First UU Church Austin
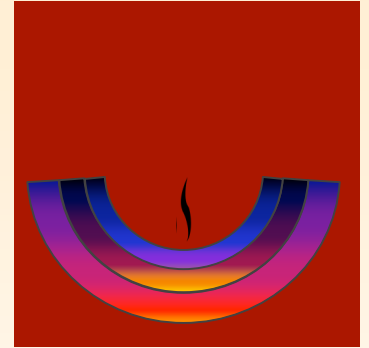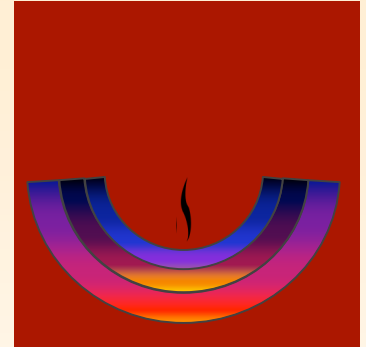## *Policy-Based Governance Workshop*
Sept. 26, 2010

Agenda

- Chalice Lighting   *Eric Stimmel*

- Introductions   *Chris Jimmerson*

- Board overview of First UU governance transition

  ❑ Philosophy of governance   *Brendan Sterne*

  ❑ Governance history   *Chris Jimmerson/Klondike Steadman*

  ❑ Policy-based governance milestones 2010-11   *Susan Thomson*

- Policy-based governance overview   *Joe Sullivan*
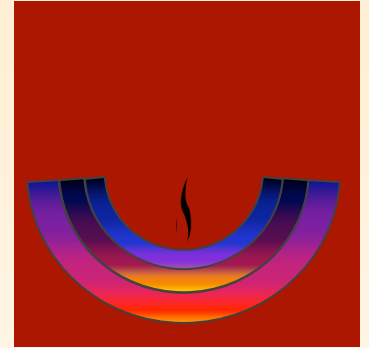
- Q&A

- Closing

Governance

Mel Gill, Nonprofit Author & Consultant

"...the processes, structures and organizational traditions that determine how power (*authority*) is exercised, how stakeholders have their say, how decisions are taken and how decision-makers are held to account."
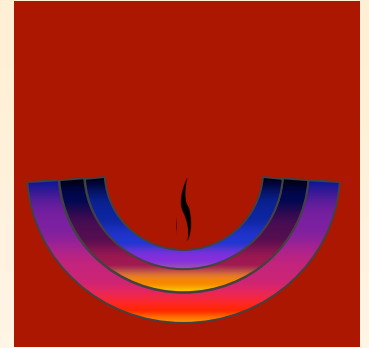
Congregational Governance

Dan Hotchkiss, from *Governance and Ministry*, Alban Institute

"Governance is holding the whole institution and its work in trust (ensuring that it serves its mission), voicing its intentions, making its biggest decisions, and taking responsibility for its performance."

