

# 1009. Governance Policy

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## 1. Purpose

This policy provides the basic principles of governance for the Mary E. Theler Community Center ("Theler Center") leadership team.

## 2. Governance Model

### 2.1. Policy Governance

Theler Center adopts the Carver Policy Governance® model <sup>[1]</sup>, as modified by law, Articles of Incorporation and Bylaws.

"Policy Governance separates issues of organizational purpose (ENDS) from all other organizational issues (MEANS), placing primary importance on those Ends. Policy Governance Boards demand accomplishment of purpose, and only limit the staff's available means to those which do not violate the Board's pre-stated standards of prudence and ethics."

Policy governance can be summarized as follows:

**(1) The Board, (2) on behalf of the ownership, shall (3) see to it that Theler Center (4) achieves what it should and (5) avoids what is unacceptable.**

**The Board's job (1).** As Chief Operating Officer, Theler Center's Manager is bound by what the Board says, but never by what any Board Director says. The "one voice" aspect of governance is regularly lost by having a host of Board committees running about involving themselves in issues ostensibly delegated to staff. Board committees should be restricted to Board business; the Board should not have committees either to help or instruct staff. Board Directors can serve on staff committees if asked (removing their Board hats in the process).

**On behalf of the ownership (2).** "Ethical" ownership (the whole community in the case of a local social service organization) entails (a) knowing who the owners are and what their desires are and (b) being able to distinguish owners from customers (clients, students, community) and other stakeholder groups.

**See to it (3).** The Board must describe "right" – that is, the criteria that signifies success. The Board must hold someone accountable for reaching these criteria. The Board must systematically and rig-

<sup>1</sup> Carver, John. *Boards That Make A Difference: A New Design for Leadership in Nonprofit and Public Organizations*. Hoboken, NJ: Jossey-Bass/Wiley, 2006. See also [www.carvergovernance.com/model.htm](http://www.carvergovernance.com/model.htm)

*"where community and nature walk hand-in-hand"*

ously check to see if criteria are being met, that is, the Board must monitor performance regularly. Acceptability of practices and methods must be clearly defined so that the Board has criteria to monitor effectiveness.

**Achieves what it should (4).** This is the most important aspect of instructing the Manager. Boards give their staff credit for programs, services, and curricula rather than demanding data on whether the right recipients received the right results at the right cost.

**Avoids what is unacceptable (5).** The Board can simply state the means that are unacceptable, except to demand data (monitor) that the boundaries thus set are being observed.

## 2.2. Leadership Team <sup>[2]</sup>

The Board's role is one of governance — setting a direction and establishing goals for Theler Center. Therefore, the Board is the **governance team**. The Manager's <sup>[3]</sup> role is implementing and administering based on the direction and goals established by the Board. The Manager and his/her staff/volunteers is the **management team**. Each team has their separate and distinct roles. The two teams — working in unison and each respecting each others' role — form the **leadership team**. Table 1009-1 summarizes these roles and their synergy.

The two teams (Board Directors and staff/volunteers) — working in unison and each respecting each others' role — form the **leadership team**.

<b>Table 1009-1. Leadership Team Roles</b>	
<b>Board</b>	<b>Manager</b>
<p><b>GOVERNS</b> <i>(Guides, Directs)</i></p> <p>Decides what Requests information Considers issues Creates, reviews &amp; adopts policy Approves &amp; reviews plans Monitors progress Hires and evaluates the Manager</p> <p>Approves evaluation criteria &amp; procedures Approves &amp; reviews budget Represents community interests Determines fundraising strategy(ies)</p>	<p><b>MANAGES</b> <i>(Administers, Operates)</i></p> <p>Decides how Seeks &amp; provides information Provides recommendations Recommends &amp; carries out policy Implements plans Reports progress Supervises hiring process &amp; practices for staff &amp; volunteers Supervises &amp; evaluates staff &amp; volunteers Formulates budget Acts in the community interest Implements fundraising strategy(ies)</p>

### 2.2.1. Governance Team

The Board is the repository of Board practices. By the election of a Board chair/president, fellow Board Directors endorse or appoint an individual to establish the work of the Board for the year. The chair also must work closely with the Manager to represent fellow Board Director interests in a variety of areas, such as monitoring and reviewing programs and monitoring, reviewing and/or developing new Board policies.

