

POLICY GOVERNANCE TRAINING

Palisades Lutheran Church

Colossians 3:23 – 25

Whatever you do, work at it with all your heart, as working for the LORD, not for human masters, since you know that you will receive an inheritance from the LORD as a reward. It is the LORD Christ you are serving. Anyone who does wrong will be repaid for their wrongs, and there is no favoritism.

Rev. Dr. Martin Edward Lee
churchorganizers@gmail.com

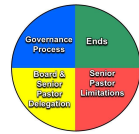


Table of Contents

TRAINING SCHEDULE & RESOURCES.....	2
TRAINING MODULE I – “The Theoretical Foundation”	3
TRAINING MODULE II – “Crafting Policies”	9
TRAINING MODULE III – “Ends Policies”	11
TRAINING MODULE IV – “Tools” and “Templates”	12

THE POLICY GOVERNANCE® GOVERNING STYLE

- Outward vision rather than an internal preoccupation
- Encouragement of diversity of viewpoints
- Strategic leadership more than administrative detail
- Clear distinction of board and chief executive roles
- Collective rather than individual decisions
- Future rather than past or present
- Proactivity rather than reactivity

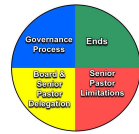
Policy Governance® is the registered service mark of John Carver.
 The authoritative website for Policy Governance® can be found at www.carvergovernance.com

EXPERT COACHING. PRACTICAL RESOURCES.
www.governancecoach.com

**QUICK GUIDE TO
 POLICY GOVERNANCE® PRINCIPLES**

1. Governance is a function of ownership, not of management.
2. The board is the link in the chain of command between the ownership and management.
3. Board authority is group authority.
4. Ends Policies prescribe organizational results, beneficiaries, and worth.
5. Governance Means Policies describe the board’s methods and self-discipline.
6. Executive Limitations Policies set boundaries of prudence and ethics.
7. Policies are developed in steps from broadest to smallest.
8. Delegations are unambiguously assigned.
9. Delegates may use any reasonable interpretation of policies.
10. Regular monitoring against policy criteria is conducted.

