Policy Governance

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In 2000, Alpha Sigma Phi began to move to our current governance structure, Policy Governance, with full adoption in 2002. Prior to the move to Policy Governance, Alpha Sigma Phi was an organization lacking strategic direction and focus, and instead, gravitated to the "flavor of the day" or the passion of the loudest or strongest board member. The adoption of the Policy Governance model has allowed Alpha Sigma Phi to recruit and retain high caliber staff members, including nine current staff members with professional experience working on a college campus in student affairs.

Because of our ability to recruit and retain a talented staff, and a clear strategic vision and direction provided by the Board of Directors, Alpha Sigma Phi has turned budget deficits into surpluses, expanded our leadership and educational programming, doubled our number of chapters and colonies, tripled our number of undergraduate members, and increased by eight times the number of alumni who volunteer for the Fraternity. It is highly doubtful this progress would have been made possible without the move to Policy Governance.

What are some highlights/benefits of Policy Governance?

- Policy Governance establishes a very clear reporting structure. The Board of Directors has one employee – the Chief Executive Officer. The CEO is the only employee the Board evaluates and reviews performance. The CEO is free to hire, train, and evaluate the other employees. The other employees do not report directly or indirectly to the Board. With this clear reporting line, the buck really does stop with the CEO. The other organization employees do not have to worry about organization politics or having too many bosses as the Board does not provide direction to them. This also helps to avoid conflicting priorities.
- Policy Governance documents specific roles to avoid confusion or the blame game. The CEO is responsible for everything unless the Board specifically states that it is responsible for something. As long as something is legal and ethical, unless the Board specifically tells the CEO they cannot do it, it is fair game. These limitations are written in the Board Policy Manual. An example could be that the Board would establish a limitation that the CEO is not allowed to spend more money than is generated in revenue. With this limitation, it does not tell the CEO how they are to prepare a budget, what line items should get what amount of money, or even how much of a surplus is required. It just states the CEO must spend less than is received. How the CEO manages that is completely up to the CEO. By having clear limitations, everyone knows who is responsible for what so at the end of the year accountability is very easy.

- The Board establishes the strategic direction for the organization through what are called End Statements. End Statements are aspirational. An example of an End Statement would be this: *Expand chapters and colonies, increase resources, and augment the number of alumni who are engaged with local chapters.* With this End Statement, the Board is stating where they want to see the organization go, but they are not telling the CEO how to achieve the End. The CEO is fee to use whatever tactics they elect to use, provided they are legal, ethical, and the Board has not specifically prevented the tactic from being used (see limitation). End Statements are typically developed in conjunction with an overall Strategic Plan.
- With every End Statement and Limitation, the CEO provides a written interpretation of the policy. The Board needs to accept that interpretation as being reasonable. Through the interpretation process, the Board has established the goals and limitations, and the CEO has made it clear how they interpret the goals and limitations. This helps to avoid confusion and misunderstanding during the evaluation process.
- The Board establishes a monitoring schedule (monthly, quarterly, annually, etc.) in which the CEO reports progress on End Statements and exceptions to the board-established limitations to the Board. The reporting structure allows the Board to measure the progress of the CEO towards the items the Board has determined are important.
- The CEO Performance Review avoids surprises. The performance plan for the CEO should be aligned with the End Statements. The CEO is regularly providing monitoring reports to the Board as to the progress being made towards achieving the Ends. If there is no End Statement, the CEO should not be measured against it.
- A key component of Policy Governance is peer evaluation of the Board. The Board should review their effectiveness and the effectiveness of individual Board members.
- The Board members should do what is called “Linkage.” With “Linkage,” the Board members should seek out opportunities to connect and interact with the “owners” of the organization. In the case of Alpha Sigma Phi, the owners would be the members (undergraduate and alumni). Board members should attend chapter meetings, alumni association gatherings, etc. to ask questions and listen to the ownership. Linkage opportunities are important to determine future End Statements or modify existing End Statements.

In short, Policy Governance allows the Board to establish the high-level strategic direction for the organization while the professional staff determines the tactics and means to achieve the goals. It is very clear what can and cannot be done. The reporting structure is crisp and avoids confusion and competing interests. Most importantly, when done correctly, the organization is focused around the Board priorities and an environment is established to maximize the likelihood of success.