

Board/Agency Roles and Relationship | Part Two

Discuss Organizational Primer on Governance

*Discussion leaders: State Forester
Mukumoto and Clark Seely*

**OREGON BOARD OF FORESTRY
2022 Hybrid Planning Retreat**

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Session Plan

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2. Introductions – Who and Why?
3. Opener – Why This? Why Now?
4. ‘Primer’ on Governance through Policy
5. Current Background and Situation – What and Why?
6. Considerations – What and Why?

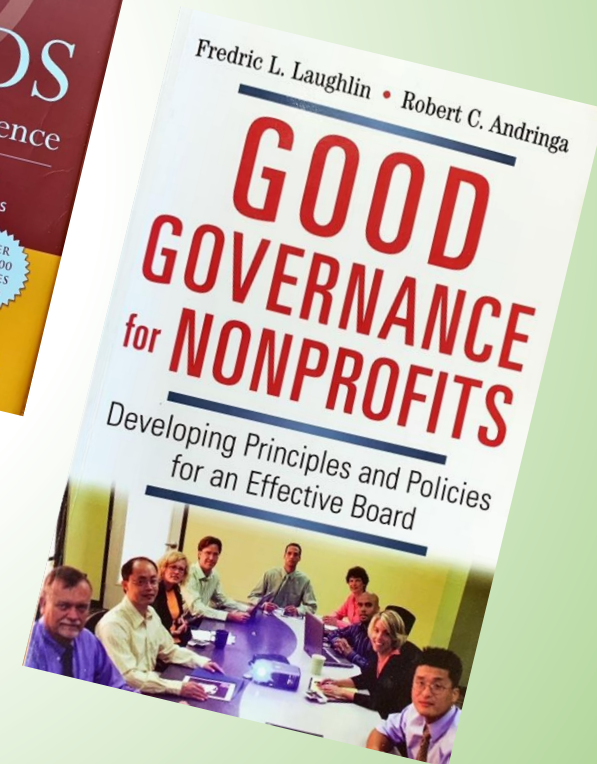
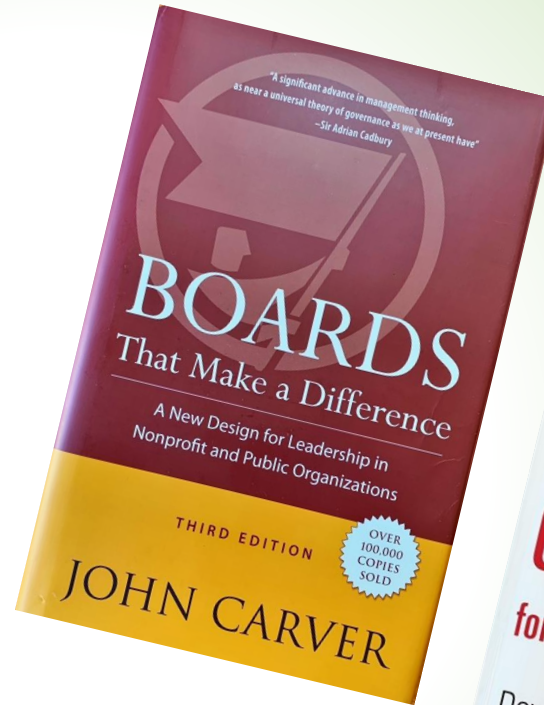
Session Purpose

To provide an opportunity for the Oregon Board of Forestry, the Oregon State Forester, and the Oregon Department of Forestry Executive Team to:

1. examine and discuss notions and concepts about organizational governance,
2. review the relationships of this topic to other important organizational efforts such as the revision of the *Forestry Program for Oregon*, and
3. consider moving forward with an intentional and deliberate approach to making Board governance improvements in a complete and coordinated manner.

Introductions – Who and Why?

- Relevant Backgrounds
 - Board Members'
 - State Forester's
 - Clark Seely's
- Why My Engagement?
- John and Miriam Carver
- Fredric Laughlin and Robert Andringa



Opener – Why This? Why Now?

