

## **Policy Governance ® Renewed interest in “sensible” implementation** January 2006

John Carver’s Policy Governance © model of nonprofit board governance enjoyed popular acceptance through the 1990s and early 2000s. Many organizations embraced the model wholeheartedly and most of these nonprofits continue its use today. The “Carver” model is set of abstract concepts with a complexity causing others to attempt full implementation, only to abandon it in frustration. A 2003 survey of 15 local nonprofits in Southern Maine found that all were using at least some of the 14 concepts of the Carver model. Those who used the most concepts indicated the greatest satisfaction with their experience.

More recently, nonprofits are taking a second look. Having to document standards and policies has been offered as a barrier to full implementation of the model. Today, nonprofits understand that these tools are necessary to conduct business for many reasons, not just for Board Governance. Some organizations who went to extremes with very detailed written policies, executive limitations, and programming standards are re-grouping to see if a broader, more strategic focus might serve the organization better today. A few are looking at the model for the first time.

The guiding themes of the Carver model jive nicely with modern standards of management and accountability:

- Accountability for public trust;
- Clean, clear delegation of authority;
- Strict boundary maintenance between Board and staff, with monitoring; and
- Efficiency use of Board member time devoted to organizational oversight.

These themes also echo some of the issues addressed by Sarbanes-Oxley - another reason for a second look (see the November 2005 Board Network E Newsletter for more on this).

### **How the model can help you?**

The greatest benefit of the model is its emphasis on accountability to the community. Carver’s original writings were aimed at adapting a governance model from the for-profit world to nonprofits. In doing so, he stressed accountability to “owners” - shareholders in for-profits and the community-at-large in nonprofits. Nonprofits must be accountable to the community first, to stay true to their social mission; and second in my view, to ensure the effectiveness of services through outcome measures. The model focuses board discussions at the strategic level and provides a tool of “nested sets” to help board members monitor the appropriate level of discourse. A great advantage to maintaining clear boundaries between Board and staff through the CEO is that this is attractive to high-performing CEOs. Finally, setting out clear standards for organizational

success, board operation, and CEO performance are essential for all nonprofits to measure their own progress toward goals.

### **What is challenging?**

The model is complex - with 14 separate concepts - requiring some type of Board and senior management training and orientation and an “inside champion” to guide implementation. Another challenge is that it requires refinements in a number of different areas: policy development, board standard/goal-setting, etc. As mentioned above, some note the requirement for written policies as a drawback while I see it as a requirement in a few key areas to maintain consistent quality and lawful practice. It’s just good business.

### **What it is not**

The Carver method is a nonprofit board governance model, only. It is not a nonprofit operational management model. In order to be successful today nonprofits need a variety of tools to run a sound operation:

- A board governance model;
- Sound, valued programming that reflects a community need and drives the organization toward achievement of its mission;
- A qualified, committed board and qualified and capable CEO;
- Operational management tools and strategies to guide the CEO and management staff;
- Sound human resource mechanics;
- The *Will* and the *Means* to hold staff accountable;
- Business efficiencies through technology and other means;
- Adequate funding and efficient use of financial and physical resources;
- Sound, regular long range and operational planning;
- Quality assurance mechanisms; and
- Community support.

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### **Sources:**

® Policy Governance: The authoritative website for the Policy Governance® model can be found at [www.carvergovernance.com](http://www.carvergovernance.com)

*Report of Nonprofit Survey Results*, Benoit Consulting Services, October 2003, Falmouth, Maine

*Nonprofit Governance: Practical Tools for Building Boards*, 2<sup>nd</sup> edition, © Benoit Consulting Services, September 2007, Falmouth, Maine