The Use, Implementation, and Impact of the Policy Governance System on Board Governance and Organizations

Demonstrated Impact Team Pre-Pilot Study

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Introduction

Prologue

GOVERN for IMPACT believes that our world will be in good hands only when every organization built for the betterment of humanity is propelled by a clear vision of purpose and is led with a determination to create lasting results (impact), a deep commitment to operating with ethics, prudence, and justice, and an unwavering commitment to listen to its broader ownership and serve those people for whose benefit the organization or business exists.

In essence, organizational leadership refers first and foremost to governing effectively, as a critical precursor to managing well. Organizational governance is an obligation that has far reaching moral, legal, financial, cultural, strategic, and human consequences. Organizations exist to anticipate or respond to owners' values and perspectives.

By extension, each board's raison d'être is to direct and protect its organization/business, while serving as the integral bridge between its owners and the beneficiaries it serves.

Building and sustaining highly functioning boards is a holistic discipline, separate and apart from the chief executive management function. When both a board and its CEO pull in the same direction with strong clarity about their distinct and mutually dependent roles, there occurs a synergy that propels an organization, business or government entity to thrive, strengthening its impact on the people and communities it serves.

At GOVERN for IMPACT, not only do we imagine such a future, we diligently and deliberately work toward it—with devotion, passion, and unparalleled expertise. Our work and vision for impact has been inspired by Policy Governance®. GOVERN is committed to conducting and facilitating research in board governance and creating greater knowledge and understanding.

Origin and Philosophy behind the Demonstrated Impact Initiative of GOVERN for IMPACT (formerly International Policy Governance Association)

During the formational period of the International Policy Governance Association (IPGA), its leadership was well acquainted with the state of the literature on board governance having been engaged in some form or other in governance for much of their professional lives. (See following section on summary of governance literature.) Those who worked to launch IPGA did so to facilitate the spread and impact of a theoretical based system of governance (Policy Governance) that transformed how governance was perceived, experienced, practised, and thought or written about. This approach to governance was first designed by John Carver. Board governance literature was sparse and mostly composed of articles advocating the researcher's or author's beliefs regarding commonly held best practices. Much research was a single case study or a series of cases with the definition of success drawn post hoc as an inference from the study cases (e.g., Foust, 2009; Jenkins, 2004).

Because research is sparse, there is no conclusive evidence regarding links between board processes and organizational performance. Far from drawing any conclusions, scholars point to a complex and indirect relationship between board decision-making processes and organizational results (Forbes & Milliken, 1999). Ahrens and Khalifa (2013) described governance processes research as a "black box" and concluded that little is known about "the key processes that can make corporate governance effective" (p. 5).

Carver (1990) was the first to propose a framework of governance that can help a board define the distinct and separate roles of governance and management called the Policy Governance model. Carver's work stimulated a good deal of discussion and writing on governance approaches and processes. As Policy Governance practitioners and leaders deepened and matured in their experience and understanding, it became clearer that effectiveness research concerning Policy Governance would need to be based, a priori, on a theory of board governance. Considering the fact that Policy Governance is fundamentally a theory of board governance that promotes clarity or organizational purpose (through Ends Policy direction) and owner-informed accountability, it is insufficient to evaluate its effectiveness as a set of "best practices" because Policy Governance was not created as a set of "best practices". The theory-based approach resulted in a model that was based on an intentionally designed system of interdependent principles (and their derivative processes or practices) that, when used together, resulted in effective board governance as so conceived. Unlike most approaches that seek good governance, Policy Governance was not created as a set of "best practices". Hence, any effectiveness research regarding a theory-based approach must evaluate the extent to which the model has been implemented as opposed to a critique of practices.

Therefore, the research questions important to Policy Governance are:
1) How well does the application of the system achieve the theoretical ideal of effective (and efficient) board governance?
2) What should be the indicators and scale of effective (and efficient) board governance?

GOVERN for IMPACT's voluntary Demonstrated Impact Research Team envisioned eventually testing the degree of correlation between adherence to the Policy Governance processes/principles and measures of the resultant effectiveness of the board. However, the team realized it had insufficient information regarding the target subjects (boards practicing Policy Governance to one degree or another), their view of the model standards for measurement of success, their implementation journey of constraints and facilitators, and of finding a way to measure the degree of implementation in order to evaluate any correlative improvement in governance effectiveness.

Therefore, what is presented here are the results of a pre-study familiarization survey of selected boards conceived and designed to lead to a better elucidation of means measures and practitioners' view of possible measures of governance success. In short, we are establishing baseline markers against which the effectiveness of the Policy Governance model can be evaluated. Our team sought answers to five specific questions:

1) What trigger(s) led to a decision to pursue Policy Governance?
2) What were the major milestones of their implementation journey and what did subjects learn during the implementation process?
3) What were sustaining factors for them?
4) What challenges did they encounter during implementation?
5) What indicators of the governance impact did they think occurred?

