

TAILORING GOVERNANCE STYLES FOR A PERFECT FIT

By Andrew Tapp

BOARDS HAVE AN IMPORTANT role to play in organizations. While the chief staff officer, who might be called the CEO, executive director, registrar or even president, oversees the day-to-day operations, boards look after an organization's governance, or "the processes and structures used to direct and manage an organization's operations and activities." Boards decide broadly who is responsible for what, and how accountability is to be achieved. The way a board operates is as unique as the organization it governs. But most have an operating style derived from an established governance model. The two most prominent of these models are the traditional and Carver models. What is PEO's governance style, and why?

TRADITIONAL MODEL

The traditional model of governance is the same one that corporations have been using since the 1700s: collective, structurally focused, and bylaw heavy. These organizations are built around organizational structures, which are the board's responsibility to define. Boards operating through a traditional model require numerous rules to keep board functions and staff functions separate and to stipulate how power is to be delegated. Because traditional governance models rely on function-based committees (such as licensing or finance), poorly constructed rules can result in a board directing staff without the mediation of the CEO, which can, in turn, lead to confusion.

Traditional models are also often built around representation by geographic area (such as PEO's chapters) or member type, which can lead board members to believe they must act in the interests of those they represent, resulting in thinking and attitudes that might be at odds with a board's mission of acting in the best interests of the entire organization. This tension is especially apparent in a self-governing regulator, where the goal is not primarily the good of the enterprise or of its members, but the good of the public.

In a traditional governance model, it is expected that board members will appear to be united to those outside the organization—in other words, the board is expected to be the voice of the organization and to speak with one voice.

CARVER MODEL

The most well-known alternative to the traditional model is the policy model, often called the Carver model after its chief spokesperson, John Carver. Rather than defining responsibilities, boards operating on the

Carver model define an organization's end goals and create policies to guide the board and management as the organization pursues its goals.

According to John Carver, the ideal policy approach for boards is to develop "statements of limitation" for both governance and management. This technique gives both boards and management free reign within their respective spheres of influence, which both parties often find motivating.

A board's dependence on policy might prove to be a weakness, however, if a board focused on policy were to neglect other areas of governance. Policy is not a good vehicle for setting strategic organizational goals, for example, but should define if the CEO and/or board is responsible for strategic planning and budgeting.

Because of their focus on policy instead of operations, Carver model boards have few committees, making all policy decisions at the council level.

WHERE DOES PEO FIT?

No organization adheres absolutely to either the traditional or Carver model, nor should it. A governance model is meant to describe the manner in which a board will operate, rather than be an ideal to which the board is to aspire. Every organization will develop a mix of the features of a variety of governance models, developed in response to its own circumstances.

PEO's governance structure exhibits elements of both the traditional and Carver models. PEO has many committees built around the organization's functions, for instance, a trait of the traditional model, but also places a large emphasis on policy, a trait of the Carver model.

Similarly, PEO council has enunciated many specific bylaws and responsibilities, as one would expect from an organization governed through the traditional model, but has also clearly directed the senior management team to develop a strategic plan

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(for council's approval), which is often the approach of an organization that has adopted a Carver governance model.

This hybrid governance style is a direct result of PEO's situation and history. As an established organization in existence since 1922, PEO understandably has many traits associated with the traditional model of governance. However, over that time PEO's mission has experienced change, providing the organization opportunities to reinvent itself. It is not surprising, then, that elements of the Carver model are also evident in its governance processes.

A hybrid model of governance is also not unique; in 2002 Mel Gill of Synergy Management Consulting Solutions studied 20 Canadian non-profits and found that none of them were governed in strict adherence to only one model.

IF IT AIN'T BROKE...

Acknowledging that it's not unusual that PEO's governance style is neither purely traditional nor purely Carver enables it to move from *reactive* governance to *proactive* governance.

For example, a traditional governance style would be best suited when council sees an advantage in taking a direct hand in the organization, while the Carver model would be the best fit for a council with a more hands-off approach. By knowing the models, PEO's governors can tailor the governance approach to fit their and the organization's philosophy.

Governance models provide a template for structural governance, and a way to direct an organization's growth. By understanding the value of each governance style, boards can develop more deliberate governance structures, pruning them into shape instead of letting their growth run wild, driven by outside events. Σ

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