

Policy Governance is a system that relies on people for its success. Here is a chance to explore what that means in practice with two experienced educators.

The Emotional Side of Policy Governance

by *Hartger Wassink and Harry Nijkamp*

Over the years, we have worked with several boards and CEOs in the Netherlands, mostly in education, to introduce them to the Policy Governance model. The boards we have worked with appreciate most elements of Policy Governance. For instance, they are usually enthusiastic about the way Policy Governance strictly distinguishes between Ends and everything else. It is a distinction they are used to making themselves—or at least they think they are, until we ask them to formulate proper Ends. Furthermore, they like the idea of giving room for interpretation within distinct boundaries. Finally, most board members and CEOs concur with the need for more dialogue between board and CEO, especially on the development of Ends and Executive Limitations as well as their interpretation and monitoring.

In working with these boards, we have also encountered a strange paradox. Although the boards are usually motivated to learn about Policy Governance, and often are paying us good money to teach them how to do so, they sometimes show strong, even emotional, reactions to certain aspects of working with this model. We suggest in this article that the success of a Policy Governance implementation is dependent on paying attention to that emotional side of human interaction.

These reactions have been puzzling to us. Of course, it is normal to have discussions about elements of the model. But there are some aspects of the resistance that we have encountered that seem to go deeper than that. Reviewing our experiences, we think that these kinds of emotional processes are sometimes problematic for successful implementation of Policy Governance. Failing to recognize and address them in a proper way could hinder further spreading of Policy Governance in business and non-

profit organizations. In this article, we delve into this emotional paradox of working with the Policy Governance model and formulate ways to lower the barriers to successful implementation.

There are two aspects of the emotional paradox in Policy Governance: the aspect of form and the interpersonal aspect. We discuss both of them and conclude with some remarks on how to deal with the emotional paradox while implementing Policy Governance.

One of the strongest features of Policy Governance, we think, is the centrality of dialogue.

The Form Aspect

We have found that some elements of working with Policy Governance are difficult for some boards to accept. First, many boards have the mistaken idea that Policy Governance prescribes a certain board structure in terms of size and composition. Similarly, they often think that Policy Governance is applicable to only some types of board formations. In particular, some school boards in the Netherlands believe that Policy Governance does not fit the Dutch two-tier model of governance.

Some background on the Dutch governance legislation here will be helpful to readers unfamiliar with it. The Dutch model has an executive board (run by the CEO) and a nonexecutive board that acts as a supervisory board. Important strategic decisions have to be approved by the

supervisory board. In Policy Governance, it is clear that all authority lies with the board. However, in the Dutch educational system, regulated by law, there are two separate boards, each with distinct legal authority. So who is the boss, and which board is authorized to make Ends? Ultimately the executive board is appointed by the non-executive board. So you could say that the real board, speaking in Policy Governance terms, is the Dutch nonexecutive board.

But it feels wrong to many Dutch CEOs to accept that the supervisory board is their boss and is able to formulate Ends and Executive Limitations. From their point of view, Policy Governance makes the role of the supervisory board too big and decreases their own latitude as an executive board. The paradox is that we know that Policy Governance sets out to provide the widest possible executive latitude; the boundaries are flexible, and the limitations can be as wide or as narrow as the board feels necessary on owners' behalf.

We have found that most board members and CEOs are ambitious people who are sensitive to issues of status. They are used to defending their position and power against others, and they are quite successful at it; otherwise, they would not have reached their positions. So when board members and CEOs jointly attend a Policy Governance seminar and the CEOs are not expecting to learn that boards are in reality their bosses, it can be impossible for the CEO to accept that, let alone admit it in the presence of their board members.

The Interpersonal Aspect

Board members' and CEOs' emotions can also be triggered by the interpersonal aspect of Policy Governance, by which we mean the aspect of people's capacity for engaging in personal dialogue and reflection. One of the strongest features of Policy Governance, we think, is the centrality of dialogue. But this also makes it not that easy to adopt in daily practice. It requires a high capacity to communicate and also to think in dialogue—that is, postponing one's own judgment, being willing to understand someone else's point of view, and embarking on a mutual search for better collective understanding instead of win-

ning the clash of arguments. This requires building mutual trust in relationships and communication.

That can be difficult, especially in an environment in which people are ambitious, eager to win, and used to engaging in debate, not dialogue. Even if CEOs and boards are aware of the need to talk about values, it does not mean they are ready to let go of the behaviors that have brought them this far.

For many of the boards that we have worked with, the constant pressure to achieve high targets in a small amount of time has been a severe hindrance to the change of attitude that is needed. The way that CEOs typically deal with this pressure is to engage in competition, not dialogue. To win this competition, they have learned not to trust others and not to reveal all their cards at once. For instance, CEOs are very well used to their boards asking them to account for organizational results. But in our experience, their first reaction is: "I'm not telling my board everything, because that will only lead to difficult questions." Similarly, the board's first instinct is usually to come to meetings asking themselves a worrisome question: "Is our CEO telling us everything or holding something back?"

These behaviors are what boards and CEOs have learned throughout their careers. These are often the very behaviors that have helped them reach the top spots. People at the tops of firms are used to keeping their cards close to their chests. Laying it all out on the table makes them vulnerable. They are not used to that, and for most of their professional lives, they have learned that being just a little secretive can help them get ahead. That this behavior does not necessarily serve the ends of the organization is quite another issue.

