



The Board Connection

ENDS AMENDED BASED ON OWNER INPUT

Jannice Moore, IPGA Chair



The board's December 2004 meeting in Amsterdam included discussion of the input we have received to date from our ownership linkage contact, board education, bylaw amendments, and some policy revisions, including major attention to our Ends. Although it was not possible to connect with everyone — our target is to do that prior to our April meeting — we reflected seriously on the input received from members so far.

Some of the key themes we heard from members were: that public awareness about Policy Governance® must be a high priority for IPGA; that you want resources and knowledge about “best practice” application of Policy Governance®; the importance of engaging the corporate sector; and that some of you have concerns about the “only existing system” as sounding arrogant — even though accurate — and therefore not as helpful in encouraging boards to adopt the model.

As a result of our deliberations to date, we have amended the Ends to reflect the importance of public awareness of the *effectiveness* of the model.



IPGA Board meets in Amsterdam, December 2004

We also deleted the previous End related to “growing application” of the model, as we realized that IPGA itself cannot be accountable for the application — only the awareness, and the availability of tools and resources to assist that application.

Finally, to emphasize that we serve both boards and consultants, we restructured the Ends to make those “for whoms” clear. You can see the results of our Ends work at www.policygovernance.org.

The Bylaws were amended to clarify membership and board election processes. The board also reflected on some “homework” that we had done between meetings, making contacts with a variety of organizations to learn from them about their growth from early stages to more mature organizations, and their experiences with developing certification programs. This is part of our continuing work in trying to set the most appropriate Ends for IPGA. We amended a number of policies to reflect the new reality of a paid CEO, so that accountabilities remain clear.

At our April meeting we plan to consider four major policy areas and your input in advance is welcomed: (1) should the IPGA have a “Code of

Ethics/Conduct” for its members? If so, what should be included? (2) Should the IPGA have a policy regarding the potential for competition between the IPGA and its members (particularly consultant members)? If so, what should be included? (3) What Ends should the IPGA have regarding research about the use and effectiveness of Policy Governance®? (4) What should we say regarding “at what cost”?

What's New and Exciting

■ Registrants for *Creating the Future: Good Governance in Action*, IPGA's second annual conference to be held June 2-4 in Scottsdale, can now choose from a slate of 28 different workshops. From ownership to monitoring to the implications of Sarbanes-Oxley, there is a wide variety of interesting and stimulating choices for participants from all backgrounds and levels of Policy Governance experience. Space in each session is limited so registrants are urged to sign up for their workshops as soon as possible by using the online registration site at www.regonline.com/18601

■ IPGA is very proud to feature the plenary presentation, “Powerful Conversations: Using the Future to Create the Present,” by Dr. Betty S. Flowers at its June conference. Until her appointment as Director of the Johnson Presidential Library and Museum, Dr. Flowers was Kelleher Professor of English and member of the Distinguished Teachers Academy at the University of Texas at Austin. She is also a poet, editor, and business consultant, and has served as a moderator for executive seminars at the Aspen Institute for Humanistic Studies, consultant for NASA, member of the Envisioning Network for General Motors, Visiting Advisor to the Secretary of the Navy, and editor of *Global Scenarios for Shell International* in London and the *World Business Council* in Geneva. Her two most recent books are *Christina Rossetti: The Complete Poems* and (with Senge, Jaworski, and Scharmer) *Presence: Human Purpose and the Field of the Future*.



■ Visit our new website! IPGA recently revamped its website at www.policygovernanceassociation.org, with improved navigational ease, a new look and a more “newsy” style. Members and visitors are encouraged to visit the site often for updates on stories and developments in the governance arena.



Hot Tip!

