



And Another Thing...

Caroline Oliver, General Editor



The pace of change and positive growth is accelerating. Since June this year, we have had a first international users' conference, appointed a new CEO, elected a new Chair and now we have a new-look newsletter!

As we go forward, this newsletter should be ever more important, keeping you abreast of events and in touch with other members and I want to ask you to consider using it to hone your own writing skills. Let me share with you some of the benefits I see for you and for the Association.

Firstly, writing for a professional journal with whose readership you by definition share common interests, is slightly less daunting than writing for others about whom you can make no assumptions.

Secondly, I often use writing as a way to focus my mind on something I want to sort out but will never get around to thinking about in the ordinary way. Committing myself to writing an

article about it by a particular deadline has a magic way of getting the wheels turning.

Thirdly, this newsletter is read by a wider audience than IPGA members as many of us distribute it to our contacts list. So, writing for *Governing Excellence* gives you and your ideas visibility in the wider Policy Governance world. If you feel you have something to offer, why not try it out here first? Susan Mogensen's idea in this newsletter might give you a start.

The benefits for the Association are that the world comes to appreciate that there are many, many people with a wide variety of interesting backgrounds and perspectives who value Policy Governance and are actively applying it and benefiting from it. This is all part of building the critical mass we need to reach the tipping point at which, as was first discussed in the October 1999 Think Tank that first conceived our Association, Policy Governance becomes the norm.

You can contact Caroline at coliver@policygovernanceassociation.org

What's New and Exciting

- ❖ IPGA board members will for the first time hold a board meeting outside of North America. On December 13, directors will gather in Amsterdam in the Netherlands to review recently gathered ownership linkage information, make decisions about IPGA's Ends policies, and much more.
- ❖ Check out the new conference website. IPGA has recently launched its 2005 conference website, at www.ipgaconference.org



- ❖ *Creating the Future: Good Governance in Action*, which takes place in Scottsdale, Arizona on June 2-4, 2005, features a new and exciting design, meant to convey the energy, direction and progress made by boards that govern with excellence. Please take a look and spread the word to colleagues and associates you know who could benefit from the learning and networking advantages offered at this conference.
- ❖ Register for *Creating the Future: Good Governance in Action* by January 15, 2005, to get early bird rates of \$489 for IPGA members and \$449 for groups of 3 or more. Visit www.ipgaconference.org for details and to register online. Making this conference even more affordable are hotel room rates at the beautiful Doubletree Paradise Valley Resort for just \$89 plus tax per night.
- ❖ A new IPGA website is coming soon. IPGA's website at www.policygovernanceassociation.org is undergoing a major redevelopment. The new site will feature more news, updates, links, interactivity, and a members-only section with tools, tips and downloads for IPGA members.

Joining IPGA is now even easier!

If you are interesting in becoming part of IPGA's thriving community, you can now join online by visiting

www.policygovernanceassociation.org

and following the "Membership" links, or by going directly to

www.regonline.com/16817

For your convenience, Visa, MasterCard and American Express are now accepted, in addition to payment by cheque and wire transfer.

For more information about IPGA, contact Susan Mogensen at 613-833-3644 or 1-877-847-4552, or e-mail:

info@policygovernanceassociation.org

or visit the IPGA website at

www.policygovernanceassociation.org

It pays to join IPGA

In addition to being part of a growing, thriving community dedicated to owner-accountable, effective governance, IPGA members receive the following benefits:

- Save 10% on IPGA's annual conference registration fees
- Save 10% on seminars and courses offered by Carver Governance Design, Inc.
- Receive a 40% discount on a subscription to Board Leadership
- Save 10% on designated On Target Governance events
- **Coming Soon** — IPGA members will have access to a "Members Only" section of the IPGA website at www.policygovernanceassociation.org where they will be able to share questions, advice, tips and files.



Hot Tip!