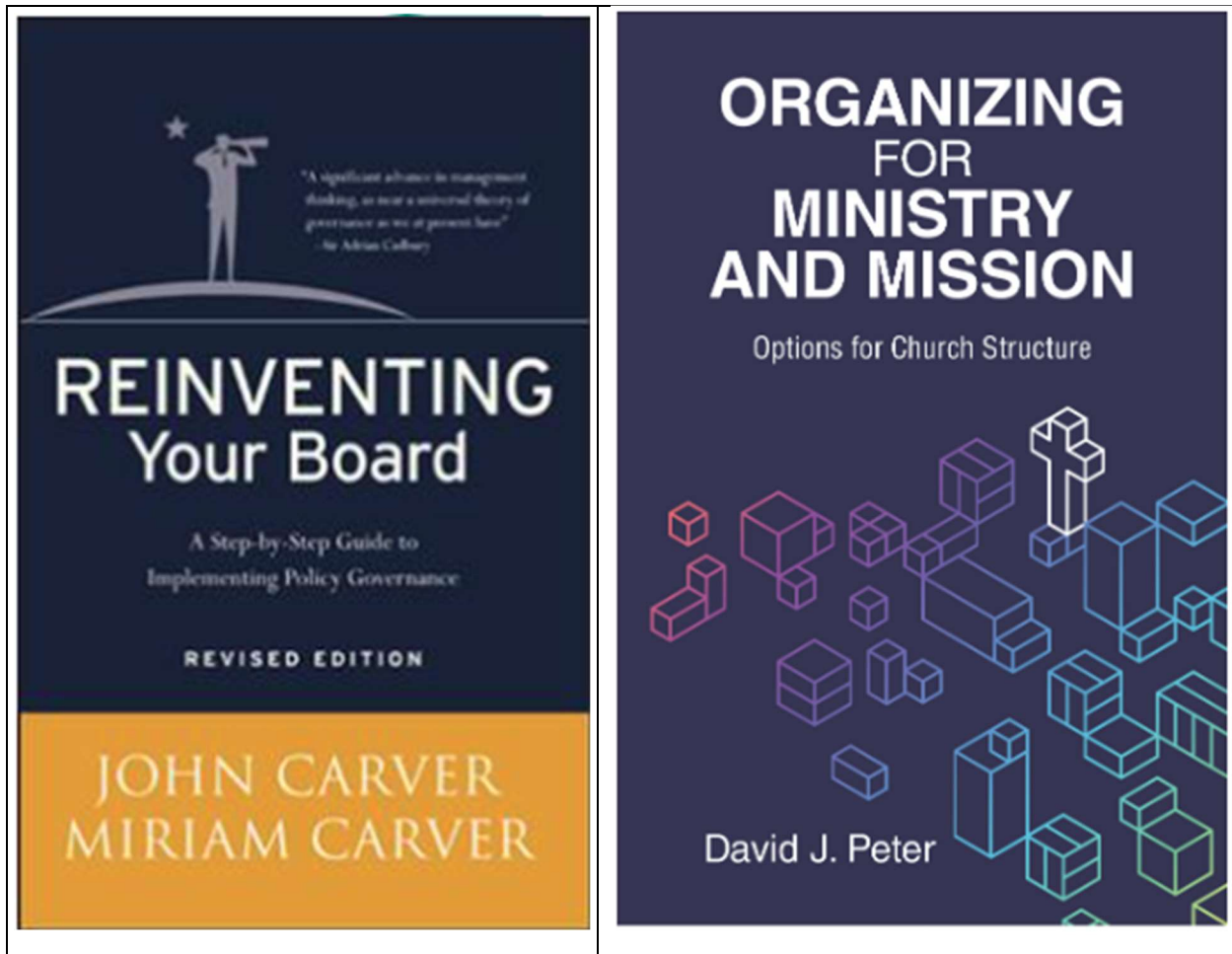
For a complete description of the principles, see the Source Document.
 (www.policygovernanceassociation.org or www.governancecoach.com).
 For a full explanation see *Boards That Make a Difference*, 3rd edition, by John Carver.



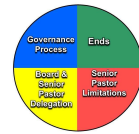
TRAINING SCHEDULE & RESOURCES

- June 3, 2023 – **Module One: Key Theoretical Principles** (Carver-Chapter 2)
- June 10, 2023 – **Module Two: Crafting Policies** (Carver-Chapters 4,5, and 6).
- June 17, 2023 – **Module Three – Ends Policies** (Carver-Chapter 7 and David-Chapter 6)
- Module Four – Tools and Templates (Shared Resources)

Sources: *“Reinventing Your Board,”* (John and Miriam Carver, 2006)¹ and *“Organizing for Ministry and Mission,”* (David J. Peter).



¹ Carver, John and Miriam, *“Reinventing Your Board: A Step-by-Step Guide to Implementing Policy Governance”*, (John Wiley & Sons, Inc., 2006.)

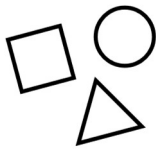


TRAINING MODULE I – “The Theoretical Foundation”

A) The Practicality of Sound Theory

- i. The Policy Governance model takes as its starting point the principle that a governing board is accountable for the organization it governs and that it exists on behalf of a larger group of persons who, either legally or morally, own the organization. The board must know who they are accountable to and what they are accountable for.²
- ii. First, to ensure that expectations are met, they must initially be stated, then delegated, and then checked for compliance. Hence a board defines, delegates, and monitors – but probably does not carry out – organizational work.
- iii. Second, the board must act as a body, or it will risk giving contradictory definitions of its expectations. Hence the corporate nature of the board – its “groupness” – is an essential element of its modus operandi.³

- ❖ **ACTIVITY** – Please review the resource document: “Ten Principals of Policy Governance.”



