

Sixteen Policy-Based Governance Readings for Greater Understanding....

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An Introduction

VUU began its use of policy based governance (PBG) in 2005 when it adopted the Board Policy being used by the Unity Church-Unitarian of St. Paul, Minnesota. The St. Paul policies were based mainly on Carver and Carver Policy Governance™ that had also been adopted word-for-word by several dozen other UU congregations. A group of VUU members traveled to St. Paul, talked with people there about the model of governance, and came back with a xeroxed copy of their Board Policy. I joined the VUU Board of Directors in 2008 and had never heard of Policy Governance™ or any of its variations. At that time, there were some on the Board who had already formed a dislike for Policy Governance™. Over time, opposition to this model of governance dissipated, especially as VUU leaders and members became more familiar with the model and better able to adapt it, as needed, to fit our own situation.

One of the fundamental principles of democratic policy design is that “context matters.” No template or hard-and-fast model will work well if it is imposed in a context without consideration of the history of that context, including the people who are there.

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2 Carver and Carver succeeded in getting the term Policy Governance trademarked so it applies ONLY to their specific version of governance, and they have asked that we respect their trademark. Thus, the term “Policy Based Governance” is used instead to describe the VUU (and most other) governance models even though they originated with the Carver principles.

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Item 1. Summary of Basic Principles of Policy Governance (using excerpts from Carver and Carver, 1996)

Note from A.S.: These are the Carver and Carver principles with VUU applications and examples.

1. The Board governs on behalf of the congregation. It is a moral obligation to act in what the Board believes is the best interests of the congregation. To do this, the Board is responsible for staying in touch with membership and obtaining information on their needs, preferences, ideas, and concerns. This information can be obtained through open microphone information sessions, surveys, personal contacts, open sessions at Board meeting, etc.

2. The Board speaks with one voice, or it does not speak at all. This does not mean the Board members all agree with one another or that votes have to reflect consensus. **This means:**

- (a) That once the Board makes a decision by vote, no member can attempt to thwart implementation of the decision or to “go around” the Board to generate opposition;
- (b) That no one Board member can instruct the minister, staff, or a committee to do (or not do) something that is part of their responsibility, nor can a single Board member say that the Board will (or not) agree to X;
- (c) That no Board member can speak for VUU on a controversial social, political, or internal topic unless the Board has taken an explicit position of record on that topic;
- (d) That no Board member undertakes unilateral (“loose cannon”) action.

3. Board decisions should predominately be policy decisions. The Board governs and leads the organization through policy tools and leadership tools related to written policy, not through “command and control” type of management tools. Policy governance and policy-based governance mean that most decisions are decided by policy, not by case-by-case decisions. In policy-based governance, no group or individual has unlimited discretion. In policy-based governance, Board policy empowers staff and volunteers to select the most appropriate means to achieve the mission.

There are **four areas of policy that the Board is expected to develop:**

- **Ends** (the expanded mission statement, which reflects the reasons for existence of the congregation. The Board facilitates congregational input),
 - **Responsibilities and constraints on leaders**, including Board, staff, and members;
 - **Governing philosophy and process**; and
 - **Linkage between the Board and those who carry out the executive function.**
- Policies are authoritative statements that direct or limit the actions of others.

All policies should fit within one of these four categories. However, the Board is responsible for assuring the performance of those responsible for the executive function and this requires data and reports. These are “after the fact,” however rather than prior approvals. Board agendas almost never contain items for “Board approval” of something that has been proposed by staff, minister or committees.

4. Board policy begins with the broadest policy statements. For example, VUU Board Policy prohibits actions that are unlawful, unethical, imprudent or in violation of UU or VUU principles. Imprudent is defined as thoughtless, reckless, dangerous, etc.

5. The Board should define and delegate rather than react and ratify. The Board should resist the temptation to approve plans of staff or committees that report to the Minister; and should agree to approve plans from Board committees only when the plan requires more resources than in the Board committee's budget, or when congregational approval will also be needed, or when the plan has significant long-term consequences. Responsibility and accountability are placed in the hands of those with the greatest expertise and day-to-day experience in operating a particular function; the Board trusts them to do their job.

6. The Board is primarily concerned that the “Ends” are achieved; not the means or processes through which they are achieved. The choice of “ends” (that is, the reason for existence of the organization) belongs to the Board, according to Carver and Carver. The means chosen to achieve ends are left to the Ministers, staff, or committees where the expertise and experience is greatest.

7. The Board controls the means that are chosen by proscribing – placing limits on what categories of means are not acceptable – rather than by prescribing how something is to be done. This helps insure that the Board does not interfere with the work of the Ministers, staff, or committees and does not impose its judgment and expertise on staff. Limitations are usually broadly stated – the means chosen must not be unlawful, unethical, imprudent, ineffective, contrary to UU or VUU principles.

8. The Board designs its own processes and products. The Board uses committees only when they are necessary to help the Board get its job done—never to help the staff (or anyone connected to the executive function) to get their job done. Those involved in executive activities should create their own committees, the Board does not do it for them. The Board creates its own code of conduct.

9. The Board linkage to management (that is, whoever is in charge of the executive functions) must be both empowering and safe. The Board must strike the appropriate balance between micromanaging (specifying too much detail about means or taking on direct action itself) and “undermanaging,” that is, paying too little attention to what those who are responsible for the executive function are actually accomplishing. “The Board and CEO constitute a leadership team... Their contributions are formally separate ... but are supportive and respectful “ (Carver and Carver Basic Principles, p. 19). The executive functions are to insure that the organization accomplishes expectations as set out by the Board and does not use means that are prohibited.

At VUU we have prohibited certain means broadly – means should not be unlawful, imprudent, inefficient, ineffective, or in violation of UU or VUU principles. If something is not

working well, then it is ineffective or inefficient or both, and those responsible for the executive function are expected to take appropriate action. The Board is mainly concerned with “ends” – that is, mission—staff are mainly concerned with “means”.

10. Performance of the executive functions must be monitored—but only against policy criteria. The Board is responsible for assessing progress toward VUU ends/outcomes and is expected to collect and analyze the data needed to determine if sufficient progress is being made. In recent years, the Board has performed its monitoring responsibilities through regular reports and two annual surveys. The first is a “leadership assessment” in which the Board and Minister request input from one another, from professional staff, and from chairs of standing committees regarding their work over the past year. The second is an annual survey of the congregation with the focus on satisfaction with the extent to which VUU is meeting the “ends” – the expanded mission statement.

Item 2. Excerpts from: Carver's Policy Governance® Model in Nonprofit Organizations
by John Carver and Miriam Carver

"Effective governance by a Board of trustees is a relatively rare and unnatural act trustees are often little more than high-powered, well-intentioned people engaged in low-level activities" (Chait, Holland, and Taylor, 1996, p. 1). "There is one thing all Boards have in common They do not function" (Drucker, 1974, p. 628). "Ninety-five percent (of Boards) are not fully doing what they are legally, morally, and ethically supposed to do" (Geneen, 1984, p.28). "Boards have been largely irrelevant throughout most of the twentieth century" (Gillies, 1992, p. 3). Boards tend to be, in fact, incompetent groups of competent individuals. Greater effectiveness in the governing role requires Board members first to understand governance in a new way, then to be disciplined enough to behave in a new way. Boards cannot excel if they maintain only the discipline of the past any more than managers of this new century can excel if they are only as competent as those of the past. Does this ask too much of Boards? Perhaps it does ask too much of many of today's Board members. Yet there are other Board members—or potential Board members who thus far have refused to engage in either the rubber-stamping or the micromanaging they see on Boards—who would rejoice in greater Board discipline.

Board as Owner-Representative and Servant-Leader

. . . . The Policy Governance model conceives of the governing Board as being the on-site voice of that ownership. Just as the corporate Board exists to speak for the shareholders, the nonprofit Board exists to represent and to speak for the interests of the owners. A Board that is committed to representing the interests of the owners will not allow itself to make decisions based on the best interests of those who are not the owners. . . .

Who are the owners of a nonprofit organization? For a membership organization, its members are the owners.

Traditionally, Boards have developed their relationships largely . . . with staff. Policy Governance demands that Boards' primary relationships be outside the organization—that is, with owners. . . .

It is the Board as a body that speaks for the ownership, not each Board member except as he or she contributes to the final Board product. . . . Hence, Board practices must recognize that it is the Board, not Board members, who have authority. . . .

The Board speaks authoritatively when it passes an official motion at a properly constituted meeting. Statements by Board members have no authority. In other words, the Board speaks with one voice or not at all. The "one voice" principle makes it possible to know what the Board has said, and what it has not said. This is important when the Board gives instructions to one or more subordinates. "One voice" does not require unanimous votes. But it does require all Board members, even those who lost the vote, to respect the decision that was made. Board decisions can be changed by the Board, but never by Board members.

The Necessity for Systematic Delegation

On behalf of the ownership, the Board has total authority over the organization and total accountability for the organization. But the Board is almost always forced to rely on others to

carry out the work, that is, to exercise most of the authority and to fulfill most of the accountability. This dependence on others requires the Board to give careful attention to the principles of sound delegation.

.....The Board must therefore increase the likelihood that management will be successful, while making it possible to recognize whether or not it really is successful. This calls upon the Board to be very clear about its expectations, to personalize the assignment of those expectations, and then to check whether the expectations have been met. Only in this way is everyone . . . clear about what constitutes success and who has what role in achieving it.

At this point, we wish to introduce the chief executive (CEO) role. (Policy Governance works in the absence of a CEO role, but the governing job is more difficult than with a CEO.) Naturally, it is essential that the Board delegate to this position all the authority that such extensive accountability deserves..... Therefore, all the authority granted by the Board to the organization is actually granted personally to the CEO. All the accountability of the organization to meet Board expectations is charged personally to the CEO. The Board, in effect, has one employee.

.....Consequently, in every case, the Board is totally accountable for the organization and has, therefore, total authority over it—including over the CEO.....

We have said being accountable in leadership of the organization requires the Board to

- (1) be definite about its performance expectations,
- (2) assign these expectations clearly, and then
- (3) check to see that the expectations are being met.

Traditional governance practices lead Boards to fail in most or all of these three key steps.

.....Traditional governance allows Boards to instruct staff by the act of approving staff plans, such as budgets and program designs..... Board approvals are not proper governance, but commonplace examples of Boards not doing their jobs.

Using the Ends/Means Distinction

.....The Board need not control everything, but it must control the definition of success. It is possible to control too much, just as it is possible to control too little. It is possible to think you are in control when you are not. The zeal of a conscientious Board can lead to micromanagement. The confidence of a trusting Board can lead to rubber stamping.

