

SURFACE TO SOUL

Live Well | Lead Well | Coach Well

10 Principles of Policy-Based Governance

Trust in Trusteeship. The board of a nonprofit or public organization represents the ownership of the organization. It governs on behalf of all the affected persons who are not seated at the board table. It must therefore establish, maintain, clarify, and protect its relationship with the organization's "owners."

The board speaks with one voice or not at all. When boards make authoritative decisions, they must have a single voice on any given issue. The power of boards of directors is not as individuals, but as a group; a corporate entity entrusted by the owners with the authority to govern and lead the organization. Diversity of viewpoints from board members must be respected and encouraged. Rarely will votes be unanimous, however, those trustees who lose a vote must accept that the board has spoken and that its decision must be implemented as decided.

Board decisions are typically policy decisions. Board policies should be the expression of a board's soul. They should embody the board's beliefs, commitments, values, and vision. The board must address the largest or broadest values in four categories:

- **Ends.** The board defines which customer results are to be achieved, for whom, and at what cost.
- **Executive limitations.** The board sets boundaries of acceptability within which methods and activities can responsibly be left to staff. These limiting policies apply to staff means rather than to ends.
- **Board-staff linkage.** The board clarifies how and when it delegates authority to staff, as well as how it evaluates staff performance on achievement of the ends and executive limitations policies.
- **Governance process.** The board determines its philosophy, accountability, and the specifics of its own job.

Boards should set policy by determining the broadest values before progressing to more narrow ones.

The board may grant the CEO authority to make all further choices, as long as they are "within" the board's ends and executive limitations policies.

Boards define and delegate, rather than react and ratify, avoiding the need to approve most items.

Ends-determination is the pivotal duty of governance. The justification for any organization lies in what difference it can make. A nonprofits exist so that the world in which it operates can be a better place.

The board's best control over staff means is to limit, not prescribe. The board should delegate clearly and powerfully, so that it may focus on the large issues of ends. The board sets limitations rather than micromanages.

A board explicitly designs its own products and process through the use of policies. The Board's policies describe how the board will conduct itself, perform its own job, and evaluate its own performance.

A board forges a linkage with management that is both empowering and safe. The single most important relationship within the church is between the board chair and the lead pastor, superseding other staff relationships.

Performance of the head of staff must be monitored rigorously, but only against ends and means.

Which principles do your leaders need to pay closer attention to in the future?



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