SHARPENING THE FOCUS FOR BOARDS OF DIRECTORS

Boards of directors clearly have ultimate decision-making authority for everything under their guidance. But in actual practice, many boards don't exercise that authority. Staff often drafts a recommendation and brings it to the board to ratify. This may be efficient, but it casts the board in the role of "rubber stamping." Over time, this erodes trust between board and staff. it also causes the people to wonder what the board is doing – and why board members are not seriously addressing the issues of the day.

This problem is particularly acute in publicly-elected boards and councils (think of your city council or county board of supervisors), where a lack of governing focus often leads to a breakdown in public trust. the solution is to create a framework in which the board can sharpen the focus – in a way that is appropriate to its oversight role.

I strongly recommend that all boards of directors develop policies that define the board's role an d the results that the board wants the organization to achieve. these policies should be organized in a clear, coherent framework. The framework I favor has three sets of interlocking policies:

Governance Process Policies: this group of policies (typically 10-20 policies) defines what the board is responsible for, the expectations of board members, how board members are chosen, what the duties of board officers are, and how committees are formed and their function. they also define a code of behavior for board members and address conflict of interest questions.

Board-Staff Linkage Policies: this group of policies (again, typically 10-15 in number) defines the relationship between the board and the chief executive officer or general manager. One policy clarifies the "unity of control," meaning that only the board, acting as a board, can direct the CeO, not individual board members. Other policies define the exact terms of delegation, for things like contracts, hiring of consultants, selling property and the like.

Strategic Direction Policies: This third and final group of policies defines the results that the board wants the organization to achieve. typical areas of focus include customer satisfaction, product reliability, finance, competitiveness, environmental protection, and workforce development. Where possible, each policy should define measureable targets . For example, the customer satisfaction policy might say that the company will achieve a 95 percent satisfaction level as measured in an annual customer survey.

We've worked with several boards, helping them construct this governance framework and related policies. Once this framework is in place, the board can sharpen its focus and operate at a much higher level. it can hold itself more accountable – and staff more accountable. it can stop meddling in staff 's decisions, giving staff the confidence they need to implement the strategic goals. the strategic policies can become the basis for a balanced scorecard. With regular monitoring, the board can begin guiding and directing the organization in a systematic way. in a relatively short period of time, the agency will shift from an under-performing to a high-performing organization.