.....Boards have had a very hard time knowing what to control and how to control it. Policy Governance provides a key conceptual distinction that enables the Board to resolve this quandary. The task is to demand organizational achievement in a way that empowers the staff, leaving to their creativity and innovation as much latitude as possible. This is a question of what and how to control, but it is equally a question of how much authority can be safely given away. We argue that the best guide for the Board is to give away as much as possible, short of jeopardizing its own accountability for the total.

..... But the model calls for a very narrow and careful definition of purpose: it consists of what results for which recipients at what worth.

.....In Policy Governance,” Ends” are always about the changes for persons to be made outside the organization, along with their cost or priority.Ends are about the organization's impact on the world that justify its existence.....

Any decision that is not an “Ends” decision is a “Means” decision.

- a. Using input from the owners, staff, experts and anyone in a position to increase the Board's wisdom, the Board makes ends decisions in a proactive, positive, prescriptive way. We will call the Board documents thus produced "Ends policies."
- b. Using input from whoever can increase Board wisdom about governance, servant leadership, visioning, or other skills of governance and delegation, **the Board makes means decision(s) about its own job** in a proactive, positive, prescriptive way. We will call the Board documents thus produced "Governance Process policies" (about the Board's own job) **and "Board-Staff Linkage policies" (about the relationship between governance and management)**. Both of these categories are means, but they concern means of the Board, not the staff.
- c. Using input from whoever can increase its sense of what can jeopardize the prudent and ethical conduct of the organization, the Board makes decisions about the staff's means in a proactive, but negative and boundary-setting way. Because these policies set forth the limits of acceptable staff behavior, that is, the unacceptable means, we will call the Board documents thus produced "Executive Limitations policies."

At this point in our argument, we have used the ends/means concept to introduce new categories of Board policies. These categories of Board policies are exhaustive, that is, no other Board documents are needed to govern except bylaws. (Articles of incorporation or letters patent are required to establish the nonprofit as a legal entity, but these are documents of the government, not the Board.) We will not discuss bylaws here, except to say they are necessary to place real human beings (Board members) into a hollow legal concept (the corporate "artificial person") (Carver, 1995). However, so that we might continue to discuss the concepts represented by the words "ends" and "means," yet distinguish the titles of policy categories, we will capitalize Ends, Executive Limitations, Governance Process, and Board-Staff Linkage.

.....It is to the Board's advantage to allow the staff maximum range of decision-making about means, for skill to do so is exactly why staff were employed. If the Board determines the means of its staff, it can no longer hold the staff fully accountable for whether ends are achieved, it will not take advantage of the range of staff skills, and it will make its own job more difficult. Happily, it is not necessary for the Board to tell the staff what means to use. In Policy Governance the Board tells the staff or—more accurately— the CEO what means not to use!.....Therefore, it is the Board's job to examine its values to determine those means which it does not want in its organization, then to name them.....

This unique delegation technique has a number of advantages.

First, it recognizes that Board interference in operational means makes ends harder and more expensive to produce. Therefore, delegation which minimizes such interference is in the Board's interest.

Second, it accords to the CEO as much authority as the Board can responsibly grant. Therefore, there is maximum empowerment inside the organization to harness for ends achievement.

Third, it gives room for managerial flexibility, creativity and timeliness. Therefore, the organization can be agile, able to respond quickly to emergent opportunities or threats.

Fourth, it dispels the assumption that the Board knows better than the staff what means to use. Therefore, the Board does not have to choose between overwork and being amateurs supervising professionals.

Fifth, in this system all means that are not prohibited are, in effect, pre-approved. Therefore, the Board is relieved from meticulous repetitive approval of staff plans.

Sixth, and perhaps most importantly, by staying out of means decisions, except to prohibit unacceptable means, the Board retains its ability to hold the CEO accountable for the decisions that take place in the system.

Expressing Expectations in Nested Sets

.....Board values about ends and unacceptable means, as well as the Board's own means, then, can be stated broadly, or more narrowly. The advantage of stating values broadly is that such a statement is inclusive of all smaller statements. The disadvantage, of course, is that the broader the statement, the greater is the range of interpretation that can be given to it. To take advantage of the fact that values or choices of any sort can be seen as nested sets, the Policy Governance Board begins its policy making in all four categories by making the broadest, most inclusive statement first.

....Board Discipline, Mechanics, and Structure

It is clear that the Policy Governance model requires a Board to govern in an organized, planned and highly disciplined manner. Boards which are accustomed to talking about issues simply because they interest individual Board members will find agenda discipline to be a major challenge, as will Boards that rely on their staffs to supply their agendas. Not everything is appropriate for Board discussion just because it is interesting or even because the staff wants the Board to make the decision. Matters that have been delegated to the CEO should not be decided by the Board or by Board committees, for in making such decisions, the Board renders itself unable to hold the CEO accountable.

Policy Governance Boards know that their job must result in the production of three deliverables. (1) The first deliverable is a systematic linkage between the organization and the ownership. This is not public relations. The Board connects with the ownership in order to ascertain the range of ownership values about the purpose of the organization. If the Board is to make Ends decisions on behalf of the owners, it must know what the owners in all their diversity think. (2) The second deliverable is written governing policies in the four areas, using the principles we have described. (3) The third deliverable is the assurance of organizational performance, that is, performance which can be shown to be a reasonable interpretation of the Board's Ends and Executive Limitations policies.

.....Accordingly, the Board must plan meetings that enable and guarantee the production of these deliverables. Being entertained or intrigued by staff jobs is no substitute for the Board's

accomplishment of its own job. While the Board is entitled to any information it wants, it must be aware that collecting information about staff activities and even conscientiously listening to many staff reports does not substitute for governance. Let us again reiterate that the Board, not the staff, is responsible that a Board's meetings fulfill its governance responsibilities.

.....It is usual for nonprofit Boards to expect the Chair to supervise the CEO, but in Policy Governance there is no need for the Chair to have authority over the CEO. Only the Board has authority over staff operations, and it exercises that authority through carefully crafted policies. It is not only unnecessary, but harmful for the Chair to tell the CEO what the Board wants, for the Board speaks for itself. Consequently, both the Chair and the CEO work for the Board as a whole, but their roles do not overlap because they are given authority in different domains. The Chair's job is to see to it that the Board gets its job done—as described in Governance Process and Board-Staff Linkage policies. The CEO's job is to see to it that the staff organization gets its job done—as described in Ends and Executive Limitations policies.

.....Board Treasurers, as commonly used, threaten CEO accountability as well as the one voice principle. Treasurers are typically expected to exercise individual judgment about the financial dealings of the organization. But Policy Governance Boards do not allow Treasurers to exercise authority over staff.The typical use of a Treasurer, when a Policy Governance Board is required by law to have one, is to assist the Board in making financial policy, never to judge CEO compliance against the Treasurer's own expectations.

.....In keeping with the "one voice" principle, the Board can allow no structures or practices in which Board members or Board committees exercise authority over staff, any function of staff, or any department of staff. Typical nonprofit Boards have a myriad of traditions that violate the one voice principle, such as placing the Chair between the Board and the CEO. So it is common for Boards to underestimate the amount of Board member interference in operations. Such interference, even when well-intended, undermines the Board's ability to hold the CEO accountable, for the CEO can argue that his or her actions were taken in compliance with a Board member instruction.

Advice is a concept often carelessly used in nonprofit Boards. This seemingly innocuous and well-intended practice can have the same deleterious effect as direct instruction by individuals or committees. It is common for the Board, Board committees, or individual Board members to give advice to staff. But advice, if it is really advice, can be rejected. If staff has any doubt that advice given by the Board or one of its components cannot safely be turned down, the clarity of Board-to-staff delegation will be undermined. Policy Governance Boards refrain from giving advice or allowing their members to give advice unless advice is requested. This protects the Board's ability to hold the CEO accountable for his or her own decisions. The CEO and any of the staff can request advice if they need it, and they can request it from wherever they wish.

Traditional Boards frequently create committees to assist or advise the CEO or staff, such as committees on personnel, finance, program, property maintenance, and other such staff means issues. In Policy Governance, such committees are illegitimate. They constitute

interference in the CEO's sphere of authority and accountability, and damage the Board's ability to hold the CEO accountable.

If, for example, the staff wishes to have an advisory committee, it is perfectly free to create one, then to use the advice or not as it deems wise. If, however, the Board controls the mechanism of advice, a very different relationship between advisors and advisees is established. The wisest route is for the Board to govern and leave advice and advisory mechanisms to the staff's own initiative. This way the staff gets all the advice it needs, role clarity and accountability are maintained, and Board members are frequently spared unnecessary work.

Policy Governance Boards use committees only to help the Board to do its own job. Hence, a committee which explores methods of ownership consultation about Ends options is legitimate, as is a committee that studies possible sources of fiscal jeopardy that the Board might address in an Executive Limitations policy. But a human resources committee that advises on or intervenes in personnel issues is not. To request advice or assistance with one's own job is acceptable and does not compromise accountability, but to foist help or advice on subordinates is not only unnecessary but destructive of accountability as well.

Policy Governance takes seriously the normally rhetorical assertion that Boards be visionary and provide long term leadership.

Evaluation

Evaluation of performanceis as integral to the Board's job as it is to any manager's. But, as we have shown, proper evaluation is impossible unless the Board has first stated its expectations and assigned them to a specific delegate. That is, evaluation of staff performance cannot occur appropriately unless the Board has done its job first.

Moreover, if the Board has a CEO, the results of proper evaluation of organizational success is the only fair evaluation of CEO performance.and the Board may wish to have a formal evaluation of the CEO once each year. However, the CEO's formal evaluation is only a summary of the accumulated monitoring data, not something in addition.

.....Monitoring or evaluative information must speak directly to whether Board expectations are being fulfilled. Consequently, it is always related to expectations set by the Board in its Ends and Executive Limitations policies.

Board Meetings

Because in Policy Governance the Board is in charge of its own job, Board meetings become the Board's meetings rather than management's meetings for the Board. Board meetings occur because of the need for Board members to learn together, to contemplate and deliberate together, and to decide together. Board meetings are not for reviewing the past, being entertained by staff, helping staff do its work, or performing ritual approvals of staff plans. As a result, many Board meetings may not look like traditional Board meetings at all, but learning and studying sessions or joint meetings with other Boards, particularly in communities where Boards rarely talk with each other.

