

REALBoard Advisor

R—RESULTS-FOCUSED E—EXCELLENT A—ACCOUNTABLE L—LINKED TO SHAREHOLDERS/OWNERS

Is Your Board Well Connected?

The Board's Accountability

By Joseph Inskip

Governing boards have total authority within their organizations. With total authority comes total accountability. This article discusses the ways that Policy Governance® helps ensure that the board fulfills its various accountabilities.



Owner-Accountable Governance

All organizations have owners, whether they exist in the legal or what Policy Governance calls the moral sense. Corporations have stockholders, associations have a membership, and city councils have citizens. Identifying an organization's owners can sometimes be challenging, but it is critical precisely because boards govern on their behalf.

Policy Governance maintains that the perspectives of ownership must be preeminent (within the law) in defining an organization's purpose and values. So the policies that a board seeks to articulate must be rooted in the perspectives of its ownership. It is to owners that boards are accountable for organizational performance.

When you have defined the ownership, you have identified the population that is

the source of legitimacy for the board's authority. Therefore, the board's legitimate authority is derived from its ongoing relationship with ownership.

The Board as the On-Site Representative of Ownership

Since owners are often distant and uninvolved, boards stand in as their authoritative "onsite" representative, a micro expression of ownership interests. Because of this, boards are in a position of trust. In particular, they are entrusted by owners with assets and decision-making in overseeing fulfillment of mission.

Legal and Moral Implications of Authority: Accountability

To fulfill mission, the governing board is granted the highest organizational authority. In civil society authority must be responsibly paired with accountability. So the board is accountable to ownership (and to society) for both the mission and impacts of its organization. Civil society (through the rule of law) and Policy Governance (through its integrated model of governance) have evolved ways to encourage, enable and even enforce board accountability. The rest of this article is a brief summary of the ways board accountability is managed in law and in Policy Governance.

The Board's Accountability in Law: Fiduciary Duties

"A person who is in a position of trust with another is called a fiduciary. Board members are fiduciaries because they have been entrusted with an organization's mission. Because fiduciary relationships sometimes occur outside of a contractual relationship that protects the organization's rights, fiduciaries are held to certain legal standards"

set out as fiduciary duties. <http://www.trusteemag.com>: *Legal Duties and Avoiding Liability: A Nonprofit Board Member Primer*)

The relationship between board member and organization is a legal one, and board members have an obligation to understand and fulfill these fiduciary duties. They include the duties of care, loyalty and obedience.

Duty of Care

The duty of care is two-fold, since directors must exercise care in overseeing the organization as a whole (Duty of Oversight) as well as exercising care in making individual decisions. The director should act honestly and in good faith, with a view to the best interests of the company, and with the care, diligence and skill that a reasonably prudent person would use in similar circumstances.

Duty of Loyalty

"When acting on behalf of an organization, board members must set aside their own interests, whether professional or personal, or the interests of any other organization. Simply put, the organization on whose board they serve must come first".

Duty of Obedience

"Board members have a responsibility to be faithful to the organization's stated mission and not to act or use its resources in incompatible ways or purposes". (see: <http://www.trusteemag.com>)

The Board's Accountability in Policy Governance

Society, through the rule of law, holds the board accountable for these fiduciary duties. The Policy Governance model pro-

vides a complete and detailed system that helps ensure that these board accountabilities are fulfilled.

In Policy Governance, the board's three core roles are 1) ownership linkage, 2) maintaining a body of governance policy, and 3) monitoring organizational performance against that policy. If the board is able to do these three well, as we will show, it is both upholding its fiduciary duties and practicing owner-accountable, effective governance as well. It does so in the following ways:

The board's linkage with its owners, a critical element of board work in Policy Governance, ensures that the organization's mission and values map back to the perspectives of its ownership. This is an important and perhaps even broader concept of loyalty than expressed in the fiduciary duties. When using Policy Governance, not only do board members hold organizational interests above personal interests, they ensure that organizational mission reflects ownership perspectives. This legitimates board decisions about mission.

Policy Governance ensures that the board articulates written policy in four categories. Two of these policy categories guide and control organizational outputs; the other two guide and control board outputs. Ends policies is the category that defines, and therefore allows for the specific measurement of, the organizational results that are to be achieved. Executive Limitations is the category that defines, and therefore allows for the specific measurement of, operational practices that are to be avoided (those that are unlawful, imprudent, unethical or inconsistent with owner values). These two categories of policy, along with the monitoring of them, ensure a solid foundation for the Duty of Obedience (faithful to mission) and the Duty of Oversight (overseeing the organization).

Governance Process is the policy category that encodes board values about its own role and discipline. These policy values, if the board lives them, are meant to ensure sufficient board deliberation, a mission-based focus, thoughtful decision-making and avoidance of conflicts of interest. These fulfill the Duties of Care, Obedience and Loyalty.

Lastly, Board-Management Delegation policies detail the frequency and type of organizational monitoring. Monitoring against written policy ensures that assets

are deployed to mission and that board members and the executive leadership have a good grasp of the strengths and shortcomings of organizational performance. This helps fulfill the board's Duty of Oversight (knowledge of the organization's activity) and Duty of Obedience (resources are deployed to mission).

