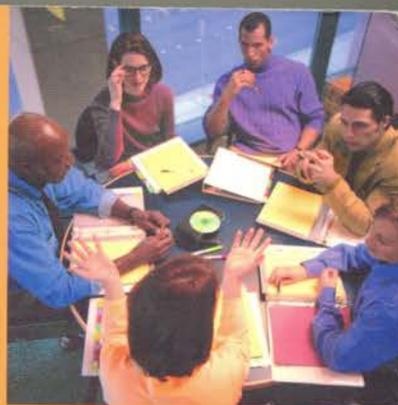


**FOREWORD BY JOHN CARVER**

**AUTHOR OF BOARDS THAT MAKE A DIFFERENCE**



# **THE POLICY GOVERNANCE FIELDBOOK**

Practical Lessons, Tips, and Tools from  
the Experiences of Real-World Boards

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### EXHIBIT 6.2. OWNERSHIP LINKAGE TOOL FINDER.

When You Want to Link with the Ownership in Order to . . .	Try This
Be accountable	Annual general meeting Open board meeting Presentations by the board Newsletters Newspaper advertisements Annual report Information on web site
Create the future (considering owners' needs, concerns, and demands—Ends work)	Search conference Board-to-board meeting Breakfast meeting Needs assessment Various small-group processes: fishbowl, roundtables, brainstorming, affinity diagram process Expert informants Focus groups Statistics, demographic data Community profile Presentations to and by the board Board recruitment Brown-bag lunch Open forum Town hall meeting Topical community/membership meeting Focused questions Board committee
Clarify values (Ends and Executive Limitations)	Surveys Case studies, scenarios Ethical decision-making framework
Educate the owners	Presentations to and by the board Board-to-board meeting Annual general meeting Expo, poster session Newspaper articles Sponsoring speaker Newsletter
Build a relationship	Board-to-board meeting Community or membership meeting Presentations to and by board

The CEO of the Early Childhood Community Development Centre sums up the benefits of linking with the ownership in this way: "The board has created an organization that works on behalf of the ownership by talking with the ownership and creating what they want their organization to be and [determining] at what cost." Most boards intuitively believe in the wisdom of community. They would not think their governing job to be complete without connecting with those for whom they hold the work of the organization in trust. For these boards, the reasons for linkage are compelling. Linkage helps them realize a major part of the promise of Policy Governance.

### How Do Boards Link with Their Owners?

John Carver identifies three types of board linkage with their owners: attitudinal, statistical, and personal. Boards might begin to forge a link by examining their own process and ensuring that it accounts for owners' needs and by seeking more information about the owners. Boards may also engage owners in a dialogue in various ways.

**Examining Their Attitudes Toward Owners.** Board members don't always see the importance of linking with owners to their role as trustees. They sometimes ask the following questions:

- Why would we want to meet with the community when they put us here to do a job on their behalf?
- Why do we need to meet with the community when we already know what they think?
- Why meet with the community when they don't understand all this stuff?

Such attitudes need to be challenged if linkage with ownership is to be successful. Boards that rely only on the diversity of the board member mix for linkage with ownership are missing out on the much wider and deeper pool of wisdom available outside the boardroom. Nevertheless, one very important and straightforward way for a board to link with owners is to ensure that the diversity of the ownership is represented at the board table. Boards with control over their member recruitment process can begin to link with owners by adjusting the recruitment process and by establishing qualifications for board members. If board members are to be elected, a board can publicize the criteria required of candidates for election, along with information about the governing model. If board members are to be appointed, a board can recommend criteria for candidates to the appointing body. For example, the Early Childhood Community Development Centre outlines a thorough process of recruitment and selection. The board

“felt strongly that the board complement needed to be broad and reflect community ownership.”

All the boards in our sample that are engaged in Ends development recognize that reviewing recruitment processes is just a start. For example, the board members of the Vermont Land Trust believe that they “are at the very beginning of [linking with the ownership] now.” Yet they are conducting an impressive Ends process with all kinds of rich owner-focused questions and dialogue. In order to grapple with the “what good for which people at what cost” questions, the board invited a group of key informants for a roundtable (see Exhibit 5.5 for a full description).