The CEO is always present, but is not the central figure. Other staff might be present when they have valuable input on matters the Board is to decide. For community Boards, with rare exceptions meetings would be open—not to please the law, but because a Board commitment to transparency. The Board is not merely a body to confirm committee decisions, but the body that makes the decisions. Board committees might be used to increase the Board's understanding of factors and options, but never to assume Board prerogatives or remove difficult choices from the Board table. In contrast to the old bromide that "the real work takes place in committees," in Policy Governance the real work takes place in the Board meeting.

Board meetings should thus be more about the long term future than the present or short term future . . . more about ends than means . . . more about a few thoroughly considered large decisions than many small ones. And by their very character, meetings should demonstrate that the Board's primary relationship is with owners, not with staff.

Summary

The Policy Governance model recognizes that any governing Board is obligated to fulfill a crucial link in the "chain of command" between owners—whether legal or moral in nature—and operators. The Board does not exist to help staff, but to give the ownership the controlling voice. The Board's owner- representative authority is best employed by operating as an undivided unit, prescribing organizational ends, but only limiting staff means, making all its decisions using the principle of policies descending in size. The model enables extensive empowerment to staff while preserving controls necessary for accountability. It provides a values-based foundation for discipline, a framework for precision delegation, and a long term focus on what the organization is for more than what it does.

The Policy Governance model provides an alternative for Boards unhappy with reactivity, trivia, and hollow ritual—Boards seeking to be truly accountable. But attaining this level of excellence requires the Board to break with a long tradition of disastrous governance habits. And it offers a challenge for visionary groups determined to make a real difference in tomorrow's world.

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Item 3. 54: Review Article #4. *Governance and Ministry*. Rethinking Board Leadership. Dan Hotchkiss Published by Dr. Larry Perkins on December 7, 2010 in Board, Board Chair, Board Governance, Board Member and Book Reviews. [Note: text inserts have been added].

Hotchkiss on Policy Governance:

“Effective governance requires a UNIFIED structure for making ministry decisions, a UNIFIED structure for making governance decisions “

From the first days of the church, governance and ministry (Acts 6) have linked themselves together in ways that directly affect the ability of a local congregation to grow and function well as a community. Today many consider governance as detrimental ministry. Yet, governance and ministry must find ways to co-exist within local churches because both are essential to church health and pursuit of a church’s mission. Somewhere in the mix there is a group, a “Board” that seeks to develop a congregation’s capacity to achieve God’s mission in their time and place. Dan Hotchkiss, a senior consultant for the Alban Institute, writes with the conviction that the “governance question”, i.e. the processes that enable a congregation to make good decisions about major changes, empower “people to make it happen and hold them accountable for the results,” lies at the heart of any congregation’s ability to sustain its mission fulfillment.

Hotchkiss is careful to set the discussion about governance and ministry within the spiritual framework of a church. Governance within a church serves to balance “the transforming power of religion and the stabilizing power of organization” (p.1). The Holy Spirit’s work cannot be controlled or bounded by any governance structure. Yet, life within a Christian community needs some order lest prejudice, unethical conduct, or religious zeal run amuck. So organization or governance is necessary both for disciplined empowerment and for healthy structure. Hotchkiss acknowledges that “there is no one right way to organize a congregation” but he also knows that congregations keep making the same mistakes when it comes to governance. Governance principles in his view can provide good guidance and prevent congregations from experiencing needless harm.

He offers three key measures that demonstrate the presence of effective governance:

1. “a unified structure for making governance decisions;”
2. “a unified structure for making operational decisions;”
3. “a creative open atmosphere for ministry”,. . .with firm and well-marked boundaries (p. 5-6).

Other factors affect the shape of good governance, including the size of the congregation and the appropriate linkage of spiritual oversight and financial oversight. For Hotchkiss “governance is an expressive art, like preaching — the forms of our organizations must reflect the values at their heart” (p.15).

In his view three distinctive governance patterns dominate in churches and they are related to congregational size.

1. Smaller churches tend to be “Board-centered.” Board members tend to be “leaders of programs and administrative areas” with a chair, secretary and treasurer. Churches often

begin with a structure like this and it works well so long as the congregation is small. However, as a church grows, such a structure becomes limiting because it encourages a Board to be managing and members to be advocating for some aspect of church ministry.

2. The second pattern is the “committee-centered congregation.” Hotchkiss identifies this structure when “both governance (deciding “what” and making sure it happens) and ministry (deciding “how” and doing it) are delegated by the Board to its committees” (p.40). Such structures generate “the Map Theory of Committees, in which every inch of programmatic territory belongs to a standing committee.” The result is that authority gets lodged in committees, not the Board. In this arrangement the Board is basically a clearinghouse for issues and spends most of its time dealing with committee requests. A committee-centered congregation often finds itself in conflict because of the problem of triangular relationships, i.e. a particular committee or staff person does not know where the authority for decision-making lies. As more staff are added, committees multiply, and ministries increase in complexity the problems escalate. The results are a passive Board, poor delegation, and fragmented staff.

3. The third model is the “staff-centered congregation” (p.48). A charismatic or entrepreneurial leader establishes the vision, recruits ministry teams to carry it out, and the Board functions primarily in an advisory role. Such congregations can become vulnerable to the leader’s weaknesses or resignation, leaving the congregation in a fragile state. Hotchkiss considers all of these arrangements to be somewhat flawed because they do not permit the four leadership roles of oversight, strategy, discernment and management to be accomplished effectively.

In his view oversight is a Board responsibility. Management is something the staff does. Discernment and strategy are shared responsibilities between the Board and staff. However final decisions may be processed, the decisions regarding big issues (major capital expenditures, program philosophy, outreach goals) have to be shared in some way. The congregation gets involved in some governance (i.e. it makes some key decisions), in some discernment (i.e. their input about major issues is required), and some management (i.e. as ministers of the Gospel). Where specific boundaries are drawn will be different due to issues of church polity, giftedness, and local traditions. With clarity about structure and governance, the congregation can pursue its mission vigorously and effectively.

Hotchkiss gives considerable attention to defining the work of the Board. He emphasizes that a congregational Board is a “fiduciary,” i.e. an entity “whose duty is to act in faithfulness to the interests of another, even at cost or peril to himself” (p.83). In his view the “owner” that the Board serves is the congregation’s mission, “the small piece of God’s will that belongs to it” (p.85). In some sense the mission involves “changed human beings.” To accomplish their responsibility well, Board members must exercise the duty of care (commit adequate time and energy to know the mission and act responsibly), the duty of loyalty (the congregation’s mission is paramount), and the duty of obedience (act in compliance with the congregation’s foundational documents).

Boards accomplish their work by establishing policies that define how they will take

responsibility for oversight, discernment, strategy and management. In some cases the Board acts directly (oversight), shares responsibility (discernment and strategy), and delegates them (management). Traditional church organizational models (NON policy governance).... Board. . ., committee. . ., or staff centered. . . [don't work. . . well as congregations grow.

The Board's agenda must focus on the most important items and insure that it is discussing those matters that by policy are indeed its responsibility. Creating a Board covenant is encouraged as means to institutionalize good Board practices. Such a document defines basic duties of a Board member and explains shared spiritual practices, expectations regarding financial support, and how the Board makes decisions and handles conflict.

In his seventh chapter Hotchkiss reviews what a productive clergy-lay partnership looks like. His formula is to have deep, trusted collaboration that functions within firm, clearly-defined boundaries. The Board needs to learn how "to delegate generously" (p.135), but to understand that such delegation still enables effective accountability. He encourages the Board to define one staff leader, who normally will be the lead pastor. To sustain an effective partnership staff evaluation will be necessary, because "firm boundaries require accountability and accountability requires an atmosphere in which people give each other feedback" (p.143). He outlines what good evaluation entails (p.144).

Hotchkiss devotes a chapter to implementing changes in governance. He compares changes in a congregation to reprogramming a computer. Because congregations are social systems, significant change only happens when the congregation's values are challenged in a motivational and deep manner. "A system changes willingly when it sees change as a necessary way to continue being what it truly is" (p.160). He provides a three year process that can guide a Board and congregation successfully through such significant changes. His final chapter is entitled "Bumps along the Road." His basic premise is that stressful situations cause people to use default responses. Thus well-designed structures, policies, and practices can help a Board and/or congregation ride out the storm well and counter unproductive, default responses. A sense of humor, openness to forgive, and appreciation that change is always slow and learning-intensive, help leaders to find their way. In such situations the leaders must rise to the challenge, not the system. Hotchkiss refers to T.S.Eliot's observation that we will never design "systems so perfect that no one will need to be good" (p.183). Even in churches people are never so good that they can dispense with good systems. Transitions of leadership can be particularly stressful. Problems with people and problems with money are given special attention. It is good to remember that "a flow of minor conflicts, complaints, and criticism is part of the normal 'noise level' of a congregation's life" (p. 198).

Hotchkiss concludes his book with a brief bibliography, a Board time analysis process, and a policy book outline.

Item 4. *Who owns your congregation?*

A congregation's owner isn't its Board, minister, or members; **it is its mission.**

By Dan Hotchkiss UU World. Spring 2010 2.15.10 (Adapted from his book, Governance and Ministry).

As a conversation starter, I sometimes ask church Board members, in my work as a consultant, to tell me what their job is. I hear a variety of answers. Someone usually says, "We represent the members of the congregation. They elected us, and we should do what they would do." The Board, in this political perspective, is like a city council or the U.S. Congress: representatives elected by the people to make law on their behalf. But "doing what the people who elected us would do" is no simpler for a Board than for a legislator.

Should a Board do what its constituents want, or what they would want if they understood the issues better and had spent more time thinking deeply about long-term implications? A problem with democracy in congregations (and elsewhere) is that future voters do not vote. Since most congregations plan to be around for more than a short time, the Board must represent not only current members but the disenfranchised future also. Clearly, this responsibility requires an understanding of the Board's job that goes deeper than "we represent the members."

Board members sometimes say, "Our job is to give the members what they want." This idea depicts members of the congregation as customers and the congregation as a store. The customer is king, and the chief end of the congregation is to please the customer. The key metrics of success are quantitative: membership, attendance, contributions, and participation. This perspective on the Board's job explains quite a lot of what an effective Board does—especially when it pays attention to the changing culture, tastes, and demographics of its service area and leads the congregation to refresh its program and recharge its appeal. But is this really the point of a congregation?

Congregations do some of their best work when, instead of giving people what they want, they teach them to want something new. It is not unusual to hear a person thank a congregation for the fact that he or she now volunteers to help the needy or takes risks for social justice. The idea of "giving the members what they want" fails to grasp the value of a congregation that intends to influence, not simply to reflect, its members' preferences and values.

