings become energizing, rather than simply routinely going through the motions. Ultimately, over the course of several years, a board can combine the wisdom and foresight from multiple sources to thoughtfully examine and refine Ends. The schematic on the next page illustrates how all the puzzle pieces fit together. Begin at the top left corner to follow the connections between sources of information for the board, through their impact on policy development, and ultimately to the CEO's work.

Which parts of this picture are not yet present within your board's agenda cycle? Take the time today to determine what your next steps might be to begin the process of refining your vision. Call The Governance Coach™ if you need help with any of those steps. We'll start where you are and help you move to the next level.

[1]Greenleaf, Robert. *The Servant as Leader.* Indianapolis: The Robert K. Greenleaf Center. 1991, p.18.

[2]Bernbaum, William. *Overlive*. New York: Delta Dell Publishing Company. 1969.

BOARD | **CEO**

Ownership Linkage (identify values)

Environmental Scanning
Social
Technological
Environmental
Economic
Political/Regulatory

Expert input for in depth understanding of key areas

Futures Thinking to get out of "ruts"
e.g., futures wheel scenarios

Assess Monitoring reports *

Potential implications for policies

Areas for further board education

Schedule learning

Ends Policies

Executive Limitations Policies

Governance Process Policies

Interpretation (in monitoring report)

Strategy to achieve

Evidence of achievement or compliance (in monitoring report)

*Level of achievement may influence future priorities for Ends

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- minutes
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- maintaining a Governance Information System
- agenda packages –distinguishing different types of board information
- what should really be in a "CEO Report"
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- supporting the board's monitoring function and tracking to make CEO performance appraisal easy
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- Executive Limitation policies and relation to risk management; Maintaining clarity of delegation; Monitoring the CEO; Documenting the board's assessment; CEO evaluation process

Accountability: Leading the Board's Responsibility for its Own Performance

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How is your board doing on:

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- Clearly articulating expected organizational results?
- Setting clear policies within which the operations of the organization can proceed?
- Having clear distinction between board and CEO roles?
- Holding the CEO accountable and having clear processes for CEO evaluation?
- Having policies that the board itself follows for its own processes?
- Having clarity about board committees and their respective roles?
- Having an agenda that allows the board to focus on future direction?
- Knowing how the board itself is doing and where it could improve?

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If your board is already using Policy Governance, we offer a similar **Policy Governance Application Check-up™** to give you insights about how to get the most out of the Policy Governance system. Find it at http://governancecoach.com/policy-governance-application-check-up/

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THE REALBOARD LEGACY BUILDER – WHAT WILL BE YOUR BOARD'S LEGACY?

by Richard Stringham

If you were to picture your board 10 years from now, what would you see? What part of that image has been influenced by what you are doing now?

- **Will the Ends be the same then as they are now?**

Perhaps your Ends will have some resemblance to today's Ends; but if the organization is to remain relevant in a changing world, then one must expect that over time the Ends should change as well.

What can you contribute today to the Ends 10 years from now? Start with a servant leadership attitude that recognizes that you are standing in for your legal and moral owners and making decisions on their behalf. Cultivate an ongoing desire to reach out to your owners to better understand their perspectives and to improve the board's ability to link with that ownership.

Secondly, Ends are the board's projection of what the future should be. Consequently, the board should develop a passion and the abilities to explore potential futures for those the organization intends to benefit.

- **Will the risks be the same then as they are now?**

Chances are that most of the current risks will continue; but there may be new risks identified that need to be addressed.

What can you do now to address those risks? Begin with a policy structure that comprehensively covers all that the board should be concerned about at the board level. Then, ensure that the board monitors both those policies that are delegated to the CEO and those which state expectations for the board's behaviour.

Next, create an environment of inquisitiveness. Board members should always wonder about whether or not they have the right policies in place. Questioning a policy should not be met with a roll of the eyes but rather an openness to explore concerns and ways to remedy those concerns in a manner consistent with your governance system.

- **Will the governance system be the same as it is now?**

Much depends upon successive boards' understanding of their governance system and why the system is valuable to the organization and its ownership. Orientation to the governance model for new board members and refreshers for veterans enables that understanding.

- **Will the Board have the capacity to govern effectively?**

Boards that recruit new board members because they will make great connections to large corporate donors are likely to end up with people who have good corporate connections. Boards that recruit new board members because they have good management skills are likely to end up with an impressive management team. However, if you want your board to recruit for governance skills, then you should be clear as to how governance skills differ from management skills, what attributes make for the better governance skills, and recruit accordingly. Those attributes should be recorded in policies and should be reinforced through the above mentioned orientation and education, which helps board members to understand the differences between governance and management.

Your legacy for future boards will not be in plaques and statues. Neither will it be in today's policies. Instead, it will be in the culture and the norms that you establish as an informed, conscientious, servant-leader board.

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