The *"Governance Question"*
"What is our process for deciding to make a major change, empowering people to make it happen, and holding them accountable for the results."
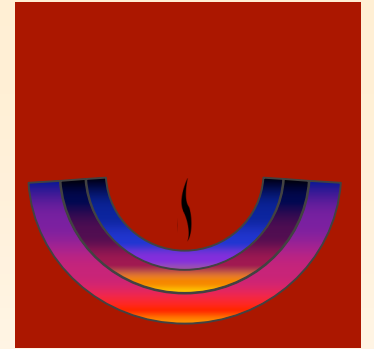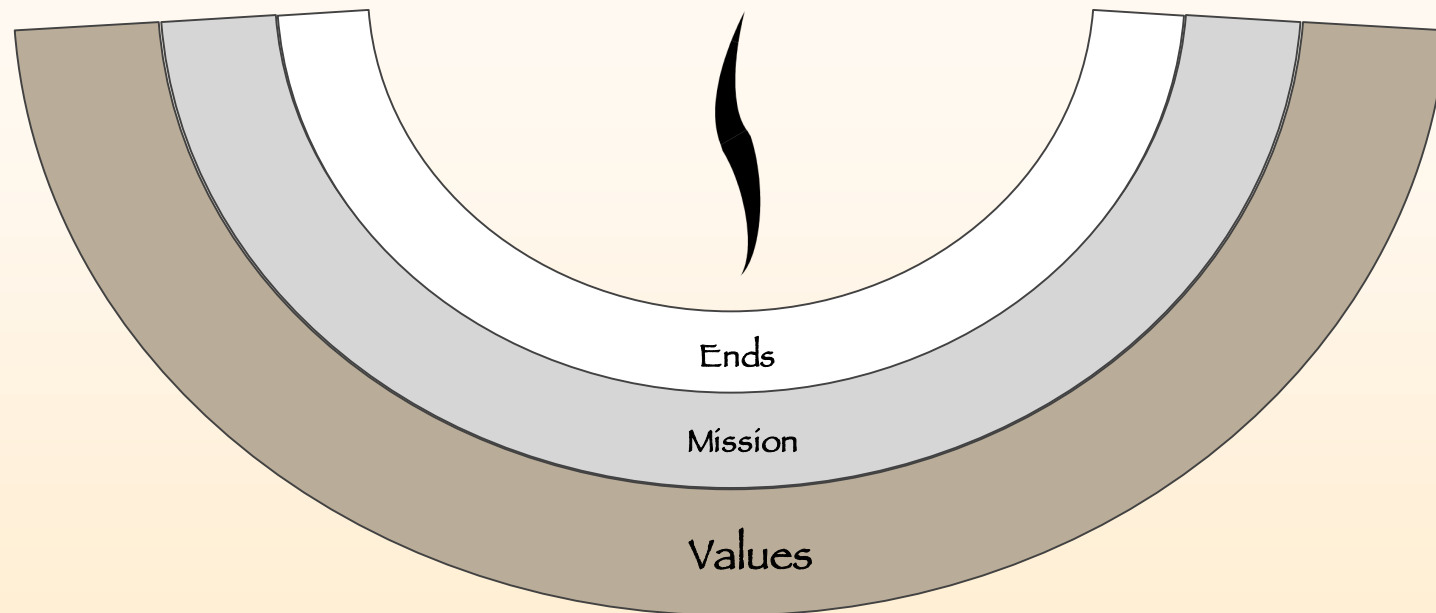
Congregational Governance

Unity Consulting -- *The Governance Question*

"How can we govern to liberate the energy and creativity of the congregation to awaken compassion, transform souls and bless the world?"
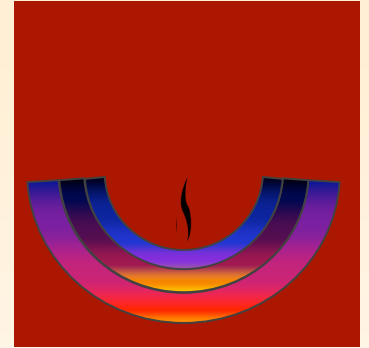
What Is Your Congregation in the World to do?

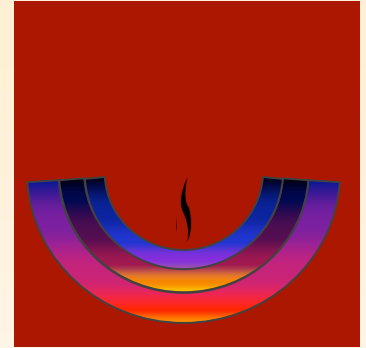*Establishing the Foundation for Good Governance*

Ends

Mission

Values

Policy-Based Governance

Carver-style Policy Governance in a UU congregational setting

Focuses on promoting accountability, clarity regarding roles & responsibilities, and a process for evaluating performance that maintains right relationship.
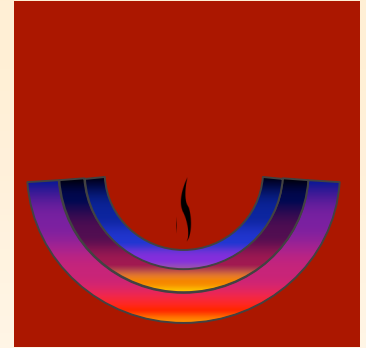
Policy Governance Theory

- Boards are responsible for the organizations they govern.

- Board govern on behalf of a group of people who legally or morally own the organization. A Policy Governance board must ask:
  - From whom do we obtain our authority?
  - To whom are we accountable?