Another answer I occasionally hear is, "We are ministers alongside the pastor." This is a powerful idea, personified in Reformed theology as the ruling elder, ordained to lead along with teaching elders, also known as pastors. In current Presbyterian practice, ruling elders are elected and serve terms like most other Board members, but the rite of ordination (and the lasting honorary status it confers) makes ruling elders more than simple representatives. Elders, as scholar Edward LeRoy Long Jr. put it, rule "according to the guidance of their own nurtured consciences and not merely as spokespersons of particular interest groups."

The idea that a lay Board member's work is a form of ministry is worth considering in any

congregation. Making a Board member part of the congregation's ordained leadership recognizes "gifts of the spirit" in the individual, and acknowledges that Boards sometimes need to lead constituent opinion rather than reflect it.

While the idea of Board-member-as-minister deepens our understanding of an individual Board member's role, it does less to clarify the work of the Board itself.

A Board is not simply the sum of its members. It has a role to play and products to turn out collectively. In order to work happily and in harmony, Board members need to know with some precision what role they are to play and what results they should produce.

Sometimes when I ask, "What is the Board's job?" someone (often a lawyer or banker) uses an obscure word that speaks rather deeply to the nature of the Board's role: "The Board is a fiduciary." Many people connect this word exclusively with money, but the concept actually is much broader. A fiduciary (in Latin, *fiduciarius*, "trust," from *fides*, "faith") is anyone whose duty is to act in faithfulness to the interest of another, even at cost or peril to himself. A parent, for example, is a fiduciary for his or her children and must care for them, no matter how much sacrifice that might require. The Board of a business corporation holds the corporate assets as fiduciary for the stockholders. Since the stockholders' main interest, ordinarily, is to make money, the duty of a corporate Board is to increase stockholder value.

A congregation's Board is a fiduciary, also. Like a for-profit Board, it controls property on behalf of its real owner. But who is the owner? Who owns a church? Or a synagogue? Often Board members answer this question too quickly: "The members are the owners!" And the owners' interest? Satisfactory worship, education, social action, and so on.

The fiduciary duty of a congregation's Board, in this view, is to know what the congregation wants and to provide it—a concept not so different from the political and commercial concepts of the Board described above. This way of thinking sometimes produces good results, but it is based on a false assumption. A congregation does exist to serve its owner—but the members of a nonprofit corporation do not "own" it as stockholders own a business. Corporate stockholders can vote to liquidate the corporation's property, pay its debts, and divide the proceeds among themselves. A congregation—or any other nonprofit—that did likewise would be violating several state and federal laws.

The most fundamental legal principle of nonprofit corporations is that they must use their resources exclusively for the specific purposes for which the state has chartered them. In the case of congregations, the charter purposes are relatively broad. For that reason, and because a congregation is exempt from many of the tax reports required of other charities, it is easy to forget that there is any limitation at all. But a congregation may not distribute its resources for the "personal benefit" of anyone—especially an officer or Board member—except as reimbursement of expenses or fair compensation for services provided. For-profit corporations are required to benefit their stockholders, while nonprofits are forbidden to benefit their members. To call the members "owners" under these conditions stretches the idea of ownership quite far.

Who, then, is the owner of a congregation? Who plays the role of the stockholders in a business? Not the members. Not the Board. Not the clergy or the bishop or the staff. All these are fiduciaries whose duty is to serve the owner. Symbolically, we might say God or the divine is the owner, and that might be the correct interpretation. But this concept is too big to guide decision making helpfully. The “owner” that the Board must serve is the congregation’s mission, the covenant the congregation has set its heart to and the piece of the Divine Spirit that belongs to it. Or to put it differently, the congregation’s job is to find the mission it belongs to, the real owner for whose benefit the leaders hold and deploy resources.

Any effort to improve the governance of a congregation begins by recognizing that its primary measure of success is not the balance in the bank, the shortness of Board meetings, or the happiness of congregants. A congregation’s “bottom line” is the degree to which its mission is achieved. The mission, like stockholders in a business, has the moral right both to control the congregation’s actions and to benefit from them. Because the match between a congregation’s mission and a corporation’s stockholders is so close, it seems to me helpful to say that the owner of a congregation is its mission.

The most fundamental legal principle of nonprofit corporations is that they must use their resources exclusively for the specific purposes for which the state has chartered them.

Item 5. *How I am Different from John Carver* Apr 1st, 2010, by Dan Hotchkiss

“How is your model different from the Carver model?” Since *Governance and Ministry* came out, I hear this question now and then, especially from people in the United Church of Canada, the Mennonite Church, and the Unitarian Universalist Association, where John Carver’s Policy Governance is widely known.

I have benefited from John Carver’s writings and agree with him on many things, for instance:

- Boards should focus primarily on long-range, big-picture matters,
- Boards should record their most important decisions in written policies.
- Boards should delegate substantial day-to-day management authority so decisions can be made away from the Board table. In organizations with staff, it makes sense to delegate management authority to the staff leader.
- Boards should exercise effective oversight of those to whom it has delegated authority without involving themselves too much in management.

Where Carver is well-known, you don’t need to say much more than this for some people to peg you as a Carverite—not because any of this is original with Carver or unique to him, but simply because people who know the “Carver model” may not know much about the broader conversation about nonprofit governance. Especially in churches and synagogues, where “normal” decision-making practice tends to be quite chaotic and diffuse, there is a tendency for any good advice to sound like any other, simply because it is so different from what we’re used to.

I appreciate Carver’s contributions to thinking about governance and have benefited from the clarity of his thinking. But I have some disagreements with him, and some reservations about the use of his model in congregations. Here are some areas of difference:

- Carver relies heavily on the distinction between ends and means—what we intend to accomplish versus how we are going to do it. I agree that this is a useful distinction, but do not agree that decisions can be clearly classified one way or the other. Like many clear distinctions, this one is a polarity or spectrum, not a set of pigeonholes. This may be especially true in congregations, where “how” we do things is a major part of “what” we want to accomplish.
- Carver seems to me to picture an organization as a machine that can be programmed to follow a set of rational directions. I take a more systemic or organic point of view. The official rules governing decision-making account for very little of what happens even in well-ordered groups. The special nature of a congregation, with its overlapping constituencies and multiple relationships among people, make systemic and organic metaphors especially useful.
- Carver states in many places that “chief executive performance is identical to organizational performance.” This may be a useful fiction in some organizations, but in a church it can be quite pernicious, both because “performance” is so difficult to define and measure, and because the job of a senior clergy leader is only partly to lead the organization. Clergy contribute a great deal through their personal ministry, and congregations succeed or fail for many reasons—clergy performance being only one of them.
- The separation of Board and staff functions in Carver, while clear, seems to me less than

ideal. I have never seen a Board that could discern mission or cast vision without participation—nay, leadership—from staff leaders. In the book I define a zone of overlap between the Board and staff that includes both discernment and strategy. While it needs to be clear what bucks stop where, only a shared process can produce the wide support such decisions require.

- Like me, Carver says the Board is a fiduciary for the organization's "true owners." But Carver's "owners" are always human beings. If there are members, they must be the owners. For me, the true owner of a congregation is its mission. The Board's core responsibility to ensure that the congregation serves its mission; likewise, when members vote, they vote not as owners, but as fiduciaries for the mission.

I am a grateful reader of John Carver's writings and respect the effort some congregations have made to follow Policy Governance as closely as they can. My approach is similar in some ways, different in others.

Perhaps the most important difference of all is that my "model" is not a model at all. Congregations are different, and they can and should govern themselves in a variety of ways. I'm always delighted when my readers and consulting clients invent wildly unexpected variations on the basic themes of *Governance and Ministry*.

Posted in Board governance, Congregations Alternatives to Bureaucracy

Item 6. *Alternatives to Bureaucracy*

The mission-driven organization is a better organizing form. The bureaucratic organizing model is so pervasive that many executives are unable to even imagine that there are alternatives to bureaucracy, or any other way of organizing an enterprise.

Many organizations have achieved success simply by changing one of the underlying principles. These have been amply documented by various people.

Some of the best performing companies have converted to a customer-focused mission, or flattened out to reduce hierarchy, or become sensitive to the human needs of their customers, or converted to multi-functional work teams, etc.

Start-up organizations could bypass the bureaucratic model from the beginning. As this was being written, in the early 1990s, the Republics (once part of the Soviet Union), Cuba, the nations of eastern Europe, China, and currently (2004) Iraq, will all need their citizens to start enterprises from the ground up. These new enterprises will be faced with competing in an increasingly global economy dominated by huge, well-capitalized organizations.

The mission driven model is offered as a model that start-up organizations can use. In this model, the energy of the employees—focused by the mission, strategy, and vision of the organization, can make up for the start-up capital they may lack. I believe that the creative new organizations forming today have the opportunity to attract global capital as they take the concepts of product quality and customer satisfaction to new heights.

Existing bureaucratic organizations can use this model as one of the alternatives to bureaucracy that they might seek.

In many ways, it is more challenging to be part of an existing bureaucratic organization that seeks to transform itself into a global competitor than it is to start a new enterprise from scratch.

To achieve significant change requires a change in mission, at a minimum. It is traumatic for an established bureaucratic organization to change its mission. There is an immediate impact on the culture. Employees will be cynical, and people will be slow to adopt the desired change.

In the book "Busting Bureaucracy," we discuss the special challenges of transforming existing bureaucratic organizations. For all but a few existing organizations, the "mission-driven" model will be too extreme a change. Most existing organizations will likely settle for some part of this vision. For those few that have the capacity, the freedom and the leadership to strive to become "world class" organizations, I offer the mission-driven model as an ideal.

The Four Possibilities

The mission-driven organization will have a customer focused mission.

Mission-driven organizations, will choose a mission that is focused on the customer. The specific mission will depend on the nature of the products or services that the organization intends to provide to its customers.

Product-based organizations might define their mission in terms of customer satisfying, product quality.

For manufacturers, whose customer loyalty will be most deeply influenced by the customer's perception of product quality, the mission of the organization might be to produce the highest possible product quality.

Service-based organizations will aim for extraordinary customer service.

For organizations like banks and insurance companies, whose customer satisfaction depends on the organization's policies, practices and procedures—in combination with the human interactions of its people—the mission could be to deliver service that pleases, delights or dazzles customers.

Hybrid organizations will make it their mission to achieve customer dazzling service and satisfying product or service quality.