- For organizations that are led by a deliberative body, effective governance is critical to the achievement of goals (ends) in service to the owners of the organization.
- So, what's the issue? What's the problem?
- “The failures of governance are not a problem of people, but of process – particularly in five areas – board job design, board-staff relationships, the chief executive role, performance management/monitoring, and board/management partnership.” John Carver, *Boards that Make a Difference*, Preface page 15
 - Time spent on the trivial
 - Short-term bias
 - Reactive stance
 - Reviewing, rehashing, redoing
 - Leaky accountability
 - Diffuse authority
 - Complete overload

Governance Through Policy

- But there is reason for hope – there is a vision of effectiveness which can be attained.
- So, what accounts for the difference between the vision and the reality? Carver says, “The answer focuses not on the skills or aspirations [or dedication] of the people who serve on boards, but on their not using a governance system worthy of the importance of their job.” *Carver Guide, The Policy Governance Model, page 2*
- And, effective governance, at its core, is based upon well-established board policies that articulate:
 1. the roles and responsibilities of the board and how the board governs and functions;
 2. the authorities delegated to the chief executive of the organization; and
 3. the governance partnership, connections, and relationships between the board and the chief executive including joint roles, responsibilities, and accountabilities.
- These three policy areas must be present, current, and well understood to ensure that the organization is relevant, trustworthy, and successful.

What is Governance?

Governance is the exercise of authority and influence over an organization through deciding what and what not to do to further the mission and achieve intended outcomes.

What is Policy?

Policy is a definite course of strategic action adopted (usually in writing) by a decision-making body to guide a path towards, and achieve, an end result.

Governance through Policy

Governance through Policy is the exercise of authority and influence over an organization by means of a definite course of written strategic action.

What is Board Governance Through Board Policy?

- All governing boards have some system for conducting their business.
- Loosely defined and relatively informal to very structured and formal.
- Sometimes, based on past practice, the system is carried forward, without much regard to current needs and ‘goodness of fit’ ... ‘it’s just the way we’ve always done it.’
- Other times, the governing system is quite intentional and purpose-built...and this is the preferred approach.
- The system can be based on differing principles and requirements, but many have gravitated to establishing policy as the key element to their governance methodology...in part because boards are typically accustomed to working in the realm of policy.
- Thus, the formation and implementation of policy is the ‘framing structure’ and ‘system tool’ for board governance.

Why is Board Policy Required for Effective Board Governance?

- Most governing boards today are not in need of complete 'tear-down and reconstruction'.
- Many boards have adopted or incorporated best practices into their existing governance systems, either by choice or by legal direction.
- However, the vast majority of boards continue to have areas of need, sometimes significant.
- Yet they often have incorporated governance changes in a fragmented, piecemeal fashion, rather than in a deliberate, wholistic, systems approach.
- So, significant benefits or values are provided by a systematic, policy-driven governance approach, at both a strategic and a tactical level.

Strategic Value and Benefits

- Carver suggests three basic products or contributions of the nonprofit board that it cannot delegate.
 1. Linkage to the Ownership – Connecting the owners with the organization.
 2. Explicit Governing Policies – Expressing the values and perspectives of the organization in explicitly enunciated and properly catalogued policies.
 3. Assurance of Organizational Performance – Ensuring organizational performance that is consistent with applicable policies.
- The order here is intentional and important – ownership; governing; assurance. Carver goes on to say:

“Boards can contribute any number of products to an organization, but these three products cannot be delegated, and this irreducible trio applies to all governing boards. The board may add other products to this list, but it cannot shorten it and still govern responsibly.”
- A governance approach resting on policies allows a board to adequately define, articulate, and implement the ‘why, what, and how’ of these three strategic contributions.

Tactical Value and Benefits

Laughlin and Andringa go on to articulate seven values and benefits of a policy approach at what they call a 'tactical' level.

1. The Board Speaks with One Voice – When the board finally speaks to an issue in the form of policy, it should speak with one voice.
2. Policies are Explicit – The board codifies its intentions through written policy. It does not govern or function on the basis of 'unwritten rules' or 'wisdom from the past.'
3. Clear Guidance to the Chief Executive – There is no more important job of the board than assuring the performance of the chief executive, and thus the organization.
4. Efficient Orientation of New Board Members – The policy approach ensures that new board members are confident in assuming their new roles and responsibilities from the beginning.