Beyond Liability

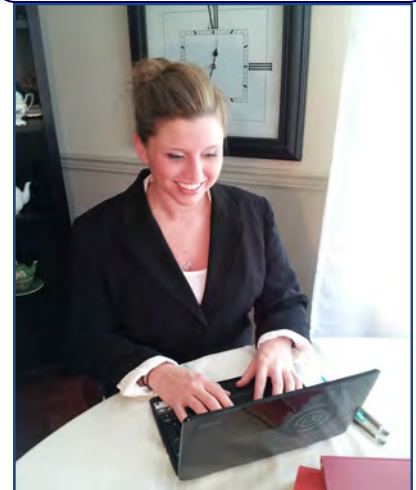
Articles written about the board's fiduciary duties are often framed in terms of helping boards avoid claims of liability. This is, of course, a worthy goal.

But most boards will want to go beyond preventing claims of liability. They will want to provide highly effective leadership in the fulfillment of mission. Fulfilling mission while avoiding unacceptable conditions is precisely what Policy Governance was designed to help boards ensure.



Joseph Inskeep, Associate Consultant, has been personally trained in the theory and implementation of Policy Governance® by John and Miriam Carver at the Policy Governance AcademySM and is well-versed in its application. He holds an MBA from Boston University. He has 25 years of experience leading both for -profit and non-profit organizations, with an emphasis on human development, group process and organizational change, and coaches boards in Canada and the US in the implementation of Policy Governance. Joseph currently serves on several boards, including the International Policy Governance Association. Joe can be reached at joseph@governancecoach.com

Policy Governance Resources



REALBoard Online Learning Modules !

Online, interactive learning modules... an instant Policy Governance® introduction for new or prospective board members in 15-20 minute web-accessible segments, conveniently available in real time. Visit our website at www.governancecoach.com for a free trial of module one... *Boards and Owners!*



The Best-Fit Board Member Matrix™

Download your copy !

**Now on our E-Store
At www.governancecoach.com**

A simple method to help you select the best board candidates based on your customized criteria



The Best-Fit Board Builder™

The Best-Fit Board Builder™ is available in a downloadable format and includes a Word format document that allows you to easily select the questions you desire and print out an interview and scoring guide for them.

Owners, Customers and Stakeholders *by Andrew Bergen*

Just over two years ago, my parents were preparing to celebrate their 50th wedding anniversary. They spoke to my brother and me and designated us to organize an event. My brother and I needed to ensure our parents' wishes were fulfilled. So, we formed (as small as it was) a board.



We spent the next few months clarifying with our parents what they wished – and as we talked several things became clear. Our parents wished to host an event for 150 people with the following parameters:

- Everyone there would be served a dessert and coffee
- The room would be decorated simply
- There would be a short program that included some music, pictures and four speeches from key people
- The program was **not** to include time for an open mic

Ownership

In this situation, my brother and I were accountable to our parents. This is the concept of owners – the group on whose behalf the board makes decisions. We understood what our parents valued regarding their anniversary celebration and made decisions about the outcome accordingly. We were not deciding about this event for ourselves or inserting our values. We made decisions to uphold the values of our parents.

Similarly, a board's accountability is to its group of owners. It is responsible to ensure it understands the values of the owners. Once having done so, it makes decisions (writes Ends policies) that ensure the organization produces benefits which meet the owners' values. The board is accountable only to this group for these Ends.

Customers

Based on our understanding of what our parents desired, we knew what benefits were to be produced – and for whom. That is, we knew that 150 invitees were to benefit. We knew what the benefits were to be – an evening with dessert and a program of entertainment and reflection. This makes the 150 attendees the customers in Policy Governance[®] terms. Customers are those whom the organization intends to benefit. The board, on behalf of the owners, decides what those benefits are to be. The board's responsibility then is to hold the organization accountable to produce these benefits. My brother and I did this through connecting with the caterer and ensuring that the menu they were planning met with our parents' wishes.

Stakeholders

Any organization maintains relationships with other people and groups that are neither owners nor customers. Anyone who has an interest in the organization is considered a stakeholder. In the instance of our parents' celebration, this included the caterer, the owner of the facility we rented, the florist and those who provided the music for the program. We had some limited accountability to them, but our accountability did not include decisions about what benefits we were producing. We did indeed have to make sure we paid them and clarified our expectations of them.

A board of any organization is similar in this regard. The board must hold the organization accountable to meet its obligations to its stakeholders. This includes any legal, financial or other contractual relationships – for example, the staff. Certainly other people and organizations derive some benefits from the organization. But this does not make them customers. Customers are only those that the organization **intends** to benefit. Any secondary beneficiaries are considered stakeholders only.

Potential Confusion

Two common areas of misunderstanding for boards are: 1) confusing employees as either owners or beneficiaries (customers) and 2) confusing individual board member values for values of the collective ownership.

First, employees are that group the CEO hires to do the work to achieve the results the board has determined. As stated earlier, employees are stakeholders and do benefit in many ways. However, they are not the group that should determine the values and direction of the organization, the group on whose behalf the board governs. Nor are they the **intended** beneficiaries.

Second, the board governs on behalf of the owners and their collective values. To ensure that it meets its responsibility, the board must work hard to understand the values of its ownership as a whole. This means gathering input from owners in a way that takes into account the wide variety of values and perspectives of the whole, rather than being swayed by the values of individual owners or board members

Conclusion

It is critical for boards to clearly understand these three relationships. By doing this, the board can ensure that lines of accountability remain well-defined, and its obligations to owners, customers and stakeholders are met.

Andrew Bergen was personally trained in the theory and implementation of Policy Governance[®] by John and Miriam Carver at the Policy Governance[®] AcademySM. He is experienced in organizational effectiveness and conflict resolution, and is a member of the Saskatchewan Association of Human Resource Professionals with 18 years experience as an educator from High School to University in Canada, the United States and Russia.