From this study, as mentioned earlier, the team hopes to derive a better-informed design for subsequent correlation studies – establishing best measures of impact, setting practical scales to capture degrees of system implementation, and setting standards against which a governance system can be measured.

Results from this work will provide direction for next steps in pursuing this line of inquiry.

Literature Review

Keywords used in searching literature included: board, board of directors, board roles, board process, board decision-making, board effectiveness, board governance, governance, policy governance. Sources search included privately held books, Amazon books, Google scholar, Google scholar alerts on keywords, American Psychological Association PsycNET, Sage Research Methods Online, theses and dissertations databases, and grey literature (i.e., corporate publications).

In general, there is a lean body of work on boards of directors and the relationship between the board's governing practices and organizational success (Charas & Perelli, 2013; Huse, Hoskisson, Zattoni, & Viganò, 2011; Leblanc & Schwartz, 2007; van Ees, van der Laan, & Postma, 2008). Although research on this topic is considered important, boards of directors are notoriously difficult to study. A board of directors is the legitimate authority and leadership for the organization (Carver, 2002b). Expectations of boards—and of those who serve on them—are often established by tradition and maintained by the status quo (Burnes, 2009). board governance processes are patched together by individual board members' experiences and preferences. How board members' decisions can affect organizational outcomes is not well understood.

Historically, authors and researchers tended toward understanding decision-making in public or elected boards, such as college or public school boards of trustees (Chait, Holland, & Taylor, 1996; Chait, Ryan, & Taylor, 2005; Herman & Renz, 1998, 2000; Smoley, 1999). Some dissertations and theses also focused on elected school boards (e.g., Foust, 2009; Woodward, 2006) or, simply, the experiences of the

board members (Nobbie, 2001). Few investigations have touched on board decision-making processes or attempted to study the impact of board governance on organizational performance. Fryday-Field (2013) asserted that boards need a new way of thinking in order to make governing decisions that drive the impact or the performance of the organization.

Brown (2005, p. 317) asserted, "…much work remains to be done to establish the nature and causal direction" of the relationship between governance behaviors and organizational success. Research suggests that effective boards coincide with effective organizational performance (e.g., Herman & Renz, 1998; Herman & Renz, 2000; Hodge & Piccolo, 2011), yet the relationship is not well understood. Specialized knowledge of board development, practices, and behaviors can begin to unravel whether or not board decision-making is a contributing factor to organizational effectiveness.

Policy Governance germinal literature on governing boards' performance stems from Carver's (1990) work to define the separate and distinct roles and responsibilities of boards versus management. Carver's work stimulated the discussion and literature on governance roles, responsibilities, systems, and processes. Some authors and researchers followed with versions of defining the separate and distinct roles and responsibilities of governing boards versus paid staff management (e.g., Brown & Chao, 2009; Chait, Holland, & Taylor, 1996; Herman & Heimovics, 1991; Houle (1997). However, Carver's work also explained how the board could effectively delegate administrative tasks to paid staff while maintaining the board of directors' legitimate authority. Carver's work is known as the Policy Governance system.

It should be noted that one of the major criticisms of Carver's (1990) Policy Governance system is the strict delineation of board and management roles.

Some critics posited that delineation leads to lack of board oversight (e.g., Hough, 2002).

However, other researchers noted the absence of specific delineation—or board roles that parallel management functions—can be fraught with risk (Maharaj, 2008). Another issue of too much board involvement in management can distract directors from their primary responsibility to the organization they govern (Mogensen, 2007). Too much board involvement in management can leave the directors open to personal liability (Zurich American Insurance Company, 2011). Appropriate board oversight or involvement in management functions remains controversial. As Carey (2015, para. 3) said, "The [Policy Governance] model, in an ideal governance environment, would be a governance utopia, but unfortunately, human being sometimes muck up ideal models."

Methodology

In 2014 GOVERN for IMPACT, then known as the International Policy Governance Association (IPGA) sought to engage as many as 20 Policy Governance practicing organizations representing a variety of countries and sectors within its global community in this pre-pilot research. Although some 25 organizations showed interest, a number of them experienced changes in leadership or for other reasons did not follow through to complete the required pre-questionnaire and consent form or were otherwise not available when it came time for the interview. Ultimately, the Demonstrated Impact Team was successful in conducting a total of 13 interviews with, by design, a diverse mix of organizations engaged in a variety of professional practices (e.g. education, banking, health care, social services, faith-based). These organizations are profiled in Figure 1 below.

To participate in the study, organizations were required to complete a pre-interview questionnaire and sign a consent form. They were advised in advance of the expectations of their involvement which requested that the Chief Executive Officer (CEO) and Board Chair (CGO) together participate in a two-hour video conference, telephone, or in-person interview with a member of the Demonstrated Impact Team.

Study participants were ensured in writing that the results of the interview would be aggregated with those of the other participating organizations, and that the resulting report would not directly attribute any of the data, or results of the analysis, to any specific organization.

