

THE CARVER MODEL

*“Consultants think that all organisations are alike.
Board’s think they are all different.”*

1. Symptoms - What’s wrong with our governance?

- Lack of leadership in the design of the board
- Short term-ism
- Reactive
- Always reviewing, reacting, re-doing
- Leaky accountability

2. Response - So often we move to,

- More involvement
- Become more watchful
- Become cheerleaders for the staff
- Always back the CEO
- More management (macro management)
- More planning
- Go for better communications – better human relations

What happens next? We get disappointment!

We need a new framework!

We will structure our,

- Thoughts
- Activities
- Structures
- Relationships

And do things differently round here!

The elements of the framework are,

- *‘Cradle’ vision* – hold and support the unthinkable and dream
- *Explicitly address fundamental values* – as guardians
- *Force an external focus* – the ‘market’ rather than the organisation
- *Enable an outcome driven organising system* – mission as outcomes and make mission a centrally organising focus
- *Separate large issues from small ones* – a model should help define difference in size
- *Force forward thinking* – think into the future

Policy as a leadership tool – leadership by policy

“Leadership is the characteristic not dependent on time spent and/or involvement with organisations”.

The fundamental Carver way of creating a framework of governance is to produce ‘*policy making of a fine and crafted sort.*’

Carver presupposes that organisations tend to act consistently with itself, i.e. not likely to do anything that is too unusual. So the Board can believe this in general terms (although not minimising the need for controls – but that comes later in the thesis).

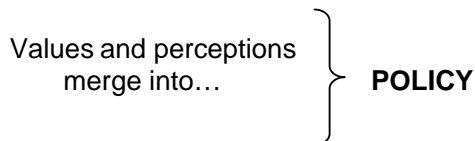
This inherent consistency may be comforting but it also means that there is a likelihood that the effect on the organisation is,

- Circular thinking (no innovation)
- Dilutes of vision
- Self- perpetuating practices and ideas
- Limits the possibilities

The board must be above all this! How?

Carver talks of two elements of his idea of **policy** –

1. **Values** (beliefs, relative positions e.g. wrong v right, unethical v ethical)
2. **Perspectives** (the way of looking at things, the guiding principle, an approach, a conceptual point of view)



Values policy – tells staff what to do or not to do

Perspectives policy – codifies the board’s processes and relationships

“There are 4 reasons why policy focussed leadership is a hall-mark of good governance”.

1. *Leverage and Efficiency*- affecting many issues with less effort. Remember a board has very little time to do its job.
2. *Expertise*- governing through policy does not need particular skills’ sets
3. *Fundamentals* – dealing with high order matters – a compelling legitimacy
4. *Vision and Inspiration* – Dreaming is obligatory

Categories of board policy

Boards should not derive their agenda from the staff agenda – they are different. Board policy should not ‘mimic’ staff policy.

We need a *new wisdom of governance!*

The 4 categories of board policy are,

- Ends to be achieved
- Means to those ends
- The board/staff relationship
- The process of governance itself

1	Ends to be achieved	<i>What needs are to be met? For whom? What is the cost or relative worth?</i>
2	Means (via Executive limitations)	<i>Limiting staff by principles of prudence and ethics.</i>
3	Relationships between board and executive	<i>The manner in which power is passed to the executive and the assessment of that power.</i>
4	Process of governance	<i>The manner in which the board represents ‘ownership’ and provides leadership in organisations.</i>

Carver’s thesis is that “**explicit use of these 4 categories will revolutionise the board and its capacity for strategic leadership.**”

All other documents must be replaced by policy arranged under these 4 headings

We should remember that,

- The buck stops with the board
- Boards act for an often hidden or undecided principal stakeholder (we must find our stakeholder/s)
- The board is an entity (We are known by our corporate personality)
- Members show less discipline acting alone than acting together (We respond to a notion of corporate behaviour)
- Members are physically or by time mostly removed (We can’t pretend we run the organisation)

Means and Ends

‘Means’ usually belong to the executive. ‘Ends’ (ultimate ends) usually belong to the board.

We must differentiate between means and ends. The only means that is of importance to the board is that all business is achieved ethically and prudently.

But the board can have its own means –

- How the board relates to the staff, and
- How the board goes about governing itself?

There is often confusion between ends and means-expand

Mission as mega-ends policy. The characteristics of mega-end policy as a form of broad ends –

1. Results terminology
 2. Succinctness
 3. Authoritative
 4. Horizontal integration
 5. Ubiquity (all pervasive)
 6. Vertical integration
- E.g. “every child a wanted child”, “a community free from poverty”

The process and products of the board governing itself

- Boards need to get serious about policy, which must be –
 1. Explicit
 2. Current
 3. Literal
 4. Centrally available
 5. Brief
 6. Comprehensive

- Policies come in sizes
- Logical containment of policies (hierarchy of specificity)
- Board policy verses staff policy
- Policy architecture
- The approval syndrome (reactivity; volume of material; mental misdirection; letting staff off the hook; short term bias; lack of clarity in the board's contribution; subsequent staff agility; fragmentation
- Policy development

Carver talks of the *'imitation of leadership'*.