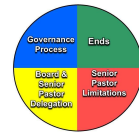
B) A Policy Framework that Works.

- i. The policy framework in Policy Governance is to be a comprehensive, carefully crafted way for a board to clarify all its expectations and values.⁴ Boards have not only the right but the obligation to govern both ends and means by making policy controlling both types.
- ii. **Organizational Ends:** The ends focus is warranted, since it is ends that justify having an organization in the first place; explicit definition of ends defines organizational success. Ends policies describe the board’s expectations about (1) the benefit, difference, or outcome in recipients’ lives that the organization is to produce, (2) the persons for whom the difference is to be made (consumers or beneficiaries), and (3) the cost or relative worth of the benefit. Note that the term ends are not synonymous with results but is a complex of three components, one of which is results. Ends simply answer the question, What good? For which people? With what worth? In many ways Ends Policies encompass the congregation’s mission and vision.
- iii. **Organizational Means:** The Policy Governance model defines means as any organizational issues that are not ends. The board’s own job of governing, along with its procedures and practices, are Board means issues. The board’s policies about its

² Ibid., 17 – 18.

³ Ibid., 18.

⁴ Ibid., 20.



own means are instructive not only to the Pastor but to the board itself, its CGO (Chief Governing Officer), and, if applicable, its committees.⁵

- iv. **Clarity in Board Delegation:** Delegation to the Pastor is very powerful using such a system, for the Pastor no longer must guess about what ends are expected which means are prohibited. The Policy Governance board tells its Pastor to achieve the ends required by the board within the constraints on means imposed by the board. Such a method of delegation does not depend on the Pastor seeking board approvals, since anything true to the policies is, as it were, preapproved.⁶
- v. **Avoid Policy Gaps:** It is obvious that if a board is to control and direct the church (and ministries) through the establishment and monitoring of ends and means policies, then the policies it creates must be inclusive, complete, and comprehensive.

St. John’s Lutheran Church Board Policy Manual

INSTRUCTIONS TO SENIOR PASTOR		INSTRUCTIONS TO BOARD	
ENDS		GOVERNANCE PROCESS	
E	Ends	GP	Global Governance Commitment
		GP-1	Governing Style
		GP-2	Board Job Description
		GP-3	Board Planning
		GP-4	President
		GP-5	Vice President
		GP-6	Board Secretary
		GP-7	Treasurer
		GP-8	Board Members’ Code of Conduct
		GP-9	Governing Board Governing Process
		GP-10	Board Member Responsibilities
		GP-11	Board Committee Principles
		GP-12	Nominating Committee
		GP-13	Financial Review Committee
		GP-14	Connecting with Congregation Members
		GP-15	Manner of Delegating
		GP-16	Governing Board Self-Evaluation
SENIOR PASTOR LIMITATIONS			
SPL	General Senior Pastor Constraint		
SPL-1	Strategic Planning		
SPL-2	Organizational Structure		
SPL-3	Financial Guidelines		
SPL-4	Financial Planning		
SPL-5	Funding		
SPL-6	Asset Protection, Security & Usage		
SPL-7	Treatment of Staff and Volunteers		
SPL-8	Conflict of Interest for the Senior Pastor		
SPL-9	Connecting with Congregation Members		
		BOARD-SENIOR PASTOR DELEGATION	
		BSPD	Global Board-Senior Pastor Delegation
		BSPD-1	Unity of Control
		BSPD-2	Accountability of the Senior Pastor
		BSPD-3	Delegation to the Senior Pastor
		BSPD-4	Monitoring Senior Pastor Performance
		BSPD-5	Governing Board/Senior Pastor Relationship

⁵ Ibid., 21.

⁶ Ibid., 22.