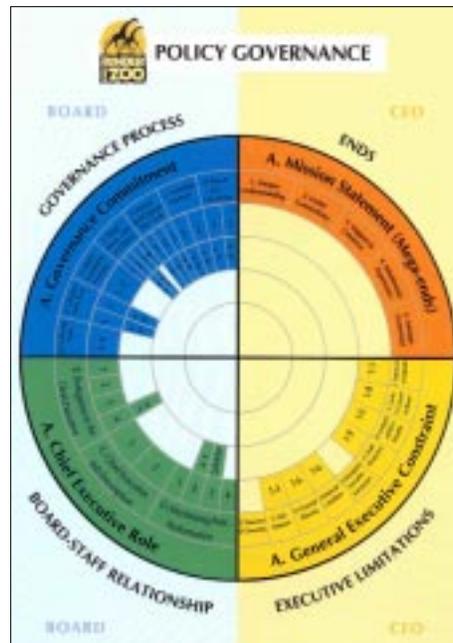
POLICY GOVERNANCE IN FULL COLOR

by Greg Geise, President and CEO, Binder Park Zoo and Nonprofit Consultant

Having worked as a nonprofit CEO within the framework of Policy Governance for the past nine years, serving under seven different board chairs and having every board position turn over at least once, I have experienced first-hand the challenges of keeping the organization true to our commitment to Policy Governance. We train all board members about Policy Governance, and have a continuing education program but I have found that this is still not enough.

Several years ago, after being more and more frustrated by this situation, I realized that I needed to create an easily and quickly understood means of expressing the unique concepts and relationships of the parts of the model. From this came a color chart and color coding of the four areas of Policy Governance.

I split the standard model of concentric circles used to define the layout of policies in half vertically with Governance Process and Board-Staff Relationship on the left with a light blue background and defined it as the Board side.



The Ends and Executive Limitations are on the right with a pale yellow background defined as the CEO side. All written policy pie pieces were then fitted into the circular chart in the standard manner.

All Governance Process pieces were colored dark blue and Board-Staff Relationship pieces green, both on the left or Board side.

On the right or CEO side, Executive Limitations were placed in dark yellow, and Ends in dark orange. In addition, all written policies and reports are similarly color-coded to help keep the connection to the pie chart and their relationship clear.

These colored charts are printed and placed in all of our “board books.” Each board member has a copy of the book to take home and we provide a copy at their places at every board meeting. A large full-color wall chart hangs in the board room during all board meetings to be a ready reference and to help keep everyone on the same page and color.

Although this full-color approach to Policy Governance has not completely addressed the challenge of continued commitment to and knowledge of Policy Governance with a board of caring but very busy members, it does help. It is a relatively simple tool to help them visualize the model.

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.

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
- Members have access to a “Members Only” section of the IPGA website at www.policygovernanceassociation.org

Welcome to IPGA!

New IPGA members since December 1, 2004

- Janet Bradshaw, Vernon, British Columbia
- Jay Fernandez, Longmont, Colorado
- David Green, Oshkosh, Wisconsin
- James Hyatt, Denver, Colorado
- Robert Jordan, Napa, California
- Kwantlen University College, Surrey, British Columbia
- Charles Mustine, New Albany, Ohio
- Susan Noble, Mt. Prospect, Illinois
- Barry Packer, Dallas, Texas
- Hendrik Pieterse, Nashville, Tennessee
- Helmie Smole-Van Ravestein, Heemstede, Netherlands
- Michele Weimer, Placerville, California

Joining IPGA is easy

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

www.policygovernanceassociation.org

and following the “Membership” links, or by going directly to: www.regonline.com/16817

Visa, MasterCard and American Express are accepted, plus payment by cheque and wire transfer.

For more information about IPGA or if you have a question or comment, please contact:

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The Best of Policy Governance

GOVERNANCE RED FLAGS IN MANAGEMENT CONSULTING

by Faith Diehl and Brian Acheson

Guiding executive leaders and their organizations through business transformation is the heart of management consulting. While there are many tools of the trade — ranging from the technically sophisticated to the perennially wise — the consultant's portfolio is not complete without governance tools.

As management consultants who are Academy trained in Policy Governance®, we've found that our understanding of effective governance principles enables us to assist our CEO clients. We're equipped to spot the red flag warning signals that indicate confusion between board and CEO responsibilities, and between customer and owner claims on the organization. Since the blurring of top-level roles invariably risks bottom-line performance, Policy Governance®, principles are a critical tool for delivering management as well as governance excellence.

