

BASIC PRINCIPLES OF POLICY GOVERNANCE

Carver Model for Non-Profit Boards

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Policy Governance is a fundamental redesign of the role of a board, emphasizing values, vision and the empowerment of both board and staff. It is built on ten principles:

1) The Trust in Trusteeship

Boards exist to own an organization on behalf of some identifiable ownership to which they are answerable. Simply put, a board governs on behalf of persons who aren't seated at the table. The primary relationship the board must establish, maintain, clarify, and protect is its relationship with its owners, keeping in contact with them, and hearing their voices.

2) The Board Speaks with One Voice or Not at All

A board is a corporate entity entrusted by its owners with the authority to govern and lead the organization. If the board is to lead, then on each given issue it must speak with a single voice. The strength of this voice arises from the diversity of viewpoints and intentions its members bring to the board, as well as from the way the board focuses this multiplicity into unity. This one-voice principle doesn't require or imply unanimity. On the contrary, the board must embrace all the diversity it can on behalf of the ownership. Differences among trustees are not only respected, but encouraged. Rarely will a vote be unanimous. Those board members who lose a vote, however, must accept that the board has spoken and that its decision is now to be implemented. No board should present conflicting messages to its ownership or its staff.

The principle of one voice can be undermined by charging board officers with roles of management, and by creating committees with mandates related to areas of staff responsibility. A board chair who supervises the chief executive, or a committee set up to instruct staff, must inevitably violate the one-voice principle in order to function.

Board committees are legitimate when they help with tasks that belong to the board. They are not when they help with tasks that have been delegated to others. Staff spend as much time almost making decisions, which then must be approved by the board or passed through committees, as they would spend actually making the decisions.

The principle of one voice can also be broken by individual board members who, thinking they are being helpful, go directly to staff with instruction or guidance.

Unless a board masters the art of speaking as a group, it has little power to lead. A board speaks with one voice...or it doesn't speak at all.

3) Board Decisions Are Predominantly Policy Decisions

Policy is here defined as the value or perspective that underlies action. Board policies express the a board's soul, embody the board's beliefs, commitments, values, and visions, and express its wisdom. Board policies should be generated by the board itself, not brought to it from other sources. Policies develop out of the board's struggle with values, from the stage of initial musing

to crafting a written document. The board decides what to have policies about, and to what level of detail it will develop them.

In this model of governance, board policies fit into four categories:

ENDS—The board defines which human needs are to be met, for whom, and at what cost. Written with a long-term perspective, these mission-related policies embody the board's vision and the organization's reason for being.

EXECUTIVE LIMITATIONS—The board establishes the boundaries of acceptability within which staff methods and activities can responsibly be left to staff. These policies limit the means by which Ends shall be achieved.

BOARD-STAFF LINKAGE—The board clarifies the manner in which it delegates authority and how it evaluates performance relative to Ends and limitations.

GOVERNANCE PROCESS—The board determines its philosophy, its accountability, and the specifics of its own job.

Except for what belongs in bylaws, these categories of board policy contain everything the board has to say about values and perspectives that underlie all organizational decisions, activities, practices, budgets, and goals.

4) The Board Formulates Policy by Determining the Broadest Values Before Progressing to More Narrow Ones

Values come in sizes; large values contain ranges within which smaller ones occur, like a nested set. A board establishes control over large issues with broad policies, and subsequently decides how much further to detail them. Then it delegates further definition to someone else, fully empowering them to do so, and accepting any reasonable interpretation of its policies. With Ends and Limitations policies that someone is staff; with Governance and Linkage it's the board chair.

The board may develop policy to whatever detail it wishes, so long as it does so from broad to narrow, and does not skip levels in the process. (When they approach policy-making this way Boards can exercise leadership and maintain effective control without delving into vast detail.)