- The board must avoid significant gaps in policy development. How can the board be sure it has not forgotten something quite critical that should have been put off-limits? These issues are answered in Policy Governance by conceiving of policies as occurring in cascading levels. Policies do, after all, come in sizes.⁷
- vi. **Policies Reflect Values:** Policy Governance asks boards to view values as a nested set, with larger values cradling smaller ones. To control such a set, the board must first control the largest member of the set. This is obvious with a physical nested set, such as a set of mixing bowls. (Smaller bowls fit within larger bowls as smaller issues fit within larger ones. The entire set of bowls can be controlled by handling only the outermost bowl.)⁸ Direct control of the outer bowls in a nested set allows indirect control of the smaller bowls. A board will have hands-on control over the very largest issues but indirect or hands-off control of smaller issues.⁹
 - vii. **Method of Control – Policy Levels:** This method allows the board to establish overall or broad-level control, which is obligatory, and to establish further, more detailed control, which is optional. By taking control over successively smaller values, the board can proceed to increase its control in increments. The increments are added until the board has established a level of control that will enable it to allow a delegate to use any reasonable interpretation within the decision range that remains. This is the point in which the board delegates.¹⁰
 - viii. **Policy Levels Example:** “Homeless teenagers will secure safe housing and job skills.” This statement may be the value represented by the largest mixing bowl. The board could choose to conclude its direct control at this point – but must be willing for the Pastor to use any reasonable interpretation of this broad prescription during overseeing this ministry. It is more likely that the board will want to define these words further before turning the ministry over to the Pastor. If so, it may add, “Among homeless teenagers, minority or handicapped persons will be given priority.” This last statement constitutes the second largest-mixing-bowl value.¹¹ Other clarifications would be considered at this second level. For example, the board may add that the job skills it intends homeless teenagers to receive are those that enable speedy, minimal self-sufficiency, and that by “safe housing,” it means that which provides freedom from harm or harassment. Again, the board might stop here or, if it is unwilling to let the Pastor choose any reasonable interpretation of its words in this second level, it may go further to define the words used in the second level of policy by creating a third level. And it can further define these words too.¹²
 - ix. **Executive Limitations Policies:** Policy about staff means is created in admittedly counterintuitive negative language. These policies place limits on the Pastor and

⁷ Ibid., 23.

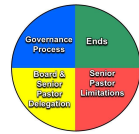
⁸ Ibid., 24.

⁹ Ibid., 25.

¹⁰ Ibid., 23.

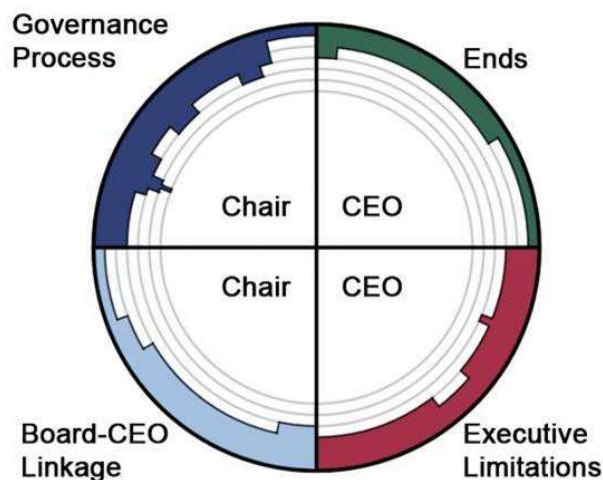
¹¹ Ibid., 24.

¹² Ibid.



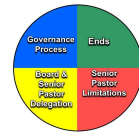
staff. The Level One, or largest and most inclusive proscriptive policy, is commonly worded something like this: “The Pastor shall not cause or allow any ministerial or organizational decision, action, condition, or circumstance that is contrary to the Word of God, illegal, imprudent, or contrary to commonly accepted business and professional ethics.” When creating policy about the board’s own means, the board can speak positively or negatively as it wishes. However, the board first speaks in the broadest language that accurately expresses its intent; if necessary, it can then systematically narrow its words by adding lower levels of policy until “any reasonable interpretation” point is reached. This is the point that is safe for delegation.

