

Policy Governance® FAQ

Q: Why Policy Governance®?

A: For 75 years, First Good Shepherd has operated in its way to fulfill the great commission. With the changes in our culture, the old ways of reaching out to the community to proclaim the Gospel have become less effective. In order to meet the needs of the community and to continue to play an effective role in fulfilling the great commission, we need to have a plan. A good plan has clearly stated objectives, and allows for management to accountably operate to fulfill the stated objectives. A good plan attracts and motivates good leaders. Good leaders want to know what is expected of them. With clearly defined organizational objectives, good leaders will accept full accountability for the organization's success or failure. Policy Governance® provides a disciplined managerial framework for an organization to attract and motivate good leaders and holds the leader accountable in executing the plan in an effective way.

For an example, please refer to “A Kitchen Parable” which can be found on the website, or as a handout.

Q: With all of our current problems, why are we moving ahead with Policy Governance®?

A: The current organizational structure of FGS is not adequate to meet the challenges we are facing. The congregation, and its elected representatives need to formulate a plan, attract the best people to work the plan, monitor results and hold the workers in ministry accountable. The system of Policy Governance® holds the best chances for achieving success in meeting the goals and objectives of this organization.

Q: How much is First Good Shepherd in debt?

A: We are currently in debt in excess of \$2,700,000.

Q: What is the game plan:

- **To get out of debt?**
- **To save the school?**
- **To grow the congregation?**

A: Retiring our debt, saving the school and growing our congregation are symptoms of our church not readily adapting to the changing conditions in and around the Las Vegas Valley. In order to properly deal with these issues, there needs to be one plan, with one leader who is held accountable for results.

The congregation's vote to adopt Policy Governance® as the operational structure for FGS should improve communication with the members, involving them in the process of further defining the mission of FGS and remove roadblocks to effective ministry. With Policy Governance® in place, we will have an effective tool for attracting the best and brightest Pastoral talent. In doing so, we will begin to grow our congregation and ministries such as our school.

Q: How will our church and school be organized under Policy Governance®?

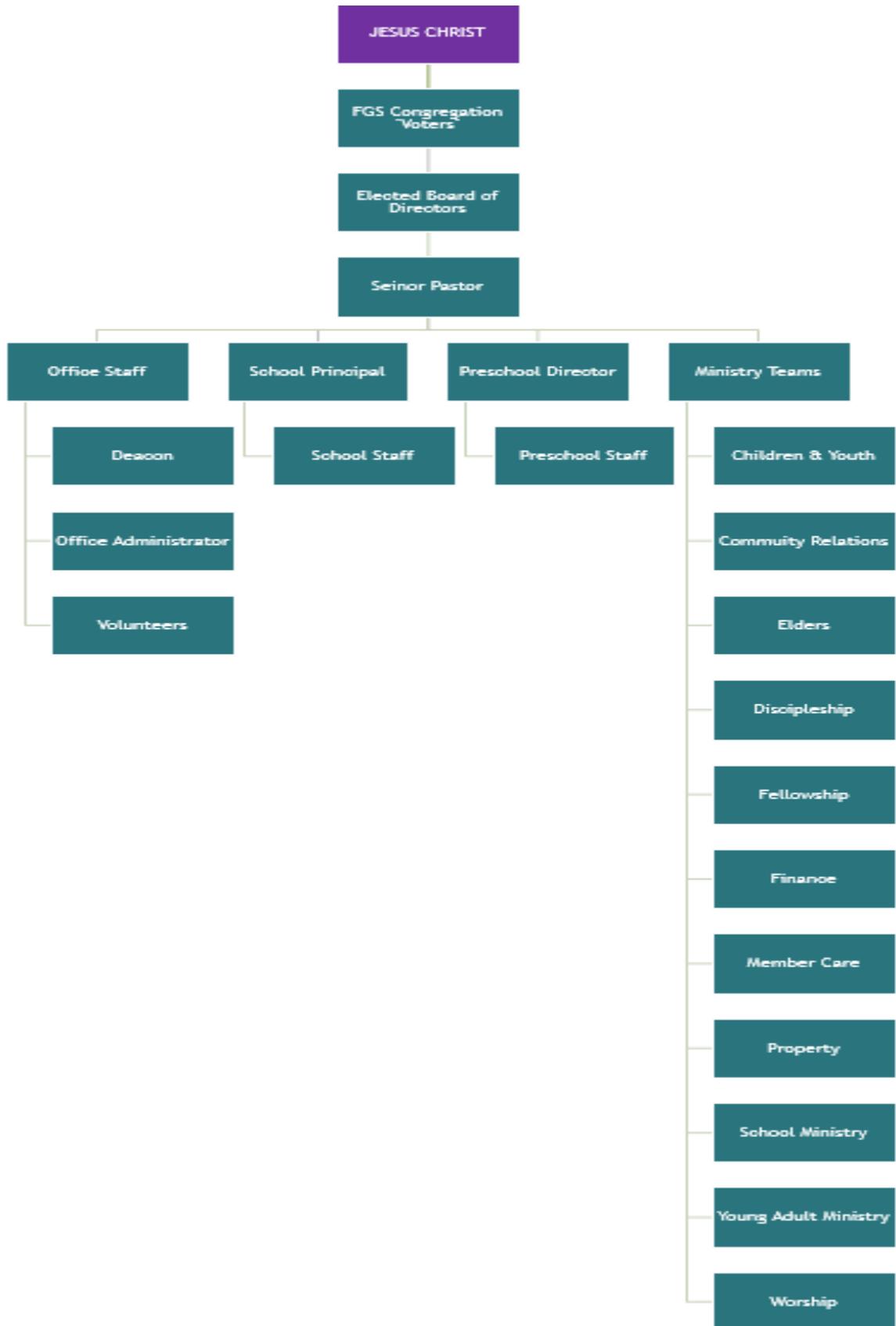
A: Please refer to the included organizational chart.

