

Imagine This: A Self-Disciplined Board That Adds Value

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Linda J. Dawson and Randy Quinn, Founding Partners

The Aspen Group International, Inc.

Between us, we have had more than 40 years' experience in association management. That means that we have seen a fair number of boards of directors come and go.

But our experience with boards goes deeper than that, much deeper. Our membership during those 40 years was comprised of boards, in our case publicly elected school boards. Some would say that particular kind of board carries its own special brand of challenge, and we would not debate that. But the main point to be understood is that not only have we worked with and for our own boards of directors, but we also served boards as members, trying to help make them as effective as possible. In terms of board behavior, there isn't much we haven't seen first-hand.

We have seen the good, the bad and the ugly of board behavior. We know the value of a good board and what it can do to advance the effectiveness of the organization. And we know how devastating a misguided board can be to the organization. When the wheels come off in the boardroom, every dimension of the organization is affected. Staff attention is diverted, and the board, instead of adding value to the organization, becomes an impediment to its progress. The board's internal preoccupation serves neither itself nor any part of the organization well. Clearly, these boards need to do business differently.

But so do many of the boards we typically label "good". While they may not be an impediment to the welfare of the organization, do they really make a distinctive contribution to it? Or do they mostly review actions already taken by the CEO or debate and approve CEO recommendations about primarily operational matters?

If we ask a board to define its chief responsibility, we usually hear a response that somehow includes the word "policy." Yet when we look at agendas and minutes of board meetings, it is clear that boards don't do policy. What they typically do is make decisions about operational issues. These are the reasons why the roles of the board and the CEO become confused: both are playing in the same sandbox, both participating in the making or re-making of the same decisions.

But the worst part of such board behavior is that the board is exerting very little, if any, real leadership. How much leadership is represented by the board's reviewing or redoing decisions made by the CEO? Not much. There must be a

higher contribution that the board can make and, in the process, function at the level members say is theirs: policy.

Our work with boards has led us more and more to the belief that the traditional model of board governance is flawed. We know that for the most part, the men and women who volunteer to serve on boards come to those positions committed to do something to make the organization better. Most work hard, and they have the best interest of the entity in mind as they go about their work. But at the end of their service, many tell us that they had not been able to make the contribution they had hoped. Our belief is that the culture in which they worked had something to do with that disappointment. There isn't much fulfillment in making the kinds of decisions many boards make. Many never experience the real excitement of deciding a future for the organization they serve and creating expectations for its success.

Increasingly we have been influenced by the work of John Carver, the creator of Policy Governance. Carver presented his model of board governance in his book "Boards that Make a Difference." Policy Governance suggests that boards are expected to make virtually every decision a policy decision, leaving the operational decisions to the CEO, but with limitations on CEO discretion. All policies are to be monitored according to a fixed schedule, and policy will be the single driver for what the organization does.

A handful of policies—usually not more than 35 or so—will adequately express the board's values for the organization. These policies fall into four categories:

Ends: what end results is the organization expected to achieve, for whom and at what cost. The Ends policies drive all staff work. The CEO is expected to make the Ends happen, which essentially is the bulk of the CEO job description. Association Ends policies describe the ultimate good the organization commits to provide for members. They are the "swap": defined benefits in return for dues and other support from the members.

Executive Limitations: these policies impose limitations on CEO discretion as the CEO makes operational and strategic decisions. Beyond these "thou shalt nots," the CEO is empowered to act without further board authority. No more "mother-may-I." If the board has not stated in policy that an activity will not be acceptable, the CEO and staff are free to do their jobs as they determine best. However, remember that the CEO is held accountable for results, and that all policies are monitored continuously.

Board-Staff Relations: these policies clarify the transfer of authority from the board to the CEO, the board's only employee. They define

organizational and CEO success, and state how performance is to be measured.

Governance Process: these policies deal only with internal board conduct and role responsibilities. They establish, in policy, the board's agreed-upon culture of board performance. GP policies specify the board's job description, its governance focus, and how it will conduct business. If a member step outside these board-approved agreements, that action now constitutes a policy violation.

Why should an organization consider Policy Governance? There may be several reasons:

- It allows the board to make a distinct contribution to the organization, transforming the board from the realm of operations to the level of policy
- It clarifies once and for all who does what: if the board has not prohibited a specified activity in policy, the CEO is free to take it
- It allows the board to get to the meaningful, future-oriented work that few now find time to address, and in the process assure that the organization remains a viable advocate and service provider for the members
- It makes policy the single driver for what the organization does; no more competing layers of goals and plans to confuse direction
- It creates, in policy, a governance culture that the board can leave as a legacy for future boards
- It aligns the total resources of the organization behind the single ultimate goal: make the Ends happen

During the past three years, we have worked with boards of all types throughout the United States to help them adopt this new way of doing business. While Policy Governance is not a guaranteed fix for a misbehaving board, we know that it establishes the foundation for significantly improved organizational and board performance.

Policy Governance is a structure that offers the best hope we know of to boards whose members want to make a significant contribution, but who find themselves bogged down in a system that encourages them to do the wrong things.

In short, after 40 years in this business, it's the first governance model that has made sense to us.

Linda J. Dawson and Randy Quinn are founding partners of The Aspen Group International, Inc. Their consulting group is located in Denver. The Aspen Group specializes in board governance work. Dawson and Quinn may be reached at 303-478-0125, or at 303-882-9888.
E-mail: aspen@aspengroup.org www.aspengroup.org