- x. **Board’s Means:** Board means fall into two categories: First, Governance Process policies describe the board’s definition of its job, as well as that of the CGO and any committees it forms. Second, Board-Management Delegation policies describe the manner of connecting governance and management, that is, how authority will be delegated and how the board will monitor performance.¹³



- xi. **Board Members:** Boards often become stocked with well-meaning people who believe, for good reason, that they are on the board to help with, assess, instruct about, or in some way be involved in staff work. Policy governance board’s job breaks radically from this practice. Instead, a board member’s job is to spend time discussing and deciding issues that make a real difference. Some board members find the change entirely disagreeable. They enjoy being involved in the day-to-day workings of the church and school ministry and wish to continue to be so involved. Such board members would do well to vacate their board position and apply for

¹³ Ibid., 26.



service in those ministry areas. Both service level and governance level volunteers are invaluable to the ministry.¹⁴

(NOTE: It is important to pause here and explain, some churches are between a congregational life cycle and/or size transition. The resources and experience may not yet be present, or conditions desirable, to commit completely to one governance model or another. It may make sense to create a mediating approach where the governance board (e.g., Church Council) retains management of certain day-to-day operations related to the physical realm while delegating-sharing other day-to-day operations related to the spiritual realm to the Pastor. Please review the ILC Organizational Chart to see this new division of duties and responsibilities.)

Policy governance requires board members who are interested in a and capable of discussing the values underlying the actions taken every day in the ministry and governing through the broader formulations of these values. Hence board members should enjoy conceptual argument, differing points of view, and values clarification. They should be able to welcome dissent but be able to honor group decisions once they are made. The board should:

- Remember that its job is not to help the staff.
- Protect its staff from board members who wish to manage the day-to-day ministries without having gone through the formality of being hired.
- Recruit people who are interested in the difficult task of ends determination.
- Encourage the expression of dissent in board discussion.
- Deliberate with many voices but govern with one in instruction the Pastor.
- Remember that the diversity of the church's ownership is larger than can be represented directly by any board.
- Seek to link with the ownership in as inclusive a way as possible, regardless of whether there are constituency members on the board.¹⁵

- xii. **Board Discipline:** Even highly disciplined individuals have trouble acting as part of a disciplined group. Yet a disciplined group is exactly what a board of directors must be. Board members must understand there are familiar behaviors they are no longer able to engage in. And they must understand there are unfamiliar behaviors to be practiced. Often boards make statements about their intentions in governance but fail to police themselves. The CGO (Chief Governing Officer)¹⁶ has a special responsibility for board discipline but is not the only enforcer. Group discipline simply works better if all the board members agree to help each other maintain the

¹⁴ Ibid., 54.

¹⁵ Ibid., 56

¹⁶ The role of the "Chief Governing Officer" may be a good role for the vice president or vice chair too.

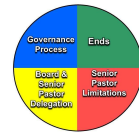


- standards the board has set. The board as a body has an additional responsibility to protect its staff from the board as individuals.¹⁷
- xiii. **Board Orientation:** Too often, board orientation, if it happens at all, is an exercise in teaching board members about everybody’s job but their own. Church boards ordinarily orient new members far more about what staff members are doing than about what the board’s specific job is and how it does it.¹⁸ Policy Governance needs to be known and understood to be used. New board members, and even experienced ones, need to be continually refreshed in their knowledge of the model.
- xiv. **Board Officers and Committees:** Officers are traditionally given responsibilities that duplicate those given to the Pastor. Board members who have special expertise may be valuable in assisting the Pastor however they should not have authority in the Pastor domain. (59) Special warning when using an “Executive Committee.” It often unintentionally undermines both the board and Pastor authority. (59) It may insert itself between the board and the Pastor. It may discuss action items and make decisions outside the board. Board members not on the executive committee often feel excluded from the real decision making and unable to control the committee’s activities. There is very little oversight (monitoring)¹⁹ or performance reviews of these committees. On the other hand, a board may feel relieved of much of its burden when it defaults to a committee in this way. Consider the following:
- Use committees, if it wishes, to help the board with parts of its own job.
 - Allow no committee to be a board-within-the-board.
 - Create committees that last if the job the committee must do but no longer (some might possibly have perpetual jobs).
 - Be clear about the product the board is requiring from the committee (for example, advice to the board or a set of options for board action).
 - Be clear about the resources the committee is authorized to use (for example, money or staff time).
 - Use the expertise of board members to inform board wisdom, but not to substitute for it. (60)