Subject Recruitment

In June 2014, the Demonstrated Impact Team shared the study's Conceptual Framework and information about how to participate in a plenary session at the Association's Annual Conference in Minneapolis, Minnesota. Recruitment began in earnest in 2015 with members of the Demonstrated Impact Team, organization leadership, and Policy Governance consultants reaching out to their networks of practicing organizations inviting them to engage. The opportunity to participate in the study was also promoted to the general membership, to the organization's broader contact list, and through presentations at subsequent annual conferences.

To engage, organizations were required to be using Policy Governance as their system of governance. The team's goal was to recruit a mix of organizations in various stages of Policy Governance implementation (e.g. new to Policy Governance, practicing for several years, long-term practitioners).

All expressing interest were provided with an introductory letter and information packet along with an invitation to contact the Demonstrated Impact Team leader to ask questions or learn more about the planned research and the nature of their potential involvement. Profiles of the thirteen (13) research subject organizations are outlined below.

FIGURE 1
PROFILES OF SUBJECT ORGANIZATIONS

Organization	Organization Size By Employees	Organizational Sector	Years Practising
Avant https://avantministries.org/	201-500	Not-for-profit Charity Faith Based	>10-15
California Parks and Recreation Society www.cprs.org/home	6-15	Government (municipal)	>15
Christar www.christar.org	201-500	Not-for-profit	5-7
Community Access Unlimited, New Jersey www.caunj.org/	>750	Not-for-profit Charity	>15
HIV Scotland www.hiv.scot/	7	Not-for-profit Charity	5-7
LifeCare Ambulance https://lifecareems.org/	51-200	Not-for-profit Health	>15
Project Management Institute – San Francisco Bay Area Chapter pmisfbac.org/	51-200	For Profit Not-for-Profit	4-5

FIGURE 1 (continued)
PROFILES OF SUBJECT ORGANIZATIONS

Organization	Organization Size By Employees	Organizational Sector	Years Practising
Railroad and Industrial Federal Credit Union www.rifcu.org/	51-200	Not-for-Profit Financial Credit Union	>15
Red Deer College www.rdc.ab.ca/	>750	Not-for-Profit Education	>15
St. Mary Development Corporation www.stmarydevelopment.org/	15-20	Not-for-Profit Government Health Social Services Faith Based	8
Willy Street Coop willystreet.coop/	201-500	For Profit	>15
Wisconsin Youth Company Inc. www.wisconsinyouthcompany.org/	51-200	Not-for-Profit Social Services	>15
World Impact www.worldimpact.org	~200	Faith Based	7

Consent Process

The information packet included a description of the research project's purpose, participant eligibility requirements, and the specific commitment required. This commitment entailed reading the information packet, completing a pre-interview questionnaire and agreeing to make the Chief Executive Officer (CEO) and Board Chair available for a one and a half to two-hour interview with a member of the Demonstrated Impact Team.

In addition to submitting a Participant Agreement and Consent Form signed by an authorized representative of the organization, this commitment would also require approval to have the name of the organization published in the final report as a study participant, with the expressed understanding

referred to above, that the interview data contributed and resulting analysis would be presented in the aggregate in such a way that the unique responses of individual organizations would not be readily identifiable to the reader.

Before the interview was conducted, research participants were asked to complete a pre-interview questionnaire entitled, "Creating a Profile of Board Implementation of Policy Governance." The purpose of this preliminary data gathering was to assess the organization's eligibility and create a baseline profile of its current Policy Governance practice.

The Participant Agreement form was also included in the information packet. This form further asserted that information about individual participating organizations would remain confidential and that all organizations engaging in the study would receive a copy of the resulting report.

Interviewer Training

In preparation for the interviews, the Demonstrated Impact Team developed an Interview Guide that detailed the specific questions to be asked consistently by all interviewers. The guide summarized the purpose of the interview which was to explore the unique "story" of the board and organization's implementation of Policy Governance. The interview conversation was intended to result in a profile of the Policy Governance adoption, the extent to which Policy Governance had been implemented, the nature of the implementation process, and the criteria believed to be useful in assessing the extent to which this system of governance had been fully and implemented.

In 2014 and 2017, the team convened two virtual video conference sessions to reorient the interviews to research questions and review the guidelines and process for conducting the interviews.

Interviewers were advised to rely on the Guide as a script when explaining the purpose and context of the research and the interview process to their interviewees, and to reinforce expectations about the confidential nature and planned use of the resulting data.

The training addressed how the interviewers were to facilitate the discussions using an 'appreciative inquiry' approach that maintained objectivity and posed questions in a neutral manner, while also providing the opportunity for interviewees to share whatever they deemed relevant. Interviewers were encouraged to probe with follow-up questions that clarify the respondents' intent, as needed, and learn as much as possible about each organization's individual journey.

Since most of the interviewers had worked with organizations engaged in the study (either as board members, CEO, or consultant) care was taken to ensure that the interview assignments were "arms-length," and that no interviewer was assigned to an organization with which they had a prior relationship. As the interviews would be recorded, interviewers were instructed to obtain permission from all participants before recording the discussion for later transcription or reference.

