

What is Biblical About Policy Governance®?

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Several Christian leaders in governance have noted that John Carver's approach to governance, called Policy Governance®, has Biblical principles within its warp and woof. Some have written about it from that perspective.¹ Here is my contribution.

The *four fundamental principles of Policy Governance* themselves have their roots in Biblical principles:

- *Servant Leadership* –Policy Governance provides for and recognizes the board's servant leadership role – that of servanthood in a stewardship role. It stewards in trust an investment on behalf of a moral and spiritual ownership (usually at least those who “invest” in some manner in the organization). In so doing, it must recognize whom it serves in the temporal sense (as well as a heavenly sense), including the fact that the board should and must add value for that ownership.²

Servant leadership is a Biblical principle seen both in the New and Old Testaments. For example, God referred to Moses as His servant. (Note that meekness, as in Moses' case, is a component of being a servant.) In the New Testament the servant as leader is explicitly demonstrated and instructed by Jesus Christ to those who would be His disciples. The New Testament writers consistently emphasize the Christian's servant attitude and orientation.

Policy Governance causes the board to be aware of the two values it stewards – the first, that of creating eternal spiritual value *for the owners, the spiritual investors*, by means of creating a temporal (and possibly eternal) value for the recipient beneficiaries.

The second value being stewarded is that of overseeing a ministry that provides benefits in the lives of others outside of the organization, a ministry which graces those touched as a ministry of God.¹ Doing this effectively creates the prior value for those investing in this ministry – creating eternal value for those making the investment in the organization. (See the Ends discussion below.)

Thus, the board is stewarding an organization, promising to create eternal value for its spiritual “investors” by ministering God's message and grace in the world. This is a highly responsible call and pleads the Biblical case for excellence in governance.

¹ Cf John M. Blumenstein, Ph.D., *Policy Governance: Points of Correlation with Biblical and Theological Truth*, 2001

² An organization or individual that claims to be only answerable to God without temporal accountability is dangerously at risk of becoming autonomous, autocratic, and imperial, if not arrogant, and ultimately, even possibly abusive and corrupt.

- *Accountability* – Policy Governance[®] provides for clarity and assurance of accountability that is also congruent with authority. It avoids the unfair situation of accountability without authority or the reverse. Furthermore, it sees to it that accountability occurs as it should. Without an accounting there is no accountability. Accounting to someone (or a group) is essential to the concept of accountability. It also recognizes and provides for the board’s moral accountability to the owners. The board has a servant leadership role *with accountability*. It is impossible to be a servant leader without accountability.

Accountability is a significant Biblical principle. Accountability permeates the Word of God, both in principle and in example. Ultimately we are all held accountable and will account to our Creator. God is always clear concerning the assignment of accountability in His Word. So too good governance maintains clarity of accountability, both for fairness (integrity of justice) and assurance of execution.

In addition, the framework compels accountability and provides for sufficient control around power to restrain abuse while not over-controlling, (and hence, mitigating the possible development of corruption due to perceived unrestrained power on the part of the CEO or his or her equivalent. Boards that are passive and reactive are complicit in the development of corruption in the CEO’s office.)

- *Empowerment with constraint* – Policy Governance consciously enables the difficult balance between empowerment of Management (the freedom and authority to act) and appropriate board restraint on Management so that responsible stewardship is provided without oppressive control. Note that God deals with Mankind in this manner, stipulating from the earliest records a limited set of prohibitions for living and empowering and giving Man freedom within those prohibitions. (There are divine values behind those proscriptions as well, just as there are values behind a board’s proscriptions to Management.) Prescriptive demands and compelling repeated approval in order to maintain control are means used by authoritarian leaders, not servant leaders. Furthermore, they don’t result in assigned accountability. Accountability remains with the prescriber or approver.
- *Clarity of Values* – The board is compelled to express its values in a clear manner sufficient for governance. God has demonstrated His commitment to clarity through emphasis and protection of His very words (Gk – rhema, ρήμα). God holds words, both His and ours as significant and for which we are held accountable. (See section on “words” below.) Policy Governance, too, compels a board to take its words seriously.

Integrity - Policy Governance assumes and requires integrity on the part of the board. The board's words have true meaning and interpretability by the CEO, and the board permits the CEO a reasonable interpretation. The evaluation of the CEO is based solely on what it had previously said in its policies, and the board does not judge the CEO on what it has not said. The board also lives by its own words. In a very real sense, it has a covenant with itself and with the CEO and is expected to honor that covenant.

There is also integrity, or congruity, to the board's attention to authority and accountability as noted earlier. The board must take care that it does not fragment accountability by, for example holding the CEO accountable for the consequences of a prescriptive means that it dictated or approved. Prescription or approval does not shift accountability from the one doing the instructing or approving; yet boards do it all the time outside of Policy Governance[®]. The typical board prescribes (or approves) and then holds the CEO accountable for the consequences!

Role Clarity – Policy Governance's enablement of clarity of roles between board and CEO compels integrity of collective authority, identifying and preventing abuse of power by board members. (This is the most common reason a board member (or the chair) resists the model. Laziness, lack of desire to risk diligence to achieve excellence, is the second most common reason. Antipathy toward the logical rigor is the third.)