Andrew is an Associate Consultant of The Governance Coach[™]. He can be reached at Andrew@governancecoach.com.

Introduction to Policy Governance®

With Jannice Moore and Richard Stringham



April 13, 2015 Calgary, AB

The International Hotel

9:00 A.M. – 4:00 P.M.

Networking Breakfast at 8:30 A.M. Lunch provided

Who Should Attend?

- **New board members** or executives of a board using Policy Governance, to help you get **up to speed** with the **governance process** used by your board.
- **Board members or executives** of an organization **not currently using Policy Governance**, who would like to know more about how it works.
- **Board members or executives** of an organization using Policy Governance, who would like a **refresher** to better understand the model.
- **Staff members** who provide **administrative support** to a board using Policy Governance.

At the conclusion of this one-day workshop ...

Participants will have a clear understanding of the principles of John Carver's Policy Governance® model. This will include understanding:

- The major components of the job of **governing** and the **accountability** of the board
- Why the **board's primary focus** should be the organization's long-term results and how to maintain that focus in practice
- How the board can clearly **delegate** to hold executive staff **accountable**
- The concept of **monitoring** the CEO's compliance with policies
- The different types of **information** a board needs and being clear about expectations
- How to structure the board and its **committees** to govern most effectively
- How to structure **board agendas** so that the board controls its own agenda and uses it as a method of **governing proactively**.

Contact the International Hotel at 1.800.661.8627

*for special accommodation rates:
quote The Governance Coach*

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

- Participant

Register by March 15 for the Super Early-Bird Rate: \$400

**Email: marian@governancecoach.com
Or call (403) 720-6282**

Advanced Policy Governance

With Jannice Moore, *The Governance Coach*™

April 14, 2015 **Calgary, AB**

9:00 A.M. - 4:00 P.M.

The International Hotel

Networking Breakfast at 8:30 A.M. Lunch provided.

Who Should Attend?

Board members, Board Chairs, CEOs and administrative staff who want an in-depth look at advanced application

The Power of Monitoring

Monitoring provides a powerful mechanism for the board to control without micromanaging. This advanced session on monitoring will feature the opportunity to do “hands-on” work with monitoring reports.

Here’s why you should attend if you write monitoring reports! You will learn:

- ◆ What should be included in a monitoring report for **Ends**
- ◆ What should be included in a monitoring report for **Executive Limitations**
- ◆ What should **not be included** in monitoring reports and why
- ◆ How to write a **good interpretation**
- ◆ What constitutes **evidence** in a monitoring report
- ◆ **Tips** on how to **save time** in writing monitoring reports

If you are a board member who assesses monitoring reports, you will learn:

- ◆ What to look for in an **interpretation**
- ◆ What to look for in **evidence**
- ◆ What should be included when engaging an **external monitor**
- ◆ When and how to appropriately do **‘direct inspection’**
- ◆ **Tips** on how to **save time** when assessing monitoring reports
- ◆ How to **document the board’s decisions** about monitoring reports
- ◆ How monitoring reports and **CEO evaluations** connect



“I have been working with “Carver” for several years, but now I actually feel like I understand the whole system!”

- Past Participant

Future-Focused Agendas

If you are a board member, CEO, or administrative staff member who supports board function, *you will learn:*

- ◆ What to do if your board has put policies in place, and is saying **“So what do we do now?”**
- ◆ What to do if your board is feeling **“stuck in the mechanics”** of Policy Governance, rather than using the model as a tool to govern well
- ◆ What to do if your board has policies in place, and is now feeling **complacent**
- ◆ How to reap the real value of the Policy Governance model by moving to a whole new level of governance
- ◆ How to apply the principles of the model effectively to provide **future-focused leadership** for your organization
- ◆ Tools and tips for creating agendas that will help your board set the course for an organization that is healthy and viable not just today and tomorrow, but for the long term future
- ◆ What to do with information from the CEO
- ◆ What to do with the information you gather in **ownership linkage**
- ◆ How to support your board’s agenda effectively by providing the **right kinds of information**

“This was a very easy learning environment with highly pertinent information at a level directly related to myself and my organization”

- Board Chair

Contact the International Hotel at 1.800.661.8627

for special accommodation rates: quote *The Governance Coach*

Register by March 15 for the Super Early-Bird Rate: \$440
And receive a complimentary copy of *Meaningful Monitoring* !

Register Today!

Email: marian@governancecoach.com

Or call (403) 720-6282

Who is the Board's Boss? by Richard Stringham and Rose Mercier

The concept that the board stands in on behalf of an ownership is a fundamental premise of governance. Indeed, Policy Governance® is built on that premise (Carver and Oliver, *Corporate Boards That Create Value* pp. 5-7). Obviously, to fulfill the Policy Governance principle that the board connects its authority and accountability to those who morally if not legally own the organization, the board needs to be clear as to who the ownership is. For some boards this is obvious. For others, identifying the ownership is a challenge. And for some, what at first glance appears to be the ownership, may not be the case.

In this article we explore ownership for some types of organizations and we suggest some questions boards may use when identifying their ownership.

For corporate boards, the question of ownership is straightforward. The shareholders of a corporation are the legal owners as they have a share in the equity of the corporation. Likewise, members of co-operatives and credit unions hold shares in their organizations making them the owners of the co-operative or credit union.

For public institutions, such as municipalities and school boards, the ownership is the public for the respective jurisdiction.

Members of trade associations and other member-based associations are typically considered to be the owners on whose behalf their board governs. Be careful however, to not fall into the trap of thinking that *member* is always equivalent to an *owner*. For example, no one would assert that the members of Costco™, who pay for the right to shop at its stores, are its owners. The owners of Costco are its shareholders, regardless of whether or not they have a membership.