Hybrid organizations, whose customer's loyalty depends not only on the quality of the product or service that they offer, but also the customer service, must choose a mission that combines quality and service—always with the focus on achieving customer satisfaction.

What's the difference between an in-focused mission and a customer-focused mission?

Sometimes, executives from bureaucratic organizations "think" they already have customer-focused missions. They point to their mission statement, which says something like, "Customers come first with us," and they wave their internal campaign literature proclaiming, "We're nothing without our customers," or "Quality is our future."

The difference between an in-focused mission and a customer-focused mission shows up best in the trenches. When you truly have a customer-focused mission, then virtually all employees will "strongly agree" with the statement, "The number one priority with both employees and management is satisfying the customer," (or product quality).

If you have an in-focused mission masquerading as a customer-focused mission, then employees will be ambivalent, or they will strongly agree with a statement like: "While we talk a lot about quality or customer satisfaction, the most important thing to management is profits," (or cost savings, or market share, or avoiding commission complaints).

The primary measures that define organizational success will be based on customer satisfaction, rather than in-focused measures like profit or funding.

Guidelines and other levels of empowerment will largely replace rules.

In bureaucracies, people are empowered to make decisions based on their level within the organizational hierarchy. In mission-driven organizations, people are empowered to make decisions based on their experience, skill, training or capability, rather than their level. This

means that an individual in an entry-level position can gradually become more and more empowered to make decisions without being forced to rise in organizational level. There are several levels of empowerment.

- No empowerment
- Pre-action empowerment
- Empowerment with guidelines
- Post-action empowerment
- Total empowerment

Business needs will be balanced with human needs.

The mission-driven form actively encourages balancing business needs with the human needs of both customers and employees. This is in stark contrast with the bureaucratic form, which seeks to treat all customers the same, whatever their individual needs, and encourages employees to "leave their personal lives at the door."

Multi-functional teams will replace specialization by job function.

The mission-driven organization will seek to eliminate functional "walls" or "boundaries" that must be crossed to achieve the mission. The idea is to put every function that will be needed by a business unit on the same team.

Hiring will be based on both human and business skills, and job security will be a function of mission achievement.

Item 7. Policy-based Governance... Instead of WHAT? By Anne L. Schneider

Policy Based Governance, instead of.... WHAT?

- Instead of case by case decisions making
- Instead of unconstrained discretion
- Instead of inconsistency
- Instead of arbitrary decisions

But why NOT Micro-Manage?

- It disempowers committees and individuals
- Does the Board really know more than they do?
- Committee cannot be held accountable if Board tells them what to do
- Board doesn't have the details and expertise to make the best decision
- Staff who are persistently micro-managed will eventually quit (if they are really good at their job). What is "policy" anyway?
- An authoritative statement that determines or limits other decisions.

What is the first question the Board should ALWAYS ask itself when presented with a new issue or topic?

- Whose responsibility is this, anyway! What is the Board's role, if any? Is someone already doing this?

This is worth repeating:

In bureaucracies, people are empowered to make decisions based on their level within the organizational hierarchy. In mission-driven organizations, people are empowered to make decisions based on their experience, skill, training or capability, rather than their level. (from "busting bureaucracy.com")

Item 8. Comparisons of Carver, Hotchkiss, Jonasson (compiled with commentary by Anne Schneider, based on power point presentation to VUU Board, 2011)

I. Carver & Carver on “What is the Board Actually Supposed to DO?”

What the Board actually should do depends on which version of policy governance is being used as the guide, and to some extent, on which “expert” on policy governance one is consulting. Here’s what Carver and Carver say the Board should do: (from Carver & Carver, pages 12-13). **Hand’s On!!** Examples of what the Board Should Do.

- Set the Board’s work plan and agenda for the year and each meeting
- Determine Board training/development
- Attend to discipline in attendance,
- Follow by laws and Board’s own policy
- Become expert in governance
- Meet with and gather wisdom from the “owners” (congregation)
- Establish limits of the CEO (minister/exec committee) authority to budget, administer finance/compensation, establish programs, etc.
- Establish results/costs that justify organization’s existence
- Examine regular monitoring data and determine whether minister/exec team have used reasonable means to achieve ends.

Carver: **Hand’s Off!!** Examples of What the Board Should Keep Hands Off

- Do Not: Establish services, programs, curricula, budgets
- Do Not: approve the minister/exec teams personnel, programs, or budget plans
- Do Not: judge minister/exec team unless previous Board expectations have been stated
- Do Not: determine staff development needs, terminations or promotions
- Do Not: design staff jobs or instruct staff members who are subordinate to the minister..
- Do Not: decide on the table of organization and staffing requirements

From my perspective (A.S.), this “Hand’s on” role of the Board is quite passive and does not take advantage of leadership opportunities nor does it provide examples of how the Board is to provide any leadership to the organization, at all. In fact, even the strictest versions of Carver’s Policy Governance could provide far more ideas about Board leadership than articulated in Carver’s own work.

In terms of the “Hand’s off,” some of these are unrealistic, given the kind of turnover that some congregations have in the minister’s position! Even so, VUU has generally not gotten involved in these decisions except in isolated cases, or when the minister continually requested Board approval, as was the case in 2010-11 on the table of organization. Also, VUU “undelegated” the financial responsibility in 2008 and placed this in the hands of the Board.

Carver’s PG model was developed before the Sarbanes-Oxley decision and even though that decision does not technically apply to non profits or religious organizations, almost all have since revised their understanding of the Board’s role as the fiduciary agent of the

organization.

Since at VUU and in most congregations, the membership has to approve the budget, it is reasonable for the Board to assume responsibility for preparing the budget including recommendations about revenue estimates and recommending to the congregation the allocation of funds across various programs. Financial failure of any kind has significant implications for the organization and the Board (not the Senior Minister) is ultimately responsible if a financial crisis emerges.

II. Dan Hotchkiss on: What Is the Board Supposed to DO?

To understand Hotchkiss' ideas about what the Board should do requires some additional background about his model. First, Hotchkiss defines four types of decisions and who should be involved in making these:

- Hotchkiss: Four Types of Decisions
- Oversight – Board responsibility. Delegate whole programs (not just “tasks”) and then expect accountability.
- Strategic decisions – Shared Board/Minister - “big” decisions and long-range plans for achieving mission-(such as capital investments, staffing, program philosophy, outreach goals, capital campaign)
- Discernment – Shared work - identifying mission / vision and values of organization
- Management – Ministry work - Staff work. What to do (to achieve mission) and how to do it. [The] Board stays out of this. He then further distinguishes between “governance” and “ministry” as follows:
- Hotchkiss: *Governance and Ministry* – definitions and responsibilities
- “A unified structure for governance decisions (governance decisions are: articulating the mission; selecting strategies to get there; making sure it happens; protect people from harm.” P. 58). These are BOARD decisions.
- “A unified structure for making operational (ministry) decisions (ministry decisions are operational decisions – program leaders (paid and unpaid) create programs within a structure that delegates authority and requires accountability.” P. 5 Board should NOT be involved in these.
- “...responsibility is assigned to the program leader, and sufficient power delegated so that it is fair to hold the leader accountable...” staff decide what to do and how to do it, in conjunction with goals.”
- “A firm and well-marked boundary with mutual communication and accountability, between governance and ministry.” p. 6:

He goes on to say: “Even the military, which highly values obedience, has learned that delegating as many decisions as possible to lower-level people...reduces errors and improves adaptability.... Programs and ministries “bubble up” continually from outside the formal leadership.” (page.....)

According to Hotchkiss, the Board has three kinds of responsibilities:

- Direct responsibilities, such as oversight and policy development.
- Shared responsibilities (with minister and/or executive team, or congregation), such as discernment of mission and values and “big” strategic decisions such as when to start a capital campaign
- Delegation responsibilities, such as the roles it delegates to management (e.g., minister, staff, committees).

Hotchkiss then gives examples of the Board's role in various types of decisions:

Board Role in Policy development

The Board should spend its time making policy, not deciding cases. Why? Because doing so:
Avoids dealing with individual decisions on a case by case basis
Avoids staff or committees (shopping) for a decision they like
Avoids being reactive.

Board Role in Discernment (mission / vision / values)

The Board, along with minister and executive time, lead the congregation in articulating the mission (broadly understood), vision, and mission statement. [Note: "Discernment" of mission and values for Hotchkiss is basically the same as developing the "Ends" statements as explained by Carver].

This includes:

Vision statement that is broad and expansive;

A list of core values (expanded mission statement or values statement that is designed to last for several years.

An ANNUAL vision of ministry. Hotchkiss frames the question this way: in what new and different ways will we transform lives in the next one to three years? Board/staff retreat is a good time to develop the "annual" vision of ministry.

Board role in Strategy ("big" decisions). Decisions are shared with the minister/ executive team. (Note: not entirely clear who Hotchkiss believes should actually have final decision making authority here, but at VUU most of these require congregational approval and therefore the Board has "final" authority to present the recommendation(s) to the congregation. There is nothing in terms of policy that would prevent a minister from also making an alternative recommendation, but that has not been done at VUU. Hotchkiss describes these as "macro-decisions" rather than "micro-decisions." examples of Board work:
When to start a capital campaign?
Set the overall operating budget and allocations across programs.
Approve hiring or dismissal of principal staff members.
Develop a strategic long-range plan.

. . . . Ministry decisions, (management) micro-decisions, in the terminology used by Hotchkiss, range from actual ministry and programs, to the day-to-day operational decisions including administrative ones such as paying the bills or fixing the air conditioning. Hotchkiss says to delegate all of this to the minister or executive team.

Additional Advice from Hotchkiss on the Board's Role: Resist temptation to review, approve, or second guess decisions it has delegated (p. 98) Boards often don't delegate enough.

Item 9. Comparison of Carver, Hotchkiss, and Jonassen Policy Governance Models

Stefan Jonasson: (Based on presentation at 2011 General Assembly).

In a healthy governance model, Jonasson says, the Board will:

Deal with big picture issues

Not micromanage staff or committees; Does not rework committee reports

Does not micro “govern” – that is, doesn’t run small groups with strict Robert’s Rules

Is efficient. Does not process everything to death; does not postpone decisions until consensus is reached. Sometimes, just vote!

Board is the fiduciary agent and takes responsibility

Not maintain a strict hierarchy vis a vis the minister – but a strategic partnership

Be visionary

Develop policy and extend the philosophy and principles throughout the organization

Be good stewards including evaluation of the minister against goals

Be among the most generous members of the congregation

Be advocates for the congregation and the Board; act as cheerleaders. Explain the Board’s work and decisions to muckrakers and critic both inside and outside.