Moral Owners

- The board governs on behalf of its owners; therefore it must:
  - Identify the owners
  - Establish, maintain, clarify and protect its relationship with the owners.
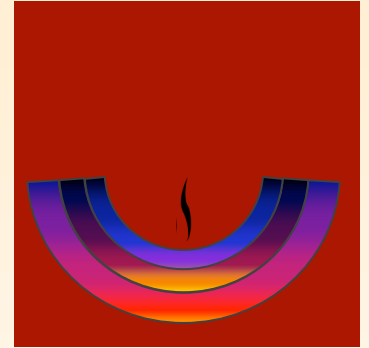
Board Accountability

- What do we mean by 'accountability'?
  - Ensuring that the organization achieves what it should,
  - While avoiding the unacceptable.

- A board ensures that the organization achieves "what it should" by:
  - **Defining** Expectations
  - **Delegating** Responsibility and Authority
  - **Monitoring** for Compliance
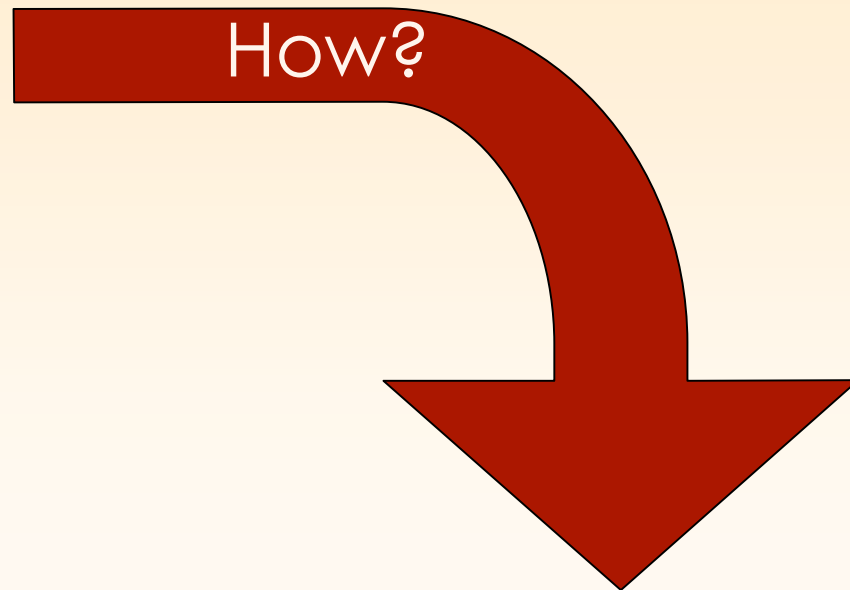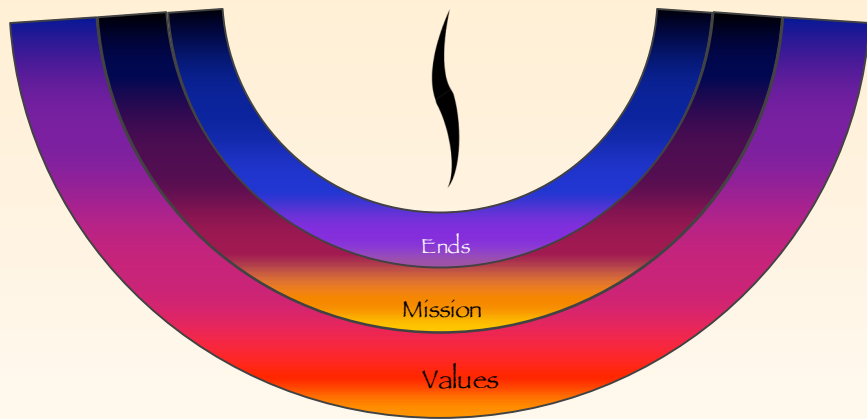
Board Expectations of its Executive

Its Executive (or Senior Minister or CEO or Executive Team)

- Is held responsible for organizational performance

The Board must provide direction in a way that

- Preserves board accountability
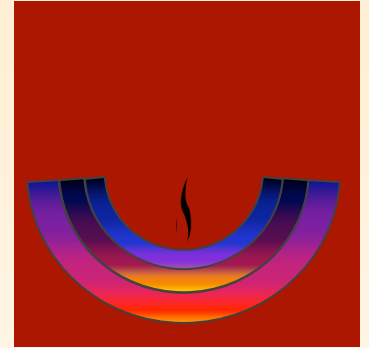- Maximizes Executive flexibility, creativity and freedom

Ends

Mission

Values

Visionary Leadership
The Board of Trustees

How?