Sometimes organizations have both organizational members and individual members. For example, a national organization could have both provincial/territorial or state member organizations and individuals as members. Which member(s) constitute the national organization's ownership? Is the national organization a federation in which the provincial/territorial or state member organizations are members? Or is

it a national organization with individuals as members and provincial/territorial or state chapters as either operational or democratic components? The answer may be available in the bylaws; but at times even the bylaws do not provide clarity.

For organizations that do not have a legal ownership (e.g., many not-for-profit organizations), boards that use Policy Governance will identify a *moral ownership*. As in the case of legal owners, moral owners are the board's source of authority and, other than regulatory obligations, the board's ultimate accountability. However, moral ownership is not always easy to distinguish.



If ownership can be thought of as an investment, then moral owners are likely those people who have an interest in the organization's success over the longer term. For example, donors who give to an organization with an altruistic intent and sincere concern for the organization's success may well be the basis for a moral ownership. Note how this differs from the individual who contributed \$20 to the cause only because her neighbour canvassed her to do so!

However, not all sources of funding trace back to the ownership. If government decides to "invest in the arts" and has a funding program designed to increase appreciation of arts and culture, the not-for-profit arts and culture organization that is granted that funding is not automatically owned by government. If it accepts the funding, it has an obligation to fulfill any conditions attached to the funding, just as a privately held corporation would be expected to fulfill contractual obligations if government awarded the corporation funds to achieve increased appreciation of arts and

culture. But the question the board of a charity or publicly funded organization must first sort out is, "on whose behalf is the organization deciding whether or not to enter into those funding relationships?" As John Carver puts it: "The test for ownership is not with whom the board makes a deal but, whom the board has no moral right not to recognize." (Carver, *Boards that Make a Difference*, p.188)

Ownership is not always a matter of identifying what group or groups of people comprise the ownership. Sometimes the ownership simply isn't physically available. For example, a faith-based community may consider God its ownership and seek to better understand the owner's values through scripture and the prayerful voice of the congregation. We would suggest that in such situations, the board consider in addition who its human owners would be. Similarly, the founder of a Trust may leave documents that speak to his/her values that he/she would expect the board to embrace long after his/her passing – in which case, the founder remains the ownership, perhaps along with those living persons who carry his/her covenant.

The difficult, values-based decisions are the ones that should push the board to understand the perspectives of its ownership. With that in mind, if your board is struggling with the issue of how to identify its moral ownership, considering the following questions may yield some insights.

1. Because the board stands in on behalf of its ownership it should make decisions that reflect the owners' values about the results the organization is to achieve, who the intended recipients of those results should be, and what those results are worth, i.e., Ends. *On whose behalf should the board be making such determinations?*

Take note that while recipients of the organization's work have a stake in the decision, they do not determine who the recipients are or what benefits should be provided by virtue of being the recipients! For example, the patients of a publicly owned hospital may have an opinion on the priority of wait times versus the range of patient conditions that the hospital addresses with its limited resources. As patients, they

want the shortest wait time for whatever their current condition is! However, it is the broader public (which would include the patients) to whom such a board would look as its moral ownership.

2. *Whose values should be incorporated into decisions regarding what would be unacceptable in pursuit of the Ends?* Whose moral compass should be used to determine what is unethical? Whose risk appetite should be reflected in the board's policies regarding the actions or circumstances considered imprudent?

For example, whose values should come into play when the board determines policy regarding ethical limits of funding sources? Whose values should be reflected when the board develops policy regarding what is unacceptable treatment of staff? (Hint: The staff may have an opinion to offer, but they are not owners by virtue of being involved in the delivery of organizational results.)

3. Other than the recipients and deliverers of Ends, *who is concerned for the long term ability of the organization to achieve Ends?*

4. *If the board were to significantly change the focus of business or switch the type of business the organization is in, aside from the legal approval of the appropriate regulators, whose moral authority would be needed to do so?* (Carver, *John Carver on Board Leadership*, p.109)

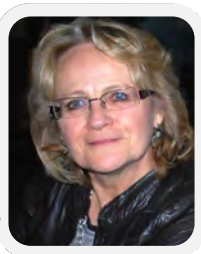
Determining who the ownership is can be significantly challenging for some boards, but this is no reason to avoid searching for the answer, as such avoidance leaves the board in the dark about the source of its authority to govern. Answering the four questions above should assist any board struggling with this question. The board

that knows who its ownership is will be much better positioned to speak with its ownership's voice when it sets out what the organization should achieve and what it must avoid.

Works Cited:

Carver, John and Caroline Oliver. *Corporate Boards That Create Value*. San Francisco: Jossey-Bass, 2002.
 Carver, John. *Boards that Make a Difference*. San Francisco: Jossey-Bass, 2006.
 Carver, John. *John Carver on Board Leadership*. San Francisco: Jossey-Bass, 2002.

Rose Mercier has been personally trained in the theory and implementation of Policy Governance® by John and Miriam Carver at the Policy Governance AcademySM.



She has over 25 years experience in management, program development and leadership training in non-profit organizations. A licensed associate in Effective Intelligence® and a qualified practitioner with Leading Organizational Change®, Rose has a Bachelor of Physical Education and Masters of Business Administration. She has authored a wide diversity of training manuals, facilitation guides and journal articles.