Consult with staff ONLY IF SPECIFICALLY ASKED

Not give “advice” to staff unless specifically asked

Model what it means to be in a community

What Does Policy Governance Say about Committees and Organizational Structure?

Hotchkiss has outlined several points about organizational structure that are generally consistent across all of the variants of policy-based governance that I have encountered, including Carver. Some of these are:

- Don’t have Board committees that do the same thing as minister/staff or minister/staff committees.
- If a minister or staff needs an advisory committee, let them create it, and it reports to them.
- Professional staff do not report to a lay-led committee, not even one intended to “give advice” and certainly not to one that has supervisory or oversight responsibility.
- Professional staff report to the Minister or to an executive team led by the minister.
- Minimize number of individuals and groups that report to the Board
- Match delegated responsibility with delegated power so that staff can reasonably be held accountable for results
- Encourage staff to form a strong and self sufficient team; take responsibility; manage their own relationships; resolve their own differences
- Final decisions are clearly in one and only one place. (Clear lines of authority; no “dotted lines” of authority.)

In terms of Board committees, Hotchkiss is considerably more flexible than Carver, but for larger congregations (Hotchkiss puts this at 150 or more members), they are generally in agreement.

- Carver: all Board committees should be temporary and ad hoc.
- Hotchkiss: most Board committees should be temporary and ad hoc.
- Carver: Finances, personnel, and facilities committees should be eliminated and these responsibilities turned over to the professional administrative staff.
- Hotchkiss: Smaller churches may want to retain finance, personnel, and facilities committees but larger

ones should eventually turn these responsibilities over to professional administrative staff who reports to the minister.

Item 10. Other Models of Governance for Religious Organizations:

- Board-centered;
- Committee-centered;
- Minister/Staff centered.

(Summarized from Hotchkiss, ***Governance and Ministry***, Chapter 3, by Anne L. Schneider). Hotchkiss (in *Governance and Ministry*) describes the three basic ways that congregations tend to organize themselves (other than policy-based governance). When policy-based governance begins to be blamed for organizational failure, these tend to be the fall-back positions. He acknowledges that any of these might work for small congregations (150 or fewer members), but problems multiply with them as the congregation grows.

Board-centered organizations. In this model, the Board is the center of all activity (p. 36-39). The Board typically is large, and each member is the chair of a satellite committee that reports directly to the Board. If a new function becomes an important part of church life, its leader would be added to the Board, since all important functions should be represented on the Board.

Hotchkiss views this as a natural organizing pattern for small organizations and for small groups, it is a good workable structure. The Board agenda mainly consists of a round-robin of reports. As the congregation grows, however, so do the disadvantages of a Board-centered structure, according to Hotchkiss. Each program area tends to become a special interest group; the Board seldom works on anything together; no one has time for “big picture” work since each Board member is engaged only in his/her own area of expertise. Beyond about 150 members, this structure – according to Hotchkiss – doesn’t work at all. The Board-centered model tends to gravitate eventually toward the Board having liaisons to each committee, rather than chairing it. This also is not a good idea, according to Hotchkiss.

Committee-centered congregation. Hotchkiss (p. 40-43) says that this is the most common organizational model for religious organizations. It is so common, he says, that many think it is the only way for a congregation to organize itself. In this model, the Board delegates to the committees not only the “how” to do something – the means-- but also the “what.” Authority tends to reside with the committee, not with the Board or the minister. Committees adhere to the “map theory” of organizations in which every part of program territory belongs to one standing committee – as though “the congregation’s ministry were a country needing to be split up into states, with no frontiers or unincorporated territories open to homesteaders. According to the map theory, if an idea involves music, it has to go to the music committee, and so on.” (p. 41).

Hotchkiss says that the “map theory” protects the status quo because existing committees are already too busy to take on a new idea and are reluctant to grant authority to anyone else to do it, either. Board- centered organization shifts gradually to this model, Hotchkiss says, as a committee “liaison” on the Board replaces Board members serving as chairs, but the Board continues to think of itself as the clearinghouse for issues. Gradually, however, the real power shifts from the Board to the committees, as they reappoint themselves, choose their own chair, do their own recruiting and the Board spends its time responding to their requests for

funds or approval of projects. Some committees become super committees, such as finance and property, where all other committees first have to go through them before taking their case to the Board.

When a staff member is added, things get very complicated. The relationship between Board and clergy is unclear. Most committees report to the Board and many of them oversee staff even though the clergy is technically the staff supervisor. Triangulation becomes rampant. With even more staff, another super committee appears – personnel – or in some cases, “ministerial relations.” These committees may set goals for staff, evaluate staff, recommend individual salaries, even invite members to express criticisms of staff to them. Congregants take their complaints to the personnel committee, or committee on ministry, rather than to the minister; or to the Board. Sometimes the personnel committee or ministerial relations committee views itself as a problem solver, mediator, or ombudsperson, Hotchkiss says, with even more triangulation.

Hotchkiss criticism of the committee-centered structure are these:

- A passive Board that spends its time listening to reports, responding to proposals and arbitrating conflicts rather than envisioning the future, creating long term goals and policies or insuring organizational performance (p. 46).
 - A miserly approach to delegation in which committees bring their proposals back to the Board over and over again for approval or revision, making it impossible to hold anyone accountable for results.
 - A fragmented staff whose members connect mainly to their primary committee constituency.
- The overall result, Hotchkiss says, is a strong resistance to change.

The Staff-Centered congregation (p. 48-52). As a strategy to unlock the problems with committee-centered governance, many congregations shifted to “purpose-driven” organizations that Hotchkiss calls staff-centered. The pastor is the clear leader, along with other staff and laypersons serving as “ministry teams.” The pastor’s role is visionary and entrepreneurial. Most decisions are made at the top and lay participation falls off.

The main problems with this model are its lack of democracy; lack of involvement of congregation; lack of group discernment of values.

Hotchkiss also describes some “even worse” ideas, which include the congregation electing every committee chair and perhaps the worst of all: staff reporting to committees (p. 51). His concluding statement on this model is worth repeating: “a staff member reports to a committee is one of those things that you can say in English but that makes no sense, like ‘rite of caster fish.’ Committees simply cannot supervise paid staff because they are not present when the work is done and it is too difficult for them to speak with one voice.” I would add my own comment here – they almost certainly do not have as much expertise and certainly not the day to day experience of the staff member. Thus, their “advice” and “supervision” can be expected to lead to worse performance.

Another reference: Bradshaw, Patricia and Bryan Hayday, (2007). Nonprofit Governance Models: Problems and Prospects, the Innovation Journal: The Public Sector Innovation

Journal, Vol. 12(3),2007, article 5.

Item 11. VUU's Experience with Policy – Based Governance (by Anne Schneider)

VUU is generally consistent with the principles of policy-based governance, and also with the original Carver principles. Periods of the greatest deviation have occurred when we did not have a full time minister. This began with Rev. Lone Jensen sabbatical in 2008, and when she returned at three- fourths time she gave up the “administrative” part of her position. When she later resigned, there were several months before an interim was hired. After the first interim resigned, it was several months before a second interim began. In August, 2012 we called a settled minister, Rev. Andy Burnette.

Here are some of the major differences I (A.S.) see between VUU Policy-Based Governance and Policy Governance as trademarked by Carver and Carver.

- Board committees. Policy Governance TM generally suggests that all Board committees should be advisory, ad hoc, and temporary. Hotchkiss, however, notes that some congregations will want to retain some Board-based standing committees. VUU, with the reorganization of 2010-2011, included finance, personnel, facilities, and stewardship as Board committees but in 2012 returned stewardship, facilities and personnel to the Minister/ executive team and then later the minister returned the stewardship committee to the Board. In August, 2023 personnel and facilities returned to the Board. Crisis management/safe environment is an ad hoc Board committee only appointed when needed to resolve a specific crisis situation. The Board maintains a finance committee appointed by the Board, that reports directly to the Board. The finance arrangement is consistent with most of the current non-profit “best practices” guidelines, which now strongly recommend that the Board retain responsibility for finances and have not only a finance committee, but also an audit committee. VUU has an audit committee that is a subcommittee of Finance.
- Delegating administrative work to office administration. Policy governance generally says that responsibility and accountability for finance, budget, facilities, and personnel lie with the staff (the minister and/or top administrative staff member). Carver’s model especially says that congregations should not have committees with these names unless the administrator creates these as advisory to him/her. At VUU, three of these are standing committees, with finance/budget and facilities reporting to the Board. Personnel now is an ad hoc task force that reports to the Minister/executive team. VUU has not turned over responsibility for several administrative areas that policy governance says should be in the hands of the minister/executive team and professional administrative staff. One of the reasons is that VUU has only one full time administrative staff person plus a part-time maintenance technician.
- Solo minister or executive team? Policy governance generally suggests that the organization should be led by a single person – the senior minister – who serves as the CEO, rather than an executive team. However, most of the PG models have acknowledged that religious organizations may need to have an executive team, not a solo minister. In 2010-11, VUU returned to the Executive Team model, with the team consisting of the Senior Minister, the Minister of Music, and the other professional staff (religious education, and administrator). It returned to the Solo Minister model in 2014-15 whereby the organization is led by a single person – the Senior Minister – who serves as the CEO.