It can prove very difficult to reverse these deeply rooted habits while working to implement Policy Governance. However, that is precisely what seems to be necessary in order to engage in a useful dialogue for the development and monitoring of Ends and Executive Limitations. If Policy Governance is working well in an organization, this dialogue will always be about the central values of the organizations. What is more, it could be argued that Policy Governance in its very essence is about leading based on

values. But if board members or CEOs have never really talked about values or only as a factor in a business case that might polish up the public image of the organization, it can be difficult for them to engender the level of personal commitment required to carry out such a conversation.

What This Means for Policy Governance Adoption

We are convinced that applying the principles of Policy Governance leads to better governance. Although its foothold in the world is steadily increasing, we think it could get a boost if we, as the Policy Governance community, were able to tackle the emotional problems that can arise in adopting Policy Governance.

Engaging in dialogue entails postponing your own point of view, which is much easier said than done.

The emotional problems that stem from misunderstandings about the implications of Policy Governance for board formation are probably the easiest to solve. They mostly concern a lack of knowledge about governance in general and Policy Governance in particular.

The emotional problems that arise from the interpersonal aspects of Policy Governance are more difficult to tackle because they require a shift from discussion to dialogue in communication. Engaging in dialogue entails postponing your own point of view, which is much easier said than done. First, you have to acknowledge that what you think is just that. What you think is a point of view that, however much based on deeply held values and principles, is not irrefutable fact. For a lot of leaders—CEOs and board members alike—who do not get that much criticism anymore, this is the first hurdle to leap.

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Personal Note

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Governance adoption, Anne Dalton reminds us of a book that can help energize our meetings, Pilar Alcivar-McCoy tells us about the value her organization has gained from getting serious about ownership linkage planning, and J. Bruce Wardle sets out in an interview with Caroline Oliver what Policy Governance means to him. □

Notes

1. Previous articles that address the one-size fits all debate include: "A Case for Global Governance Theory: Practitioners Avoid It, Academics Narrow It, the World Needs It," *Corporate Governance: An International Review*, 2010, 18:2, 149-157. "The Promise of Governance Theory: Beyond Codes and Best Practices." *Corporate Governance: An International Review*, 2007, 15(6), 1030-1037. "Are Boards Searching for the Holy Grail?" *Association*, Dec. 1998-Jan 1999, 16(1), 27-29. Reprinted in *John Carver on Board Leadership: Selected Writings From the Creator of the World's Most Provocative and Systematic Governance Model*. San Francisco: Jossey-Bass, 2002. *Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations*. San Francisco: Jossey-Bass, 3rd ed. 2006, 321.
2. Ward, R. (2010, December). On Governance, Maybe One Size Should Fit All. *Board Insider*.
3. Cadbury, A. Foreword. In J. Carver & C. Oliver, *Corporate Boards That Create Value*. San Francisco: Jossey Bass, 2002, xiii.
4. Leighton, D., & Thain, D. *Making Boards Work*. Whitby, Ontario, Canada: McGraw-Hill Ryerson Ltd., 1997, 64.
5. Judge, W. Toward a Global Theory of Corporate Governance. *Corporate Governance: An International Review*, 2009, 17(2), iii.
6. Carver, J. A Case for Global Governance Theory: Practitioners Avoid It, Academics Narrow It, the World Needs It. *Corporate Governance: An International Review*, 2010, 18(2), 149-157.

Interview

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Caroline: How do you see the future of Policy Governance?

Bruce: The future is bright because the Policy Governance model provides an alternative for boards that are unhappy with the amount of reactivity, trivia, tradition, and management in which they are involved and want to become more accountable. The model offers a challenge for visionary groups determined to make a real difference in the future of their nonprofit. That is why those of us in the business of association management believe Policy Governance has such merit.

Caroline: Anything else you would like to say?

Bruce: I believe that the one central reason a board exists is to be account-

able for the effectiveness and efficiency of its association. The board is where all authority and accountability reside. We at AMG often observe that many boards and volunteer leaders, because they do not understand Policy Governance, involve themselves at various levels in management and operations, which is the work we have been hired to do. That is why we firmly believe in the importance of showing volunteer leaders a better future with measurable results for all parties. □

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Note

1. For this characterization, we thank Patricia Pitcher. Pitcher, P. *Artists, Craftsmen, and Technocrats: The Dreams, Realities, and Illusions of Leadership*. Toronto: Stoddart, 1996.

Emotional Side

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Those of us who are engaged in helping boards get the full benefit of using Policy Governance need to help our clients take that hurdle. This could involve helping them to find new language for talking and listening to each other. As boards move from discussion as the basis of conversation to dialogue, it can be very helpful for us to develop a vocabulary that allows them to talk differently with each other. The words used in dialogue are different from those used in discussion. The way of formulating your opinion, asking others theirs, and breaking new ground to look for new answers that neither of you will have at the start of the dialogue is quite different from the way of winning, staying on top, and pushing your own solution.

This new kind of dialogue can start at the first introductory workshop. What are our values, our principles? Where do they converge with those of our owners in reaching a common goal? How can we better understand their values, and how can we translate them into expectations of the Policy Governance implementation process?

All this requires that those helping boards adopt Policy Governance are not

only Policy Governance-experts, but also experts in human behavior who can see what lies behind the sometimes seemingly irrational reasoning of the people we are working with. We need not only to be able to help boards write good policies, but also to be able to help their members discuss them in a way that is consistent with the Policy Governance approach. Only then, as a living example, will we be able to demonstrate what true dialogue takes and its manifold benefits.

The good news is that dialogue is everywhere. It can be used in nearly every encounter, every meeting. For those of us who want to help boards adopt Policy Governance, it entails postponing our own frame of reference too. If we as Policy Governance consultants fail to take this into account, we may end up being seen as Policy Governance evangelists and fail to make the necessary connection with the very people who stand hesitating on our doorstep. □

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