Rose, currently Board Chair of the International Policy Governance Association, has been an Associate of The Governance Coach™ since 2009. She can be reached at rose@governancecoach.com

Meaningful Monitoring

Tool Kit Volume 1: 2nd Edition

Monitoring is critical to the board's ability to be accountable to owners. This book is designed to address "real life" questions about the process of monitoring the CEO. How does a board attend to this important task *without* spending undue time doing so? **\$29.99 each**

Board Self-Evaluation

Tool Kit Volume 2: 2nd Edition

Address the real-life questions about board self-evaluation using practical tips, samples and a variety of tools. Make board self-evaluation a meaningful way to ensure your



Richard Stringham was personally trained by John and Miriam Carver at the Policy Governance® AcademySM. He holds a B.Sc. in Agriculture and has a Professional Agri-

Professional Agri-ologist designation. He has over twenty years of experience as a manager, educator and consultant, including senior level management in an organization using Policy Governance. Clients include associations at the provincial and national levels, as well as co-operatives, professional and voluntary associations. Richard brings a combination of facilitation and training skills, and knowledge of co-operative and agricultural organizations, in addition to his Policy Governance skills. Richard has been a Senior Associate of The Governance Coach™ since 2005. He can be reached at Richard@governancecoach.com

Connect! A Guide to Ownership Linkage

Tool Kit Volume 3

Ownership linkage is critical to the board's key **accountability** of determining on behalf of owners, what the organization is to produce. Learn to develop a **perpetual ownership linkage plan** as a component of sustainable use of Policy Governance®. **\$34.99 each**

Future-Focused Agendas

Tool Kit Volume 4

One of the most important contributions a governing board can make is providing clear direction about organizational purpose. This book will provide you with details, tips and tools to make your board meetings "future-focused" in a way that will keep your organization relevant in a rapidly changing world. **\$34.99 each**



Our Best-Selling Tool Kits!

Connect Through Conversation

By Denise Inoronato

While I was working on my doctoral degree in Organization Development, one professor emphasized the powerful nature of conversation in an organization. Over and over she would point out the many ways language creates change and challenge us to take note on how, in the process of conversation, change emerged. Ralph D. Stacey in his book *Strategic Management and Organizational Dynamics: The Challenge of Complexity* discusses the thematic patterning of conversation as potentially transforming. Stacey argues organizational strategic direction and change takes place in the conversational patterns and emerging themes of people while in conversation. In the course of communicating, possible futures are created and courses of action evolve. What does this concept have to do with Policy Governance® and the board's role in ownership linkage? Everything. The Board connects with owners through conversation and as themes emerge, so does a new organizational future.



As the informed voice of the owners, the Board has the responsibility to engage the owners and establish an on-going dialogue to inform Ends. Ends policies establish the organizational strategic direction; therefore, linking and conversing with the owners to inform organizational direction is critical. Ownership Linkage is defined by John Carver as the “intentional and constructive dialogue and deliberation between owners and Board members around the organization’s Ends.

Designing Linkage Conversations

Seeking the interest of the owners through meaningful conversation is the role of Ownership Linkage. A well thought out Ownership Linkage plan is essential. This includes identifying groups to connect with; determining what method works best with each group, for example using a survey or focus group. Conversational themes

are structured through the development of appropriate questions that inform Ends issues. A comprehensive plan will connect with the different groups or segments in the ownership.

Whole Board Involvement

Ownership Linkage is best served with the involvement of the full Board; if there is an Ownership Linkage Committee, it should be used only to do the pre-work. Ideally, the Board’s linkage plan should provide for all Board members to have a chance to participate in linkage activities; thus, they are the informed voice of the owners. The Board, as a whole, then has the necessary input to inform Ends issues; the informed voice of owners is then represented in policy making when determining what benefits the organization should produce, whom those benefits are for, and how much they are worth.

There are many methods to gain owner input. Some of the most common are focus groups, surveys, interviews, public forums, and meeting with other Boards who have a similar ownership. Public forums and town-hall type meetings are not particularly good methods, because they do not tend to be representative of the ownership as a whole. Jannice Moore’s book, *Connect A Guide to Ownership Linkage*, pages 21-27 lists various linkage methods and walks you step by step through the stages of Ownership Linkage, elements necessary to formulate a good long-term plan, and a valuable section on tools to help in the process.

Ownership Linkage is not intended for organizational marketing or for public relations; however, an organization may benefit from the exposure. In addition, Ownership Linkage is not a staff role. The staff may have connections with some of the same people but that typically means these same people are their customers or clients so the purpose of their connections differs from that of the board

Tracking Information

The board needs a formal system of collecting, tracking, and storing information from Ownership Linkage for future reference. Identifying common conversational themes is critical when deliberating Ends. The board has the prerogative to request

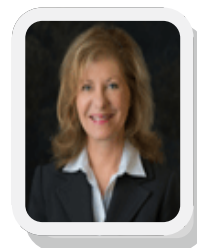
the CEO to provide administrative assistance to collect and store information.

Emerging Future

As Stacey pointed out, organizational change emerges as conversational themes change. Communicative interaction changes the discussion allowing divergent courses of action to take place in the creation of a new future. “Knowledge is language and meaning emerges as themes interact to form conversation”. Ownership Linkage and the critical dialogue that takes place lead organizational direction and change. This is the Board’s ultimate responsibility.

Dee Inoronato, can be reached at Dee@governancecoach.com.