Data Collection Methodology

The interviews were conducted via video conference, telephone, or in person with a pair of individuals, typically comprised of board chair, or other engaged member of the board, and the CEO. After brief introductions and providing the interviewees with the background information detailed above, the interviewers facilitated a somewhat informal, highly interactive conversation using the interview questions as a guide.

Interviewees were informed that they would be asked a series of structured questions but were also encouraged to share any ideas they thought relevant. As all participants gave their consent for the discussion to be recorded, the interviews had the ability to subsequently produce a written transcript and/or refer to the recording when consolidating their notes and summarizing the data.

Post interview, interviewers worked from their notes, audio recordings, and/or verbatim transcripts of the recordings to produce a focused summary of the results of each interview. The resulting data were then populated into the single, comprehensive database developed by the team, organized in a format that mirrored the research questions, with each organization clearly identified.

Data Analysis and Findings
Summary of Findings

Each of the specific research pre-pilot qualitative research questions were combined with relevant questions in order to create **seven (7) major query areas.** The key findings report by subject organizations are listed below for each query area. While query areas stand alone, the research does demonstrate that several major themes cross over these query areas.

Query 1 - How did you learn about the system of Policy Governance?

There were a variety of ways that subject organizations became aware of Policy Governance as a governance approach. These included reading related books, attending introductory workshops, Policy Governance-experienced board member or CEO recommendations, and governance consultants'/coaches suggestions.

While the source of information varied, organizations were either actively seeking to improve their board governance or were open to the suggestion that this was needed when it was presented to them. Some boards learned about the concept of Policy Governance from an 'umbrella' board with which they were associated.

One key finding was that for at least two of the organizations, the CEO final candidate indicated the importance of the board's adoption and use of Policy Governance as a criterion for these CEOs to consider taking the job.

Query 2 Why did the organization choose Policy Governance and what factors caused the decision to transition to Policy Governance?

A majority of organization interviewees had in some form, become dissatisfied with the board's style or practices of governance (or non-governance).

Indicators that were mentioned, often, were:

- Unhappiness with the way the board interacted or directed the CEO, especially, in one case, brought to the board's attention by a new CEO who had just come on-board and expressed frustration with inability to lead, given the board's style,

- Examples of dysfunction included the board being overly hands-on and too much time in operational detail, ED needing to run to the board for permission for operational decisions, which, in turn, led to delays in responsiveness, ambiguity between governance and operations, no priorities and the board un-focused, leading to poking into everything,

- One ED expressed the board "needed to lead as a board."

- ED and operations in crisis,

- Ethics concerns,

- Growth in the organization sensitizing the board to the need to improve governance,

- Shrinkage of service area having the same effect,

- board recognized the old board process was broken.

Other stimulants included external influencers: the organization's funder recommending Policy Governance, a government external review severely critiquing board governance, the chair having learned about Policy Governance, frankly recommending Policy Governance, and the board's ED attending the Academy and bringing it back.

Factors leading to the selection of Policy Governance as the solution to the above were:

- Outright recommendations from external sources such as a university center, major funder (who paid for the training), and finding out from another organization who was using Policy Governance.

- In some cases, the CEO, or a board member, or a staff member recommended the board consider exploring and implementing Policy Governance as a possible answer to governance challenges.

- In some situations, the finalist CEO candidates made it a condition of accepting the appointment as CEO.

Query 3 — **How did your organization implement the Policy Governance Model?**

The research study team asked a series of questions to better understand the various ways that organizations approached their implementation of the Policy Governance Model including:

- Was the implementation over a series of considered (or circumstantial) stages?
- Was the implementation facilitated by a third party or an insider (or combination)?
- What tools were used?
- Was there a leader or cheerleader?

Noted earlier was the fact that most of the subject organizations were prompted to consider Policy Governance by an outside party suggesting (strongly or weakly) that the board consider Policy Governance as a possible solution to the dissonance the board was experiencing around their governance. Insiders, such as the CEO, chair or a fellow board member brought it the board's attention.

The majority (9) of subject boards followed this advice and sought an expert, (including John Carver himself (2), to guide, facilitate, and train them to one degree or another (boards used different language for this process). Most outside coaches had been to the Policy Governance Academy by the Carvers. Another path was to send a board member or CEO to this Academy training, who then, in turn, trained the board. A small percentage of boards (2 out of 13) attempted to do it themselves (without outside guidance) by studying books such as Reinventing Your board by Miriam Carver and videos. Several mixed the support of external expert governance coaches/consultants with some self-work and learning. So, it is difficult to clearly divide approaches into distinct categories.

The individual on the board taking on the implementation leadership was distributed between the chair, a lead board member or the CEO with no clear predominant pattern, but generally falling to the most knowledgeable person in Policy Governance (and perhaps energy/enthusiasm). In three cases, the board let the consultant lead with no clear internal leader voiced.

Tools that boards used to supplement their learning included the Carver books, (which received mixed reviews, some liking and some not), the Policy Governance Playbook, videos, and the policy template when the time came.