Operational Leadership
The Executive Leader

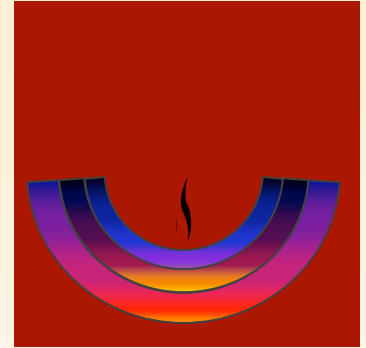Unitarian Universalist Congregation
of Fort Wayne

What do Boards do?

1. Link with Owners

2. Unambiguously *delegate* the interpretation and implementation of policy

3. Receive and review *monitoring* data that addresses the expectations it has established

4. Review, revise and write new policy as needed

The Board's Products

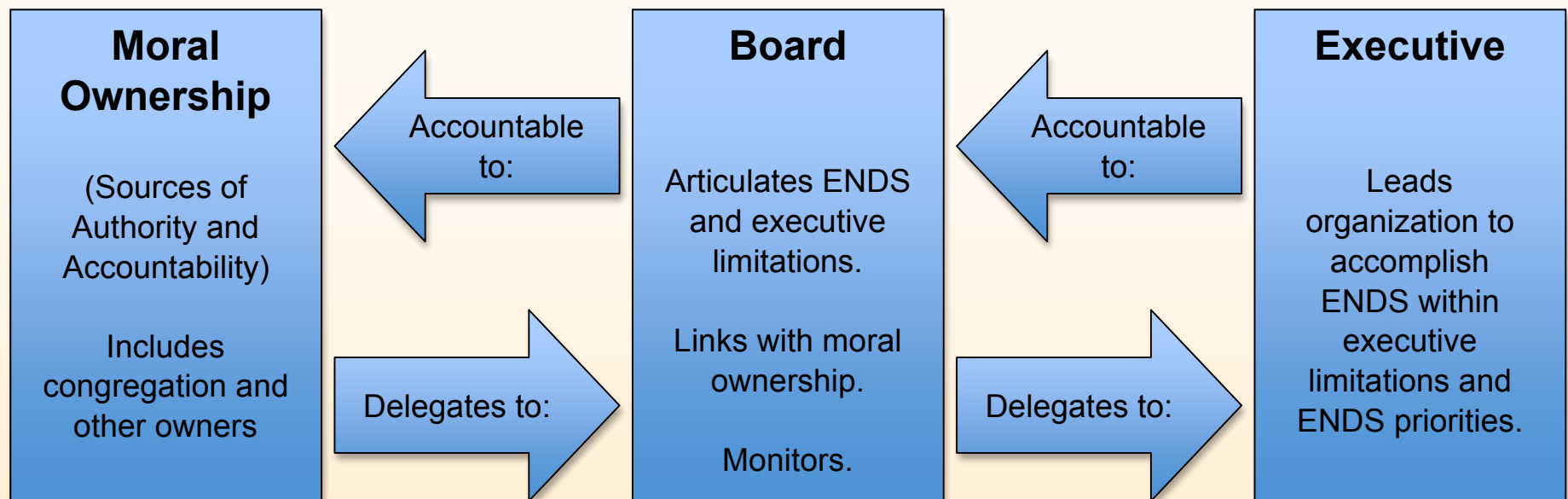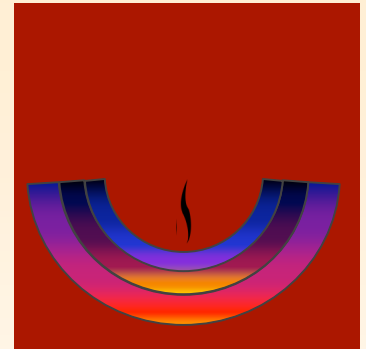1. High integrity *Linkage* with the owners
   - unbiased
   - complete

2. Written *Governing Policies*
   - Ends
   - Executive Limitations
   - Governance Process
   - Board-Executive Relationship

3. Assurance of *Organizational Performance*
   - Executive performance review

The Policy-Based Governance System

Moral Ownership

(Sources of Authority and Accountability)

Includes congregation and other owners

← Accountable to:

Delegates to: →

Board

Articulates ENDS and executive limitations.

Links with moral ownership.

Monitors.

← Accountable to:

Delegates to: →

Executive

Leads organization to accomplish ENDS within executive limitations and ENDS priorities.