Denise Inoronato, was personally trained at the Policy Governance® AcademySM with John and Mirium Carver. She holds a PsyD in Organization Development and is the Chief Strategy Officer for Inter-mountain, a non-profit in Montana. She served on the Board of Directors for over 10 years including a 2-year term as Board President. She also serves on the Board of Directors for the Montana Non-profit Association. She was Academic Director in two international universities, Director of International Programs & Associate Professor at Carroll College, MT and Adjunct Faculty at Flathead Valley Community College, MT. She served as a Montana School Board Trustee for two terms. Dee joined The Governance Coach as an Associate in 2014.



PGIQ!™ Challenging and Fun!

New Design!

Reinforce your understanding of Policy Governance® principles and their application with a stimulating “jeopardy” style game. Visually displayed with PowerPoint included on a USB drive or CD. \$95.

Maintaining a Perpetual Ownership Linkage Plan By Jannice Moore

The theme of this newsletter has centered around ownership linkage – knowing who an organization’s owners are – as well as who they are not, knowing where owners fit in relation to the board, knowing why it is important to maintain a connection or linkage with them, and how to go about that connection. If your board has not yet begun this process, I encourage you to get started. If you’ve already begun, kudos to you!



But you are not finished . . .

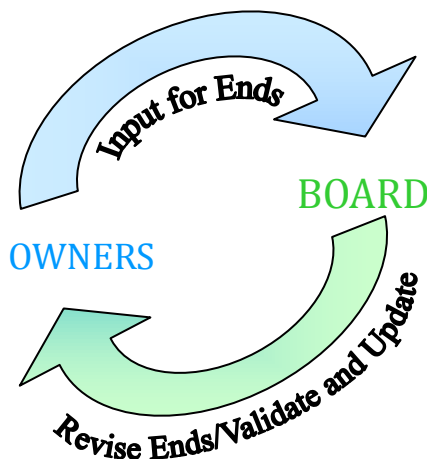
Ownership linkage is not a one-time event. It is an on-going connection, with the board’s depth of understanding of the owners’ values and perspectives increasing over time. As other articles in this issue note, ownership is a relationship: a good relationship becomes deeper over time, with each party having a better understanding of the other. Conversations create change. Ongoing conversation with owners is the foundation for determining future direction of an organization, for leading change when necessary. Boards have a legal and moral duty to make decisions on behalf of owners. Therefore, we encourage boards not to just “do” ownership linkage and think it’s done, but to establish and maintain a perpetual ownership linkage plan. One of the definitions of perpetual is “indefinitely long-continued.” That is a good description of ownership linkage. Think of it as a continuous cycle, with information flowing from the owners to the board, being used by the board to inform policy development, and being updated based on new input over time.

Briefly, there are ten steps to such a perpetual plan:

1. Know who your owners are
2. Know the purpose of ownership linkage
3. Select representative ownership input
4. Ask the right questions
5. Choose the most appropriate methods
6. Implement the plan
7. Keep track of the information gathered
8. Apply the information to Ends decision-making

9. Communicate back to the owners what has been done with the information
10. Regularly evaluate the plan and update it.

There is not a single “right” way to connect with owners, but keeping these steps in mind will help to make the process manageable. Often a three-year, rolling plan works well, as most organizations do not have the time or resources to connect with all of their owners every year. Particularly for organizations that have a large ownership (such as “the community”), tackling such connections feels like trying to eat an elephant, so taking some bite-sized chunks makes it more manageable. In year one, a representative selection of one segment of the owners might be the target for your linkage; in year two, a different segment, and in year three yet another.



Tracking the information gathered so it will be readily available for your Ends work is a step often missed. There is no point in doing ownership linkage and piling reports on a shelf. After each engagement with owners, take some time at the following board meeting to identify any insights you may have gained, any further questions that may have been sparked for follow-up investigation, any areas where you feel you need to learn more. Keep these brief analyses in one place, so that when the time comes in your annual agenda cycle to review the Ends policies, you will have your insights – collected while they were fresh in your minds – readily available.

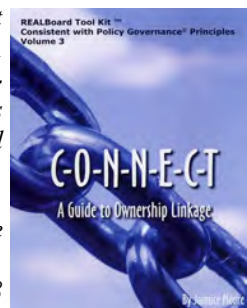
A good practice is to annually evaluate your linkage plan – what went well, which methods were most effective, which questions worked the best, which groups

among your owners have you not yet connected with? Update the plan by adding an additional year, so you maintain at least an outline of a 3-year plan. Then work out specific details for the immediately upcoming year, ensuring that this important cycle of perpetually connecting with your owners continues to inform your policy-making.

Jannice Moore can be reached at jannice@governancecoach.com

From our Tool Kit series, **Connect! A Guide to Ownership Linkage**, has more details and tools to assist you.

Save with Multiple-copy discounts! Purchase a set of 8 copies for only \$24.99 each, plus receive a complimentary CD of the tools.



Jannice Moore, President of The Governance Coach™ has over thirty years experience as a manager, planner, consultant and educator and was personally trained by John Carver at the Policy Governance® AcademySM. She has assisted hundreds of boards in a variety of fields to implement the Policy Governance model. She has a Masters degree in Health Services Administration from the University of Alberta, and is a Certified Health Executive. Jan is author of the book *Governance for Health System Trustees*, published by the CHA Press, as well as the *Policy Governance Toolkit series*, and is a regular author in *Board Leadership*, published by Jossey-Bass. She is a past Chair of the board of the International Policy Governance Association and is currently Chair of the board of Wycliffe Canada.



