Imperial Calcasieu Human Services Authority

Region V OBH Regional Office

3505 5th Avenue, Suite B

Lake Charles, Louisiana 70607

January 15, 2013, 5:30 – 7:30 PM

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1. CALL TO ORDER

Susan Dupont opened the meeting reporting that Doug Hebert is flooded in.

1. ROLL CALL
	1. Clarence “Chris” Stewart, appointed by Governor Jindal
	2. Mrs. Susan Dupont, appointed by Cameron Parish
	3. Mrs. Sandy Gay, appointed by Calcasieu Parish
	4. Mrs. Patti Farris, appointed by Beauregard Parish
	5. Mr. Shawn Sabelhaus, appointed by Governor Jindal
	6. Mr. David Palay, appointed by Governor Jindal

Absent

1. Mr. Doug Hebert, Jr., appointed by Allen Parish.
2. Ms. Christina Mehal, appointed by Jefferson Davis Parish

Executive Staff Present

1. Mrs. Tanya McGee, Executive Director

Laison

1. Mr. Russell Semon, OBH Liaison with DHH, via videoconference
2. APPROVAL OF MINUTES

David Palay moved to accept the minutes. Shawn Sabelhaus seconded the motion and the motion passed.

1. SUSAN BENOIT, FAMILIES HELPING FAMILIES (FHF)

Susan Benoit reported that she asked to speak to the Board about families who have family members with disabilities. She is very concerned about the budget cuts and how they will affect families served in our community. In the FHF organization, all of the workers have family members with disabilities so for them this work is not a job but a mission. She is concerned that when Region 5 becomes a district family support (FS) funds that help families keep their family members at home will be cut, which has happened in the areas that have become districts. She distributed a copy of a table that compared Individual and family Support (IFS) from March 2006 to August 2012 by Region/LGE reflecting reductions in 9 of the 10 regions.

Susan pointed out that all of the districts utilize state general fund dollars for their family support programs. When the entire state takes a cut, DHH has more dollars/programs to absorb the impact of the cut than a district does. The state has more pockets to pull funds from than the districts.

The allotment of funds for family support to the districts is determined by the state. In the coming fiscal year ImCal will not dictate how the funds are designated. That will be dictated by OCDD. The following year ImCal will have more control over FS funds to help individual families. Currently FS funds in the regions are managed through, La. Clinical Services (LCS). DHH entered into Law-Income and Needy Care Collaborative agreements with qualifying hospitals to ensure access to health care services for the poor and needy which is managed by LCS. Current districts do utilize LCS for some program funding, which is protected from budget cuts which occur throughout the fiscal year, but the current districts do not use LCS for FS funding, therefore is not protected from mid-year cuts. In addition regarding LCS, by putting state general fund dollars in LCS, the state is able to draw down a match in Medicaid funding.

David Palay reported that he had visited with a representative of FHF. Since the state is able to draw down a match in Medicaid funding through LCS, David made the point that this was an area that seemed to be where we could leverage our dollars with their efforts and he encouraged the Board and Tanya to explore the possibilities.

The point Susan wanted to drive home is that with a little bit of money families can do a lot. For many families IFS funding provides resources not covered under any other programs improving their ability to live on their own or take care of their child reducing the stress of living with a disability. She presented a letter from a client who was in Baton Rouge at the hospital with her daughter, a nine year old with a development disability. This client reported that she has private insurance and Medicare for her daughter and despite this the family has faced a real struggle in meeting her needs in the community. Individual and Family Support funds have been a real blessing to her family. These funds have assisted 300 individuals in recent years.

Families Helping Families and other agencies are working in many ways to protecting this funding. Families belong to Louisiana Citizens for Action Now (LaCAN), an agency working to restore funding for Individual and Family Support. Families are also talking to legislators to assure that they are aware of what would happen if the funds are cut. They do realize that tough decisions have to be made regarding funding.

Families Helping Families and the Office of Developmental Disabilities work together to assure that clients receive all services available to them. They also work with school systems again to assure that families know about the services available to them.