Principles of Policy-Based Governance
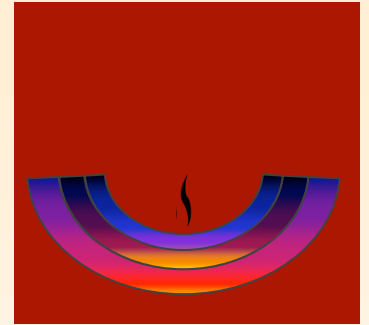
1. Govern on behalf of a moral ownership -- Trusteeship

2. Speak as a Board with one voice or not at all

3. Govern primarily through policies: <u>Ends</u>, <u>Executive Limitations</u>, <u>Board-Executive Relationship</u>, and <u>Governance Process</u>

4. Delegate exclusively through the Executive Leader

5. Distinguish Ends from Means

6. Control Means through Executive Limitations

7. Develop Policies as Nested Sets

8. Monitor Executive performance effectively

9. Commit to Board Discipline
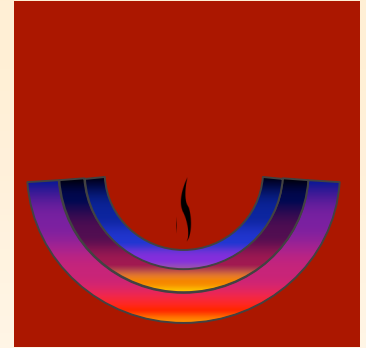
Principle #1 - Trusteeship
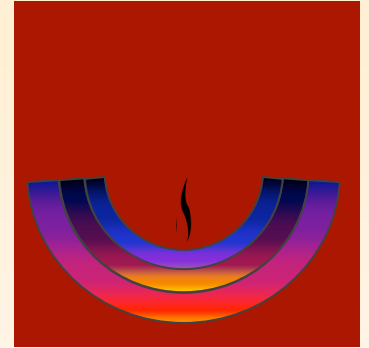
Govern on behalf of a *moral ownership* that is not seated at the table.

"The primary relationship the board must establish, maintain, clarify, and protect is its relationship with its 'owners,' keeping in contact with them, and hearing their voices." (John Carver, *Basic Principles of Policy Governance* ®)

Who are the moral owners?

How can their voices be heard? *(Linkage)*
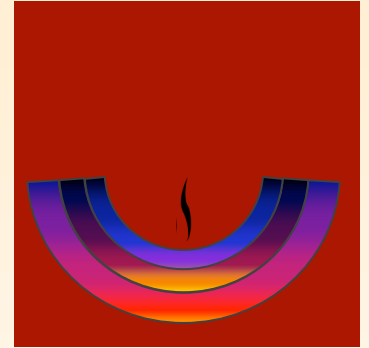
Principle #2 - Speaking with One Voice

The Board speaks with one voice or not at all.

- The Board will allow no officer, board committee or individual on the Board to come between the Board and its Executive

- Diversity is encouraged and is achieved beyond the Board table through Linkage

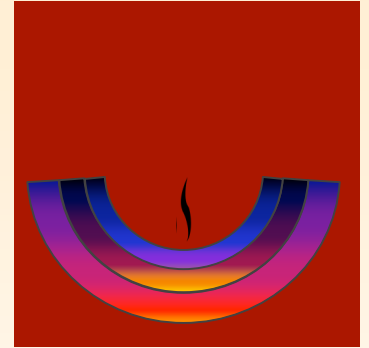- The Board directs staff through full Board policy-making

Principle #3 - Govern through Policy

The Board directs the organization through written policies.

- Policies are statements of the Board's values. They are living documents -- the Board's soul.

- Governing policies and by-laws are the only documents the Board needs.

- Four areas of Board policy:

  - Ends

  - Executive Limitations

  - Board-Executive Relationship
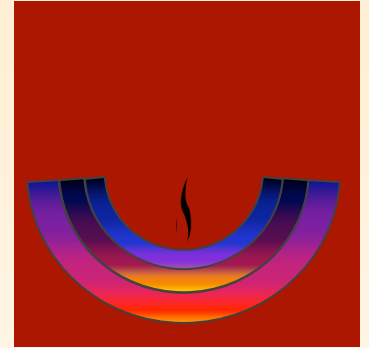
  - Governance Process

Principle #4 - Delegation

The board instructs no staff but the Executive (*Board-Executive Relationship policies*)