Policy Governance® and Servant-Leadership – Creating the Freedom to Excel

This article by Jannice Moore is a much-requested reprint first published in The REALBoard Advisor, Volume 13 No. 2

Often when I have talked about Policy Governance® to a board, someone will say to me, “You really believe in this, don’t you?” While I always answer, “Yes, I wouldn’t be spending my life helping boards learn to apply it if I didn’t believe in it,” the question has made me ponder just why it is that I *do* believe in it—besides the fact that, if properly applied, it works. I have come to the conclusion that I feel so strongly about Policy Governance because the model is founded on the concept that the Board is not there for its own benefit, but to make the best possible decisions on behalf of the owners. The model is rooted in the idea that the board is the “servant-leader” of the owners. In fact, Carver goes so far as to say that “proper governance is a logical impossibility if it does not include the concept of servant-leadership.”

The term “servant-leadership” is widely attributed in this century to Robert Greenleaf, who pioneered the application of the concept to the business setting. While the principles of servant-leadership can certainly be practiced apart from any religious belief system, for me personally, the concept has a deeper meaning because Jesus Christ said to His disciples, “Whoever wants to be great among you must be your servant.” Since I try – not always successfully – to live my life as a disciple of Christ (not Carver, as I’ve occasionally been accused of!), a model which is based on the idea of servant-leadership is congruent with my own deeply held values.

Carver suggests that Policy Governance might be considered a “technology of servant-leadership”—a carefully designed system for boards that are committed to being servant-leaders – a system that helps them excel.

Servanthood is neither dominance nor servility. “The ability to empower others makes great leadership a servanthood” (Bennett Sims). In this article we explore the concept of servant-leadership as applied to governance more fully—with liberal credit to Robert Greenleaf for en-

larging the concept and John Carver for applying it in a practical way to boards. A review of Greenleaf’s writings has identified ten major characteristics of servant-leadership. We will examine just a few of them here.

Stewardship

Servant-leader boards see themselves as stewards. This means pondering what has been entrusted to them, and what they will hand on. Many aboriginal North Americans apply the “seven generation” test to the decisions they make. Boards should carefully consider the impact of their decisions, not just today or tomorrow, but on the next seven generations.



Conceptualization

One of the most important tasks of the board is shaping an organization’s vision. Leadership is evidenced by the board’s ability to see beyond the present, to understand the “big picture.” Greenleaf says, “A mark of a leader, an attribute that puts him in a position to show the way for others, is that he is better than most at pointing the direction. . . . the leader can articulate [the vision] for any who are unsure.” This vision is stated so that it excites the imagination and challenges people to work for it even if they do not yet know how to do it. Carver puts it slightly differently, suggesting that board members must be “capable of envisioning a world that isn’t, rather than being captured by a world that is.” Creating the vision cannot be done in isolation. Servanthood comes into play when inviting the ownership to help shape that vision.

Listening

The servant-leader has “an openness, an ability to listen, and to speak in a way that

engages people directly affected by the choices to be made” (John Rosenblum, Dean Emeritus of University of Virginia’s business school). Building shared vision does not mean surrendering individual visions, but establishing harmony among diverse visions so that the group can move forward together. From shared dialogue emerges a vision that is stronger and better.

Richard Smith of the Greenleaf Center suggests the concept of “holographic inquiry—the skill of seeing the issues from all sides and perspectives . . . accepting the perceptions of others as valid . . . Being open to viewing the world from another point of view tends to threaten us because we might have to admit that a view we have held for years is not right.”

Unfortunately, many of us take the approach, “I don’t want to understand more about the problem. I only want to know what to do about it.” The next time a critical issue is discussed at your board meeting, try recording the exchange. Then analyze it and ask, “How much of the exchange was simply each member trying to convince the others that his opinion was right? How much effort was made to truly hear what others were saying? How many questions were asked to try to understand others’ the points of view?”

Listening to understand also takes time. Ann McGee-Cooper suggests that most leaders are consumed with “hurry-sickness,” in which they cannot increase their awareness or broaden their perceptions because they have moved on too quickly to notice anything in depth about a situation. Reflect on a recent board meeting. Was so much time spent on making decisions that should really have been made by management, or hearing “reports” about “nice-to-know” (but not critical for governance) items, that the board did not have sufficient time to seriously grapple with understanding what was most important to the owners, or considering the future implications of an Ends decision?

Foresight

Servant-leader boards must be able to understand lessons from the past, the realities of the present, and the likely consequences

that their decisions will have on the future. Greenleaf proposes the challenging perspective that failure to foresee is an “ethical failure, because serious ethical compromises today (when the usual judgment on ethical inadequacy is made) are usually the result of a failure at an earlier date to foresee today’s events and take the right actions when there was freedom for initiative to act.”

Carver says owners have the right to expect boards to know *more* about any given issue than they do, because the board has been put in a position of trust and leadership on their behalf. So, while the board must take into account the opinions of the owners on any issue, they must also exercise leadership by making decisions which factor in additional information that the owners may not have. Leadership includes going ahead, not avoiding controversy. Servanthood may include being willing to be unpopular for your position on a controversial matter, if it is in the best interest of the owners.

A few suggestions from Greenleaf on “preparing to know the unknowable and foresee the unforeseeable”: Approach the problem in the spirit of a search for understanding. “What questions can I ask about it?” Acknowledge that you see the present in terms of partial truth only. If you are dogmatic about the present, you are likely to be dogmatic about the future—and wrong. The best knowledge is not certainty, but progressively sharper insights. He concludes by suggesting that one must always live at two levels—in the “real world,” and also “detached,” seeing today’s events in the long sweep of history and into the indefinite future.