The Voters elect a Board of Directors to act on their behalf to see the organization produces what it should (as described in our Ends Policies) while avoiding situations and conduct that **should not** occur (described in the Executive Limitations Policies). The Senior Pastor reports to the board and is the recipient of all executive authority passed on to the operating organization. He is held accountable by the Board of Directors for organizational performance. The Board of Directors must provide direction to the Senior Pastor in such a way as to preserve board accountability while maximizing flexibility, creativity and freedom. ¹

To that end the Senior Pastor creates ministry teams as he sees fit so that the ends (goals) are met. Ministry teams can come and go as needed. Each year the congregation will have an opportunity to talk about what is needed "For God's Service"; the Ends (defined as the benefits the organization is to produce) for First Good Shepherd.

First Good Shepherd Lutheran Organizational Chart

March 2016



Q: Does the Congregation have a say on who will be on the governing board or has that already been decided?

A: This process started with a special meeting held on November 8th 2015 with the vote of the congregational assembly to “Move that we adopt the method of Policy Governance® for First Good Shepherd Lutheran Church and School” and to hire a consultant to guide us through the reorganization. This vote resulted in the Church Council appointing a Policy Governance® Committee to begin the process. Members of the church council nominated many to serve on the Policy Governance® Committee. Those nominees expressed a sincere desire to serve, but many were unable to due to scheduling conflicts and other commitments. Those final nominees who are serving on the interim board are Andrew Coates, David Clark, Mary Chauncey, Nancy Stewart, Rom Schroder, Rick Schroder, Len Higgins, Ron Keschull, Kevin Dunning, Pastor Cluver and Rick Pollock.

The committee, with the help of an expert Policy Governance® consultant, produced the new Constitution, Bylaws and Policies. The new constitution, and bylaws will be distributed to the congregation from the FGS website, weekly newsletter, at the informational meeting taking place on March 20th 2016, and on the narthex counter. Once the new Constitution and Bylaws are adopted by the Congregation, elections will be held for an interim Board of Directors to govern through June. The Board of Directors will appoint a Nominating Committee of at least five voting members of the congregation as outlined in the Bylaws. Voters will elect the new Board of Directors for a three-year term in June.

Q: Is Policy Governance® going to solve our financial problems without a Treasurer?

A: By itself, Policy Governance® will not solve our financial problems. Policy Governance® provides a rigorous managerial structure that will provide the best conditions for meeting the prescribed organizational results.

By Nevada State Law, we need to have a Treasurer as an officer of the organization. However, don't get the title “Treasurer” currently used in the Church Council structure with the “Treasurer” under Policy Governance®.

Our organization needs a Treasurer to comply with Nevada state law. Under Policy Governance®, the Treasurer serves on the Audit Committee. The financial responsibilities are delegated to the Senior Pastor. It is up to the Senior Pastor to hire appropriately competent personnel to manage the books, produce payroll, sign checks

etc. In Policy Governance® this is not the role of the Treasurer as we have come to be familiar with in the Church Council model.

Q: Are board members allowed to instruct staff?

A: No. Board members do board work. The Board maintains its ability to hold the Senior Pastor accountable by not interfering in delegated areas. This does not stop the board from obtaining information, just from giving instructions. ²

Q: How can Policy Governance® be effective when we have such a small and declining church membership?

A: Policy Governance® provides a disciplined managerial framework, regardless of size, for an organization to attract and motivate good leaders and holds the leader accountable in executing the plan in an effective way. This gives us an advantage in attracting top talent to reverse our decline.

Q: I am still confused. How Policy Governance® can be effective?

A: Please read the attached article written to assist in explaining the basic concepts of Policy Governance® to members of the public who have no background at all in the model. It does not try to address every nuance, but to explain in broad terms how the model works.

Works Cited

¹John Carver, M. C. (February 24, 2006). *Reinventing Your Board: A Step-by-Step Guide to Implementing Policy Governance*[®]. Jossey-Bass.