Tactical Value and Benefits

5. Eased Policy Development and Elimination of Duplication – The policy approach ensures that boards see all their governing policies in context of one another and linkage to the organization’s operational policies.
6. Efficiency of Having Board Policies in One Place – The value of ready access and availability is ensured with the policy approach.
7. Modeling Efficiency and Competence to the Owners, Chief Executive, and Organizational Staff – Through the policy approach, the board makes clear that its system of governance is effective, efficient, and robust, and provides assurance to the owners and models competence to the chief executive and staff.

Thus, we understand that the policy approach addresses the most core aspects of organizational governance while providing significant tactical and ‘day-to-day’ benefits.

How is Effective Board Policy Developed and Implemented?

- Laughlin and Andringa say that many ‘best practices’ have been formulated to express and define what ‘good governance’ looks like, particularly for nonprofits.
- For example, the organization, BoardSource, is nearly exclusively dedicated to examining and formulating these governance best practices for nonprofits.
- So, for Laughlin and Andringa, the key question is no longer the ‘what’ to do, but rather, **‘how to do it.’**
- This is the point at which many boards get stuck – they understand the ‘need’ (usually), they begin to understand the ‘what’ of best practices, but they can’t figure out the **‘how.’**

How is Effective Board Policy Developed and Implemented?

- Laughlin and Andringa put it this way, as they reflected on the work of Jim Collins and his seminal organizational management research in his 2001 book, *Good to Great*:
“...Our concern is not so much with the lack of definition of ‘great’ or ‘exceptional’ boards, but rather with **how** one moves into that category, i.e., **how** a nonprofit board goes from good to great.”
- A bit later in their book, they make the point more directly:
“The fundamental reason for not developing a board policies approach is that boards and chief executives don’t know **how** to do it.”
- This has become the crux of the matter for many boards and organizations – ‘**how**’. Yet, experience tells us that boards and chief executives can, in fact, learn how to do it and achieve success.

How is Effective Board Policy Developed and Implemented?

- Board Policy must be **intentional and described** through what is known as a 'Board Policies Manual', or BPM.
- The BPM is a **thorough, clear, concise, written** expression of the governance policies of the board in a way that addresses three interrelated aspects:
 1. The roles and responsibilities of the board and how the board governs and functions;
 2. The authorities delegated to the chief executive of the organization; and
 3. The governance partnership relationship between the board and the chief executive including roles, responsibilities, and accountabilities.

How is Effective Board Policy Developed and Implemented?

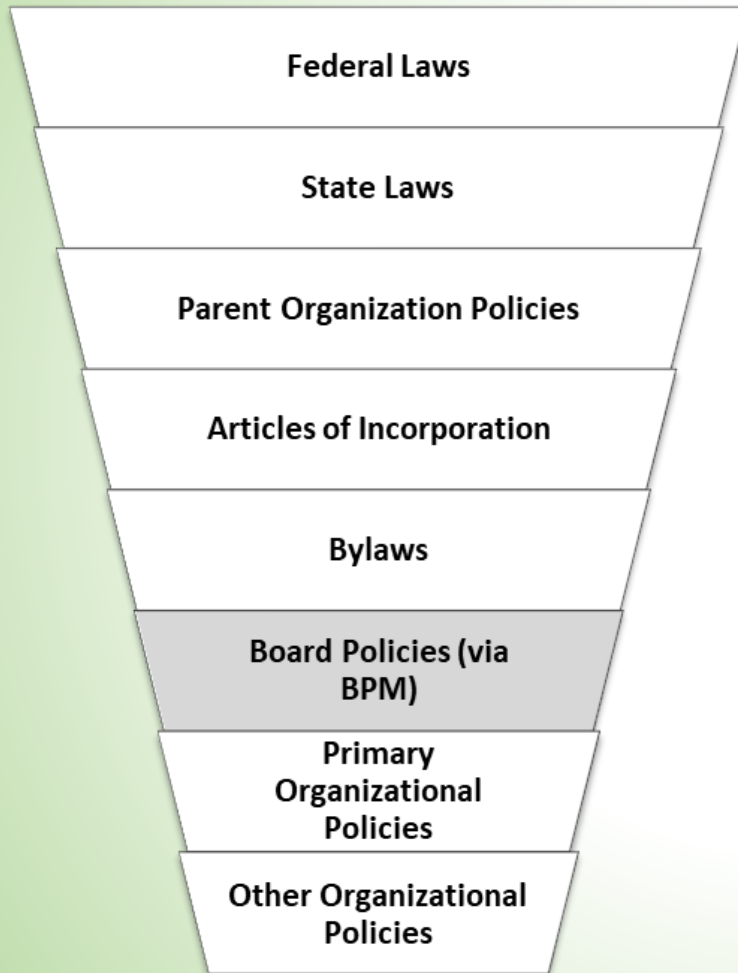
- Once the BPM is created and implemented, it becomes the expression of the 'what, how, who and why' of governance of the organization, **agreed upon by the board members and the chief executive.**
- In this way, it is assured that there is a **common understanding and agreement** between the board and the chief executive of roles, responsibilities, expectations, and accountability. Everyone is, as they say, 'singing off the same sheet of music.'
- It also becomes a **living document, adaptable through time** as governance needs change.

