



International Policy Governance Association

What makes an Interpretation Reasonable and What are the Expectations for Operational Definition

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Contents

1. Introduction / Background	2
2. Issue Description / Introduction	2
3. Proposed Resolution(s)	2
a. Introduction of Resolution	2
b. Application of Resolution	5
4. Results / Conclusion	6

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1. Introduction / Background

The International Policy Governance Association (IPGA) Consistency Framework Committee advises the CEO to assure that IPGA members and enquirers have access to consistent and accurate information about Policy Governance. The Committee has academic independence from IPGA's board and staff but consults on the development of the IPGA Consistency Framework with John Carver as creator of the Policy Governance system and Miriam Carver as leading Policy Governance theorist and teacher (whom, together, IPGA recognize as the current "Authoritative Source") and the IPGA Consistency Advisory Group.

As part of its work, the Committee helps IPGA respond to questions regarding whether or not specific practices are consistent with the principles of Policy Governance using the IPGA Consistency Framework.

IPGA received a request to provide opinions regarding several questions that together seemed to add up to the following:

What are the expectations concerning what is included in an operational definition and what are the criteria for finding an interpretation of Board Policy to be reasonable?

2. Issue Description / Introduction

The IPGA Board of Directors forwarded several questions to the Consistency Committee but the Committee found it could not answer the Board's questions using the current IPGA Principles Consistency Framework (IPGAPCF). As a result, the Board initiated a conversation with Miriam Carver as the Authoritative Source to which the Committee was invited. The Board's meeting with the Authoritative Source provided insights but the Consistency Committee was still unable to answer the Board's questions.

The Committee found that there was insufficient guidance in the IPGAPCF concerning what criteria an interpretation must meet to be reasonable and, specifically, what an operational definition requires.

The Committee recognized that both of these questions involve understanding performance measurement. The Committee was also aware that the answers needed to be specific enough to help a Policy Governance practitioner determine if an interpretation is reasonable or not.

3. Proposed Resolution(s)

a. Introduction of Resolution

When examining questions of consistency with the Policy Governance system, IPGA examines the principles of Policy Governance and, where helpful, the Policy Governance Framework which provides potential further interpretations of each of the Policy Governance principles along with statements of potential criteria for judging consistency.

In this case the most relevant Principles and IPGAPCF potential lower level definitions included the following:

Policy Governance® Principle 9:

"More detailed decisions about Ends and operational means are delegated to the CEO if there is one. If there is no CEO, the board must delegate to two or more delegates, avoiding overlapping expectations or causing confusion about the authority of various managers. In the case of board means, delegation is to the CGO unless part of the delegation is explicitly directed elsewhere, for example, to committee. The delegatee has the right to use any reasonable interpretation of the applicable board policies."

Potential Lower Level Definition 5 of Principle 9:

"The operational definition (the preferred means of expressing the delegatee's reasonable interpretation) will define the metrics that will be used to demonstrate compliance of the board's policy as reasonably interpreted. Normally the board does not determine the metrics but expects the CEO (and management) to derive the best metrics that will convince a reasonable person of compliance with the reasonable interpretation (with the exception of those times when the metrics are appropriately incorporated into the policy while following policy making principles and wherein any further definition is still allowed the CEO). The more specific policies beneath, must logically fall within the scope of the one "above" it."

Potential Lower Level Definition 3 of Principle 9:

When the board examines the delegatee's reasonable interpretation, and subsequently is convinced that the extent, depth, and reasonableness of interpretation are objectively justified, acceptable and sufficiently addresses the policy, the board should accept it as reasonable.

Policy Governance® Principle 10:

"The board must monitor organizational performance against previously stated Ends policies and Executive Limitations policies. Monitoring is for the purpose of discovering if the organization achieved a reasonable interpretation of these board policies. The board must therefore judge the CEO's interpretation for its reasonableness, and the data demonstrating the accomplishment of the interpretation. The ongoing monitoring of board's Ends and Executive Limitations policies constitutes the CEO's performance evaluation."

Potential Lower Level Definition 1 of Principle 10:

"Monitoring requires two acceptable things; a reasonable interpretation and data showing evidence that the interpretation is being met.