²Zilz, P. (2016). *Introduction to Policy Governance*[®]. Las Vegas: Governance Coach.

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A Kitchen Parable

By Jannice Moore

Often boards that are implementing Policy Governance® find the general public or their organization's members do not understand what they are doing. Sometimes they think the Board is abdicating its responsibility by delegating too much to the CEO. This article was written to assist boards in explaining the basic concepts of Policy Governance to members of the public who have no background at all in the model. It does not try to address every nuance, but to explain in broad terms how the model works.

Policy Governance is a model that allows a board, on behalf of the people it represents, to ensure that an organization achieves what it should and avoids what is unacceptable. Let's take a simple example to show how it works. In this example, you and four other people, on behalf of your extended family (in this example you will be "the Board") are responsible for organizing a dinner for a birthday or anniversary celebration. The five of you live in different towns, and the location for the celebration is in yet another city. You decide that the best thing to do is to hire a chef (who in this example will be the Chief Executive Officer) to handle preparation and serving of the dinner. So you check out the qualifications of chefs in the area, and hire the best one you can. However, you will need to provide the chef with some directions.

The five of you sit down together and make some decisions. What will the menu include? Who will be on the guest list? How much do we have to spend on the dinner? These are "board" decisions. They are the determination of what benefits or results are expected, who those results are for, and how much they are worth. In Policy Governance language, these things are referred to as the "Ends." In making those decisions, you will have to gather some information. Are the majority of guests "meat and potatoes" types, or would they prefer a more exotic menu? Are there going to be some children, who might require a different menu? Do you have a lot of older guests who would prefer to be served, or is buffet-style better?

After gathering your information, you come up with the following set of desired results (Ends) for the Chef to produce:

"We would like a tasty buffet dinner for one hundred people. The menu must include roast beef and potatoes, with at least one other main course option. There must be at least three choices of dessert, one of which must be low fat. There will be a few guests who have physical limitations, who must be served rather than go through the buffet line. The total cost of the dinner shall not exceed \$2500.00."

The above statement tells the Chef (CEO) what results you expect. You have provided clarity in your instructions. You have specified areas where the chef's choices are limited (e.g., there must be potatoes). Where you have not provided further specification, the chef is free to make any reasonable interpretation of what you have said. (He can serve mashed potatoes, scalloped potatoes, baked potatoes, etc., since you did not choose to specify the style.) He can hire assistants to help prepare or serve the meal, as long as the total cost does not exceed your specifications.



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A Kitchen Parable, p. 2

Now, you have told the Chef what you want. Do you:

- a) walk away and never talk to him again until the dinner is served?
- b) hang around the kitchen and look over his shoulder, suggesting that he add a little more salt to the soup?
- c) Neither of the above?

The correct answer is (c). You (as the Board) still have two more things to do. First, you need to let the Chef know if there are any things s/he may not do in the preparation of this dinner. While you do not want to interfere unnecessarily with the chef's creative abilities and professional training, there are certain methods you as the Board consider to be unethical or imprudent, even if they might work in producing the desired meal. The Chef needs to know about these in advance. Second, you need to decide how often you will check up to be sure that preparations are on track and consistent with your expectations.

What may the Chef not do? In Policy Governance language, these are called the *Executive Limitations*. The five of you (the Board) may not all have the same idea about these things, but the Chef can't work for five different bosses, so the group of you will have to sit down together and come to an agreement about what values you have. Let's assume you have done this.

First, you decide you don't want any artificial additives and preservatives used in the meal because this would go against your fundamental value system about natural foods. Then you discuss the fact that giving a dinner could leave you open to liability if someone gets food poisoning, so you tell the Chef not to violate any public health standards regarding the preparation and preservation of the food. That would be imprudent. You also do not want to get in trouble with the law, so you tell the Chef not to serve alcohol without the necessary permits.

Your last task is to decide how often to check up on, or "monitor" the Chef. You decide that two weeks before the dinner, you would like to see the menu plan, so you can assure yourself it meets the criteria you previously specified. You might ask for confirmation that the necessary public health and liquor permits have been obtained, or even ask to see them. You might ask for verification that appropriate refrigeration of ingredients will be available. For each area where you identified an expectation, you (as the Board) have a right, and indeed an obligation, to assure yourself that your expectations are being met. However, this does not mean you will stand around the kitchen and offer advice during the preparation of the food. You hired a professional, you set the expectations, you monitor results and the prudence and ethics of means, but you let the professional do the job. Everyone knows that "too many cooks spoil the broth."

As the Board, you have as much control as you need over the results. You decide what the results should be, for whom they should be, and how much they are worth. You allow the Chef, who is the professional, to make the decisions about how to achieve the results, except to specify clearly that certain methods are not permitted because they are imprudent or unethical. This approach is not abdication of responsibility. Indeed, it is rigorous and planned control over the things that are important to you as a Board.

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