1. JUDGE WYATT, CRIMINAL JUSTICE PERSPECTIVE

Judge Wyatt reported that several years ago, Dick Tanous approached him with the issue of the disconnect between mental health treatment and the criminal justice system. There was a need for a Mental Health Court for people who suffer from mental health issues, who are not a danger to society, do not need to be in jail and who can possibly be re-directed. There was no funding to meet that need.

Judge Wyatt found funding from a class action suit. In those suits there is always monies left over that are returned to the court to use for specialized programs. His court received $300,000 from one such suit which was used to set up the needed Mental Health Court. These funds are now running out and will likely only fund the program until June if a new source of funding is not found.

The Mental Health Court tries to target the people described above. The staff meets with them, helps them get the services they need, monitors their medication, assists them in getting housing and in getting treatment. Judge Wyatt complimented the staff who know these resources and said at least three of the people they have worked with are now working. He hopes that the Mental Health Court has proven its value and he wants it to continue. He was almost assured that the Court would receive more funds before the end of the year but that did not happen.

David Palay reported that the value of the court is two-fold. The first is avoiding the tragedy that happens when these individuals are met on the street and the situation gets out of hand. The second value is that the alternative is so expensive. Dick Tanous reported that the annual cost in the Mental Court System is approximately $10,000 per defendant and the cost of putting someone in jail is about $35,000.

The judge is pursuing several options to get other resources. One option is the Sheriff although he hoped to have more of a track record before meeting with him. There may be monies from the Supreme Court, the Department of Public Health, Calcasieu Parish Police Jury and Juvenile Court. He reported that if he has to shut the court down and start over when funding becomes available the court may lose the people who now staff the court and their offices which have been furnished by Calcasieu Parish without charging rent.

Judge Wyatt reported that Mental Health Courts are novel but a lot of other states are recognizing the benefits. The only other full Mental Health Court in Louisiana is in St. Tammany Parish and it is funded through the coroner’s office. Judge Wyatt would love to facilitate something for the five parish area. Other courts such as in Beauregard could transfer cases to this court. Rehabilitating these individuals is a long process, it can take as long as two years – it can’t be done in a matter of months.

Other comments in this discussion

* Last summer Judge Wyatt met with Judge Gonzalez of the State Supreme Court at a judge’s conference. If more courts are established, the Supreme Court can approach the legislature for funding.
* Susan Dupont reported in Cameron, there was a TB case with schizophrenia and we had to do a Physicians Emergency Commitment to get him on is psych meds so that he could be treated for TB. Susan and the Disease Intervention Specialist took turns going to his house twice a day seven days a week to give him his psych meds the whole time he was treated for active TB. Once they finished treating him for TB and stopped giving him his psych meds, he was back where he started. For people with TB there are laws to protect the public from those who do not comply with treatment. This is an example of the need to monitor those needing medication to be able in order to function.
* Dick Tanous noted that the individuals who are successful are those whose parents are truly involved. They lose those whose parents do not support the system. The court has a 60% success rate as compared to the national average of 40 to 44% success rate.
* The comment was made that there is a need for caution in approaching other sources of funding recognizing that there are other issues that other courts need.
1. Tanya McGee reported that ImCal HSA will not have access to their budget until July 2013. It is part of our responsibility and the job of the board to get information to determine priorities down the road. If this is identified by the board as a goal, then she will work with Judge Wyatt and Dick Tanous to help assure these services are continued. Currently, we do not provide funding to the MH court but we provide staff to assist with these cases and participate in weekly court - Jenny Mills of Region 5 OBH and James Lewis with OCDD.
2. BOARD MEMBER REPORT ON GATHERING DATA FOR STRATEGIC PLANNING

David Palay, Chair of the Strategic Planning Committee led a discussion to determine when the data from stakeholders is needed and the ends statements need to be completed. The following points were made.

