



How to Make Your Board of Directors a Strategic Advantage

Richard Taylor

One of the more disturbing findings of the commission studying the G20 Summit in Toronto, as described in the June 28, 2012 Canadian Press article, was the discovery of the lack of understanding by the Toronto Police Services Board of their role, their responsibilities and their powers. As shocking as that is, it is very common amongst boards of directors in all industry sectors.

While boards of directors are typically comprised of well intentioned, intelligent and talented individuals, often, boards seem ineffective, unproductive and even stagnant. Regular board meetings are held, but they are often focused on past events or are without clear direction, so they conclude with little specific direction or value added. This is a common scenario which often has the organization questioning if they have appointed the right board members and the board members feeling frustrated that they are not really contributing value. Before revamping the board, organizations should ask themselves if they have given the board a clear mandate, a defined role and the tools to execute that role. In other words, is your board structured such that they are empowered to create a high performance organization? "Policy Governance"®, a process developed by Dr. John Carver, provides a guide to structuring your board to achieve the definition of a high performance organization – "an organization that achieves its desired outcomes with the minimum amount of energy". For over 30 years, Dr. John Carver has dedicated himself to the theory of governance. His work resulted in the "Policy Governance® model," a new, rational paradigm for directors. The model does not prescribe a certain structure, but rather a set of principles. These principles are universally applicable and sufficiently integrated to be called a "model" or, indeed, a theory of governance.

Some critics claim that there is no accepted theory of governance. Carver challenges this position and proposes the Policy Governance® model as a solution. Put simply, the Policy Governance® model as applied in business, answers one question: How can a group of peers, on behalf of owners/shareholders, see to it that a business achieves what it should (normally in terms of shareholder value) and avoids unacceptable situations and actions?

Policy Governance® (<http://www.carvergovernance.com/pg-corp.htm>) is a comprehensive set of integrated distinctions that, when consistently applied, allow governing boards to realize their accountability and to provide real value to the organization. It is rooted in the belief that the board's primary relationship is with the organization's "ownership" and the board represents a downward extension of ownership rather than an upward extension of management.

It is founded on four basic principles of governance.

- The first principle is that of Ownership: The source of board legitimacy – to which the board must morally and/or legally connect its authority and accountability for the organization.

- The second, Governance: The job of the group granted full accountability and full authority for value produced on behalf of those who morally if not legally own the organization.
- Third, Board Holism which refers to the board's authority to present as one voice honed from the diversity of the whole group.
- Lastly, Accountable, Effective, Delegation which requires that a board exercise a type of control that safeguards owner values, optimally empowers human beings in the enterprise, and never delegates the same responsibility or authority to more than one point.

This approach maintains that the board's main role is to properly empower others to move toward their stated goals. "Proper empowerment" means to define the results to be achieved by the organization (Ends), and define what would be considered unacceptable in terms of ethics and prudence (Executive Limitations). The Board delegates the job of achieving its Ends within the parameters defined in policy to the CEO. To complete the delegation, the Board rigorously monitors performance to policy to uphold accountability of the CEO.

When applied with rigour, Policy Governance® results in creating the conditions for optimal organizational performance to occur.

In Policy Governance®, the Board has three primary jobs:

- Ownership Linkage,
- Policy Development and
- Assurance of Effective Operational Performance.

The board's focus is at the broadest level of policy that is informed by the ownership's values. The board stops making policy when it can accept any reasonable interpretation.

A high performance organization is defined by a very clear organizational direction and purpose that matches the values of the owners, clear delineation of roles accompanied with appropriate delegation of authority and responsibility and an organizational structure that is highly aligned towards the accomplishment of organizational objectives.

Implementing the Policy Governance ® model builds a system whereby the board, as representatives of the owners, governs the organization through carefully crafted policies that **prescribe** organizational aims, the board's processes, and the board/executive relationship and **proscribes** management limitations.

Richard Taylor is a Senior Consultant at Teeger Schiller Inc. (www.teegerschiller.com). He is a graduate of the Dr. John Carver Policy Governance training academy, under the direct tutelage of both Dr. John Carver and Miriam Carver. Richard has worked with boards from the Not for Profit sector, the public sector (police services board) and institutional (college and school) boards.

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David Teeger

Director

David Teeger C.A., C.A. (S.A.) graduated as a Chartered Accountant in South Africa, and upon arrival in Canada he obtained his Canadian C.A. designation and joined Richter & Associates, a management consulting firm, where he concentrated his practice on various business sectors including household goods, fashion, automotive parts, public associations, and retail chains. He performed many roles in his 15 years at Richter, including managing the professional services organization in North America and all business operations throughout Europe.

David's professional capabilities include computer audits, feasibility studies, system analyses and assistance in the selection, negotiation and implementation of computerized solutions.

As a founding partner of Teeger Schiller Inc., he has focused his practice on consulting to management. His team of professionals has helped businesses select and successfully install a variety of ERP business solutions and add-on systems including business intelligence solutions to give new life to existing computer systems. David's clients not only rely on him to successfully manage the implementation of their new systems, but to manage the change that occurs in their organizations as a result of the use of these new tools.



Elliot Schiller

Director

Elliot Schiller, Ph.D., C.M.C. began his career as a Chemical Engineer working for Grumman Aircraft, in Long Island, New York. He obtained his Ph.D. at the University of Pittsburgh with funding from the U.S. Atomic Energy Commission, and, after being awarded a Presidential Fellowship, he went on to perform research and development activities at Brookhaven National Laboratory.

Since coming to Canada, he has primarily assisted consumer products and retail organizations in a variety of strategic management initiatives, traveling around the globe on behalf of his clients. In 1987, Elliot joined Richter & Associates, and it is here that he first met David Teeger.



As a founding partner of Teeger Schiller Inc., he has focused the SR&ED / Grant Division on obtaining grants and tax incentives for over 100 companies in the small to medium sized business sector. His team has provided services to the discrete / processing manufacturing, material development, textiles, apparel, automotive and computer sciences sectors. Annually, Teeger Schiller Inc. secures more than \$5 million in government funding to assist its clients in having their business initiatives supported by government funding.



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