COMMITTEES CAN HELP THE BOARD DO ITS WORK

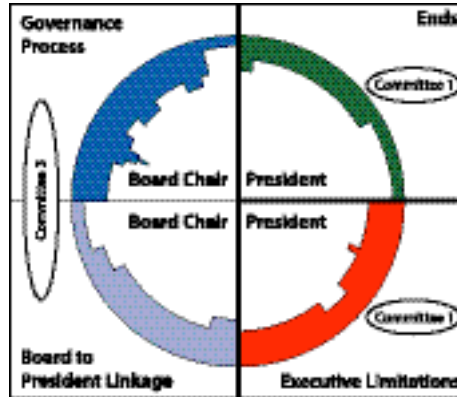
by Karl Sommers

For boards either considering or implementing Policy Governance, I am frequently asked the question: “What are some legitimate uses of committees that help the board to do its work?”

This question is often posed by a board that has had the more traditional committee structure focused on various management functions such as finance, marketing, investments, etc.

The level of inquiry might be simply, “What if we were to adopt Policy Governance?” or it might actually be the result of developing a detailed work plan for implementing Policy Governance and realizing that some committee work could increase the efficiency and effectiveness of the board’s work.

This is an important question, especially for boards with more than a dozen members. I always begin with the caution not to do anything with committees that detracts from the wholeness of the board’s job. Committees, if used, should be used strategically and ordinarily in an *ad hoc* capacity. Their primary function is to do pre-board work.



While there is no one single recipe that could possibly fit the needs of all boards, I often consider the board’s needs in the context of their policy circle. My suggestions usually focus in these three areas:

1) Ends, 2) CEO Limitations, and, 3) Board Means as shown in the diagram. Sample suggestions are described below:

- ❖ Committee 1 (*Owner Relations*) would work with sorting out issues and proposing alternative plans for linking with owners.

- ❖ Committee 2 (*Audit*) would recommend external vendors (auditors, legal counsel, etc.) to assess compliance with Executive Limitations calling for external monitoring.
- ❖ Committee 3 (*Development*) would recommend educational activities, new board member recruiting processes, and performance evaluation methods to help maximize the board’s governance potential.

In these descriptions, I’ve chosen specific tasks only for illustration. Committee descriptions should always fit the board’s current needs. Even if the board recommends that a committee become permanent, I usually suggest putting a time limit (not to exceed two years) in the committee’s description as a discipline for the board to assess its ongoing need.

If committees are used sparingly and formed only to meet strategically important board goals, they can energize the board’s performance.

You can contact Karl at karl.sommers@mma-online.org

About IPGA

Launched in June 2001, the International Policy Governance Association (IPGA) is committed to owner-accountable, effective governance, and is a 501-c(3) not-for-profit corporation.

Contact IPGA

Have a question or comment for IPGA?

Call us at 613-833-3644 or toll-free at 1-877-847-4552.

E-mail us at info@policygovernanceassociation.org

Visit our website at www.policygovernanceassociation.org

Write to us at:
Susan Mogensen, CEO, IPGA
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Welcome to IPGA!

New IPGA Members:

- Faith Diehl, Atlanta, Georgia
- Jewellers Mutual Insurance Company Neenah, Wisconsin
- IPGA also extended an Honorary Lifetime Membership to Howard Stier of Apex, North Carolina, in appreciation for all of Howard’s voluntary contributions as IPGA’s first CEO.

New Academy Grads

Nineteen individuals participated in Carver Governance Design Inc.’s Advanced Policy Governance Academy held Oct. 18-22, 2004 in Atlanta. This year’s graduates included 10 participants from the United States, seven from Canada, one from The Netherlands and one from Guatemala.

Retreat in Paradise Valley

Consider holding your board retreat at the Doubletree Paradise Valley Resort in Scottsdale, Arizona before or after IPGA’s June 2-4, 2005 conference. Your organization will save on costs associated with meeting space, accommodation and travel, and your board members will benefit from combining professional development with business in a relaxing resort environment. For more information, contact Susan Mogensen at 1-877-847-4552.