- Staff include paid and volunteer

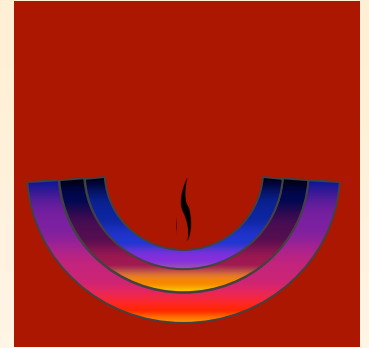- The foundation of the model is *trust*

Principle #5 - Ends & Means

Ends policies address the following three questions:

1. What difference do we want to make?

2. For whom?

3. At what cost or priority?

Everything else is Means

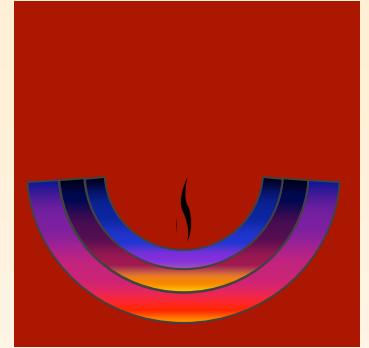Answering these three Ends questions is primary work of the Board.

<u>Principle #6</u> - Executive Limitations

The Board's best control over operational means is to limit, not prescribe.

Executive limitations are written to liberate creativity yet control.

Principle #7 - Policies as Nested Sets

Board's:

1. Formulate policy by determining the broadest values before progressing to the more detailed level.

2. Ensure that the large policy contains all smaller related policies in a logical containment that omits nothing.

3. Cautiously and intentionally choose to deal with smaller issues only after the broadest policy has been determined.

Policies are developed at all levels of the organization; once the Board's voice stops, the staff voice begins.
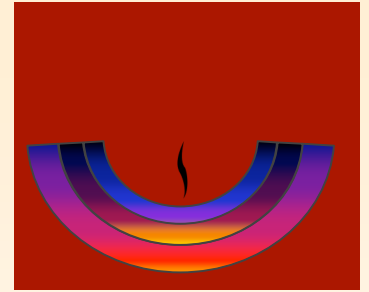
Policy-Making
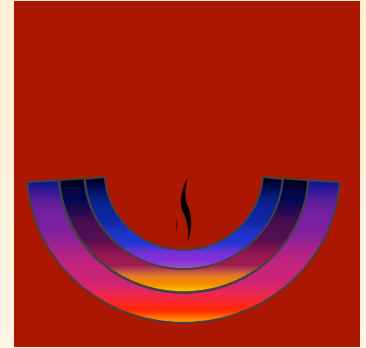
The Nested Set Principle
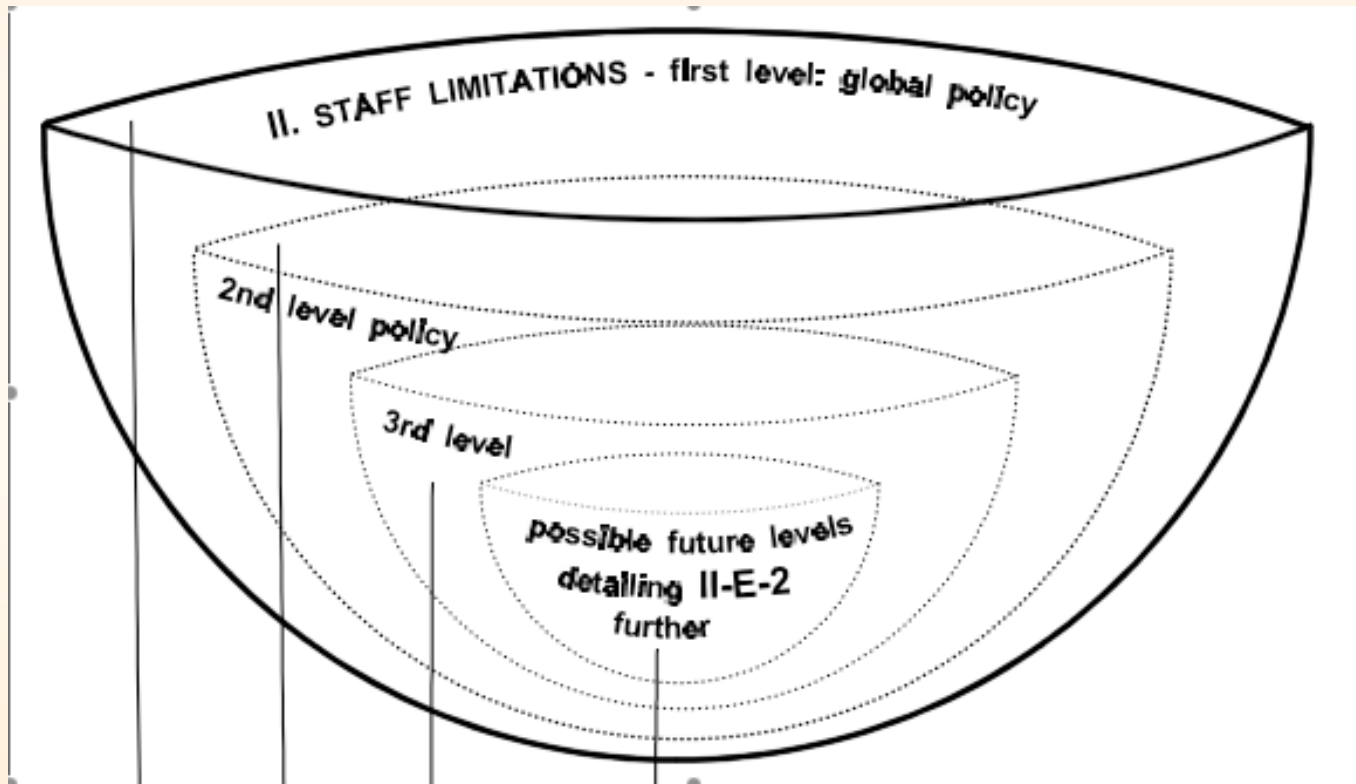
Stop at the level where you can allow the executive any reasonable interpretation.