5) The Board Defines and Delegates, Rather than Reacting and Ratifying

Boards are accustomed to approving plans brought to them by staff. Predictable problems arise: The very act of approving forces boards to become entangled in trivia. To avoid feeling like rubber stamps, boards may nit-pick. Approvals are usually issued without clarifying the criteria used in giving approval. Further, approving staff plans freezes into place details which cannot then be changed without board re-approval. This obstructs staff creativity and agility (a severe disadvantage to the organization) and weighs down the board with detail (diverting time from deciding the very policies that would make such role confusion unnecessary). Having board policies in place ahead of time allows board and staff alike to know whether a staff plan is approvable, since all the criteria by which approval is given are clearly stated for all to see.

The board does need to be assured that staff plans are true to the applicable board policies — and that reassurance is gained by policy-focused monitoring. This also reinforces the one-voice principle, because the board has already stated its criteria for approval and board members aren't thrown back onto diverse personal criteria.

6) Ends Determination is the Pivotal Duty of Governance

The justification for any body lies in what difference it can make. A nonprofit organization exists so that its world can be a better place. The kind of thinking needed in order to make a difference requires a sense of the whole, an overview, a high vantage point. The board will become more of a think tank for vision than a reviewer of staff decisions and activities. It will focus on outcomes; focus on the reasons for which the organization exists at all.

An issue is an Ends issue if—and only if—it directly describes what good, for whom, or at what cost. If not, it is not an Ends issue—no matter how important, no matter who decides it, no matter how closely related it is to goals, strategies, mission, or perceived board work. Ends language is never about what the organization will be doing; it is always about what will be different for those it serves. Distinguishing ends from means enables the board to free itself from trivia, to delegate clearly and powerfully, and to turn its attention to large issues.

7) The Board Controls Staff Means by Limiting, Rather than Prescribing

The organization's conduct, activities, methods, and practices are its "means" rather than its ends. Board means relate to how the board will organize, structure, and conduct itself in order to accomplish its job. Staff means are the various arrangements and actions needed to accomplish the ends or to safeguard the operations that produce them. Resist the temptation to prescribe staff means. (The board does not tell staff how to do its job.)

The board's role is one of boundary-setting—specifying in writing which staff means would be unacceptable, unapprovable, or off limits. (In other words, the board says what kind of means it will not put up with.) Beginning with broad prohibitions, advancing thoughtfully toward more detailed ones, the broader statements act as a safety net. Producing a "don't do it" list sounds negative, but in outcome is not. It allows a secure freedom, the boundaries of which need not be guessed, and within which staff creativity and action are encouraged. This key method of means constraint enables a board to govern with fewer pages of pronouncements, less dabbling in details of implementation, and greater accountability.

8) The Board Explicitly Designs Its Own Products and Process

The board states what it expects of itself, its code of conduct, the way it will plan and control its agenda, and the nature of its linkage with the ownership. And the board treats its own governance policies as iron-clad commitments.

The board may create committees to help it get its own job done, but not to help staff with theirs.

The board delegates to its Chair the right to make any reasonable interpretation of its words in governance process and board-staff linkage policy areas. The chief executive has parallel authority with respect to topics governed by ends and staff limitations policies. This delegation pattern ensures that the Chair and Executive work closely together, but neither reports to the other.

In developing its governance policies, the board again follows a broad-to-narrow approach, beginning with the broadest form of the question, "What is our job?" It goes into further detail until it is willing to allow its Chair to reasonably interpret its words in implementing board business.

9) The Board Forges a Linkage with Management That is Empowering and Safe

Board and Executive constitute a leadership team. Clear differentiation in their roles and responsibilities enable them to fulfill and excel in them, mutually support each other, and influence each other toward ever greater integrity and capability for leadership.

The board has the right to expect performance, honesty, and straightforwardness from its staff. Boards may be understanding about performance, but should never bend an inch on integrity. In turn, staff rightfully expects the board to be clear about the rules and then play by them, to fulfill its own job, and to speak with one voice.

10) Performance is Monitored Rigorously, but Only Against Policy Criteria

In Policy Governance, monitoring is conducted only against criteria currently stated in ends and limitations policies. When a board adopts the discipline of monitoring only what it has already addressed in policy its anxiety will drive it to develop all the policies needed. The board will require information that directly addresses existing criteria, and receive relevant monitoring data without having to digest enormous amounts of unnecessary information.

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