The general pattern of implementation could be divided into:

- The board experiencing decision stages marked with board consideration and a decision to proceed versus,
- An up-front decision to proceed to implement as a continuous process, and
- A majority seemed to follow some kind of staged approach. The watershed process appears to be the policy blitz preceded, or as part of two-day training followed by consultation of external qualified Policy Governance coaches/consultants.

Query 4 — **How are you sustaining Policy Governance?**

When asked to reflect upon how they were sustaining Policy Governance, a reference was made to board member succession, suggesting that when members who were not committed to Policy Governance left the board, they had been replaced by others who were willing to make that commitment.

This question also elicited several themes in relation to board process. These primarily focused on the implementation of Policy Governance as an ongoing process of continuous learning in which capacity is developed through lived experience. Specific strategies referenced by respondents as having been employed by their boards to help sustain Policy Governance included receiving support from trained coaches and consultants, and peer support from other boards engaged in the practice. Respondents also shared that they had conducted annual board retreats, attended trainings and conferences, and conducted regular Policy Governance "refreshers." One organization specifically referred to the presence of an internal coach.

Query 5 — What challenges have you experienced?

All respondents to this question listed challenges. A variety of challenges were mentioned that included everything from specific parts of the model to creating the right board culture.

Two related challenges mentioned consistently regarded the recruitment/buy- in and the steep learning curve of board members. These challenges were expressed as difficulties with recruiting board members with the mindset to succeed on a board using Policy Governance principles and integration of the principles. Policy Governance can be perceived to be challenging for new members to understand, some bring a personal agenda or don't feel their work experience is being valued, need future thinkers, and the difficult process of onboarding new board members to Policy Governance (onboarding new members can be overwhelming, hard to explain the abstract concepts to people new to the board), Policy Governance terms can be like a foreign language, continuous learning required).

An overarching comment was the difficulty in implementing all parts of Policy Governance when there is board turnover because of the time and effort required to get new members up to speed. Policy Governance is a completely different shift for many board members and the specific language and structure of the model creates challenges to implementation.

Challenges with implementation referred to all aspects of the model with a majority of subject organizations citing issues with Executive Limitations and monitoring, governance process and board dynamics, some citing issues with owner linkage and Ends issues.

Regarding executive limitations and monitoring there were challenges for executives in learning how to prepare reports and for board members to understand how reporting performance against policy (CEO interpretation) is good oversight/governance. It was also noted that it is hard for CEOs to write effective monitoring reports if the policy is poorly written.

Challenges involving the governance process and board dynamics included difficulties coming to consensus and accepting interpretations, understanding the principle of shared values, the time to create a comfortable environment, and the board willing to police itself. Finding the time to make the governance process work was cited as a challenge.

Challenges cited around Owner Linkage were uncertainty about how to do meaningful linkage, adapting to changing owners and understanding different ways to do linkage.

Comments such as "they quit coming because we were successful" referred to how linkage needs to change as the organization develops which is part of the challenge of engaging in meaningful linkage – it must change to continue to be meaningful.

The challenges around Ends were all in relation to getting it right (Ends vs. Executive Limitations, how to measure, how often to revise, focusing Ends throughout the organization).

In all areas cited from board recruitment to monitoring and developing a productive board culture the challenges refer to the continuous learning and the time required to implement and succeed with Policy Governance.

Query 6 — What are the criteria for effective implementation?

Perhaps two of the most prominent themes emanating from the research data regarding what are believed to be the criteria for the effective implementation of Policy Governance and the nature of the implementation experience, including challenges faced, related to the long-term nature of the commitment required in order to be successful. Policy Governance was described as a system of governance quite different from the common practice of many other boards they had participated on and/or worked for in the past.

One organization referred to the process of implementation as a "steep learning curve." Others spoke about the perceived complexity of the system and the need to select board members whose values and expectations are aligned with this process of governance. Other factors cited by respondents included the importance of building to a board culture that supports Policy Governance, as well as the challenges inherent in creating, implementing, monitoring, and refreshing Ends and linking with owners.

Strategies for effectively overcoming these challenges were also shared by the study participants. These included the engagement of coaches, consultants, and other facilitative support as well as attending the Carver Policy Governance Academy and other trainings. Some mention was also made about the value of board administrative liaisons and internal advocates.

When describing the benefits of their Policy Governance practice, two significant themes emerging from this study were the clarity between the role of the CEO and that of the board which resulted in greater overall accountability, with one respondent describing an experience in which the board had "moved from a reactionary to proactive" approach to governance.

The importance of practicing Policy Governance with fidelity to the model was also emphasized. A number of participants shared that their journey had been one of ongoing learning and continuous improvement, one that had become somewhat easier the longer they practiced with some board members self-selecting out along the way.

Query 7 — What impact has Policy Governance had for your board/organization and the impact you have as an organization?

The interview process was designed to better understand benefits attributed to the implementation of Policy Governance. Seven questions with several being multi-part questions probed the impact Policy Governance had on the board or organization including what was most and least valued while practicing Policy Governance, additional benefits anticipated with continued implementation, level of benefit, and to what is the benefit attributed.