<sup>2</sup> <http://wssda.org/wssda/WebForms/En-US/Publications/soylsbman.pdf>

<sup>3</sup> Referenced as "Operations Director" in the Bylaws

The Manager provides continuity of leadership by establishing good operational practices, which are monitored and reviewed on a regular basis; selection and employment of qualified staff; and establishing rapport and trust with his/her Board of directors.

## 2.2.2. Management Team

The management team is responsible for implementing Board policies in conducting the day-to-day business of Theler Center. The Manager is the leader of the management team, which is comprised of staff (paid and unpaid) and volunteers. In this respect the Manager is the "go-to" person on the leadership team. Although the management team must comply with the policies set by the Board, the Board's policies should allow the leadership team as much flexibility as possible, buttressed with commensurate accountability.

## 2.2.3. Building a Working Relationship

Open, cordial personal relationships characterize a successful Board-Manager partnership. A genuine, mutual respect for the contributions each party makes to governance creates a team approach to problem solving, decision making and goals achievement.

The two most important leadership tools available to the Board and Manager are communication and evaluation.

Board meetings are key communication events. Board meetings should not be a dry, lets-get-it-done-and-leave exercise, but instead, focus on community interest and information. Board meetings should be interesting, informative and a source of recognition for the Manager, staff and volunteers.

**Appendix 1009A** summarizes some of the pitfalls in Board and staff effectiveness.

## 2.3. Board Responsibilities <sup>[4,5]</sup>

### 2.3.1. Legal Responsibilities

**2.3.1.1. Determine Theler Center's Mission and Purposes.** A statement of mission and purposes should articulate Theler Center's goals, means and primary constituents served. It is the Board of directors' responsibility to create the mission statement and review it periodically for accuracy and validity. Each individual Board Director should fully understand and support it.

**2.3.1.2. Ensure Legal and Ethical Integrity and Maintain Accountability.** The Board is ultimately responsible for ensuring adherence to legal standards and ethical norms. Solid personnel policies, grievance procedures, and a clear delegation to the manager of hiring and managing employees will help ensure proper decorum in this area. The Board must establish pertinent policies, and adhere to provisions of Theler Center's Articles of Incorporation; Bylaws; lease; written agreements; and Sam Theler's Will, codicils and court orders.

- **Accountability.** The Board expects of itself and its individual members ethical, responsible and business-like conduct, including the proper use of authority and appropriate decorum when acting as directors. Directors are legally responsible for discharging their duties in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner reasonably believed to be in the best interest of Theler Center. Board Directors must comply with Theler Center's Standards of Accountability. See Policy 1007, "Accountability."
- **Conflict of interest.** Board Directors must avoid any situation in which they are in a position to exploit their position on the Board in some way for their personal benefit or where there is an appearance of impropriety that can undermine confidence in their ability to act properly, even if there is no evidence of improper actions. See Policy 1007, "Accountability."
- **Selfless interest.** Board Directors must place organizational accountability above personal gratification.
- **Legal and ethical integrity.** The Board is ultimately responsible for ensuring adherence to legal standards and ethical norms. The Board will establish solid personnel policies, grievance procedures, and a clear delegation to the Manager of hiring and managing. The Board must establish pertinent policies, and adhere to provisions of Articles of Incorporation; Bylaws; lease; written agreements; and Sam Theler's Will, codicils and court orders.

### 2.3.2. Fiduciary Responsibilities

**2.3.2.1. Manage Resources Effectively.** The Board, in order to remain accountable to North Mason School District, the Theler Trustee and the public, and to safeguard its tax-exempt status, must approve the annual budget and ensure that proper financial controls are in place.

**2.3.2.5. Ensure Adequate Resources.** One of the Board's foremost responsibilities is to provide adequate resources for Theler Center to fulfill its mission. The Board should work in partnership with the Manager and staff/volunteers to raise funds to carry out Theler Center's mission.

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<sup>4</sup> <http://srdc.msstate.edu/nonprofit/entire.pdf>

<sup>5</sup> Boards-by-Design<sup>SM</sup> Duquesne University Nonprofit Leadership Institute, [www.nli.duq.edu/nli/bbd/pdf/10BasicResponsibilitiesofNPBoards.pdf](http://www.nli.duq.edu/nli/bbd/pdf/10BasicResponsibilitiesofNPBoards.pdf)

## 2.3.3. Policy Formation and Planning

**2.3.3.1. Ensure Effective Organizational Planning.** As stewards of Theler Center, the Board must actively pursue the overall planning process and assist in implementing the strategic plan's goals.