* The fiscal year begins in July, 2013.
* The Board needs to request an assessment of Phase II in May so that the assessment can be conducted before July.
* Rusty stated that the budget and staff are slated to be placed under the board’s cost unit in July. Completion of Phase II, while very important to the boards readiness, will not delay this funding or staff changes.
* Rusty Semon also reminded the Board that he had sent workplans for both the ED and the Board to help them identify the activities required during Phase II and would send the document again.
* In response to comments made regarding the budget and ED reporting, Rusty Semon recommended that the Board review the policy manual to determine what policies state the expectations for reporting. If the policy statements are not clear the Board can modify the policy so that the direction being given for reporting are in line with the policy adopted by the Board. It is very important that the work of the Board be consistent with the policies adopted, modified, or amended in the Governing Policy Manual. The governing process requires review of these policies (Executive Limitations) annually through the agenda calendar or as issues arise that need to be addressed.
* Rusty Semon reminded the Board that he had sent a worksheet to prepare for the assessment and would send the document again.
* The funds for FY 2013-14 will be used for the operational goals already set forth by Baton Rouge.
* The board should focus working on ends statements for the following FY 2014-15.
* The end statements will be used by the Executive Director to set strategic goals. She will not need more than 30 days to complete that task.
* The public forum for stakeholders will be March 5, 2013 which will be one of the last for the development of ends statements.
* David would like for each Board member to send all information gathered to the entire board by March 13th, so that the so that the Committee can prepare a draft to be presented to the Board at the March 19 meeting.
* The Board can then make any adjustments needed and the Committee will then incorporate the changes and develop the final draft.
* Gathering data from stakeholders will be an ongoing task of the Board and having stakeholders come to a Board meeting is another way of gathering data than going out to stakeholder meetings.
1. EXECUTIVE DIRECTOR REPORT

Tanya McGee reported that she has been given the authority to hire a Chief Financial Officer and a Chief Operating Officer. She has made the public announcement and has received a handful of calls and resumes. She will begin the interview process January 31st. There is still a need for an Executive Administrative Assistant and a Human Resources Director.

Tanya has also submitted a contract for the utilization of a practice management consultant. With the implementation of managed care, the BH clinics will be required to move toward and operate like a business, and a need to get in the mindset of generating funds. She takes every opportunity to meet with other district executive management teams and will be contracting with Stewart Clark out of New Orleans who is a business operations consultant.

Regarding Magellan, Tanya reported that the transition brings challenges every day. Some of the issues are the new codes, billing for services and contracting with insurance companies.

Regarding budget cuts at the state level, Tanya reported that she had given the board the information in December and to let her know if we have questions. David Palay asked Tanya when the Board might have a better idea of what services actually cost and what we can recover for services. The financial reports generated by the electronic health record, mandated by Magellan are not user friendly reports. Tanya reported that the kind of report David is referring to will be easier when an account receivables system is set up – the old system was not set up for actual cost per patient.

1. POLICY TOPICS SCHEDULED FOR JANUARY
	1. “Prioritized Strategic Initiatives for coming year” - this is not actually a policy item but has been set as the time of year to look at strategic initiatives and the Board is presently working on that.
	2. “Financial Planning/Budgeting” which reads “*Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board’s Ends priorities, risk fiscal jeopardy, or fail to be derived from a multiyear plan.*”
		* This year Tanya has no control over the budget, but this is the time of the year that the legislature deals with the budget.
		* There was a discussion of the budget for the $300,000 transitional funds given by the state to the district. These funds are to be used for the cost governance of the district and any other transitional costs. That would include salaries (Tanya and the staff she hires which are civil service positions), travel costs for staff and Board and training for staff and Board.
		* As the district moves through this transition period, David Palay asked that Tanya report on the $300,000 transition funds to start educating the Board on how the Board will deal with budgets next year when there will be some control over the budget.
		* Rusty Semon recommended that the Board review the policy manual to determine what is the responsibility of the board and what is the responsibility of the Executive Director regarding budgets. If the policy statements do not reflect what the Board wants to do, it will be necessary to change the policy manual. It is very important that all work of the district hold to the directives of the policy manual. That is the reason that the policy manual needs to be reviewed on an ongoing basis.
		* Rusty Semon also recommended that the assessment of the Executive Director needs to be documented. He agreed to send a form to the Board to assist in these monthly assessments. A copy of that document is attached to the minutes.
		* David Palay moved that no changes be made to the policy statement at this time. Chris Stewart seconded the motion which passed unanimously.
2. OTHER BUSINESS

Sandy Gay reported that she had received another letter from the Office of the Commissioner, Division of Administration, State of Louisiana. The letter concerns what the Board has to do to follow the statutes on transparency. Several things have to be posted on line – general information about the board, board contacts who are Doug and myself, reimburSemonts, names of staff and their salaries, all minutes and notices of meetings, budgets, etc. This board is in compliance with all requirements. Sandy distributed a copy of the letter and handouts to all members of the Board.