This process is also known as “the fishbowl” and can be used by any board for their Ends work or in determining ownership values. (This tool is described in detail on pages 396–398 of *The Fifth Discipline Fieldbook* by Peter Senge and others; see Resource C for details.) Using such techniques, boards, like the board of the Vermont Land Trust, can reach out well beyond themselves to involve their owners in creating their organization’s future.

**Seeking Information About Owners.** A board can learn much about its owners. Needs, demands, use patterns, fears, values, and trends can be gathered from surveys and data. West Prince Health and East Prince Health both carried out community needs assessments. The process had four parts: a survey, a community profile, an analysis of community demographics, and community meetings. Parkland Health District conducted a targeted needs assessment directed at youth. From the surveys and demographics, these boards began to get an understanding of the health needs in their communities and some notion of priorities.

In *Owners’ News*, Weaver Street Market’s ownership newsletter, the organization reported that it had done a survey: “The survey used the mission statement the owners were familiar with as a source to get feedback on possible effects for Weaver Street Market and Weaver Street Market values, while also causing respondents to make some choices [to prioritize] among different items. Owners were asked to check off various degrees of agreement or disagreement to selected value-based statements from the mission statement. . . . By seeking feedback on something owners were familiar with [the mission statement] and in a language they understood, the board felt it could then extrapolate possible basic values inherent in the responses.”

In its four-step Ends development process, the City of Bryan included a staff-generated background paper that includes an environmental scan (a review of data and information on issues affecting an organization now and likely to affect it in the future). The board of the Early Childhood Community Development Centre conducted an impact study, which included these questions:

- What is the current impact of the Early Childhood Community Development Centre on child care in the Niagara Region?
- If we are to be successful as an organization, what should the community impact be in the future?
- How will we know if we are successful?

Members of the ownership were randomly selected for this survey. The board used the data collected from the survey to develop its Ends.

In addition to carrying out its own survey, a board could use data collected and made available by other organizations—those with similar owners or customers as well as the more obvious sources of census and other relevant data.

**Getting to Know Owners.** To deepen its knowledge of who the owners are and identify opportunities for interacting with them, a board may want to ask itself some or all of the following questions:

- Who are the formal and informal community leaders?
- Who are the influencers in the ownership group?
- Who else is interested in our mission?
- What else is going on (in the community) that we can be part of?
- Which are the influential and successful community organizations?
- Where and how do people gather in our community?

The payoffs from getting to know owners in person can be great, but there are several obstacles to this endeavor. On their first attempts to interact with the ownership, several boards discovered that the discussions were dominated by immediate and often individual concerns about programs and services. When owners are also customers, which is true for the majority of the organizations that have contributed to this book, the challenge is to separate owner concerns from customer concerns. A member of the East Prince Health board takes the following approach: "If a citizen calls me about a particular concern, I use the opportunity to listen and turn the conversation around, to get input on larger issues."

At each council meeting of the City of Bryan, citizens have three minutes to make a personal presentation to the council. The mayor thanks all presenters, informing them when appropriate that their issues are means issues and as such have been given to the city manager to handle. Presenters are asked to leave their names and telephone numbers with the city secretary and are informed that a staff member will contact them the next day to discuss the issue further.

Customer input can have an important impact on the development of board policies. Customers may not only have valid input on Ends but also valid concerns and worries about how they are achieved. The board explicitly addresses these

worries in its Executive Limitations policies. Customers and owners can, for example, comment on board policies for the treatment of customers, which may cover issues such as access, customer involvement in program design, risk, safety, confidentiality, and competence of staff. As another example, customers may have something useful to say about how staff members are treated, which could be reflected in the board's Executive Limitations policy on the Treatment of Staff.

The important thing in personally linking with the ownership is to demonstrate to people that their concerns are taken seriously, whether by the board or by the staff. An appropriate response will help build good relationships. Board members often observe that when people have the ear of the board, they use that opportunity to vent a little. Once the venting is done, people can move more easily to "owner" issues. Owners need to be educated about the difference between owner and customer concerns. Because this is not always possible or easy, the board and the staff must be absolutely clear about the difference themselves and ensure that there are opportunities and mechanisms to hear both types of concerns.