Two of the questions referred not to the organization's current practice but rather what the impacts would be if Policy Governance were successfully implemented. These questions further collected the respondents' beliefs about the benefits of Policy Governance.

All thirteen respondents directly or indirectly indicated some benefit to using Policy Governance. Ten of the respondents or 77% of those that responded to this question, said participation resulted in a 'strong' or a 'very strong' benefit to their organization. Respondents attributed the benefits to the principles and systematic nature of Policy Governance. It was indicated that the implementation of Policy Governance resulted in more focus on purpose and the clarity of roles. Additionally, the resulting board culture and practice allows for higher levels of vision and leadership from the board. A small number of respondents expressed that it is difficult to know the level of benefit. They did report some real progress as an organization but noting it was not as fast as they would like, and it is difficult to know how much to attribute to governance.

When asked what they valued most about their experience practicing Policy Governance, respondents had a lot to say. The responses frequently referred to greater clarity:

• clarity of board leadership,
• clarity of board and CEO relationship and their distinct roles,
• clarity of board process expectations, and
• clarity of purpose.

In addition, accountability was increased. A number of responses mentioned an appropriate board culture including more engagement, discipline, and the development of thought leaders.

The clarity of roles was a benefit to both boards and CEOs which allowed both to focus on priorities and have aligned expectations of each other. Meaningful policies led to better monitoring reports and measures that increased accountability.

Implementing the model created more focus on the purpose of the organization. A reoccurring theme was that to reap the benefits of Policy Governance, discipline in comprehensive implementation of Policy Governance is needed.

Interviews indicated the primary basis for benefiting from Policy Governance was related to the additional clarity around governance and operational roles. Comments included that everyone knows their role, the board keeps itself in its proper role, and the clearly defined relationship with CEO is extremely positive. In addition, some respondents expressed the clarity of roles and focus on priorities has led to more organizational agility.

Most responses discussed the value of having a clearly defined governance process that details individual expectations and how the board holds themselves and the executive accountable. Policy Governance® provided a much better CEO/board relationship and enabled the board and CEO to effectively govern. board members were more engaged, disciplined and had more civil dialogue that was appropriately focused (future-focused, strategic, and within appropriate framework).

Policy Governance increases board effectiveness by focusing discussions appropriately and the process of developing policies creates more buy-in for board members. Also, the value of ownership linkage was also expressed. Policy Governance has resulted in more engagement with owners and increased awareness of the need to engage various owners in a meaningful way.

Knowing that the organizations interviewed were at very different points in their implementation of Policy Governance, the research team also asked what additional benefits were anticipated after further implementation. Once again, the value of having a coherent structure that defines boundaries was mentioned by half of the organizations. It was expressed that if their practice of Policy Governance was improved that they expected to see stronger organizational performance. The value of Policy Governance in building better leadership especially thought leaders was discussed. The alignment of vision, mission, purpose and a stronger link to owners and community were benefits to be attained with further practice. There were strong expectations of how meaningful owner linkage could move the organization forward. There is solid agreement that implementation of Policy Governance is an evolutionary process which requires continuous learning.

This research project was designed to help determine how organizations measure success in order to be able to do further research correlating the degree of Policy Governance implementation with organizational impact.

Organizations were asked what successful Policy Governance implementation looks like and what are the most meaningful criteria for demonstrating successful use of Policy Governance. The answers to these questions further illuminate this query regarding the impact of Policy Governance.

All thirteen organizations responded to the question of what successful implementation looks like. The majority of the factors of success cited dealt with how well Policy Governance principles were put into practice such as:

- the clarity of and adherence to the board's role and the roles of board members.
- common understanding of principles,
- asking the right questions (future thinking); meaningful dialogue,
- understanding roles, commitment and trust between CEO and board,
- board setting the tone at the top culturally
- consistency, fidelity, and strength of practices
- the CEO's commitment and knowledge of Policy Governance

Most cited the commitment to a culture of continuous learning as vital to success.

Less than half the organizations answered the question regarding meaningful criteria to demonstrate successful use of Policy Governance. Responses focused on accountability and meaningful evidence of making a difference. Evidence of an engaged board that is knowledgeable about Policy Governance is also deemed important.

There was a better response rate to the question regarding what you would see in a board that had successfully implemented Policy Governance. Almost all respondents cited the impact on relationships (camaraderie, professionalism, appropriate, engaged, satisfying relationships between board, CEO, and owners). Half cited the alignment and achievement of Ends and the enhanced ability to serve the community and achieve strategic goals to make real change in the world. Another important theme was efficiency and the relationship of effectiveness to cost or the "at what cost" concept of ends development in Policy Governance.

The final question related to this query was "what criteria does your board use to measure the impact of Policy Governance". Seventy-five percent of the respondents answered this question with three measures cited most often:

- The right Ends are understood and used throughout the organization.
- Organizational success as defined by the organization. (Ends achievement.)
- Accountability and good oversight.

