

POLICY GOVERNANCE® SOURCE DOCUMENT

Why a Source Document?

A “source” is a point of origin. A source document is a “fundamental document or record on which subsequent writings, compositions, opinions, beliefs, or practices are based.” (Websters)

Without a simply expressed clear point of source, interpretations, opinions, writings and implementations may intentionally or unintentionally diverge from the originating intent and ultimately be undifferentiated.

Without a simply expressed clear source document on Policy Governance, Policy Governance is not reliably grounded and not transferable as a distinction. It is left vulnerable to interpretation, adaptation and impotence.

What Policy Governance is NOT!

- Policy Governance is not a specific board structure. It does not dictate board size, specific officers, or require a CEO. While it has principles for committees, it does not prohibit committees nor require specific committees.
- Policy Governance is not a set of individual “best practices”
- Policy Governance does not dictate what a board should do or say about group dynamics, methods of needs assessment, basic problem solving, fund raising, managing change or anything else
- Policy Governance does not limit human interaction or stifle collective or individual thinking

What Policy Governance IS!

Policy Governance is a comprehensive set of integrated distinctions that, when consistently applied, allow governing boards to realize their accountability.

Policy Governance starts from certain principles about governing boards, which can be said to be true across all cases. These “universal principles” were not invented by John Carver, but are very clearly distinguished by him and are the basis for Policy Governance:

Principles of Governance

1. **Ownership:** The source of board legitimacy – to which the board must morally and/or legally connect its authority and accountability for the organization. Other “stakeholders” such as staff, customers and suppliers are *not* “owners” unless they independently qualify as such.
2. **Governance:** The job of the group granted full accountability and full authority for value produced on behalf of those who morally if not legally own the organization. The servant-leadership work of the highest and initial authority within the organization.
3. **Board Holism:** Board authority lies in the group’s one voice honed from the diversity of the whole group

4. **Accountable, Effective, Delegation:** In being accountable for an entire organization's conduct, achievement, values, and destiny, a board has no choice but to exercise unambiguous control. However, the imposition of controls on delegates can be as destructive to owner interests as it is favorable to them. Consequently, a board needs to exercise a type of control that safeguards owner values, optimally empowers human beings in the enterprise, and never delegates the same responsibility or authority to more than one point.

The following design distinctions make the principles of governance operational.

Operational Design

Policy: Explicit, brief, written statements of values and perspectives, which guide *all* current and future decisions. These board decisions are made in categories, which separate what the organization is *for* from what it *does*. In each category, the board begins by making its decisions at the broadest level and, as necessary, continuing into more detailed levels that narrow the interpretative range of the higher levels, one articulated level at a time.

Policies, then, are grouped as follows:

Policies about Ends: The board prescriptively defines the intended results, changes, or benefits that should come about for specified recipients, beneficiaries, or otherwise designated impacted group, and at what cost or relative priority for the various benefits or various beneficiaries. In equity corporations, Ends typically describe shareholder value.

Policies about Means: All decisions that are not Ends, are "means" by definition.

1) The board defines in writing and takes full responsibility for agendas, behaviors, values-added, practices, disciplines, and conduct of the board itself and of the board's delegation/ accountability relationship with its own subcomponents and with the executive part of the organization.

2) The board defines proscription and in writing, those conditions it requires staff to avoid even if they work. The board does not circumvent the spirit of this rule by using negative language merely to prescribe preferred means.

Reasonable Interpretation: In authorizing further decisions - beyond the ones recorded in board policies - the board grants delegates the right to use any reasonable interpretation of those policies. In each instance, the delegate is never ambiguous.

Monitoring: The board periodically receives information, providing evidence that performance in both governance and management complies with a reasonable interpretation of the board's stated expectations in these domains.

These governance and design distinctions exist and are real when distinguished and don't exist when they are not distinguished. When distinguished, and therefore brought into play, they allow for a governing board to realize owner accountability. When they are not distinguished, and so not brought to play, true owner accountability is not available.

Policy Governance boards live these distinctions in everything they are, do and say.