Policy-Making -- *Nested Set Principle EXAMPLE*

2. Global Executive Limitation Policy:

The Executive shall not allow any practice, activity, decision, or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted fiscal, business, or professional ethics.

2.4. Treatment of Staff

With respect to the recruitment, hiring and treatment of paid and volunteer staff, the Executive may not cause or allow conditions that are not just, equitable or compassionate or not in accordance with UU principles. Therefore, the Executive shall not:

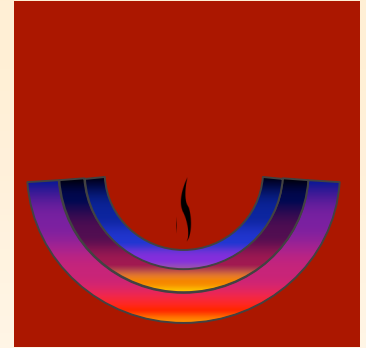2.4.1. Cause or allow actions that fail to provide appropriate confidentiality or privacy.

2.4.2. Allow treatment or interactions that:

2.4.2.1. Fail to be inclusive, culturally sensitive, anti-oppressive, and anti-racist.

2.4.2.2. Constitute sexual harassment or verbal, emotional, or physical abuse.

2.4.2.3. Fail to provide reasonable accommodation to those with special needs.

Principle #8 - Monitoring

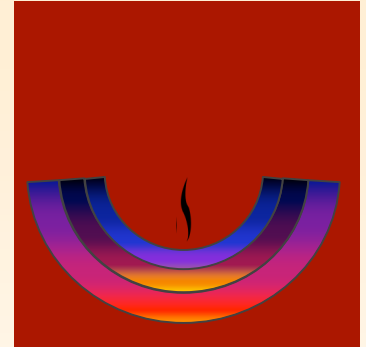**Boards need to evaluate Executive performance:**

1. Against the Executive's approved interpretation of the Board's policy words.

2. On how effectively the Executive accomplishes the Ends without violating the Executive Limitations.

3. Using data.

Monitoring methods:

- Internal -- data provided by the Executive

- External -- data provided by an outside expert (i.e. an audit)

- Direct Inspection -- data provided by the Board's direct observation of results

Principle #9 - Board Discipline

Board members commit to be responsible for:

1. The work of the Board:
   - High integrity *Linkage* with the owners
   - Written *Governing Policies*
   - Assurance of *Organizational Performance (Monitoring)*

2. Orienting and developing Board members.

3. Ensuring the integrity of the Board's process and the assurance that Board policy is not being violated *(Governance Process Policies)*