About BOARD POLICIES

In this article, PDQ and XYZ refer to the companies on whose Board of Directors you will be serving. PDQ is a corporation. XYZ is a cooperative.


- Written
- General
- Guide
- Consistent
- Recurring

WHAT ARE THE STEPS IN BOARD POLICY?

Step I. **FORMULATE:** This is "thinking it up." Ideas may come from the manager; from individual board members; from others.

Step II. **ADOPT:** This is the job of the board itself, after considering the various recommendations. This says **WHAT THE POLICY IS.**

Step III. **IMPLEMENT:** This is the job of the manager. This is "carrying out" the policy of the board. This likely will involve developing "procedures" to be followed; issuing instructions; making sure that the individuals concerned understand, accept and observe.

Step IV. **AUDIT:** This is the job of the board. In management terms, it is a "control" to insure that the manager is actually carrying out the policy set by the board. Various reports from the manager might be appropriate here, frequently, and not just at the end of the business year.

Step V. **REVIEW & EVALUATE:** This is the job of the manager and the board. This is making judgment as to the effect of the policy. "How is it working out?" is a type of question asked, and must be answered with reference to "How Well Did We Plan For It To Work Out?" There needs to be some systematic plan for reviewing policies within the organization. Some do this once a year; others more often, for all policies; others have scheduled reviews at various times during the year for selected policies, as influenced by the content and subject matter. Policies do need reviewing -- some system for doing this makes good sense.
WHAT IS A GOOD POLICY STATEMENT?

Look first at the **SCOPE AND CONTENT**.

1. It should deal with a recognized need.
2. It should be the result of careful thought and research.
3. It should be practical and deal with the specific company to which it applies.
4. It should not conflict with other policies of the company.
5. It does, by definition, deal with **RECURRING** situations.
6. It should state clearly:
   - the conditions under which it applies
   - to whom it applies
   - the extent to which it applies
7. It should state **WHO** is responsible for applying the policy, if there is any possibility of confusion on this.

Look at the **FORM** of Policy Statements:

1. Should be in writing.
2. Should be filed for easy reference.
3. The wording and the arrangements are important.
4. Should be up-to-date.
5. Should be kept separate from the statement of procedures for administering the Policy, for this is the job of the manager.

| Policy tells **WHAT** | Procedure tells **HOW** |

6. Should be made available to the people who need them.