- Clear distinction between Board work and minister work. Policy Governance advises that there be a “clear bright line” that divides Board work from Minister work. For Carver, this has sometimes been viewed as a “wall of separation” so that there is (apparently) almost no communication across the “wall.” For Hotchkiss, however, there are shared responsibilities and constant communication. Hotchkiss’ book is not entirely clear sometimes on where the “final” decision would be made on strategic “big decisions.” VUU has attempted to have a clear line of distinction, but there still are “fuzzy” areas and areas of shared responsibility. It is unlikely that a “big” decision would be made (or even taken to the congregation for a vote), unless both the Minister and the Board agreed to do so.
- Hierarchical delegation of responsibility. Policy governance is a hierarchical model in terms of official authority and oversight responsibilities even though its principles are to delegate to the point of practice, whenever possible. At VUU, delegation has worked well for music and religious education as they can calibrate their activities to fit their time commitments (which have varied from three-fourths to full time). Delegation for administrative tasks such as facilities and finances has been calibrated to take into account the fact that VUU only has one administrator and that person sometimes is not full time. Thus, facilities oversight and finances continue especially to have large lay roles.
- Oversight. Everyone is responsible to someone (in a hierarchy). Even though VUU generally adheres to the PG principle of delegating and not micro-managing, there are a number of committees, task forces, and other entities as well as one-person projects that technically belong to one of the ministries or committees but in fact operate largely independently of any on-going oversight. This has changed with the hiring of our current full time minister who delegates responsibility but maintains close communication with staff and lay leaders.
- Relationship with minister and ministerial committees. VUU has had difficulty knowing how to handle a situation when the minister or a committee that reports to the minister / executive committee requests “permission” from the Board for something that the minister/ executive committee or committee already has the authority to do. Should the Board just remind them that they have the authority? Should the Board review the project or plans and give its concurrence? In some cases VUU has thanked the group and acknowledged receipt of the information and assured them that they have been delegated the authority to carry it out. This has become less of a problem with the minister who has well-developed organizational skills and as VUU has become more knowledgeable about our policy-based governance.
- Micro-managing. VUU Board as well as the Minister / executive team have occasionally had difficulty exercising oversight and are tempted to take on a task itself, removing it from the authority of whoever was supposed to get it done. The Board sometimes has difficulty figuring out how to get “committee X” to do “Y” when that committee reports to the Minister / Executive committee rather than to the Board. The tendency has sometimes been to take this on as a Board initiative, thereby disempowering the committee itself, making it impossible to hold anyone accountable, and confusing the distinction between Board work and ministry work.
- Periods without a full time minister (how do you do policy governance without a CEO?) VUU has gone through several periods of time without a full- time settled minister. With the development of an executive team, VUU has named a member of the Board as a “stand-in” for the settled minister who chairs the executive team when there is no Senior Minister to fill this role. It is not clear what any of the policy governance models would recommend doing when the organization does not have a Senior Minister to serve as “CEO”.

Item 12. Basic Governing Principles of VUU's Policy-Based Governance (PBG)

VUU governing philosophy draws on ideas from Carver's Policy Governance™ but also from Dan Hotchkiss' Governance and Ministry, "mission-based governance," "adaptive leadership," and even "starfish" principles, such as those found in Ori Brafman's and Rod Beckstrom's book, *The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations*.

Designing the best possible governance system for VUU is an on-going project, as we learn from our own experiences, adapt to our unique circumstances, and continue to search for good ideas found in the literature and research on governance models for nonprofits and religious organizations.

The Board works with the Senior Minister, professional staff, and other lay leaders in an on-going effort to ensure that governance is a positive feature of VUU. Good governance will enable, empower, and support all those who wish to contribute their time, talent, and energy to VUU.

Here is an overview of VUU's most basic governing principles:

Governance is based on policy, rather than case-by-case decision making by the Board or unconstrained discretion.

Governance is mission-based. The Board, in partnership with the Minister and professional staff, is responsible for periodically leading the congregation in an exercise to articulate VUU's expanded mission. VUU's mission (the "ends" in our Board Policy) was last updated by the board in 2017 following a series of focus groups involving the entire congregation.

Decentralization is used whenever feasible, with authority, responsibility, and trust placed in the hands of those with the greatest expertise and day-to-day operational experience.

A clear distinction is made between Board authority and Ministerial authority; hence there is no "wall of separation." A vibrant partnership and communication flow is expected in relation to several shared aspects of governance and ministry.

Board work is mainly "big picture" work (e.g., fiduciary responsibility, policy development, "big decisions," "where are we going now," oversight) with authority for "ministry work" belonging to the Senior Minister, who is responsible for all of VUU's ministries.

The Board is assisted in performing its responsibilities by several standing and ad hoc committees. Board committees, however, do not advise or supervise the work of the Senior Minister, staff, or committees that report to the Senior Minister unless specifically asked.

VUU's ministries are organized into clusters of related activities, and all report to the Senior Minister. Some are led by the Senior Minister, Music Director, Director of Faith Formation, and VUU Administrator. Others are lay-led. Facilities, Stewardship, Personnel,

Finance, Denominational Affairs, and those committees elected by the congregation including Special Funds and Leadership Development report to the Board. All other entities report to the Senior Minister who has the authority to review, reorganize, and change their organizational arrangements.

Ministers, staff, and the ministries/committees that report to the Senior Minister do not need to “seek permission” from the Board. The Senior Minister is empowered to determine the best means to achieve VUU’s mission – within broad limitations established by Board Policy.

The Board of Trustees and the Senior Minister work in partnership to insure VUU’s future as a vibrant force in the lives of members and the larger community.

The Board is committed to honesty, transparency, and integrity in its work for VUU.

Item 13. Governance Made Simple: VUU's Policy-Based Governance Model Originally written, 2009. Links updated 2023.

What is Policy Governance?

Policy Governance actually is the trademarked name that Carver and Carver obtained for their particular type of governance, so “policy-based-governance” (PBG) is the more generic term. PBG is a shared system of leadership that empowers people at all levels to use their creativity and expertise to achieve VUU goals without micromanagement. It empowers the Board to establish “ends / outcomes” (the broadest level reasons that VUU exists), to exercise oversight of the executive arm of VUU, and to evaluate progress toward ends/outcomes. It empowers the Minister and other staff as well as lay leaders to choose the most appropriate means to achieve VUU ends. The organization encourages flexibility, creativity, and innovation at all levels as it grants maximum latitude for people to initiate actions and projects that further VUU purposes. At VUU, Policy-Based Governance documents are simply called “Board Policies” The Board adopts these and can change them without seeking approval from the Congregation. VUU By-Laws, however, are adopted by the Congregation as a whole and cannot be changed without Congregational approval.

What Does the Board of Trustees Do?

Under policy-based-governance, the Board is responsible for establishing VUU's extended mission statement, also called “Ends,” which are the overall purposes and reasons for existence of VUU. It delegates to other leaders the authority and responsibility for choosing the most appropriate means to achieve these ends, without meddling or micromanagement. The Board does not say how something should be done, but it establishes policies that limit discretion so that leaders do not act in ways that are unlawful, unethical, that violate UU principles, or that threaten fiscal or organizational integrity. The Board represents the interests of the congregation and links the congregation to management. The Board is also responsible for:

Oversight of the Senior Minister(s)

Setting annual goals (Ends) for VUU and for evaluating progress toward goals

Overseeing VUU finances and making sure a budget is prepared

Dealing with “Big” issues; or that rare issue that for whatever reason cannot be dealt with by the Ministers, in committee or by the staff.

What Are “Board Task Forces”? How Do Problems Get Addressed at VUU?

Most problems are addressed at the level where they occur, by the staff or committee responsible for those activities, or by the Senior Minister. From time to time, however, the Board's evaluation of VUU's progress toward its goals may indicate that concentrated

attention is needed on an issue or on a barrier that prevents VUU from fulfilling its purposes. The Board may establish a short-term task force of Board members and volunteers to address the problem. Under PBG, Board task forces are to help the Board do its job; they are never used to help or advise the staff or some other committee with its work nor direct the staff or Senior Minister. Its sole responsibility lies in providing advice and counsel to the Board. Task forces generally are short-lived and disband as soon as they have completed their work; they are not permanent.

What are “Board Committees”?

Under our modified Policy Governance, the Board has created some standing committees that provide continuing expert advice and continued monitoring that the Board does not have time or resources to conduct. Currently, these standing committees report to the Board:

Facilities: 4-person (or larger) team appointed by the Board to help oversee and maintain the property. The VUU administrator is intimately involved in this.

Finance: 7-Person team appointed by the Board to review detailed financial reports, create detailed budgets and perform internal audits. Minister intimately involved here.

Personnel: A 5-person committee appointed by the Board that developed VUU’s Personnel Policy Handbook, reviewed personnel issues if there were any, and annually reviewed staff salaries and benefits for consistency with UUA guidelines.

Stewardship: is appointed by the Board and responsible for fund-raising at VUU.

Denominational Affairs: chartered by the Board in August, 2023. The Board appoints the Chair of that committee yearly. The Chair is charged with recruiting the members.

Crisis Management/Safe Environment: This committee has a charter (on the web) and is appointed by the Board after a crisis has been referred to the Board. It is an ad hoc committee that is only appointed after a specific issue has been referred to the Board.

Are there other committees? Yes. There are committees or task forces or other “entities” at every level to help the Board, Ministers, staff, and lay leaders get their work done.

Empowerment flows down so that staff and leaders at all levels use their creativity and expertise to choose the best means to achieve VUU goals.

Staff, individuals, and committees do not need to approach the Board for permission to act, provided that action does not violate Board policies.

The Board does not direct (nor second-guess) the means chosen by VUU leaders, although the Board exercises oversight as does the Minister. PBG has almost completely eliminated members of the Board or lay leaders telling professional staff how to do their jobs.

Item 14. *The Board of Trustees and Policy Governance?*

Excerpted from the writings of VUU member, Anne Schneider, Ph.D.

What is the Board of Trustees Role in Policy Development?

The Board should spend its time making policy, not deciding cases. Why?

Because, doing so: Avoids dealing with individual decisions on a case by case basis.

Avoids staff or committees (shopping) for a decision they like.

Avoids being reactive.

What is the Board Role in Discernment (mission/vision/values)?

The Board, along with the minister and executive team, lead the congregation in articulating the mission (broadly understood), vision, and mission statement. [Note: "Discernment of mission and values" for Hotchkiss is basically the same as developing the "Ends" statements explained by Carver]. Including:

A vision statement that is broad and expansive; A list of core values...designed to last for several years. Also, an "annual" vision of ministry. Hotchkiss frames the question this way: In what new and different ways will we transform lives in the next one to three years? Board/staff retreat is a good time to develop the "annual" vision of ministry.

What is the Board role in Strategy ("big decisions")?

Decisions are shared with the minister/executive team. (Note: It's not entirely clear who Hotchkiss believes should have final decision making authority here.) At VUU most of these decisions require congregational approval and therefore the Board has "final" authority to present the recommendation(s) to the congregation. A minister could make an alternative recommendation. That has not been done at VUU.

Hotchkiss describes these as "macro-decisions" rather than "micro-decisions." Here are examples of Board work:

—When to start a capital campaign?

—Setting the overall operating budget and allocations across programs.

—Approving hiring or dismissal of principal staff members.

—Developing a strategic long-range plan⁷⁸.

What is the Board role in Management?

Ministry "micro-decisions", in the terminology used by Hotchkiss, range from actual ministry and programs, to the day-to-day operational decisions including administrative ones such as

paying the bills or fixing the air conditioning. Hotchkiss says to delegate all of this to the minister or executive team?