Mentioned with less frequency was the idea that Policy Governance enhances structure, processes, and culture that allows for the hard, strategic conversations.

In summary, all organizations were able to identify the positive impact that Policy Governance has had on their organization. The principles of the model are credited with creating greater clarity of roles, clear boundaries and expectations, and increased accountability with a sharper focus on purpose.

The Policy Governance principles along with the discipline to implement the approach are credited with building effective board leaders and meaningful dialogue. The strengthening of appropriate and fostering meaningful relationships between the board and CEO and with owners was also stated as a clear benefit.

Conclusions/Key Themes and Learning

The data as outlined in Appendix 1 and as summarized by each specific query in the section on Summary of Findings, demonstrated a number of common themes across the organizations that had implemented Policy Governance. There was a range of the extent to which the various subject organizations had experienced these phenomena likely based to a degree on their implementation approach and the length of time they had been using Policy Governance. There will be further review of these factors in the next step of this analysis.

The overall purpose of the pre-pilot study is to determine what factors need to be assessed when evaluating the extent to which an organization has fully and effectively implemented Policy Governance.

The specific query areas under this approach include:

- Query 1- How did you learn about Policy Governance?
- Query 2 - Why did the organization choose Policy Governance and what factors caused the decision to transition to Policy Governance?
- Query 3 - How did your organization implement Policy Governance?
- Query 4 - How are you sustaining the Policy Governance?
- Query 5 - What challenges have you experienced?
- Query 6 - What are the criteria for effective implementation?
- Query 7 - What impact has Policy Governance had for your board/organization and the impact you have as an organization?

The data yielded some strong overall themes from these questions. These themes fall into four categories including:

- What drove the change to Policy Governance?
- Internal Impacts of Policy Governance
- External Impacts of Policy Governance
- Steep Learning Curve that is Worth the Investment

Overall Theme 1 – What Motivated the Change to Policy Governance?

The key idea that the subject boards spoke to was the fact that their boards were searching for a better way to govern. They experienced cognitive dissonance in that they knew effective governance was needed; yet they also believed that how their organizations were governing was not effective, or not as effective as it should be, or in some cases, board governance was actually getting in the way of the organization success.

boards ranged in their board governance discomfort from dissatisfaction with their current board governance results, dynamics, and motivation to engage Policy Governance to absolute crisis in the organization and at a board governance level.

Overall Theme 2 – Internal Impacts of Policy Governance

Participating organizations reported that there were a number of internal effects that they considered valuable and which enhanced their governance including:

Greater Role Differentiation and Role Clarity of Board and CEO, and Beyond

Board, CEO, owners, beneficiaries/customers, staff, and stakeholder roles are reported to be more clear under Policy Governance®.

This clarity of roles resulted in:
- Enhanced coordination between board and CEO,
- Better communication,
- Improved function within the board distinct and unique roles – boards and CEO stayed in their lanes more effectively,
- An enhanced board/CEO relationship.
- Role clarity also resulted in greater accountability for CEOs to boards and boards to owners.

Improved Board Leadership and Culture

Subject boards reported that they experienced improvements in the board's culture and the connection, teamwork, and transparency at board level. As the board's values were clarified and the board's cultural behaviours advanced the engagement of board members improved. Participants described their board members as very engaged.

Improved Organizational Functioning
Subject organizations also reported that they developed and experienced more organizational efficiency, effectiveness, and accountability.

In general, subject boards reported that they believed they were more effective as boards and are doing a better and more intentional job of governing with the use of the Policy Governance model. boards also noted they felt better about their board governance and the time they were investing to govern. boards noted they focused more on purpose and outcomes to be achieved. boards believed they were adding more value to their organizations and also to what their organizations were achieving. While this is a pre-pilot study and hence the exploratory sample size is small, these early findings point to this approach to governance as being connected to organizational resiliency and sustainability. This will need to be further studied.

Overall Theme 3 – External Impacts of Policy Governance

Clarity of Purpose
Participant boards reported that Policy Governance provided principles that pressed the board to become more focused on building clarity of purpose of the organization. They reported that the building of Ends policy direction, the need to scan the environment to inform Ends Policy creation, the CEO interpretation of those directions in observable and measurable terms, and the monitoring of results for achievement all contributed to more focus on organizational purpose and impact.

Boards further reported that generative and strategic thinking at the board level was enhanced through their pursuit of Ends thinking.

Stronger Connection to Owners
In order to inform their Ends thinking (what outcomes, for what people, at what priority or worth), boards reported they did build stronger connections to their community(ies) of owners and that they developed more meaningful dialogue and links with their organization owners.

Overall Theme 4 – Steep Learning Curve That is Worth the Investment

Continuous Learning and Improvement of board Governance
All participant boards reported that the adoption of Policy Governance required disciplined learning and investment of time and energy not only to learn Policy Governance thinking but also to learn methods and tools to support implementation. The learning curve was repeatedly reported as a steep curve particularly while initially adopting the approach.