- **Board function.** Decision-making authority lies with the Board, not individual Board Directors. Individual Board Directors have no authority apart from the official actions of the Board and individual Directors should conduct their relationships with the staff, volunteers, the local community and all media on the basis of this fact.
- **One voice.** Board Directors must be able to welcome a diversity of opinions but abide by group decisions.

**2.5.3.2. Provide policies for organization oversight and management.** Provide policies for (1) ends, (2) Manager limitations, (3) Board-Manager linkage and (4) governance process.

- **Focus on success.** The Board should not control everything, but it must control the definition of success. Zeal of an overly conscientious Board can lead to micromanagement. Confidence of an overly trusting Board can lead to rubber stamping. Defining success is a matter of controlling for success.
- **To see to it.** The Board must assure, not simply to hope, that things come out right. Seeing to it that things come out right requires three steps:
  - **Success.** The Board must define "right" — that is, the criteria that signifies success.
  - **Accountability.** The Board must hold the Manager accountable for reaching these criteria. This requires a balance between abdicating authority to the Manager until disaster is full blown and interfering with the Manager, not cleanly delegating sufficient authority to him/her.
  - **Assessment.** The Board must systematically and rigorously check to see if criteria are being met, that is, the Board must monitor performance regularly and assess the effectiveness of Board policies and Theler Center programs and functions.

**2.3.3.3. Select the Manager.** The Board must reach consensus on the Manager's job description and undertake a careful search process to find the most qualified individual for the position.

**2.3.3.4. Support the Manager and Assess His/Her Performance.** The Board should ensure that the Manager has the support he/she needs to achieve the goals of Theler Center.

- **Delegate authority.** Only the Board has authority over staff operations, and it exercises that authority through carefully crafted policies delegating authority for the day-to-day operation of Theler Center to the Manager.
- **Empower the staff.** The Board will demand organizational achievement in a way that empowers the Manager, staff and volunteers, leaving to their creativity and innovation as much latitude as possible. The Board will give away as much authority as possible, short of jeopardizing its own overarching accountability.
- **Well-defined roles.** The Manager's job description should clearly state the areas in which the he/she is accountable.
- **Observe leadership team roles.** Board Directors must avoid micromanaging the day-to-day operation of Theler Center. Each Director must respect the leadership roles of team members. See Table 1009-1.
- **Support the Manager.** The Board must ensure that the Manager has the ethical and professional support he/she needs to further Theler Center's mission and goals.

- **Frequent two-way communication.** The Board should require the Manager provide timely oral and written communications of pending or emergency items. Board Directors should reciprocate, immediately informing the Manager of community concerns.
- **Support, not “surprises.”** The Board should make decisions only after Board Directors have had an opportunity to discuss them at Board meetings and review the Manager’s recommendations for action with accompanying rationale. The Manager should obtain prior Board input on substantive personnel decisions. Once a decision is made, both parties should support it.
- **Professional growth.** Board and staff members should seek appropriate training and experiences that will enhance job skills. Training and knowledge gained together leads to better decisions.
- **Joint celebration of significant, positive achievements.** Volunteer, staff or Board accomplishments should be topics at Board meetings. Official Board action, such public acknowledgement, lends special recognition to meritorious service or activities. Informal social receptions held before or after the meeting also can commemorate the occasion.
- **Mutual appreciation.** A partnership is most effective if the two parties care enough about each other to say “thank you” in meaningful ways.

**2.3.3.5. Recruit and Orient New Board Directors and Assess Board Performance.** The Board has a responsibility to articulate and make known their needs in terms of member experience, skills, and many other considerations that define a ‘balanced’ Board composition. Board Directors must also orient new Board Directors. By evaluating its performance in fulfilling its responsibilities, the Board can recognize its achievement and reach consensus on which areas need to be improved.

- **Succession.** The Board must ensure perpetuation of itself and Theler Center, devoid of unplanned “mission creep.” [6]
- **Recruit and orient new Board Directors.** The Board must orient new Board Directors to their responsibilities, including a peer-mentored review of (1) Theler Center’s history, needs, and challenges; (2) Sam Theler’s Will, codicils and court orders; (3) Theler Center Articles of Incorporation and Bylaws; (4) Theler Center policies; (5) leases; (6) written agreements; and (7) business plan.