The Best of Policy Governance

CLIENTS BENEFIT BY SHARING EXPERIENCES IN USER GROUPS

by Sue Stratton and Eric Craymer, Partners in Policy Governance

Learning a new technology is never easy. If your organization has purchased an integrated software system, you may have noticed that part of the service package includes an operator's guide, staff training, access to a help desk, and ongoing support through facilitated user groups.

Policy Governance is not unlike an integrated software package — a complete operating system that impacts every aspect of the organization. There might be lessons to be learned from the software industry about packaging followup services to assure optimal use of the technology.

In Michigan, Partners in Policy Governance has modeled a service to our clients around the concept of bringing users together to discuss new understandings, focus on real world discoveries within the technology and bring forward problems to solve—virtually any application issue that might surface in the practice of Policy Governance technology.

Policy Governance User Groups are held three to four times annually for our client base. Our meetings are half-day afternoon sessions, following half-day introductory sessions to the model for the general public. Participants pay a minimal fee to attend the session. We draw participation from the wide variety of our client base with one End in mind: a supported community of Policy Governance practitioners.

In preparation for each User Group Session, we advertise two specific topics that will be on the agenda for the discussion, plus we leave plenty of room to bring specific issues of client concern to the table.

Examples of the topics we have explored during these user group sessions include:

- ❖ Ends Policy Development
- ❖ Linking with the Ownership
- ❖ Creating the Board's Annual Work Plan
- ❖ Monitoring the CEO
- ❖ Board Self-Assessment
- ❖ Converting Board Decisions into Policy Board Orientation
- ❖ Management Implications of Policy Governance
- ❖ Operational Delegation within the Framework of Policy Governance

It is our practice that, when we have developed a specific tool for one client during the intervals between meetings, we also share the generic tools with the User Group participants.

As a result, all participants leave with new ideas and tools to advance their understanding and practice of the model.

One of the legendary user group sessions had a balance of staff and board member attendees from a variety of organizations. One board chair was struggling with the excuses of her Executive Director for not submitting monitoring reports in a timely fashion, which in turn created great frustration for the board. When that board chair heard the testimony of other Executive Directors in the room about the time investment to write the reports and the value of doing that work, she was convinced that her board should no longer accept those excuses and should ensure that proper monitoring was done.

Our client participants tell us they find great value in the conversations. It refocuses them on model-compliant behaviors, helps them think through some of the human challenges of the board's process, helps them to recognize the level of integrity practised in their organization and

offers new perspectives on how to solve problems within the model. Because we share our own experiences and developments in the “real” world of Policy Governance, it promotes the evolution of understanding of the model.

From a consultant perspective, it keeps us in touch with clients who are independently exploring and progressing in their understanding of the model. We can also assure an experienced “support group” for our clients who are just beginning their journey.

A parallel for Policy Governance consultants has been the value of participating in the On Target training sessions and IPGA Conferences. We leave those sessions feeling energized and with a deeper understanding and commitment to the model. User Groups have the same impact on our clients.

You can contact Sue and Eric at www.partnersinpolicygovernance.com

The Board Connection

IPGA BOARD TURNS ATTENTION

TO OWNERSHIP LINKAGE AND MEMBER BENEFITS

Jannice Moore, IPGA Chair



On behalf of IPGA's board, it is my privilege to introduce this new column, as part of our ongoing board contribution of staying “connected” with you, our owners.

As a board, we were pleased at the mix of expert, new, and potential Policy Governance users in attendance at our first Conference in Chicago in June. We look forward to even bigger and better in 2005, and encourage all of you to take advantage of this opportunity to network and learn from other users of the model.

As our ownership linkage work for this year, we have made a commitment that a board member will directly contact every member personally. If you have not yet heard from one of us, you can expect to and if you have not been contacted by now, please let me know, as we *do* want to hear from you.

At our meeting in early December, we will be spending most of our energy on Ends delibera-

tion. Your contribution to this challenging task is important, as we will be struggling with issues such as balancing benefits for Policy Governance® users — boards and associated staff and also consultants — the “for whom” question.