In this article, we'll highlight three governance red flags that appear in our conversations with CEOs, the problem that each red flag signals, and the Policy Governance®, principle that reframes the issue and helps to put executive clients back on track for organizational success.

The most common governance red flag we encounter is over-extension of the CEO span of control. Business transformation often involves re-examining issues of organizational purpose. When we observe a management team shaping ends and keeping fundamental issues of purpose from the board, there is a risk that management interests, including the status quo, will prevail at the expense of owner interests.

Ultimately, that approach is not a formula for organizational success. *It's the board's responsibility to establish the owner-desired ends of the organization.* Our aim, in this situation, is twofold. First, we coach the CEO on framing a conversation with the board, to engage it in leadership of the purpose component of transformation.

Second, we work with the management team on the human side of change as well as system change. With a combination of communication, staff engagement, performance measures and incentives, we help them to create an environment for staff choices most closely aligned with owner interests and with the transformation goals of improved performance on behalf of owners.

Another common red flag is when we hear a CEO complaint that the board lacks the industry-specific expertise to weigh-in on strategic

plans. This grievance about lack of expertise is a non-issue equally as egregious as over-extension of the CEO's role — namely over-extension of the board's role. *While it's the board's responsibility to establish the owner-desired ends of the organization, it's the CEO's responsibility to achieve them.* Strategic plans represent a roadmap of the means for achieving ends and are the purview of management. The opportunity for the consultant is to reframe the CEO-board dialogue about strategic plans as merely informational, and not requiring board approval.

Finally, when CEOs in public service organizations tell us "our customer is the taxpayer ... we have to give our best services to them," we see a red flag in their gold-plated commitment to customers who happen to be owners. *Boards are obligated to speak on behalf of owners as-a-whole.* The board-delegated management imperative for our non-profit clients is to make judicious choices in order to stretch limited resources to serve public-owners as-a-whole. Appealing to their commitment to service, reframed in terms of accomplishing societal ends, we help our clients have the courage to establish boundaries with individual taxpayers-customers.

These three governance red flags in management consulting illustrate the indispensable contribution of Policy Governance® to management excellence. Equipped with governance principles, CEOs can frame ends questions for their board, develop a rationale for steering their board away from management's business, and distinguish obligations to customers from those to owners. With governance constants unblurring roles, the track is clear for transformational change — and the shared wins of board, CEO and organizational success in improving owner value.

Brian Acheson is a director in the management consulting division of Deloitte UK, Northern Ireland. Beginning at Andersen Consulting (Accenture) and now at Deloitte, he helps organizations with large-scale technology capability undergo business transformation in the private, public and non-profit sectors.

Faith Diehl is an independent management consultant based in Atlanta, Georgia. She consults on effective governance, leadership and change in the for-profit and non-profit sectors.

And Another Thing...

SET PRIORITIES AND FOCUS

Caroline Oliver, General Editor



We could all do with working a bit smarter rather than harder. This point is well made for boards in this thought from Mike Hudson¹. "A board meeting quarterly for a day adds up to 1,200-1,440 minutes per year. Twelve to 14 minutes lost because someone raised a point of detail means 1% of the board's annual meeting time has been spent inappropriately."

The point also extends to the work of IPGA. As a small body with big ambitions, we need to focus on the areas where we can make the biggest difference.

On page 1 of this issue you hear from IPGA's Chair Jannice Moore about the board's recent work on Ends prioritization at the first IPGA board meeting to be held outside of North America. You learn a lot about what we are all accomplishing along the way to owner-accountable effective governance.

At a personal level too, we need to continually refocus ourselves on what's really important to us. A friend of my family's who died recently included these words in a message for all those who attended his funeral:

"Never mind the failures of the past or the fears for the future. Seize the Day. Get out there and live a little, love a lot, and as my darling wife always puts it, have fun."

1. Mike Hudson in "Managing at the Leading Edge: New Challenges in Managing Nonprofit Organisations", Directory of Social Change, UK 2003.