## 2.3.4. Program and Service Delivery

**2.3.4.1. Determine, Monitor, and Strengthen Theler Center’s Programs and Services.** The Board’s role in this area is to determine which programs are the most consistent with Theler Center’s mission; to determine if the programs are the best programs at this time, and to monitor their effectiveness. The Board shall require reporting, feedback and other data necessary for prudent monitoring.

**2.3.4.2. Enhance Theler Center’s Public Standing.** An organization’s primary link to the community, including constituents, the public, and the media, is the Board. Clearly articulating Theler Center’s mission, accomplishments, and goals to the public, as well as garnering support from members of the community, are important elements of a comprehensive public relations strategy.

- **Advocate.** The Board serves as the community’s key advocate for Theler Center. It advances the community’s vision for Theler Center, pursues its goals, encourages progress and energizes systemic change.
- **Establish and model the core values.** The Board is responsible to establish and model core values that reflect Theler Center’s mission and community standards.
- **Volunteer.** While functioning as a Board, Directors must avoid micromanaging the day-to-day operation of Theler Center. However, Theler Center operates with minimal staff, which requires

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<sup>6</sup> Mission creep is the expansion of a project or mission beyond its original goals ([http://en.wikipedia.org/wiki/Mission\\_creep](http://en.wikipedia.org/wiki/Mission_creep)). Mission creep does not apply to analytical modifications in mission in response to changing business conditions.

many functions be fulfilled by volunteers. Each Board Director is expected to actively volunteer in his/her area of expertise and passion. As volunteers, individual Directors suspend their authority as Board Directors and serve as staff to the Manager.

### **2.3.4.3. Deal effectively with stakeholders and constituents.**

- **Stewards of Sam Theler's legacy.** The Board is responsible to implement and safeguard Sam Theler's legacy in bequeathing Theler Center to the community and establishing a Trust to help support it.
- **Stewards for the owners.** The Board acts in alignment with the lease agreement on behalf of the owners of Theler Center, the North Mason School District.
- **Stewards for the community.** The Board speaks on behalf of the stakeholders of Theler Center, the people of North Mason, rather than its own or a splinter group's perspective.

## **2.3.5. Evaluation and Assessment**

**2.3.5.1. Assess and evaluate policy effectiveness.** The Board will request sufficient reporting and feedback from the Manager to assess the effectiveness of its policies. The Board's role is to determine which programs are the most consistent with an organization's mission; to determine if the programs are the best programs at this time; and to monitor their effectiveness.

**2.3.5.2. Assess and evaluate Board performance.** The Board must evaluate its own performance. By evaluating its performance in fulfilling its responsibilities, the Board can recognize its achievement and reach consensus on which areas need to be improved and whether the Board is fulfilling Theler Center's mission.

- **Annual Board Self Evaluation.** The Board of Directors will conduct an annual "Board Self Evaluation," See **Appendix 1009B**. Results of the evaluation should be shared at a Board meeting or annual retreat, and appropriate follow-up determined.
- **Annual Board Retreat.** The Board of Directors will hold an annual "retreat" to provide an opportunity to review Theler Center performance and discuss strategic planning issues. The retreat should have (1) clear goals, leading to practical and specific outcomes; (2) a focused but flexible agenda; (3) a comfortable pace, forward movement; (4) a frank, courteous atmosphere; and (5) a setting that enables informal contact. [7]
- **Accountability.** The Board, as the governance team, is accountable for the success of Theler Center. The Board should require reporting, feedback and other information necessary to monitor and assess the effectiveness of Theler Center policies. These data must be appropriately analyzed and evaluated to allow adjustments to policies.

### **2.3.5.3. Assess and evaluate the Manager's performance.**

- **Assess Manager's performance.** The Board should decide upon a periodic evaluation of the Manager's performance.
- **Avoid interference.** The Board should pledge to its Manager that it will never hold him/her accountable for keeping Board Directors happy as individuals and will never hold him/her accountable for any criteria except those expressed officially by the full Board. In other words, the Board as a body is obligated to protect its staff from the Board as individuals.
- **Accountability.** The Board shall require the Manager to establish procedures to implement Board policies in a timely manner. The Manager and staff/volunteers, as the management team, is accountable for implementing policies and providing the reporting, feedback and other information necessary for the Board to monitor and assess policies.