Patty Farris reported that she and Tanya gave a report to Beauregard Parish Policy Jury. Patty’s appointment was also renewed.

Mr. James Lewis reported that the annual Mardi Gras Dance sponsored by OCDD was scheduled for the following Thursday at the Civic Center from 6 to 8:30. All are invited. It is free to the public.

1. NEW BUSINESS

David Palay asked that the topic of conflict of interest be placed on the agenda for the next meeting to assure that all board members are on the same page.

NEXT MEETING – February 19, 2013 – Proposed Agenda

* Call to Order
* Roll Call
* Approval of Minutes
* Conflict of Interest
* Board Member Report on Gathering Data for Strategic Planning
* Executive Director Report
* One policy topic scheduled for February “solicit comments on ED performance.”
* Other Business
* New Business
* March Meeting
* Adjournment
1. ADJOURNMENT

Chris Stewart moved that the meeting be adjourned. David Palay seconded the motion and the motion passed unanimously.



**ADDENDUM TO MINUTES**

**LGE Board - Readiness Assessment - PHASE II**

\*Continue progress made during Phase I and complete assessment areas for improvement.

During this phase, the board defines in writing the results, changes, or benefits that should come about for specified, recipients, beneficiaries, or the expected target population. That is, what are the expected outcomes that are intended by this organization as a result of developing and operating as an LGE. ENDS

The Board and ED also develop a written understanding of their relationship in a manner that allows maximum flexibility and degree of autonomy necessary for the ED to respond to the local needs of the target population, while setting clear boundaries or limits on that authority, beyond which the ED will be required to notify the Board and seek support / approval for the decision.

The Board and ED will also identify in a general sense, costs expected to be incurred as part of the process of establishing and operating the LGE. The goal here is to begin the formulation of a strategic planning process that looks both at the objectives for short term development of the operational structure of the LGE and the long-term expectations for the immediate future reflected for the next 3 years and next 5 years. It is important here to chart the future course of the evolution of the LGE so that the entity has the best chance of achieving organizational success.

1. There is evidence that the Board and ED have included stakeholders, including service recipients, in the process of developing a system of care model and strategic plan for the proposed LGE.

**EXECUTIVE BOUNDARY OF AUTHORITY POLICY:** These policies relate to the responsibilities of the board as an over-sight body that sets broad limits on the executive

There is evidence that Policies have been established which address the need for the LGE to operate in a manner that meets the Framework and Accountability Plan standards and establishes clear limits of authority for the ED in the areas of:

Financial Controls

Clinical Protocols

Human Resources

Legal Resources

Purchasing

Contracting

Outcome Measures

**LGE Board Work Plan (Phase II)**

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| **Objective 1 :**  Maintain progress made during Phase I – bylaws, governance policy manual, board development. |
| **Aligns with:** Policy Governance principles, Governance Policies (Manual), Phase I & II expectations for Board development. |
| **Strategy** | **Action** | **Date** |
| 1.Review bylaws to determine need for amendments assuring competent self governance. (Board Self-monitoring process) |  |  |
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| 2. Review and modify as necessary Governance policies to ensure clarity in Executive Limitations, Governance Process, and Board – Executive communications. (Maintain adherence to agenda calendar) |  |  |
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| 3. Review, implement, modify, finalize Board recruitment, orientation, succession planning process. |  |  |
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| 4. Assure documentation of all Board decisions, actions. |  |  |
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| 5. Develop training calendar, needs assessment, resources, for ongoing Board development. (eg., Roberts Rules, Policy Governance, Policy Development, Open Meetings law, etc.) |  |  |
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| 6. Implement Board Self-Monitoring Process. |  |  |
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| **Objective 2 :**  Clarify Board Expectations and specific Job duties, evaluation of performance for the ED. |
| **Aligns with:** Policy Governance principles, Governance Policies (Manual), Phase II expectations for Board activities, development. |
| **Strategy** | **Action** | **Date** |
| 1.(a.)Communicate expectations for and monitor provision of monthly reporting re: Governance Policies (Executive Limitations) and (b.)provide input, feedback for improvement of resources made available by the ED for review / monitoring. |  |  |
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| 2. Clarify expectations regarding Executive Limits: Communication with and Support to the Board as outlined in the Policy Governance Manual. |  |  |
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| 3. Clarify expectations regarding Governance Process: Chairperson’s Role as it relates to the authority of the Chair with respect to Board – ED Linkage. |  |  |
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| 4. Complete Orientation checklist items. (See Attached) |  |  |
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| **Objective 3 :**  Assure ED Accountability and Monitoring |
| **Aligns with:** Phase II expectations for Executive limitations, monitoring policy, process. |
| **Strategy** | **Action** | **Date** |
| 1. Assure current job description is consistent with Executive limitations and linked to monitoring process.  |  |  |
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| 2. Implement agenda calendar and reporting process for ED, monitoring data provided, timeliness of reports, applicability to ENDs achievement, external/internal reports, ED interpretation of policy, etc. |  |  |
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| **Objective 4 :**  Finalize development of Owner (stakeholder) involvement plan. |
| **Aligns with:** Phase I continuation of discussion and initial stakeholder involvement plan. Phase II expectations for development of strategic plan and policy development. |
| **Strategy** | **Action** | **Date** |
| 1. Develop list of owners, contact information, meeting dates, potential communications process. |  |  |
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| 2. Develop process for soliciting, receiving, archiving, and utilizing input from owners in policy development, strategic planning, review and monitoring of ENDs performance. |  |  |
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| 3. Develop, review ENDs in relation to owners input, feedback and document linkage. |  |  |
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| 4. Develop system for tracking input from owners. |  |  |
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| **Objective 5 :** Participate in additional training, orientation, regarding “defining” the District. Understanding the big picture; current Vision, Mission, staff, services, facilities, persons served, budget, funding streams (OBH and OCDD) and new business model or paradigm required under LBHP. |
| **Aligns with:** Phase I continuation of Board service system education and Phase II requirement for strategic planning and development of the ENDs for the District.  |
| **Strategy** | **Action** | **Date** |
| 1. Solicit input from DHH program office staff and others to orient, continue training regarding service system components (contracts, basic programs/services, service populations, changes in operations given LBHP and current / immediate operational tasks, plans for business model). |  |  |
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| 1. Work with ED to solicit Owners / Stakeholders participation in the development of the strategic plan and identification of the ENDS for the District. |  |  |
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| 2. Review the Human Services Accountability and Implementation plan from the perspective of developing ENDs (not operational activities or decisions).  |  |  |
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| 3. Review the DHH Office business plans, transformational goals, run rate activities, reporting standards and requirements from the perspective of developing ENDs (not operational activities or decisions). |  |  |
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| **Objective 6 :** Participate in the development of the Districts Strategic plan (Primary focus on the ENDs to be developed by the Board) tied to the current operational plan and budget development process. |
| **Aligns with:** Phase II requirement – strategic planning process, ENDs. |
| **Strategy** | **Action** | **Date** |
| Orient self to “Strategic planning with Policy Governance” (Attached) and participate in the strategic planning process. |  |  |
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| Assure participation of owners in the process and documentation of same.  |  |  |
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**LGE Draft Orientation Checklist**

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| **Board Orientation Resource: Board Members** | **Priority** |
|  | Act 373 |  |
|  | Open Meeting Laws  |  |
|  | Policy Governance Model (concept, philosophy) |  |
|  | LGE Mission and Vision |  |
|  | LGE Board By-laws |  |
|  | LGE Board Governance Policies |  |
|  | LGE Board Calendar & Revisions |  |
|  | Board Member Roles & Responsibilities |  |
|  | Board/ED Communication Guidelines, including Report Content and Format |  |
|  | ED Job Description |  |
|  | Review MEANS approved; Modify to ENDS via strategic planning process (ED Role) |  |
|  | ED Evaluation Policy, Procedure, Forms |  |
|  | Review of Previous Board Minutes |  |
|  | Outreach & Relationship Building - OWNERS |  |
|  | Board Binder Contents |  |