You can contact Caroline at coliver@policygovernanceassociation.org

Submissions Welcome

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

Reasonable Interpretations

WE CAN LEARN FROM THE TORTOISE

Susan Mogensen, IPGA CEO



“Progress, of the best kind, is comparatively slow. Great results cannot be achieved at once; and we must be satisfied to advance in life as we walk, step by step.”
— Samuel Smiles, 1812-1904

Dr. Betty S. Flowers, who will be presenting at IPGA's conference in June, works with corporations on the use of scenarios and stories to create their future. As I think about the creation of IPGA's future and the achievement of IPGA Ends, the story of the race between the tortoise and the hare comes to mind. The hare sets off very quickly, only to indulge in overconfidence and decide he can afford to take a rest.

The slow but steadily plodding tortoise eventually overtakes the resting hare and wins the race.

The daily work behind the scenes at IPGA can certainly seem like slow plodding, especially in the face of other organizations that have hundreds, if not thousands of members, deep pockets, and highly influential connections. Major firms leap over each other to sponsor their conferences. Media outlets call them for commentary. Governments ask them for advice.

IPGA cannot be envious or discouraged by its relative position in this race, or journey, and will instead continue to make steady progress towards achievement of IPGA Ends. And, you

can be assured, I do see this progress on a regular basis, from a steady flow of new members, growing conference registrations, donations received, and even in the way members so readily volunteer to help and to advise others, or me.

IPGA is a strong, healthy and very determined community of ethical, principled people. Our Ends are clear and we are on the move. Perhaps it's best we keep quiet and humble about our progress, however, lest we wake the sleeping hare.

You can contact Susan at info@policygovernanceassociation.org

Policy Governance Seen and Heard

Articles

“Board Governance from First Principles”

“Every Board's Anchor: Board Governance and Ownership”

“Making Sense of Board Accountability”

All the above by Caroline Oliver and published by *Governance Matters* in Issues 7 and 8, 2004 and Issue 1, 2005 respectively. *Governance Matters* is a newsletter for health care boards and senior managers in the UK and around the world. For further information see www.witherbys.com

The last two issues of *Board Leadership: Policy Governance in Action* (Volume 2004, Issue 76, 17 December 2004, and Volume 2005, Issue 77, 9 February 2005), feature the following articles:

“The Power and the Glory: Embracing the Joy of Accountability” by Susan Mogensen

“On a Personal Note — Of Potted Plants and Governance” by Miriam Carver

“Using Information Technology to Sustain Policy Governance” by Ray Tooley

“A Debatable Alliance” by Caroline Oliver

“On a Personal Note — Governance Codes” by John Carver and Miriam Carver

“Policy Governance Top Ten” by Susan Rogers

“Now Let's Really Reform Governance” by John Carver

“Why Shouldn't a Board Set Ends Policies One at a Time?” by John Carver

“Coherent Governance” by Linda J. Dawson and Randy Quinn published in *The School Administrator* American Association of School Administrators, November 2004.

“Data-Driven Decision Making: A Play in Three Acts — A Stage for Board Accountability” by Linda J. Dawson and Randy Quinn, published

in *School Leader* magazine, New Jersey School Boards Association, March/April 2004.

“More Boards Mulling Policy Governance” by John Gehring, published in *Education Week* www.edweek.org February 16, 2005

“Who Owns the Council?” by Caroline Oliver published in *Local Government Manager* (LGM) magazine by the Institute of Leadership and Management, London, UK, Winter 04/05

“Why Board Culture Matters” by Linda J. Dawson and Randy Quinn, published in the *American School Board Journal* by the National School Boards Association, September 2004.

Books

John Carver has provided a Foreword to *Corporate Governance* by Peter Wallace and John Zinkin, a book in the “Mastering Business in Asia” series from Ernst and Young LLP, published by Wiley. ISBN: 0-470-82112-4, May 2004.

And I Quote...

“There is a radical distinction between controlling the business ... and actually doing it. The same person or body may be able to control everything, but cannot possibly do everything; and in many cases its control over everything will be more perfect the less it personally attempts to do ... Some things cannot be done except by bodies; other things cannot be well done by them.”

— J.S. Mill in *Representative Government* (1861)