The board must clarify and sustain the organisation's mission by –

Focussing on results

- *Transcending the organisation*
- *The larger context*
- *Transaction with the environment*

Expanding the mission

Long range planning

Evaluating ends

Setting limits/executive limitation topics-

- Treating with others – minimum standards
- Asset protection
- Indebtedness
- Financial conditions
- Budgeting restraints
- Growth
- Compensation and benefits

The Board- Executive relationship

The most important relationship in the organisation is that between the board and the CEO.

- Define a CEO
- Place a CEO effectively
- There is a difference within the role of the CEO between accountability and responsibility – accountability is the more important
- The board has only 1 employee
- The CEO's work is immaterial
- Board members and the CEO are colleagues
- Separation of roles
- Mutual expectations

Monitoring Executive performance

Board get three types of information –

1. Decision information
2. Monitoring information
3. Incidental information

All need criteria to locate them properly.

The place for committees

Committees must not tempt the board into the work area of officers.

The Board being responsible for itself

Moral ownership

The Board's obligation for board performance

Diversity and dynamics within the board

Core board products

Board has unique responsible for the following 'products'

First product – link to the ownership (directing activity, risk evaluation, determining priority of work. Acting as trustee.

Second product– explicit governing policies (the ends, exec limitation, board exec relations and board process. The values and perspectives of the organisation)

Third product– assurance of executive performance (staff's fidelity to the board processes).

Optional – fundraising and legal action

These 3 products form the basis of the board 's job description.

Policy development

Carver gives examples of how a board can develop policy using the discipline of the framework.

Meetings – making them work

Key message is how a board can,

1. Restrict a large job made up of words to a small amount of time (the agenda)
2. Using the agenda properly to minimise time (the agenda)
3. Transforming diverse voices into a single voice (Collective board wisdom)

1 & 2. The agenda

Meetings provide only a short period of time and we fall into the trap of cutting down time for members to express themselves. We use agendas as 'lists' of individual interests. We fall prey to 'clean the desk' syndrome and dabble in detail. Boards convince themselves they are getting involved by dealing with low level issues. Staff sometimes show off at meetings. But this is not governance. External regulators etc demand time on the board agenda. We need the time for visionary leadership by the board for the organisation.

So,

- Choose issues carefully
- Screen for form before content
- Be prepared for a leadership discussion by having appropriate factual papers beforehand and which locate the discussion in one of the 4 main areas of policy

- Avoid rubberstamping items
- Isolate less controversial issues and prioritise more demanding items
- Do not excuse sloppy management where issues could have been dealt with within the executive
- Tie agendas to the long term
- Re-examine the 'ends' policies annually
- Make policy come first, followed by organisational form

3. Collective board wisdom

It is as important for the board to have multiple minds as a single voice.

The board must balance,

- Richness of wisdom
- Unity of an effective voice

On any issue the board must elicit as much divergence as possible and resolve it into a single position.

Benefits of unified voice after allowing diversity are,

- The board become the initial authority rather than the final authority
- Consensus is honestly achieved
- Allows for collective responsibility and respect for diverse views within final decisions
- No need to vote
- Fosters a sense of collective board wisdom
- If debate is focussed on the 'policies' the board feels confident that it is doing its real job – leadership.

Strategies for board leadership

'Moving mountains an inch often appears less attractive than moving molehills a mile'.

'Board who would be strategic leaders must move at a more deliberate pace than their staff, but with issues far more momentous'

'Mediocracy can pass tests that excellence fails.'

- Be obsessed with the effects on people
- Attack the 'ends' policies (which will reinforce the need to follow context changes/changes in market etc)
- Keep the mission out in front
- Drive ownership of the 'ends' dialogue
- Do not be seduced by cost control
- Dare to be bigger than yourself/pass on 'bigness'
- Keep trusteeship in front
- Emphasise the creation of breakthrough rather than avoidance of errors
- View governance as empowerment
- Use fewer words but respect those you use
- Don't duplicate staff issues
- Use different coloured paper from any other used in the organisation
- Invest in training and selection

- Pursue excellence rather than solving problems
- Perpetually redefining quality

There are 5 qualities for strategic leadership,

1. Commitment to the ownership of and the specific mission area
2. Propensity to think in terms of systems and context
3. Ability and eagerness to deal with values, vision and the long term
4. Ability to participate assertively in deliberation (including influencing)
5. Willingness to delegate, to allow others to make decisions

'Boldness is needed to do anything new against the pressure to conform.'
'Excellence begins in the boardroom'.

Successful strategic leadership demands,

- Powerful engagement with trusteeship
- Obsessive concern over results
- Enthusiastic empowerment of people
- Bigness in embracing the far sighted view
- Commitment to take a stand for dreams of tomorrows human condition.

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