Ends – Policy Governance recognizes that all organizations (indeed, all designed systems) have a purpose outside of themselves. This idea of purpose is teleological, and a well-recognized term expressing the notion of teleology is “end.” Carver purposefully selected “Ends” for this class of policy. “End” is used frequently within Christian literature. For example, mankind has an End established by God. Solomon, in the book of Ecclesiastes in the last chapter, tells us what that end is. We also find the term used in regard to Mankind in commonly used catechisms.

Furthermore, an additional Biblical principle is that the owner, (in the case of mankind – God), has the right to determine the purpose or end. Policy Governance recognizes this principle and builds it into the process. No other form of governance we know does this. Under Policy Governance the board is expected to find out and know the thinking of the ownership in areas relevant to ends, particularly. This is called “connecting with owners,” and the board considers it in policy formulation, since the board is steward for the ownership, albeit a wise and knowledgeable one, but neither is it an autonomous one.

Words – Policy Governance places great emphasis on the importance of the board's words. (In fact, it is this effort concerning words where boards sometimes falter – they

are not used to the discipline required.) Carver has a high view of language and words. Words count. Words have real meaning. People and the organization can be governed by the Board's words. Carver reminds us that, "The board's only tool is its words." A carefully crafted policy of words has tremendous leverage in its influence on the organization (coupled with accountability). The organization is held accountable for its compliance with the words of the board.

Sound familiar? God, too, places a high value on words, *both His and ours*. He paid immense attention to His very words (Gk. *ρήμά*) and holds us accountable for our response to those words. But he also holds us accountable for our words. We are reminded of that several times in Scripture, including our covenants, our words of advice, of criticism or judgment, of encouragement, and our words concerning accuracy and truth. Mature Christians should be comfortable with a governance model that insists on and relies on the integrity of words and the diligence required to find the right and best ones.

On Covenants – Policy Governance[®] expects a Board to keep its word. If words have meaning, then the policies dealing with board process and the board's relationship with the CEO are promises to itself and to the CEO about how it will conduct itself. Carver frequently comments, when asked about untrustworthy CEOs, that he more often finds untrustworthy boards, because boards do not keep their word and they are unpredictable. Policy Governance compels a board to be predictable – first, by keeping its word, and secondly, by *not* holding the CEO accountable for things the board did *not* say in terms of expectations. God, as mentioned above, holds a man's covenants sacred; they have substance and are binding.

Covenant breaking is serious in God's eyes, and he tells us so in no uncertain terms. Policy Governance also expects the board's promises, its policies, to be held in high regard. Sometimes this calls for moral courage, another term that Carver uses regularly. Occasionally it is easier for a board to retreat from its words, not keep its promise, or blame someone else for the words it said. Boards do it all the time. There is nothing more dangerous than a frightened board. It is under those circumstances that moral courage is tested. It is part of God's holding man responsible and, at the same time, giving him honor "a little below the angels." God takes our covenants seriously; likewise, so must we.

Cost – Policy Governance views the total and distributed costs ("at what cost") of selecting particular Ends in a very broad view of cost, a view much larger than simply the financial costs to the organization. It asks that the board weigh the cost of selecting among options, of forgoing certain options if others are selected, of selecting future good

against current good, and of the cost of the risks involved. Robert Greenleaf (Servant Leadership) points out that the attribute of foresightedness (discerning the consequences of our decisions) is required for a board to do this, which, in fact, is a moral obligation.

This way of thinking of the consequent comprehensive costs of our decisions is Biblical. The believer is asked to bring exactly the same considerations to choices that are to be made, including consideration of eternal consequences of choices made. This view enriches decision-making as well as further impresses upon the board the responsibility and accountability of its stewardship. To be thoughtful and responsible, the board, to the extent it can, must consider and weigh its Ends choices against all cost considerations, including eternal consequences.

Excellence – A final value discussed here is that of *excellence*. We are called to excellence as a component of Biblical integrity. Failure to govern or desire to govern with excellence is contrary to Biblical integrity. A board should be constantly seeking how to improve its governance. Biblically, an equipped servant (minister) is equipped to be effective. Paul’s metaphor of the equipped soldier is an apt example. A board’s effectiveness in governing well is a vital component of excellence.

What a board discovers as it begins its journey using Policy Governance® toward increasingly better governance is that it is work, rewarding, even enjoyable, but work. And it takes diligence to even “maintain position” in terms of organization and performance. Why? - Because of Entropy. The Second Law of Thermodynamics is at work in human organizational efforts as well. Excellence in design and process is *always* low in entropy (looseness, disorganization, happenstance, unintentionality, etc.) Improvement in effectiveness and efficiency is, therefore, *always* uphill against the Second Law. Laziness is always downhill, by definition. That is why the slothful in Proverbs is likened to a destroyer. Scripture calls us to *both* excellence *and* diligence, because it must. They are inexorably connected in God’s economy.

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