Boards also reported that they continue to learn and Policy Governance by its nature requires continuous learning and quality improvement of governance.

Discipline and Perseverance
All boards reported that implementation of Policy Governance requires discipline on the part of both the board and the CEO. They also all reported that that discipline and hard work does yield improved board governance.

Resources and Professional Support
Participant boards reported that the discipline of board governance does require training, learning, coaching, resource materials, sharing/benchmarking ideas, and qualified external coaching/consultation. Like any discipline, there is both a body of knowledge that needs to be learned and skills and judgment that need to be developed.

Most boards reported that this development is significantly faster, more focused, and therefore more impactful once they engaged qualified support and materials.

Internal Champions

Participant organizations also reported that they found if there were one or more internal champions who held the board's feet to the fire to stay on track, they made more progress.

Internal champions did not need to be board governance experts but they did need to continue to support and challenge the board to stay focused on its transition through Policy Governance.

Consistent Ongoing Use and Discipline of this Flexible Approach

Participant organizations consistently reported their recognized need to ensure consistent fidelity in use of the model and continuous improvement in its use.

Overall, all boards reported that the practice of Policy Governance improved not only their board governance but their organization's focus, effectiveness, and impact also. Ten (10) out of thirteen (13) organizations reported the impact was significant or very significant. All boards reported it was worth the learning and transition to Policy Governance.

Limitations of Research

Some limitations need to be noted regarding this study. First, this study was a pre-pilot study with a small sample size and by pre-pilot design included only organizations that implemented Policy Governance. Future studies could look to investigating multiple systems of governance. Second, researcher bias is possible due to the sampling method. Convenience sampling through an open call for participants accessed from sources which were in some cases known to the researchers. Independent interviews were used to minimize this bias.

Sampling selection bias could have influenced the findings. Because of the pre-pilot sample size limitations, the results lack generalizability. Future studies should consider random sampling. Third, it was not possible to retype the data to enable a truly blind review of participants' responses. Thus, there is a chance that knowing the participants' identities could influence researchers in analyzing the data. Coding blind could be useful in futures studies.

Insights into Future Research

GOVERN for IMPACT's dedication to the study of Policy Governance stems from our assessment that, contrary to a 'best practices' approach, Policy Governance is, rather, a comprehensive and holistic governance model grounded in a distinct set of clearly defined principles.

We are driven by the assumption that those who sit on boards do so because they desire to share in creating a better future for others, i.e., that their organization is effective in the lives of its beneficiaries. They also, of course, seek more immediately gratifying effects such as a deeper sense of purpose, improved role clarity between board and CEO, and more impactful and risk-prudent organizational performance. In the longer term, they seek stronger connection to community and greater accountability for results. We also recognize that some seek governance excellence as an economic strategy to achieve maximum financial return. This study represents an early attempt to understand whether, and the extent to which, Policy Governance offers tools the world can learn about the potential value of rigorous governance practice guided by a holistic set of governing principles such as those used in Policy Governance.

Recall, our primary purpose conducting this pre-pilot research was to explore what leads to and best characterizes effective Policy Governance board practice. This learning could then inform an agenda for future research, whether conducted by GOVERN for IMPACT or other researchers, to deepen our understanding of the principles and practices of Policy Governance, and the extent to which their consistent application over time affects the organization's capacity to produce valued results in a manner that is both ethical and prudent.

The results of our present research point to a number of important questions worthy of further inquiry suggesting what an expanded research agenda, both short term and long term, might look like. Among these proximate questions is that which the pre-pilot originally sought to amplify, namely, "What are the essential characteristics and practices of an effective Policy Governance practicing board and how can they be measured?"

Other questions of central importance which have been illuminated by this preliminary research include:

- What drives boards to consider, and to adopt, Policy Governance as a model of governance?
- What are the characteristics of an effective member of a board using Policy Governance, and how does knowing these characteristics affect the way in which board members are recruited?
- How does Policy Governance implementation affect the performance of the board and the organization, including its culture and productivity?
- What changes result from greater versus lesser differentiation and coordination of roles between the board and CEO?

- Do organizations with boards that effectively define and monitor results and risk mitigation demonstrate greater achievement than those who do not?
- How might the return on investment in Policy Governance implementation be measured over time?

These and many other questions of interest could best be explored in stages or concentric rings of research. We could begin by taking a deeper dive into what was learned through this study by pursuing questions such as those listed above. The next phase would then work outward to address larger, more strategic questions about governance such as, "Given the rapid pace of change and complexity of challenges the world is facing, what will the future of effective governance look like?" and "What unique characteristics of future leaders will be needed to ensure effective governance?"

It is just such questions that drive home the moral imperative for further research, about what constitutes excellence in governance. Ultimately, it is our hope that boards of all types will one day benefit from knowledge about theories and practices of governance with the same depth as our present knowledge about theories and practices of organizational management.■

Acknowledgements

Appendix 1 – Findings and Data Analysis

(Click the link to view the more detailed records of the input from the subject boards).

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