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| **OBH & OCDD Program Operations Resource: OBH/DD Staff** | **Priority** |
|  | Mission/Vision |  |
|  | Description of Program Services (Service Model consistent w/LBHP Service Definition Manual) |  |
|  | Description of Contracted Services |  |
|  | Organizational Charts/ Staff Introductions |  |
|  | Human Resources/Civil Service Guidelines |  |
|  | Budget Calendar and Process |  |
|  | Funding Sources and Budget Monitoring |  |
|  | Revised Business Model |  |
|  | Fiscal Model – Revenue / Expenditure Estimates (Funding for this year/next year) |  |
|  | Billing – Clinical Advisor (SGF, Medicaid, Other) |  |
|  | Contract Policy and Monitoring |  |
|  | Credentialing, Contracting with SMO (Magellan) |  |
|  | Accreditation (CARF) |  |
|  | Inventory of Properties to be assigned to the District |  |

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| **DHH Administration Resource: DHH Liaison** | **Priority** |
|  | LGE Development Process |  |
|  | Readiness Assessment Phase II & III Requirements* Include stakeholders in developing system of care model/strategic plan (ENDS) (ED Role)
* Executive boundary of authority policies
* Operational Policy Review
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|  | Implications to the District of Managed Care* Expectations regarding self-generated funds
* Current capacity to generate funds
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|  | HSIC Committee |  |
|  | Accountability and Implementation Plan |  |
|  | Operating Agreement/Contract |  |

**Strategic Planning with Policy Governance**

**Strategic Planning with Policy Governance®: The Board's Role**

***by Eric Craymer***

**Introduction**

When an organization begins to practice Policy Governance® it has to learn new ways fulfilling its role. The principles, structure, and processes combine to make Policy Governance a complete and integrated system with a much higher impact on organizational mission. Because of this the nature or extent of the board's involvement in certain activities changes. One of the areas in which this is true is that of strategic planning.

In Policy Governance® the board delegates all operational decisions to the CEO. There are several good reasons for this practice:

1. It provides the CEO with a full range of creativity and room to move to meet unforeseen and changing opportunities and challenges.
2. It more fully utilizes the resources of management's talents and skills by leaving them more latitude.
3. It clearly places the full authority, and accountability, for operational performance upon the CEO.

Since the majority of strategic planning involves operational decisions, the board should set the framework to guide those decisions, but remain outside of the process itself. It controls the process by setting the broadest directions in terms of what is to be accomplished and defining any methods or conditions which are not allowed. The board should be concerned with what the organization is to accomplish, not how it will do so.

Traditional governance often places the board in the position of leading the strategic planning. Not only do they define the larger direction and priorities, they usually extend their direction into operational strategies and tactics. As soon as the board crosses over into operational decisions, the three benefits above are lessened and/or removed.

**What is Strategic Planning?**

Strategic planning is essentially the process of proactively addressing where the organization is going and how it intends to get there. Its purpose is to increase the likelihood that the organization will accomplish its purpose and make effective use of its resources. There is a sequential process which typically includes creating a vision for where the organization should be in the future, analyzing internal and external conditions, determining where we are at today, and then developing operational plans for closing the gap over time. The intended outcome is to make the dream a reality and the process of planning forces the organization to realistically figure out how it can do so. There are really two parts of the process then.

**Creating the Vision**

The first step is to create a vision of what the organization should accomplish and how the future will be different as a result. Before one can set out in a direction, they need to understand where they wish to wind up. In strategic planning this definition of destination may be called by several names including the vision or the organizational purpose. It sums up what it is the organization exists to accomplish in the world.

In Policy Governance®, this definition is called the Ends. It specifically addresses the questions of what good the organization is to create in the world, whom the intended receiver of this good is, and the comparable value of achieving that good for those people (is it worth it?)

