WHAT IS POLICY GOVERNANCE?

John Carver introduced his Policy Governance® model in the 1980's with the publication of his first book, *Boards That Make a Difference*. The model is built on traditional principles that people long have recognized that good boards strive to practice. Carver recognized the difficulty that boards have in actually practicing those principles, and created a system of governance to enable boards to effectively lead, direct, and control organizations through a set of very carefully crafted policy statements based upon those principles.

Abandoning the traditional practice of "approvals," the Policy Governance board sets policy and rigorously monitors for compliance. The policies are grouped into four categories, each serving a distinct purpose:

Ends

Defined organizational products and outcomes for specified owners.
These policies clearly state the "bottom line" that the organization is expected to achieve over time:

- What benefit?
- For whom?
- At what cost?

Executive Limitations

Clear limits and controls on operational decisions that the board would find unacceptable, defining the boundaries within which the CEO and staff may operate. Stated in the negative, the "10 Commandments" articulate the actions and decisions that limit CEO authority.

Governance Process

The board defines its own work, and how it will be carried out. These policies clearly state the expectations the board has for itself, for individual members, for the chair, and for collective behavior, including behavior at board meetings and for any board committees.

Governance-Management Connection

Specific delegation of authority to the CEO, a process and timeline for CEO evaluation, and accountability of the CEO to the board as a whole, not to individuals.

An alternative to the Carver policy governance model is the Aspen Group's governance design, called Coherent Governance®. It is influenced heavily by John Carver's work. The Coherent Governance model is built around four different but interrelated types of policies, each serving a distinct purpose. As with Carver's model, a governing board adopts these policies and then monitors them on a regular basis in order to assess whether the desired results are being achieved.

Results

Results policies describe the outcomes the organization is expected to achieve for the specific clients or customers it serves. The Results policies are the performance targets for the CEO and the organization, and form the basis for judging the success of both.

Operational Expectations

The board wants to remove itself from preoccupation with the day-to-day operation of the organization. But yet, it has concerns about those operational matters that it must express in order to represent and serve the interests of the “owners” of the organization on whose behalf the board does its work—the citizens, in the case of public boards.

OE policies allow the board either to direct that certain conditions exist or actions occur, or to prohibit those conditions and actions that it would find unacceptable. Each OE policy has two components: one stated positively ("do this"); the other negatively ("don't do this"). The result is clear direction from the board to the CEO.

The CEO is encumbered to operate the organization within the board's stated values about operational conditions and actions. But after having observed and complied with those policy values, the CEO is free to make other decisions without seeking the board's approval. And for the board, these policies allow the board to control operational decision-making without the confusing ritual of approving CEO recommendations that undermines clear accountability. In fact, Coherent Governance promises to eliminate forever any lack of clarity about who is responsible for what.

Board/CEO Relations

BCR policies define the degree of authority conveyed by the board to the CEO, and also outline the process for how the CEO will be evaluated. Essentially, the CEO's performance and the organization's performance are identical: if the organization succeeds in operating according to the board's stated values, and if it produces the outcomes for clients specified by the board in policy, the CEO has succeeded, and is evaluated accordingly. No more off-the-cuff, generic evaluations.

Governance Culture

Every board has a culture. In traditional governing environments, board members aren’t always clear about that culture. In Coherent Governance, the board deliberately and carefully crafts a set of policies that, in sum, establishes a culture for good governance. Separate policies establish standards for how the board performs its work, including policies defining the board's purpose, its job description, its self-defined norms for executing its work, and its own discipline and accountability.