***Setting Up Opportunities for Dialogue with Owners.*** Connecting with a large ownership like an entire city or the people in a health district is onerous unless the task is broken into manageable pieces. Here are some ways that various boards have approached the task:

*Board Organization.* The board can set about its linkage work as one group or by delegation to a committee, to subgroups, or to individuals.

- *Whole-board meetings.* Many boards choose to meet their owners as an entire board so that all board members are exposed to the same information.
- *Delegation to a board committee.* Some boards delegate some of the ownership work to a board committee, making the work more manageable. The board gives tasks to the committee according to its Governance Process policies on committees. For example, Weaver Street Market established an ownership committee. Its product and authority are outlined in this board policy on Committee Structure:

Product: Options and implications for board consideration and/or, as appropriate, follow-through on board tasks with respect to the board's relations with its owners—schedule as set forth in the board's annual planning calendar or as determined by the board. This includes, but is not limited to: owners' communications, board election, and owners' meetings.

Authority: To incur resources not to exceed relevant amounts defined in the board's annual budget or as defined by the board.

• *Delegation to subgroups.* Similarly, the board of the Colorado Association of School Boards (CASB) began its linkage work by grouping the membership (or ownership) geographically, then delegating each geographic region to a subgroup of the board. All subgroups are to design “their ownership interface strategies based on the particular needs and idiosyncrasies of their region. The job of the subgroups is to go out and talk with the membership and create a live link. Some groups are putting together focus groups. Some subgroups have divided up their work so that they are able to make personal visits to [CASB member] boards [the CASB’s owners] in every region over the course of a year.”

• *Appointment of liaisons.* Another option is to have individual board members take on responsibility for linking with specific bodies. Parkland Health District’s Governance Process policy on Linkage with the Community explains their approach: “The board members from local communities, with the CEO and/or the board chair or vice-chair, if possible, will liaise with local bodies when required, [either] to report to government on board activities or [to] respond to local issues. Such local issues shall be brought to the board for districtwide decisions.”

*Methods.* The boards in our sample had experience developing and using a wide variety of methods to link with their owners. Here are a few:

• *Links with other boards.* Connecting with the boards of other organizations that represent the same ownership can be a productive way to form a link with owners. For a board with a very large ownership or one that is geographically dispersed, this may also be the most efficient method. Boards talk to other boards about mission and common community or ownership issues. Sometimes there is an opportunity to educate another board about Policy Governance.

The San Francisco AIDS Foundation had a series of one-on-one meetings with boards of other agencies but found that it needed to have a staff member as well as a board member at each meeting “because when you link with organizations that are not Carver, those other boards want to talk about *means*.” Now the staff can address the means questions at the meetings, and the board members can engage in the conversations they need to have. An unintended benefit of this type of linkage can be a new relationship between the staffs of organizations. The result can be joint programming or shared services.

• *Presentations by the board.* Some boards link with ownership through presentations about their work; these can take place in a variety of settings, as described in this chapter.

The council of the City of Bryan makes presentations on Bryan Policy Governance to civic clubs and nonprofits, which represent citizens in a different way.

At a joint meeting with a board of a large provider of child care, the board of the Early Childhood Community Development Centre made presentations on ownership and Policy Governance.

Every year each Parkland Health District board member makes up to three presentations to community groups, which are selected to ensure a cross-section of the population. The entire board determines the content of these presentations, which outline the board's priorities for one to three years and state the rationale. They also include two specific questions on which the board wants feedback.

- *Presentations to the board.* Boards can also have owners make presentations to them. The City of Bryan's council has a four-stage Ends process. The partnership discussion stage involves presentations from other agencies and entities and allows individual citizens to comment on a particular Ends topic. (See Exhibit 5.3 for more on that board's whole process.)

- *Brown-bag lunches.* The San Francisco AIDS Foundation board holds lunchtime sessions to which it invites individuals to bring their lunches. Community members participate in discussion with the board on a specific issue. (See Exhibit 5.4 for the board's whole process.)

- *Focus groups.* As part of its Ends development process, the board of the Colorado Association of School Boards held focus groups with members and allied groups. At these focus groups, the board posed a series of questions, including, "What is it that the Colorado Association of School Boards should be providing in the way of member benefits that it isn't now?" The board took the ideas generated in the focus groups and began to define which member concerns were reasonable, unreasonable, or top priority. They narrowed the list to five broad statements.

