**POLICIES AS REMOTE CONTROL**

***by Terry Kilmister***

*Research carried out across a wide range of New Zealand sport and recreation organisations makes clear that governance-level policy remains a somewhat misunderstood concept. Many sector boards struggle to understand its value and application.*

*Terry Kilmister draws on more than 30 years of working with boards to outline what policy is and how it should be used.*

***Managing or overseeing from a distance is difficult.***

In the eyes of the law, individual directors hold a duty of care and potential liability for the affairs of the legal entity they govern, whether this is a company, an incorporated society or a charitable trust. Similarly, the board as a whole is viewed by shareholders, members and beneficiaries as holding a collective responsibility for organisational success. It’s no wonder, then, that many directors worry and wonder how they can meet these expectations when their role is, to all intents and purposes, part time. Managing or overseeing from a distance is difficult. A way must be found to provide both guidance and accountability for those who work inside the organisation in order for directors, who work outside, to be certain and comfortable that ‘all is as it ought to be’.

Policy serves this purpose by creating a form of remote control for the board. The board formulates a policy framework that provides the highest level of organisational leadership, leadership being at the core of the board’s role. Policy defines what must or must not be done and what must be achieved. In essence, policies are ‘instructions’ to both staff and the board itself about the values and perspectives underpinning organisational life, an underpinning designed to ensure effectiveness, efficiency and integrity.

***Policies define what must or must not be done and what must be achieved.***

Policy and its use in organisational life is not new. However, it brings with it a wide range of interpretations and understanding, which might all fit within with a shared generic framework, but not always with shared clarity of intent or outcome. For example, policy could be used to signal a set of guidelines that might or might not be followed in detail, perhaps conditional on the achievement of an acceptable outcome. It might be used to indicate a general principle or guideline that’s permitted to be open to interpretation, or it might serve as the equivalent of a ‘rule’, that is, a statement of intent that is not open to interpretation, nor regarded as merely a principle or a guideline. The latter is the ideal if policy is to be truly meaningful.

Haphazard governance abounds. This is not to say, however, that this is always, or even often, intentional. The lack of a governing policy framework commonly leaves directors second-guessing management, interfering in their role and, more often than not, failing to provide the leadership necessary for those who work in the organisation to be sure that their efforts will meet the board’s approval. Well-framed policies offer a coherent framework for both the board and management, with decisions and intent stated in advance so that certainty is provided when choice is faced. For example, the statement of strategic direction/intent (or Ends policy – perhaps the starting point for all further policy), developed and owned by the board with management assistance, provides clarity about who the organisation exists for and what must be achieved on their behalf. While there might be opportunities for management to delight and surprise by ‘going beyond’, what they ‘go beyond’, that is, the outcomes stated in the plan, is the basis for the delivery of the *right* or core outcomes.

Similarly, while the board expects its managers to use their initiative, experience and expertise in the design of operational methodology, the board makes clear via its delegation policies which methods or choices of actions are acceptable and which are not.

Over the period of more than 30 years of working with boards, I’ve seen boards that have policies but ignore them and boards that have no policies, instead working from meeting to meeting on the basis of ad hoc decision making. I’ve seen CEOs struggle to find a stable basis for delivering what the employing board wants because this hasn’t been clearly stated; and CEOs who simply go their merry way in the absence of any policy clarity. Each of these situations results in the potential for organisational failure, disappointment and frustration across all parties involved in the upper levels of organisational life.

***Merely having policies, however, doesn’t guarantee governance and management success. But the lack of policies increases the chance of failure.***

The Nine Steps model provides guidance to assist governing boards to design their policy framework based on generic, but thoroughly tested, content. Boards are invited to use the sample policies offered and to add, delete or amend as required, but in doing so to honour the principles underpinning the model and its approach to policy writing.

**Terry Kilmister**

Terry is the co-founder of BoardWorks International. He has provided governance advice and consulting services to a wide range of organisations in the commercial, public and non-profit sectors for over 30 years. During that time, he has specialised in the sports sector in both New Zealand and Australia. Terry has extensive direct governance experience, having served on a number of boards both as a chair and as a director.