We will be considering and reconsidering “What benefits are *most important* for IPGA to produce?” Which benefits will most effectively contribute to achievement of the mega-End — Owner-Accountable, Effective Governance?

We look forward to ongoing dialogue with you on these and other issues. Please feel free to contact the board member(s) of your choice:

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Mike Conduff mike.conduff@charter.net
Jan Maas maasgovernance@nl.proximedia.com
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Jim Weigel jweigelsprint@earthlink.net

Reasonable Interpretations

SUCCESS STORIES CAN HELP TO OVERCOME RESISTANCE

Susan Mogensen, IPGA CEO



IPGA members “get” Policy Governance. So do many others. The clarity and logic of the model is so appealing to some board members that they cannot contemplate ever serving on a “traditional” board ever again.

Why is it, then, that so many other people just don't seem to get it at all? Time and again we come across assertions people have made that demonstrate a complete misunderstanding of Policy Governance at best, and outright misrepresentation of the model at worst.

In many cases it seems like these people just don't want to know the truth about Policy

Governance and feel they know all they need to know. And, the harder we try to bring the facts to their attention, the more they resist.

It could be cognitive dissonance, or wilful ignorance, or arrogance, or a case of senior board members needing additional courage to embrace training in an area where they might feel they are supposed to be experts already.

Whatever the reason, it's important that our approach be firmly centered in the truth, and be open, patient, understanding and accepting at the same time.

We must also highlight the successes. Think of all the board members who have found new

meaning in their roles, the CEOs and staff members who have become newly empowered, and the owners who are now valued, consulted, and connected.

The power of these testimonials could very well be our best means of achieving greater public awareness of owner-accountable, effective governance, and of dissolving resistance to change.

If you have a positive testimonial about Policy Governance, please share it with IPGA by e-mailing it to the address below.

You can contact Susan at info@policygovernanceassociation.org

Policy Governance Seen and Heard

John Carver has an article in the National Association of Corporate Directors' October 2004 *Directors Monthly* titled “Now Let's Really Reform Governance.”

In early September, John and Miriam Carver co-presented a one-day seminar on corporate governance in Bangkok sponsored by the Thai Institute of Directors, then a two-day seminar on the same topic in Kuala Lumpur sponsored by the Malaysian Institute of Management.

In both seminars, participants included leaders not only in corporate boards and management, but in central banking and stock exchanges. Further similar work in Malaysia may be forthcoming in early 2005.

Caroline Oiver ran a workshop at the Royal Society of Medicine in London, UK in September.

Jannice Moore's paper titled, *A Governance "Operating System" for a Culture of Accountability*, presented at the Queens

University, Belfast, Institute of Governance, Public Policy and Social Research's Conference on Governing the Corporation: Mapping the Loci of Power in Corporate Governance Design 20-21 September 2004 is available at: www.governance.qub.ac.uk/govcorp/day2ab.html



From left: Tan Lye Huat with Robert A. G. Monks, founder of Institutional Shareholder Services and LENS, and Mak Yuen Teen, Co-Director of the National University of Singapore's (NUS) Corporate Governance and Financial Reporting Centre at the NUS Singapore Institute of Directors' Annual Conference.

The Ends Zone...

IPGA's Global End is:

Owner-Accountable, Effective Governance, as defined by the following principles:

- ❖ Governance is a function of ownership, not management
- ❖ Boards are the highest authority under owners
- ❖ Boards are the initial authority within the organization
- ❖ Board authority is group authority
- ❖ Boards are accountable to owners for everything within the organization
- ❖ Boards need to empower those to whom they delegate authority while remaining fully accountable for the use of their authority.

Submissions Welcome

To submit an item for Governing Excellence, please contact Caroline Oliver, General Editor, at: coliver@policygovernanceassociation.org

And I Quote...

“The future is not a result of choices among alternative paths offered by the present, but a place that is created — created first in the mind and will, created next in activity. The future is not some place we are going to, but one we are creating. The paths are not to be found, but made, and the activity of making them, changes both the maker and the destination.

— John Schaar