- *Letters.* Periodically, the East Prince Health board writes a one-page letter on a particular topic. A database of four hundred community leaders has been compiled. The board sorts the letters according to the leaders' postal codes. Each letter is personally signed by a board member living in that postal code area. Leaders are invited to give feedback or comment by calling the board chair or the board members who signed the letter.

- *Newsletters.* Some Policy Governance boards educate owners about the ownership concept by publishing a newsletter. As mentioned, Weaver Street Market developed the *Owners' Newsletter*, "a publication of the board that is solely intended to foster a dialogue between Weaver Street Market and the owners on topics . . . related to ownership." The first issue in October 1995 explained the board's shift in its approach to governing.

- *Discovery meetings.* To further its work on Ends, the East Prince Health board developed three questions to ask about families at a series of discovery meetings:

What is your vision of the future with regard to healthy families?

How does your organization contribute to and enhance family life in this community?

What are the barriers to your vision?

The board compiled a list of organizations in the community with an interest in healthy families, and the board chair sent a letter inviting representatives from two community organizations to each meeting. The letter outlined the context for the discussions and the board's work and asked each organization to bring a one-page sheet with information about itself.

At the meeting, each organization was asked to focus on the discussion questions. The result was a three-way conversation at each meeting between three very different organizations, all with a common mission. East Prince Health then used the information from that conversation in its Ends development process.

- *Open community meetings.* Some boards take advantage of existing open community meetings to get in touch with their owners. Others set about creating open community meetings for their own specific purposes. The West Prince Health board did some preliminary Ends work using brainstorming, mind mapping, and presentations by staff on statistics and demographics. After sketching out four categories of Ends, the board set up four community meetings, one to focus on each Ends statement. Letters of invitation went to individuals and organizations. Advertisements were also placed in local newspapers. At each community meeting, the board chair did a brief presentation to set the context for the evening. The audience was broken up into smaller groups, which were each assigned three questions. The board had several purposes for the meetings: to validate what it already knew, to gain more information about and interpretations of the four Ends, and to further its relationship with the ownership in a positive way.

Two times per year the Parkland Health District board holds public meetings in which the program and the financial achievements of the prior year are reviewed and the public is informed of the board's plans. Feedback about the board's strategic direction is solicited through specific and open-ended questions. (See Exhibit 5.2 for more on that board's Ends process.)

- *Telephone polling.* The Colorado Association of School Boards put their questions on a free phone line. Owners were invited to call in and complete the survey. You will find more methods for linking with owners in the "Practical Tips and Tools" section of this chapter.

## Key Learnings

Other boards may benefit from some of the main points that emerge from the experiences of the boards we have studied.

### **Boards Want to Represent Owners**

The potential to form stronger links with owners is one of the things that draws boards to the Policy Governance model. Even though boards have always considered that they represent the community, the model has encouraged them to do so in more real and powerful ways.

### **Identifying Owners Isn't Always Straightforward**

Identifying the ownership is much more difficult for some organizations than for others. Those who have difficulties require a particularly deep understanding and commitment to the principles of the "trust" in trusteeship and the board speaking with "one voice." The challenge is often knowing who the ownership is not. Confusion between owners and customers is very common.

### **Boards Need to Take Owner Input Seriously**

Some boards see linkage with ownership as a good thing to do, and others see it as a fundamental obligation. Boards should consider carefully what they intend to do with what they hear from the ownership. In a newsletter to clients, Jan Moore counsels boards to ask themselves, "Is the intent of connecting with owners merely to 'be seen' to be allowing ownership input, when in reality the desire is to limit the ability of the owners to effectively influence a desired decision, or is the intent to give due consideration to owners' views when making a decision?" Boards that fundamentally believe they are governing on behalf of someone else will struggle less with linkage. And boards that believe in the community's wisdom will find a greater richness in ownership linkage.

### **There Is More Than One Way to Link with Owners**

There are various ways of linking with the ownership. All of the contributing organizations have done some linkage. Forming links through personal dialogue with owners seems to be the most common route, but the boards we have studied

also provide good examples of linking through research about owners' needs. Ends work often makes this focus on owners a natural part of the process.