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<sup>7</sup> <http://www.scoreknox.org/library/retreat.htm>

## 3. Policy Formulation

### 3.1. The Board's Role <sup>[8]</sup>

Policy defines the Board's vision for Theler Center, the structure for accomplishing the vision, and the system of accountability for all involved in realizing the vision. Board policy directs the footsteps of the Manager, staff and volunteers. Policy also directs the footsteps of the Board itself in (1) responding to emerging issues, conflict, and controversy; (2) clarifying its own roles and responsibilities and those of the Manager and staff; (3) defining the decision-making process, and (4) ensuring timely evaluation of programs, personnel, and activities.

Specific Board and staff roles in policy development, adoption, implementation, review, and evaluation are as follows:

- Policy development is a cooperative effort involving the Board, Manager, staff/volunteers, and community;
- Policy adoption is the responsibility of the Board;
- Policy implementation is the responsibility of the Manager, staff and volunteers; and
- Policy review and evaluation is the responsibility of the Board based on information received from the staff, volunteers, community, and other sources.

### 3.2. Making Policy <sup>[9]</sup>

Written Board policy fosters stability and continuity, establishes a legal record — and a legal basis — for many Board actions, forms the core of the Theler Center's written communication system, and provides a framework for the Manager and staff/volunteers to confidently assign duties and execute those assignments.

Policy must be carefully and accurately phrased to convey the Board's intent and describe Theler Center's programs and practices. Simple, direct, unambiguous statements are invaluable to helping staff/volunteers fulfill Board mandates and help ensure that the policies are readily understood by all.

In general, policies that point to a course of action should give clear guidance by defining governing principles and designating responsibility but should not unduly limit the Manager's discretion or professional judgment.

Some policies, however, necessarily run against this grain. Policies that define procedural due process (such as grievance procedures) or that grant specific rights or benefits (such as sick-leave benefits) should be both explicit and detailed. The topic and intent of any policy should balance between general and specific statements and suggest where Board directive ends and where administration discretion begins by using mandatory or permissive language (e.g., "shall" or "may").

#### 3.2.1. Policy formulation

The policymaking process should result in policy that (1) reflects the Board's intent and articulates a definitive course of action; (2) delegates key responsibilities; and (3) declares desired outcomes.

A good policy should:

- Be explicit and directive;

<sup>8</sup> <http://wssda.org/wssda/WebForms/En-US/Publications/policyguide.pdf>

<sup>9</sup> [www.wssda.org/wssda/WebForms/En-US/Publications/policyguide.pdf](http://www.wssda.org/wssda/WebForms/En-US/Publications/policyguide.pdf)

- Be within the scope of the Board's authority, Articles of Incorporation, Bylaws, leases and written agreements;
- Promote effective, efficient, and/or safe operations/management of Theler Center;
- Be consistent with other policies, administrative guidelines, or written agreements and reflects current practice.
- Reflect sound judgment, and be judicious and fair;
- Be reasonable and free from arbitrariness and capriciousness;
- Have a substantial relationship to a legitimate purpose; and
- Be measurable.

## 3.2.2. Policy purpose

The Board must adopt written policies governing the operation of Theler Center and make these policies easily accessible to staff/volunteers and the general public. Because policymaking is central to the Board's governance and oversight responsibilities, it is imperative that adopted policy be clearly written, up-to-date, and legally viable.

Policies should:

- Provide guidelines to chart a course of action;
- Tell what is wanted—and may include why and how much;
- Be broad enough to allow discretionary action by the staff in meeting day-to-day problems;
- Be specific enough to give clear guidance;
- Be reviewed on a consistent schedule and modified only through a formal analysis, review and adoption process;
- Define "success;" and
- Identify what is not wanted.

## 3.2.3. Policy content

Policies should include, where appropriate:

- Desired results (the Board's definition of success);
- Reporting and feedback required for the Board to monitor and assess the effectiveness of the policy;
- Periodic review of the policy;
- Metrics (measuring success);
- Requirement for an implementing procedure to define the means of implementing the policy; and
- Limitations (restrictions, what the Board does not want).