**Creating the Strategic Plan**

The second step in the process is creating the strategic plan. The strategic plan defines, in operational terms, how the organization will achieve the vision defined in the first step. This vision is held against the current reality of where we sit today. External dynamics, such as competition and trends, and internal capabilities, often in terms of skills and abilities or strengths and weaknesses, are considered in order to understand the influences on which particular strategies will most likely get us from where we are today to where we want to be in the future. Operational objectives, goals, strategies, tactics, programs, and activities are set to actually achieve that change in the future. In other words, all of the strategic planning activities are about operations and are dependent upon, and directed by, the vision.

Until the vision is defined there is no way to judge the soundness or probability of success of any of the strategies. The vision is superior to the operational planning and must come first. It then guides all of the further planning activities. In practice, the planning activities lay out the use of assets and operations to be utilized in achieving the vision.

**What is the Appropriate Role for the Board?**

In Policy Governance the board is more than a mere mechanism for management oversight. It fills an important leadership role in representing the interests of the owners. It does this by developing policy in each of the four areas. If the board is leading, and the vision comes first, it is critical that the job of defining that vision should start with the board. They may choose to involve others in the process, but at the completion of the day, it is their duty as a fiduciary to set that definition.

Once the future vision of how the organization will impact the world is defined, the CEO typically takes over and builds the plans to make that dream a reality. If the board steps into operational planning, no matter how good the intention, the CEO will never know when the board means what it says and when it does not. This usually results in second guessing board decisions and/or in bringing everything to the board for approval to make sure they have permission. This limits both effectiveness and efficiency and weakens the ability to achieve the organizational purpose.

Simply put, the most important thing that the board can provide to strategic planning is to define organizational purpose as described by what good, for whom, at what comparable value. After that, it should address its operational concerns in Executive Limitations and then let the CEO take charge of the planning process.
 **Why Board Should Stop There?**

There are a number of principles underlying Policy Governance that tend to keep the board just outside of the planning itself. Any movement away from the principles weakens the governance system's ability to be self-balancing and correcting. Ignoring the principles opens the door to all of the weaknesses and shortcomings in governance that this system of governance is designed to prevent.

**Clean and Clear Delegation**

One of the principles that Policy Governance® is built upon is that delegation should be clean and clear. Without precise delegation roles become confused, responsibility is lost, and accountability is undermined. The board delegates authority for operational activities and accountability for organizational performance to the CEO. If it gives them control over operations but then dictates the methods of those operations through an official strategic plan, it has not really given them authority.

**Clean and Clear Accountability**

If the CEO does not have complete control over the operational methods then they can not truly be accountable for their results. If there is failure to achieve the desired outcomes is it the fault of the plan or the execution? The board guided the plan but the CEO was charged with its implementation. Who is to blame and what needs to be done to fix it? Without a clear and complete passing of authority how can we tell? With complete delegation of operational decisions, it is clear to whom we turn for improvement.

**Clean and Clear Definition of Roles**

In Policy Governance® the roles of the board and the CEO are clearly delineated. Each side has a separate, important, and unique role to play in fulfilling the promise of the organization. If the differentiation of roles is situational, that is the board may cross over to do the CEO's work when it chooses or when it thinks it is important, these roles are clouded. Unclear role definition is often the cause of friction, stepping on each other's toes, and uncertainty about the authority to act.

**Clean and Clear Control Through Executive Limitations**

But should the board as a leader not have something to say about operational methods? Of course, and it does so in the Executive Limitations. These limitations are placed by stating what is not acceptable rather than what is permissible. There are at least two reasons for this.

1. First, it is very difficult to predict what the future may bring and, especially in today's chaotic world, the organization needs to be flexible and fast to react. By stating what it unacceptable in methods prior to the need for a decision, the board grants prior permission to all other possible methods. This provides unbelievable flexibility to the CEO while still addressing any concerns the board may have.
2. Second, it is typically the case that the CEO became the CEO because of some combination of superior ability, skill, experience, and training in their field. In order to take maximum advantage of that talent, they need to have a clear field on which to play. If they are going to be managed by the board, then it is likely that their special gifts will not be delivered fully to the organization. If the board is more qualified to be the CEO, then there is little reason to have one.