How is Effective Board Policy Developed and Implemented?

The BPM is built in three primary stages:

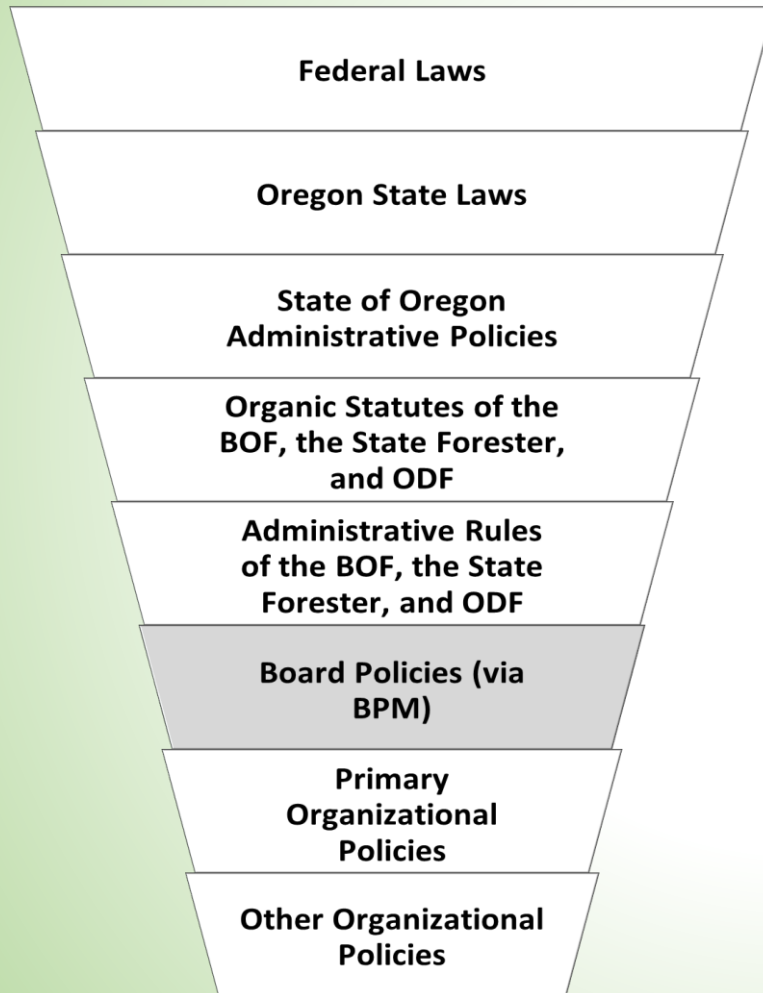
1. **Committing to the BPM** – Developing a BPM requires the full buy-in from the board and the chief executive. Without this commitment, pursuing this approach does not make sense, and frankly, is not worth the time, and in fact, may do more harm than good.
2. **Developing the BPM** – Notwithstanding the importance of the BPM for a board, its development does not have to be a daunting task or process. Board member involvement is key and required, but with support, does not have to be burdensome or overwhelming. The BPMs of most organizations can be 15-25 pages in total length. Through eight progressive steps, the BPM is developed in an orderly and complete manner.
3. **Implementing and Integrating the BPM** – The BPM is not intended to be a static document, ‘one and done’. Its role is to be a part of the governance process, like a tool, on a continuing basis. Like any effective policy, it must be kept current, up-to-date, and relevant.

