

January 15, 2020

## Policy Based Governance at Grace

### Policy Based Governance Overview

Policy Based Governance (PBG) is a system for organizational governance. It defines the relationships between the owners, the board, and the executive leader. The board is responsible to the owners and is given authority by the owners to govern the organization. The board writes policy to ensure that the organization advances its mission. The policies ensure that the board and executive leader conduct themselves appropriately, set goals & strategic direction, delegate responsibility, and are held accountable for performance.

The board's primary relationship is with the owners. The board links the owners with the executive leader. The executive leader, empowered by the board, manages the operations to advance the mission of the organization and serve the owners.

### Policy Based Governance in a Congregational Setting

PBG is a square peg in a round congregational hole. That does not mean that PBG in a congregational setting does not, and cannot work. It means that there needs to be a certain level of understanding that comes with utilizing PBG in a congregational setting.

### Terminology

In a congregational setting, where the conviction exists that the Scriptures are the ultimate authority, the Head of the ministry and congregation, indeed the whole Christian Church on earth, is the Lord Jesus Christ. It follows, then, that the **'owners'** are the congregational members and are, more properly termed **'stewards'**. They are stewards for the owner, the Lord Jesus Christ, who gives the Church and each congregation His mission. The Governing Board is the **'board'**. It can be called by many different names. The **'executive'** is the Senior Pastor. The Senior Pastor is not the CEO, but is the called leader of the ministry.

### Mission of the Congregation

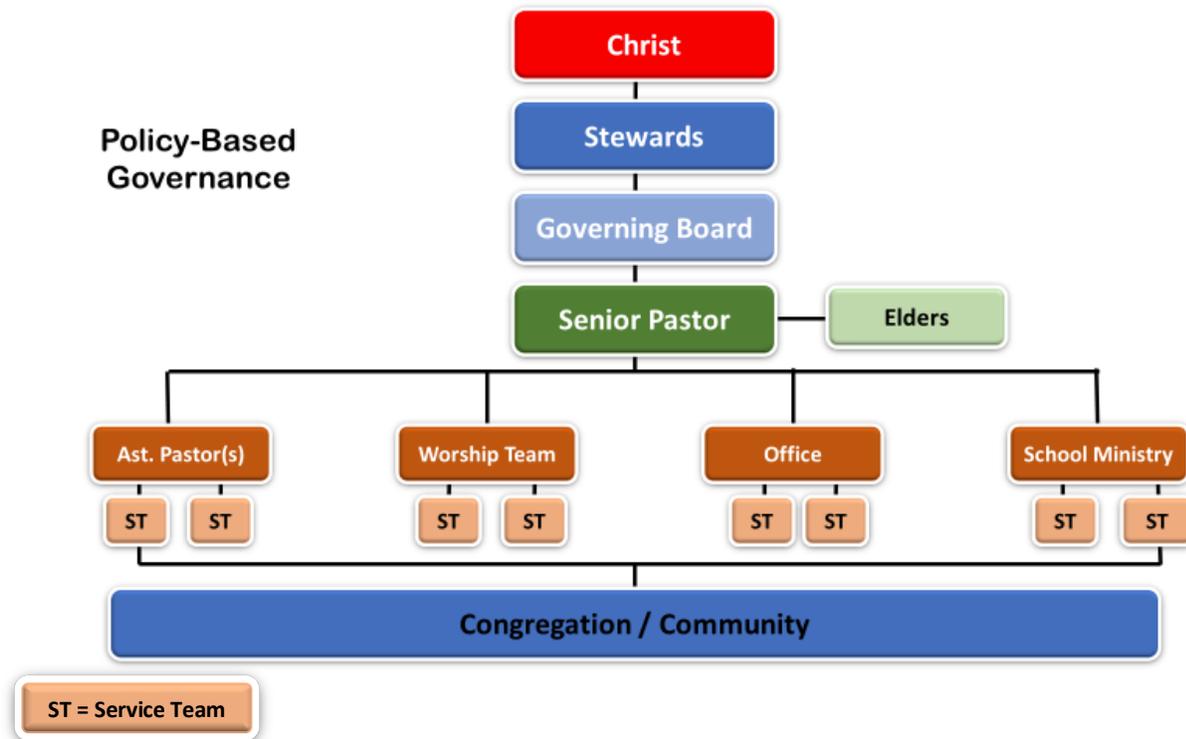
The Lord Jesus Christ provides the mission, found in Matthew 28:19-20. The stewards take that mission and set it in their particular context. The current state of the ministry, internal factors, external factors, and community demographics help nuance the mission for a particular ministry. The stewards commit to that contextual mission and advocate for it continually and fulfill it in deed.