- a. Since data points to interpretation, interpretation must be found reasonable first."*

From the above statements it seemed clear to the Committee that:

- a) a reasonable interpretation is required of the delegatee, and
- b) the Board must assess whether an interpretation, found to be reasonable, has actually been achieved, and
- c) the interpretation must include data to be proof of performance.

Less clear was relationship between the term "reasonable interpretation" and the term "operational definition" as they pertain to the use of metrics to demonstrate performance.

Most importantly, the information found in the IPGAPCF did not address the question of how to assess whether or not the interpretation was reasonable. How would a practitioner Board, the CEO or the CGO know if it was or was not reasonable? In particular, the current information did not specify what form of metrics or measurements were acceptable as evidence that a reasonable interpretation of a Board's expectations had indeed been achieved. Having more specific information to assist in both of these areas seemed to be critically important to practitioners, both in developing an interpretation and in judging that interpretation for its reasonableness and successful achievement.

The Committee concluded that a set of more specific lower level definitions is needed to help practitioners assess an interpretation's reasonableness and identify what does or does not qualify as performance data. In addition, the Committee saw the need to distinguish the characteristics of a reasonable interpretation versus an operational definitions and the relationship between the two.

During the Committee's research and dialog it became evident that an "operational definition" was one way of explaining a "reasonable interpretation". Whether it is referred to as an operational definition or as a reasonable interpretation the criteria are the same. After contemplation and dialog, and two valuable exchanges with the Authoritative Source for feedback and insight, the Committee found language which would address the needs for clarification within the Consistency Framework.

The Committee concluded that adding two new Potential Lower Level Definitions to Principle 9: Any Reasonable Interpretation would clarify principle consistent expectations and assist practitioners' understanding of the concept of Any Reasonable Interpretation.

First Addition

An interpretation is deemed to be reasonable when it provides an operational definition which includes defensible measures and standards against which policy achievement can be assessed.

- 1.) The term used to describe the interpretation is unimportant as long as the concept is applied. (Some of the currently used variations include "reasonable interpretation", "operational definition", "reasonable operational definition" and possibly others.)

Second Addition

Defensible measures and standards are those that:

- 1.) Are objectively verifiable (e.g., through research, testing, and/or credible confirmation of observable phenomena.)
- 2.) Are relevant and conceptually aligned with the policy criteria and the board's policy set.
- 3.) Represent an appropriate level of fulfillment within the scope of the policy.

With these in place the Committee also felt that the existing Lower Level Definition #5 of Principle 9 could be struck:

~~*"The operational definition (the preferred means of expressing the delegatee's reasonable interpretation) will define the metrics that will be used to demonstrate compliance of the board's policy as reasonably interpreted. Normally the board does not determine the metrics but expects the CEO (and management) to derive the best metrics that will convince a reasonable person of compliance with the reasonable interpretation (with the exception of those times when the metrics are appropriately incorporated into the policy while following policy making principles and wherein any further definition is still allowed the CEO)."*~~

b. Application of Resolution

It is hoped that these two new Potential Lower Level Definitions will provide assistance to practitioners. Specifically, it is hoped that they can help boards in determining whether or not an interpretation is reasonable and to help CEO's and CGO's in determining what they must provide to constitute a reasonable interpretation. The two new Potential Lower Level Definitions add clarity to the relationship between the reasonable interpretation and the operational definition (they are synonymous) and to the criteria for both a reasonable interpretation and the nature of its evidential data.

In practice the additions should provide insight both for making an interpretation and for assessing its reasonableness. While they add further definition they still leave a very wide range of latitude for boards and CEOs to use choices within that latitude that fit their specific situation and culture. The expectations for the form of a reasonable interpretation are clearer but the specific content is still theirs to determine and/or assess.

4. Results / Conclusion

The question asked was: *What are the expectations concerning what is included as part of an operational definition and what are the criteria for finding an interpretation of Board Policy to be reasonable?*

The response: Two Potential Lower Level Definitions of Principle 9 have been added to the IPGA Consistency Framework to provide guidance on both of these questions.

Any Comments?

The IPGA Consistency Framework Committee welcomes comments on its reports. These will be considered in the committee's occasional reviews.

Please submit comments to the IPGA CEO: ceo@policygovernanceassociation.org

More information about the work of the IPGA's Policy Governance Consistency Framework Committee can be found at:

<http://policygovernanceassociation.org/resources/consistency-framework-committee-news-15.html>