¹⁷ Ibid., 57.

¹⁸ Ibid., 58.

¹⁹ Please see the following three resource documents: “Template for Reports for Monitoring Pastor” and “2018 Senior Pastor Monitoring Report” and Pastor Monitoring Report_3.8 Compensation”.



TRAINING MODULE II – “Crafting Policies”

This training module will assist the board members in establishing board policies in the four Policy Governance categories. Because the Policy Governance model relies so much on explicit statements of board values and on carefully following the new policymaking principles, creating those policies is a fundamental part of implementation.

Chapter 4 – EXECUTIVE LIMITATIONS POLICIES: Optimizing Empowerment by setting limits

These policies allow the board to “withdraw safely from most details of operation.”²⁰ In the circle diagram these policies are located and will control everything in the lower right-hand quadrant (see circle). These policies are the board’s way of telling the Pastor (and staff) the limits of acceptability regarding staff means. Thus, these policies are boundary (limits, parameters) setters. Executive Limitation Policies are addressed to the Pastor, not to the entire staff. These policies tell the Pastor what the board will not put up with. The idea of boundary setting is to establish optimum delegation.²¹ For the board to get the most out of the staff, it is necessary to give the staff a great deal of room to make decisions. This is best done by giving total authority in a blanket kind of way but pulling some of it back in selected ways. This is accomplished by the negatively worded policies.²²

It may be helpful to think of Executive Limitations policies as establishing the conditions for preapproval of any staff decisions or activities that do not violate the policies. These policies allow boards to take care of their worries about staff activities by defining those worries and explicitly proscribing them.

Like all policymaking in the Policy Governance model, the creation of Executive Limitations policies starts at the most general, most inclusive level (the outside edge of the quadrant), and then policies are further defined until the point at which any remaining reasonable interpretation by the Pastor would be acceptable to the board. At this point delegation occurs.²³

As you create Pastor Limitation Policies, at each stage you will be asking yourself whether you can accept any reasonable interpretation of your words by the Pastor. We urge you to decide this question based not on your guess about your incumbent Pastor’s likely interpretation but on your comfort with the entire range of interpretation allowed by your words. In other words, you will be making policies with your own values in mind, not your predictions about your current Pastor. This will give your policies a durability that will outlive any given Pastor.²⁴

LEVEL ONE: Begin by drafting the most general, most inclusive, largest mixing-bowl policy that the board can start with. For example:

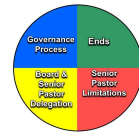
²⁰ Ibid., 65.

²¹ Ibid., 65.

²² See sample resource document, “Board-Senior-Pastor-Delegation Combined”.

²³ Ibid., 67.

²⁴ Ibid.



Policy EL #1: Global Executive Limitations Policy (“EL”)

“The Pastor shall not cause or allow...”

The board’s task at this stage (EL #1) is to find policy wording that is of sufficient breadth to include all possible actions that it would find unacceptable. Breadth is the point here, not depth. The point of Executive Limitations policymaking is to leave no holes in the understanding a board has with its Pastor. Having a broad statement as the foundation for further detailed statements means that if the board overlooks a subsequent, more detailed prohibition, there is always the broader one to fall back upon.