### It Helps to Understand Why You Are Linking

Clarity of purpose helps boards construct useful methods of linking and choose workable techniques. Boards commonly link to be accountable, to create the future, to clarify values, to educate the owners, and to build a relationship with the owners.

### Get to Know What Works for Your Ownership

Boards that become familiar with their ownership (whether it consists of members, citizens, or subgroups of the community) will be more successful in discovering what tools and techniques work with which group. Linking with a large ownership is tougher and will require more innovative tools and techniques. Building on existing opportunities can save time and effort.

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## ○ Taking Action: Strategies for Where You Are Now

Linking with the ownership can be one of the trickiest pieces of the board's job for a variety of reasons:

- The ownership is hard to identify.
- The ownership doesn't know it is the ownership.
- Some people who think they are the owners are not the owners—or at least not all of the owners.
- A board is not aware of the tools and techniques available.
- A board is unclear about why it should link and what to talk about.
- People are busy.

On the other hand, linkage with the ownership can be one of the most rewarding pieces of the board's work. This chapter is meant to help your board break up the job into manageable chunks, aid you in preparing for this work, and suggest tools and techniques that are easy to use. If your board feels it still lacks the group process skills to do this work, there are several other avenues. You can

hire a consultant, seek in-kind services in the community, use staff expertise to design the process, or train yourselves in group process techniques.

Allocate one hour on your next board agenda to assess where you are in regard to linking. Pick one of the suggestions from this chapter and make a plan.

### **If Your Board Doesn't Know Who Its Owners Are**

Some boards cannot identify their owners. Until they do, the Ends conversation has nowhere to start, and ultimately there can be no real accountability. The next "Practical Tips and Tools" section gives a variety of suggestions to break through this barrier.

### **If Your Board Is Unclear About What to Do Next**

Your board may be unclear about how to proceed with ownership linkage. If so, refer to the next "Practical Tips and Tools" section for a host of ideas.

### **If Your Board Is Unclear as to Why It Should Bother**

When a board sees itself as already being representative of the ownership, it can seem unnecessary to make extra efforts. See the next "Practical Tips and Tools" section for ideas to provoke a more in-depth analysis.

### **If Your Owners (and Staff) Want to Talk About Operational Complaints**

Owners are often customers too. Naturally they want to talk about the immediate, tangible issues affecting them today. No one is more aware of customer issues than frontline staff members, so how can they be expected to refrain from raising customer issues at the boardroom table? See the following "Practical Tips and Tools" section for some ideas on handling these issues.

### **If Your Ownership Links Are Under Way**

If your board has had some successful linkages with the ownership, celebrate! Then at your next meeting take some time to assess what worked well, why it worked, and what you can do differently next time. Maybe it would be beneficial to share your success with other relevant organizations by meeting with the members of their boards.

## ► Practical Tips and Tools

### Identify Your Owners

If you're struggling with the question "What does *ownership* mean?" try some of the following ideas at your next board meeting.

- Imagine that you are the board of an organization and that you are representing the stockholders. You decide to call a meeting of the stockholders in your company. Look out at the meeting room. Who would be there?
- Pretend that the stockholders have sent letters to the chair asking for a meeting with the board so the board can account for the past year's results. Who would have sent the letters?
- Imagine that your organization (and your board) doesn't exist. People are gathering around a kitchen table and saying, "There is a big need in our community, and we really need to do something about it." Who would those people be?
- If you think your ownership is quite small and focused, rethink that. Ask yourself, "Are these customers?" If the answer is yes, now look more broadly. Is it possible that your ownership is the citizens of your community? Customers can also be owners, but don't stop there. Be rigorous in your search for the moral ownership.

### Work Out What to Do Next

A board may be discouraged because the ownership seems too large for any linkages to be made. If this is what your board is thinking, just do it! Take a deep breath, bite off a small chunk, pick a small group to link with, and enjoy it! Look at Exhibit 6.2, pick a tool, and give it a try.

You may need to create a context for the discussion with the ownership by doing a brief presentation at a meeting, submitting articles to the local newspaper, or perhaps sponsoring a series of shows on your local cable television or radio station. Before your discussion, consider these questions:

- What specific questions about Ends do you want to focus on?
- Which populations do you want to target, if any?
- Which owners have the information you need?
- Who can provide diverse opinions?