

Policy Governance in the Church – *The Short Answer to 8 Common Questions*

As more growing churches explore the next step in their board's governance process, many have sought to implement a process used in nonprofit organizations for many years. Developed by John Carver, it is called Policy Governance. I have had personal experience implementing this process at a large church I attended for many years. I was involved first as a consultant, then as a board member for three terms. Since then, I have coached a number of other churches as they establish a version of Policy Governance that would work in their unique situation and stage of growth. The following are short answers to eight of the most common questions I've received when contacted by a church.

1. Is policy governance really that different from how our board functions today?

That all depends on how your church's leadership is currently structured. Smaller churches frequently have very hands-on board members, who may even be responsible for certain ministries or operations of the church. Others have elders serving regularly as teachers or preachers, or with shepherding responsibilities. Still other churches utilize a Board of Directors or Trustees to manage the church's operations. Depending where you are in your church's history and development determines how "different" policy governance will be for you. A couple of the biggest changes usually include maintaining clear written policies of how the board will operate, and where the church is going. You will also establish crystal clear roles and responsibilities (which often get blurred in growing churches), plus a very distinct chain of command:

- As Christ's church, the board is ultimately responsible for representing the "owner", or Christ's mission for this specific church.
- The board's one employee is the Sr Pastor, who is the only person accountable to the board for moving the church toward its goals, and assuring the church is operated effectively.
- Management reports to the Sr Pastor, and staff reports to Management.

2. Is it the right board structure for all churches?

Some policy governance literature says the process can be used in all sizes of organizations. From my personal experience, it seems much more applicable for churches who have grown to the size of having full time management and staff to run daily operations. The board is then able to dedicate themselves fully to governance, and are no longer counted on for managing specific areas of the church. Also, not all church cultures, their by-laws, and current leaders may be aligned to this often dramatic change in how they are currently structured. It is also not a *magic bullet* that will solve all organizational challenges a church may be facing. Complete dedication to making it work by the leaders, especially the board Chairman and Sr Pastor who must "own" the process, is necessary to successfully transition to a policy governance model.

3. We have one board of Elders, not a Board of Directors like the nonprofit boards described in policy governance literature. Would it still work for the one Elder Board?

It's true that policy governance was originally developed for nonprofit organizations. Yet, the governing boards of churches are often made up of elders, a group of spiritual leaders having responsibility for more than just governance. Some churches have multiple boards, like a Board of Trustees, or Board of Directors along with an Elder Board. Yet, it is highly recommended when transitioning to policy governance to only have one governing board in the church. This increases efficiency of decision making and reduces confusion of who is really in control. The primary link to be managed is the relationship between the Board and Sr Pastor.

4. Our Sr Pastor is a teacher and shepherd – can the model work when he is not a “CEO”?

This is obviously one of the biggest challenges when implementing policy governance within a church. By design, the Sr Pastor is ultimately responsible to the board for the church's operations, staff, and achieving the church's mission. But is your primary teacher and shepherd also skilled as an Executive Director or CEO? Not always. So how can the Sr Pastor be ultimately responsible to the board for all operations, while still maintaining his spiritual leadership role? There are usually two options for addressing this, depending on your Sr Pastor. Some Pastors are just as strong in leadership, administration, and team-building skills, as they are in teaching and pastoring. Others are not. If your Sr Pastor is equipped to perform well in both capacities, that's a good start. Yet, since those skill sets are often on different ends of the spectrum, it is common to have an Executive Pastor, Director of Operations, or similar position that reports to the Sr Pastor. Much of the operations-type responsibilities are given to that person, who *is* equipped for that role. The Sr Pastor is still ultimately responsible to the board, but most of the operations work is done within this additional role. There is also no harm in bringing the Exec or Director to the board meeting for presenting reports or offering insights that could lose their effectiveness when presented through the Sr Pastor.

5. Can staff members serve on the governing board?

In policy governance, the board becomes an “overseer” of the church, rather than managers. There becomes an obvious conflict of interest to have staff members serve as their own overseers. The one exception to this is the Sr Pastor. Most often, the Sr Pastor is a full voting member of the board. He is the board's only employee, but is also the primary spiritual leader, and each board member's pastor. An interesting dynamic! The Sr Pastor gets one vote, like everyone else. For topics concerning the Sr Pastor personally, such as compensation or performance reviews, they are excused from that discussion. (Note: Though the Policy Governance process discourages staff members from serving on the board, and I would agree given the conflict of interest, there are some churches that do continue to have the Executive Pastor or other staff members on the board.)

6. What about our various “committees”- how do they fit in?

Numerous committees start to cloud the clarity of responsibility outlined in the policy governance process. Many churches traditionally have standing committees for various functions. If *management* feels the need for such committees (and they are often a great resource for

management), they should report to management, not the board. Utilizing experts in areas like finance, human resources, and facilities is a great blessing to management, and gives these volunteer professionals an opportunity to serve in the church. Simply remember – they serve and report to the management, not the board. One common exception is an Audit Committee that may report to the board. This team of accounting/audit professionals would assist the board in knowing that staff is following the appropriate policies and practices that have been outlined. If the board has a specific need, temporary committees are sometimes formed for a single purpose, to be disbanded immediately after completion of that one assignment by the board.

7. Aren't "Ends" policies just another name for our Goals?

Well yes – and no. The term "Ends" was given to the desired outcomes of the organization by John Carver in his original Policy Governance process. His reason was to show that Ends policies should be something more than simply the statement of a goal. First, they should always be focused on the good you are pursuing *outside* of the organization. They are not management goals as used in daily operations or annual planning. WHAT are those desired outcomes to be achieved over the next few years, and WHO will these outcomes benefit? The Ends statement should also include the COST or level of PRIORITY that outcome should have. These three together, the desired outcome, for whom, at what cost/priority constitutes appropriate Ends policies.

8. How does the Sr Pastor report regular progress on all of these policies?

The two primary policy categories where performance needs to be reported on a regular basis are Ends Policies and Limitation Policies. Limitations Policies are written in a manner that tells the Sr Pastor what he can NOT do while moving the church along its mission. Though this sounds negative, it is actually quite empowering for the Sr Pastor. The board *wants* the Sr Pastor and staff to use their gifts and creativity in the church's ministry and operations. They should feel free to do so – except – they cannot do it in a manner not pleasing to God, illegally, without being financially responsible, or using good employee relations, etc. Regular or often annual reports for each of these Limitation Policies are prepared by management or the Sr Pastor to show they are "in compliance", or not violating these policies as they do their work. Which brings us to the Ends Policies. As Carver would say, *the work of ends never ends*. The board should continually be discerning where the Lord would have your local church focus (#7 above). But reporting to the board on the church's progress of things like spiritual growth or actual conversion is daunting. (This will be a topic discussed in more depth elsewhere) But it is important for the Sr Pastor and ministry leaders to provide annual plans to the board and updates on their progress. These plans and updates should include how their activities (their "means") are actually making an impact on the various Ends Policies. It is then up to the board to determine if management is making "acceptable progress" toward their stated Ends.

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