Item 15. *Frequently Asked Questions About Policy-Based Governance at VUU*

Where are VUU Policies archived? All official VUU policies are at VUU.org. The Policy Based Governance documents are under “Board Policy.” Other policies are found under the name of the committee or Ministry.

Who actually runs VUU? Do we have a “CEO?” VUU has a Senior Minister who runs VUU on a daily basis. Core staff currently includes the Office Administrator, the Music Director, and the Director of Faith Formation.

PBG permits leaders to take whatever actions they judge to be the best way to pursue the mission and not in violation of policy....What if some leaders just don’t get things done? VUU’s Board policies specifically state that the Board, Minister(s), and Senior Minister shall not “cause or allow...VUU to be inefficient, ineffective, inconsistent with UU principles or inconsistent with VUU ends/outcomes.” Thus, these top-level leaders at VUU are expected to “get things done.” If someone under their supervision does not get things done, it is their responsibility to re-energize that person or ask them to step aside.

Why does VUU still have a Finance Committee, when Policy Governance™ says one is not needed? At VUU, the Board does not delegate fiduciary responsibility to the Senior Minister, for several reasons. First, Arizona state law governing non-profits says that the Board, not the CEO, is the financially responsible entity. Second, following the recommendations from Sarbanes-Oxley, the scandal that erupted over Boards of corporations regarding mismanagement of funds and fraud, VUU modified its PBG model so that the Board maintains fiduciary responsibility. Third, VUU’s history and experience with financial problems have persuaded the congregation that the Board must understand and monitor the financial condition of the organization. To assist in these tasks, the Board has a standing Finance committee and a Board-appointed position called “Financial Analyst.” (There is no treasurer.) The Senior Minister also is involved throughout the year in monitoring the financial situation and in determining how funds are allocated among programs and committees that report to the Senior Minister. The Board, working with the Finance committee and Financial Analyst, determines the annual budget that will be presented to the congregation for their consideration. VUU policy prohibits incurring more expenditure during the year than shown in readily-available revenue projections for that year. During the year, the office staff, a contracted part-time bookkeeper, provides monthly comprehensive financial documents to the Senior Minister, Finance committee, and Financial Analyst. The Financial Analyst reviews and interprets these reports, and prepares a monthly memo that summarizes VUU’s financial situation related to the budget. Board members, the Senior Minister, and members of the Finance committee are expected to understand the spreadsheets and gain the expertise

needed to insure the financial integrity of VUU. The Board makes at least a mid-year report to the Congregation.

What if I have an issue or problem with the way something is done at VUU? What should I do? Do I take the complaint to the Board? No. The Board does not deal directly with complaints except as a last resort or in direct response to a Board action or after all other avenues of consideration are exhausted and there clearly is a policy issue.

There is an appeals and complaint process explained in Board Policies. The first step is to take the problem directly to the person or group you believe responsible for the problem or responsible for “fixing” it. If you are not satisfied with their response, you may take the issue to the next level (e.g. the staff person in charge of the topic.) In some circumstances, the Board may convene the Conflict Management/Safe Environment team to investigate the problem. The Board does not attempt to resolve interpersonal conflicts or other issues unless policy changes are needed. If your issue is about something that should be done but is not, talk to the Senior Minister to ascertain who you believe should be doing something. In some cases, you might be asked to take the lead on the activity yourself!

What if I have an issue with the Board or Senior Minister? If it pertains to something the Board has done, or if a policy change is needed, you should contact the Board President about your issue. The President may satisfy your concern, or bring the issue to the Board for discussion, and in some cases may invite you to present your concern directly to the Board. If your issue is about something you want the Board to do that they have not done, you need first to be sure it is within the responsibility of the Board rather than the Senior Minister, or some other staff.

If you have an issue with the Senior Minister, the appropriate process is for you to contact the Senior Minister and request a meeting to explain your concern. If these responses are not satisfactory, you may contact the Board.

But what if no one will deal with my issue? VUU By-laws provide that 15% of the members may require the Board to call a congregational meeting. So, if you cannot find relief anywhere, you may draw up a petition that clearly states the issue, obtain signatures from 15% of the membership, and the Board will call a congregational meeting with your concern on the agenda.

Who appoints committee members? Shouldn't VUU have term limits for committee chairs and members? The Congregation elects the Board for two-year terms, with a term limit of 3 full terms followed by a one-year hiatus. Then the person can run again. The congregation also elects the Leadership Development committee, the Special Funds committee, and (when needed) the Committee to Appoint a Called Minister. The Board appoints at least the chair and sometimes members of any other Board Task Forces and

Board Committees. All other committees are appointed by the Senior Minister, Staff, or develop their own purpose driven recruitment and membership. Some of these committees limit their membership and also set term limits on members or chairs.

Board Committee information and policies appear with Board of Trustees information on the site. Other committee policies accompany each committee description at VUU.org. Some VUU committees do have open membership and generally do not have term limits, since there is no need for one person to leave when a new person is included.

Does the Board have a liaison to committees? How does the Board keep track of what the committees are doing?

The Board has liaisons to Board Committees. Board members may independently serve on any committee they choose. The Board keeps track of what is being done through regular “monitoring reports” from the Senior Minister, the Leadership/Program Council and requested reports from other committees. See the [Board Policies](#) for more information.

Item 16. *How Does Policy-Based Governance at VUU Differ from the Carver/Carver Model?*

VUU is generally consistent with the original Carvers' principles. Periods of the greatest deviation have occurred when we did not have a full-time minister. This began with Rev. Lone Jensen sabbatical in 2008. When she returned at .75% time, she gave up the "administrative" parts of her position. When she later resigned, there were several months before an interim was hired. After the first interim resigned, it was several months before a second interim began. In August, 2012 we called settled minister, Rev. Andy Burnette. After Andy left, we had an Interim Minister then called our current Settled Minister, Rev. Sarah Oglesby Dunegan.

Here are some of the major differences I, Anne Schneider, see between VUU Policy-Based Governance and Policy Governance™ as trademarked by Carver and Carver.

Board committees. Policy Governance™ generally suggests that all Board committees should be advisory, ad hoc, and temporary. Hotchkiss, however, notes that some congregations will want to retain some Board-based standing committees. VUU, with the reorganization of 2010-2011, and of 2023 included Finance, and Facilities as Board Appointed. The finance arrangement is consistent with most of the current non-profit "best practice" guidelines, which now strongly recommend that the Board retain responsibility for finances and have not only a finance committee, but also an audit committee. VUU has an audit committee that is a subcommittee of Finance. For Sanctuary Transformation Team, Personnel, Denominational Affairs and Stewardship, the Board appoints only the chair. (In the interim years some of these committees were periodically assigned to the Sr. Minister.) Crisis Management Safe Environment is an ad hoc Board Committee that is appointed, when needed, to resolve a specific crisis situation.

Delegating administrative work to office administration. Policy Governance™ generally says that responsibility and accountability for finance, budget, facilities, and personnel lie with the staff (the minister and/or top administrative staff member). Carver's model especially says that congregations should not have committees with these names unless the administrator creates these as advisory to him/her. VUU has not turned over responsibility for several administrative areas that Policy Governance™ says should be in the hands of the minister/executive team and professional administrative staff. One of the reasons is that VUU has only one full time administrative staff person plus a part-time maintenance technician.

Solo minister or executive team? Policy Governance™ generally suggests that the organization should be led by a single person – the senior minister – who serves as the CEO, rather than an executive team. However, most of the PG models have acknowledged that religious organizations may need to have an executive team, not a solo minister. In 2010-11, VUU returned to the Executive Team model, with the team consisting of the Senior Minister, the Minister of Music, and the other professional staff (religious education, and administrator).

It returned to the Solo Minister model in 2014-15 whereby the organization is led by a single person – the Senior Minister – who serves as the CEO.

Clear distinction between Board work and minister work. Policy Governance™ advises that there be a “clear bright line” that divides Board work from Minister work. For Carver, this has sometimes been viewed as a “wall of separation” so that there is (apparently) almost no communication across the “wall.” For Hotchkiss, however, there are shared responsibilities and constant communication. Hotchkiss’ book is not entirely clear sometimes on where the “final” decision would be made on strategic “big decisions.” VUU has attempted to have a clear line of distinction, but there still are “fuzzy” areas and areas of shared responsibility. It is unlikely that a “big” decision would be made (or even taken to the congregation for a vote), unless both the Minister and the Board agreed to do so.

Hierarchical delegation of responsibility. Policy Governance™ is a hierarchical model in terms of official authority and oversight responsibilities even though its principles are to delegate to the point of practice, whenever possible. At VUU, delegation has worked well for music and religious education as they can calibrate their activities to fit their time commitments (which have varied from three-fourths to full time). Delegation for administrative tasks such as facilities and finances has been calibrated to take into account the fact that VUU only has one administrator and that person sometimes is not full time. Thus, facilities oversight and finances continue especially to have large lay roles.

Oversight. Everyone is responsible to someone in a hierarchy. Even though VUU generally adheres to the PG principle of delegating and not micro- managing, there are a number of committees, task forces, and other entities as well as one-person projects that technically belong to one of the ministries or committees but in fact operate largely independently of any on-going oversight. This has changed with the hiring of our current full- time minister, who delegates responsibility but maintains close communication with staff and lay leaders.

Relationship with minister and ministerial committees. VUU has had difficulty knowing how to handle a situation when the minister or a committee that reports to the minister/executive committee requests “permission” from the Board for something that the minister/executive committee or committee already has the authority to do. Should the Board just remind them that they have the authority? Should the Board review the project or plans and give its concurrence? In some cases VUU has thanked the group and acknowledged receipt of the information and assured them that they have been delegated the authority to carry it out. This has become less of a problem with the minister who has well-developed organizational skills and as VUU has become more knowledgeable about our model of Policy Governance™.

Periods without a full time minister (how do you do Policy Governance™ without a CEO?) VUU has gone through several periods of time without a full-time settled minister. With

the development of an executive team, VUU has named a member of the Board as a “stand-in” for the settled minister who chairs the executive team when there is no Senior Minister to fill this role. It is not clear what any of the Policy-based Governance models would recommend doing when the organization does not have a Senior Minister to serve as “CEO.”

Micro-managing. VUU Board as well as the Minister/executive team have occasionally had difficulty exercising oversight. The Board sometimes has difficulty figuring out how to get “committee X” to do “Y” when that “committee X” reports to the Minister/executive committee rather than to the Board. The resulting tendency has sometimes been to take “Y” on as a Board initiative, thereby disempowering “committee X”, making it impossible to hold anyone accountable, and confusing the distinction between Board work and Ministry work.