At this point in our exercise, the outer level of the policy circle has been completed in the Executive Limitations portion. Executive means have now been contained, even if only at a broad level.²⁵ Only one statement needs to be made at the EL #1 level, for by its nature EL #1 addresses the entire spectrum of all possible staff actions and situations.²⁶

LEVEL TWO: When a board chooses to go into more detail, however, its concerns or worries fall into several subject areas. That is, EL#1 is global, but EL #2 and further levels are necessarily sub-global and topic specific.²⁷

Topic areas can be listed in several ways, each expands on more general prohibition against ministry practices, activity, decision, or unlawful and imprudent circumstances. Some topics the board may find unacceptable: Treatment of consumers, Treatment of Staff, Financial Planning/Budgeting, Financial condition and activities, Emergency Pastor succession, Asset protection, Compensation and benefits, and Communication and support to the board.

LEVEL THREE: These policies take the words of the Level Two policies and further define them. Remember that Level Two policies are themselves built upon the Level One policy that started this sequence.²⁸

Level One – Global Statement (a single statement standing alone)

Level Two – Categories (several parallel topics)

Level Three – Further defines needed specificity.

The further specificity from the scope of the broader levels provides the board with greater control of Pastor options, consider the language even more detailed as you go on to Level Four policies and beyond.²⁹

As you expand your levels go over the policy at your newly defined level to see if it makes sense. Does it sufficiently expand your Level on the same topic?

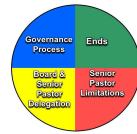
²⁵ Ibid., 70.

²⁶ Ibid., 71.

²⁷ Ibid.

²⁸ Ibid., 86.

²⁹ Ibid., 90.



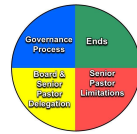
TRAINING MODULE III – “Ends Policies”

According to Dr. David Peter:

By far the most important of these categories is that of organizational ends. These policies identify and articulate the mission of the congregation as well as the strategic goals and outcomes that will advance that mission. These are called ends policies because they express what the end results of the church’s efforts should be. This fact demonstrates that the governing board should be focused on strategic matters – mission, vision, targets, goals, outcomes, and the like – and not on tactical or operational issues.

He continues:

In this way, the board determines the missional direction of the parish as well as the concrete outcomes that are the result of the congregation’s efforts. For example, the parish’s vision may be to extend God’s mission both locally and internationally. Congruent with this, an ends policy would state, “Mount Zion Church will each year sponsor and support at least three short-term mission trips beyond the borders of the United States.” This is a concrete outcome that can reasonably be assessed as either accomplished or not.



TRAINING MODULE IV – “Tools” and “Templates” (Independent)

List of Resource Documents

1. Sample – Behavioral Covenants. Johns. Word
2. Sample – Behavioral Covenants. Matthew. Word
3. Sample – Constitution synced with Policy Manual
4. Sample – Pastor Succession Plan – St. John’s. Word
5. Sample – Policy Governance Manual. Word
6. Sample – Policy Pastoral Limitations Draft 09.10. 2015.word
7. Sample 2018 Pastor Annual Report.pdf
8. Sample Board-Senior-Pastor-Delegation_Combined.pdf
9. Sample Desired Outcomes.2013.pdf
10. Sample GB – Complete Policy Manual.pdf
11. Template #1 – GB Template for Reports for Monitoring Pastor. Excel
12. Template #2 – Pastor Monitoring Report_3.8 Compensation. Word
13. Template #3– 2017 Governance Board Policy Manual, St Johns, MI. Word
14. Template #4 – Agenda Cycle and Policy Review Calendar.pdf
15. Template #5 – Agenda Inclusion
16. Training – Consent Agenda
17. Training – Five Ways to Function as a Board, James Galvin. Image
18. Training – Governance Improvement Training. Word
19. Training – Record-Retention.pdf
20. Training – Ten Principals of Policy Governance.pdf