Self-Discipline

Meeting the tall order imposed by servant-leadership demands that a board exercise considerable self-discipline. A number of boards I have worked with have expressed discomfort with the word “discipline” when developing a policy that talks about their own behaviour. They see discipline as a negative, punitive concept. In fact, the word comes from the Latin “discipulus,” which means “pupil”—also the root of the word “disciple.” So discipline in the context of board servant-leadership refers to the board “disciplining” itself to follow a set of principles, to clearly articulate its values and then to “walk as it talks.”

The Test of Servant-Leadership

Greenleaf suggests that the best test of servant-leadership is “do those served grow as persons? Do they . . . become healthier, wiser, freer, more autonomous, more likely themselves to be servants? And, what is the effect on the least privileged in society; will he benefit, or, at least, will he not be further deprived?” Servant-leadership concentrates on building up others, not on the leader’s self-importance.

Peter Senge, author of *The Fifth Discipline* says that the choice of servant-leadership is not something you *do*, but an expression of your *being*. Carver says leadership must be obsessed with values. We need a way of connecting *who we are* to *what we can do*. For boards, this connection is not for their own benefit, but for the benefit of those they serve. “If the board fails to act powerfully, it cheats those for whom it is in trust of a voice. If it acts self-servingly, it fails to act in their behalf. It must be powerful and deferential at the same time, for both timidity and high-handedness defraud the trust” (Carver).



You can’t learn to use a computer just by reading about it—you must *do* computers. Servant-leadership is the same. You can’t learn about servant-leadership only by hearing about it. You must *do* servant-leadership. Similarly, you can’t apply Policy Governance by just hearing about it. You must *do* it. Policy Governance provides boards with a powerful tool. It frees boards from the details of operations, so that they can use their time to effectively serve the interests of their owners. In turn, it frees the management to find the most creative means of producing value for the owners. Indeed, the mind-set of servant-leadership, combined with the disciplined application of principles of Policy Governance, create the freedom for organizations to excel.

..in your area!

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

January 7 **Red Deer, AB**

February 3-4 **Montreal, QC**

February 10-11 **Montreal, QC**

February 12 **Toronto, ON**

February 17-22 **Orlando, FL**

February 26-27 **Montreal, QC**

March 5-6 **Edmonton, AB**

March 9 **Edmonton, AB**

March 13 **Kananaskis, AB**

March 24-26 **Mistissini, QC**

April 13-14 **Open Workshops!**
Calgary, AB

April 22-23 **Waterloo, IA**

May 1-2 **Fort Wayne, IN**

May 13-14 **Toronto, ON**

May 20-21 **Mistissini, QC**

June 8 **Waterloo, ON**

June 9-11 **Eastmain, QC**

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

Share the cost of expenses!
If your company or organization would like to hold a Policy Governance® workshop or meet with a member of the Governance Coach™ team while they are in your area, please contact:

Marian Hamilton
Office Manager

Tel: (403) 720-6282

Fax: (403) 720-8746

Email:

marian@governancecoach.com

A Personal Note from Jannice Moore...

We're 20 years old this year! Time for celebration, reflection, and looking ahead!

The modern 20 year symbol is platinum, representative of endurance, overcoming challenges, determination and grit. In physical terms it has the longest shelf-life of the three precious metals. This brought to mind how The Governance Coach™ began, its progress to the present, and where it is going in the future.

In December 1994, I started The Governance Coach because I was convinced that John Carver had created a system that could be of great value to governing boards. His first edition of *Boards That Make a Difference* had been recently published in 1991, but the Policy Governance® model was still relatively new and not widely known. I wanted to make a difference in the boards that I worked with, to help them provide more effective leadership to their organizations. The company began with one person – me. It took a few years before I realized that this was something much bigger than my original concept. I hired an administrative assistant so that I could focus my time on contact with my clients and developing useful tools to help them apply the model more effectively.

Fast forward 20 years. The Governance Coach now has 6 well-qualified consultants, an office manager, and two additional administrative support staff. Among us, in addition to our qualifications and experience in Policy Governance, we have a depth of background knowledge and experience in a wide variety of not-for-profit and for-profit organizations. We have advanced training, including doctoral and masters level degrees, and experience in organizational development and effectiveness, conflict management and mediation, strategic planning, leadership development, cross-cultural studies and organizational change management.

In addition to thanking John Carver for creating the Policy Governance® system, we owe thanks for our success to our clients. They have demonstrated their commitment to being accountable to their owners by continuous attention to becoming the best governors they can be.

Our vision of the future is continuing to build and strengthen a coaching company that specializes in helping client boards, not just to implement Policy Governance effectively, but to use it as a platform to create greater futures for their organizations.



The Governance Coach™ on YouTube!

New Resources!

We invite you to visit our YouTube Channel to discover new resources in Policy Governance®. Our new series, *The Governance Coach™ Presents* includes two short videos: *Monitoring*, a brief look at writing monitoring reports, and *CEO Evaluation*, a guide to the process of evaluating the CEO.

To access the videos, click on the following links:
The Governance Coach <http://tinyurl.com/m8knbgg>

Monitoring <http://tinyurl.com/kn75o23>

Evaluating the CEO <http://tinyurl.com/mf96rcp>



Calgary, Alberta T2Z 2P5
Phone 403.720.6282 Fax 403.720.8746

This publication is available online at
www.governancecoach.com

Editor: Marian Hamilton



Credits

Policy Governance® is a registered service mark of Dr. John Carver. Concepts referring to Policy Governance® in this newsletter are drawn from John and Miriam Carver's published works, as well as dialogue on their internet forum, conversations with them and personal experience with the model. Material in this newsletter may be copied for non-commercial use as long as proper credit is attributed.