If the board begins to tell the CEO what to do, delegation, accountability, flexibility, humane use of expertise, and ability to accomplish mission all suffer.

**How Can the Board Help in Strategic Plans?**

The board is not excluded from participating in strategic planning under Policy Governance®, but to protect the integrity of the system and the benefits that the integrity bring, it does so in a very different way than most boards are used to.

**Define the Vision**

The board leads the process by defining the “where we want to be” piece. This is the starting point and all further strategic planning should be aligned with achieving those outcomes. This is the most important part of the plan; it is what the plan is all about. As owner representatives this particular part of the process should be held solely by the board.

**Protect the Strength of the System**

In order to protect the system and the good things that can come by using it, the board should delegate all operational choices, except those that are off limits, to the CEO. If it does not, delegation is unclear, and responsibility for accomplishment is diminished. The most powerful way to protect the organization is through the system and the most powerful way to make the system work is for the board to only speak of operational methods and conditions in terms of what is unacceptable.

**Increasing Control**

If the board feels that it needs to have more input to the strategic process it should do so by increasing its policy, not its participation in the process. Remember that the CEO is obligated to make their further decisions based on the framework of values and perspectives developed by the board. They are charged with producing “any reasonable interpretation” of what the board has said. If the board wants more control, they should develop more policy, which decreases the range of choices available to the CEO. This would be accomplished by more fully defining, at deeper levels, the Ends and the Executive Limitations.

**Sharing history, knowledge, and ability but only as Staff Volunteers**

The board can serve as a great resource to the planning process. Often it holds a deep understanding of the organization, its history, and its customers. In Policy Governance decisions in this area have been delegated to the CEO. This prevents the board from directing or dictating strategic choices and plans but it does not prevent them from sharing their knowledge. The key is to recognize that when they do so, they are doing so as volunteer staff that is there to help, not as leaders who are there to direct. They may participate as much as the CEO wishes them to, so long as the actual decisions about strategies and the actual plan are left to the CEO.

**Summary**

In Policy Governance® the board does participate but at a very different level. The strategic planning process flow ideally looks similar to this:

1. Organizational Leadership (usually the board) defines what future the organization exists to create (a vision of how things will be different, who will be effected, and at what value) in its Ends Policy.
2. The CEO takes the Ends Policy, interprets its meaning in operational terms, and builds a set of operational objectives and strategies that their expertise tells them are most likely to achieve the vision within the operational parameters set by the Organizational Leadership in the Executive Limitations.
3. These strategies and objectives are shared with management and staff, from which decisions get made about structure, processes, and organizational activities (programs, services, support, etc.)

This puts the Board clearly in control, but only at the broadest level. The CEO can then utilize their talents to do the best possible job in making it happen. All of which must be accomplished within the parameters set by the Board.

In this way, the ability of the organization to actually make the difference that it intends to is maximized. This is the promise of Policy Governance®. Maintaining the principles of the governance system by protecting the respective roles of Organizational and Operational Leadership in strategic planning is one of the investments made in order to realize that promise.

SECOND ADDENDUM TO THE MINUTES

**Appendix D**

**Policy Governance Executive Limitations Evaluation Form**

Evaluator:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Policy Being Monitored: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| --- | --- | --- |
| 1. Was the report submitted when due ? | □ Yes | □ No |
| 2. Did the report lay out the Executive Director’s interpretation or an  operational definition of the Policy ? | □ Yes | □ No |
| 3. Is the interpretation justified or is proof provided to explain why the interpretation is reasonable ? | □ Yes | □ No |
| 4. Was I convinced that the interpretation is justified and reasonable ? | □ Yes | □ No |
| 5. Did the interpretation address all aspects of the policy ? | □ Yes | □ No |
| 6. Does the data show compliance with the Executive Director’s interpretation of  the policy ? | □ Yes | □ No |

Comments regarding further policy development:

1. Is there any area regarding this policy that concerns you, that is not clearly addressed in existing

 policy ? What is the value that drives your concern ?

2. What policy language would you like to see incorporated to address your concern ?