Hierarchy of Organizational 'Policies'



- The BPM exists within a hierarchy of other organizational 'policies'.
- A key principle with the hierarchy is that the policies at a particular level must not conflict with nor contradict the policies above it.
- 'Primary Organizational Policies' would be the key organizational policies of the entire organization.
- 'Other Organizational Policies' would typically be policies at levels below the organization itself, i.e., divisions, programs, units, etc.

Hierarchy of Organizational 'Policies'



- State of Oregon Administrative Policies apply to all units of state government.
- 'Primary Organizational Policies' would be the *Forestry Program for Oregon*, budget policy, HR policy, and other key organizational policies unique to ODF
- 'Other Organizational Policies' would typically be policies at levels below the organization itself, i.e., divisions, programs, units, etc.

How is Effective Board Policy Developed and Implemented?

- Laughlin and Andringa's experience reveals that
 1. each of the three stages in the building process is necessary, as well as the eight steps of development (stage 2), and
 2. the overall process is sufficient to move an organization from its present level of governance to where it wants to go – it actually works.
- Key to their approach is that, at the end of the day, the results must be **practicable and useable**. If done well, the result will be serviceable and long-lasting.

How is Effective Board Policy Developed and Implemented?

Finally, realistic expectations are important:

1. Is the policy approach to governance and a BPM a 'silver bullet' to correct all the issues and concerns of governance that a board may have? No.
2. Is the approach a guarantee that the board will not encounter issues or concerns in the future? No.
3. Does the policy approach and BPM ensure that the board and chief executive make gains and strides in governance, leadership, and management of the organization together, in an effective partnership relationship, that serves the owners and the organization effectively? Yes, most assuredly.

Current Background

- In recent years, both the Board and the Department have experienced significant and important changes in leadership:
 - the appointment of a new Board Chair,
 - the appointment of four new Board Members,
 - the appointment of a new Oregon State Forester, and
 - key changes to the Department's Executive Team.
- Times of transition such as these represent a unique and sensible opportunity to examine leadership, governance, and management of the organization.
- Such is the case with the Board and the Department at this moment in time.

Considerations – What and Why?

- Since the recent leadership changes at the Board and Department levels, a number of governance-related actions have been initiated including, but not limited to:
 - the adoption of a broad governance policy statement in 2020,
 - some initial policy establishment based on the MGO review,
 - initial work on the next iteration of the *Forestry Program for Oregon*,
 - adjustments to the development approach and content of Board meeting agendas,
 - changes to the management of Board meetings, and
 - continued annual evaluation of the performance of the Board.
- In addition to these actions, the Board is most recently engaged in forward-looking discussions about their biennial work plans, the schedule of meetings for 2023 in terms of number and duration, and the composition of meeting agendas relative to topics, priorities, and sequencing.

Considerations – What and Why?

- All these actions and forward-looking discussions appear to be well-founded and effective in their own right, at least to-date.
- However, the consideration before the Board and the State Forester is:
 1. whether additional improvements and gains in effective governance can be achieved, and if so,
 2. whether the Board and State Forester should embark on a pathway and process to achieve a more complete approach to Board governance through policy establishment in partnership with the State Forester?
- In several recent discussions that Board members have had in ‘open discussion time’ during Board meetings, it appears that there is interest in exploring a more complete approach. The State Forester has also expressed interest in this type of effort.

Considerations – What and Why?

- In addition, the July 22, 2020, Board Policy on Governance states:

“It is the Policy of the Oregon Board of Forestry (Board) to have a set of bylaws to direct and clarify its actions, procedures and organization, which include expectations of members. The Board will establish written documentation for Board processes and procedures developed to execute its statutory responsibility.”
- Thus, it appears that the answers to the two questions posed above are ‘yes’ and ‘yes’.
- The interest seems genuine, the foundation has been established, and the timing, with other factors mentioned above in play, seems right.

A photograph of a wooden bridge with railings crossing a stream in a lush green forest. The bridge is made of weathered wooden planks and has dark wooden railings on both sides. The stream is visible beneath the bridge, and the surrounding forest is dense with green foliage and trees. The image has a soft, glowing border.

Final Discussion

Questions

Next Steps