### God the Holy Spirit

Ultimately, the Holy Spirit moves and acts as He wills. He is not bound by contextual mission, Bylaws, governance models, Voters' Assemblies, boards, pastors, staff, objectives, strategy, or metrics. The advancement of the Great Commission is done by His work, even as He is committed to work through the people of God. God's true Church understands that PBG is a square peg in a round congregational hole. So, a better way to think of PBG in a congregational setting would be as an Accountable Leadership Model. The entire ministry is accountable to the Lord Jesus Christ. The Governing Board is accountable to the Lord and the Stewards (congregation). The Senior Pastor is accountable to the Lord and the Governing Board. The Staff is accountable to the Lord and the Senior Pastor.

## What Would PBG Look Like in A Congregation?

Below is an image of what the PBG Model would look like in a congregational ministry setting.



Christ is the Head of the ministry. The congregation - the voting members - are the stewards of the ministry. They elect the Board, who governs the ministry under the Lord Jesus Christ and on behalf of the congregation. The Board interacts with the Senior Pastor, who manages the ministry and the Staff. The Staff are responsible for various areas in the ministry, found in the image as "ST" ("Service Team"). The stewards are active and involved in Service Teams and the activities and events of the ministry.

### The Role of The Board of Elders

There are three ways that PBG describes the traditional Board of Elders:

1. The Board of Elders becomes a Stand-Alone Team/Committee in partnership with the Pastor (or Pastoral Team). *This is depicted above: see "Elders".*
2. Members of the Board of Elders become Advisors to the Senior Pastor, Pastoral Teams, and /or Senior Staff Members.

*Advisors are congregational members who provide wisdom and guidance to a person or team who is responsible for a particular area of ministry. They are not decision-makers, but are advisors only.*

3. The Board of Elders becomes a Ministry Team of the Pastor (or Pastoral Team).

*Ministry Teams are recruited to plan and/or serve in particular areas of the ministry.*

In the paragraph above "**God the Holy Spirit,**" it was noted that PBG in a congregational setting is putting a square peg into a round hole. The Board of Elders can be utilized to ensure the ministry is governed as a ministry and not as a business. The Board of Elders can provide voice and action that takes the following into account: the role of the Holy Spirit in the achievement or failure of fulfillment of

January 15, 2020

the mission (or strategy, objectives, metrics, etc.); the proper adherence to God's order of creation; spiritual care of the pastor and the congregation; staffing that ensures the pastor functions as a pastor and other functions of necessity are properly staffed.

## Roles in the PBG Model

### Assembly of Stewards

- Approve the Annual Budget/Strategic Goals
- Elect the Governing Board
- Dispose of Congregational Assets
- Approve of Acquisition of Property or Indebtedness
- Amend Constitution and/or Bylaws
- Call or Remove Called Workers

### Governing Board

- Sets the Strategic Direction of the congregation
- Supports/Holds Senior Pastor Accountable for goals and policies adherence
- Oversees Fiscal Matters (Budget, etc.)
- Oversees Physical Plant (Buildings, etc.)
- Proactively Responds to New Opportunities/Realities
- Communicates regularly with Stewards

### Senior Pastor

- Influences the Ministry through Leading, Inspiring, and Directing Staff and Volunteers
- Implements the Ministry Plan for Achieving the Mission
- Reports to Governing Board regularly on progress towards goals

## What Is This Policy Manual?

As stated above, PBG is a system for organizational governance. The board writes policy to ensure that the organization advances its mission and that the board conducts itself appropriately, delegates, and monitors itself. The Policy Manual contains the policies. Policies are the boundaries, parameters, and limitations on the responsibility and the authority of the Board and the Senior Pastor. Policies are generally in one of the following four categories: (1) ends - objectives, strategic direction, etc.; (2) limitations - what one cannot do; (3) process - how governing happens; (4) relational - how Board and Senior Pastor relate. PBG, then, offers great freedom and flexibility while maintaining strong accountability. The Policy Manual is a living document that is constantly reviewed and revised as need arises.

## Must Haves for Congregations Moving To PBG

Jim Galvin, an organizational consultant who specializes in governance among other things, lists the following four prerequisites for LCMS congregations considering or using PBG:

1. A Senior Pastor with Proven Leadership Gifts
2. Board Members Who Want to Do Board Work
3. Board Members Who Want to Stay Out of Staff Work
4. One or More Board Members with Knowledge and Expertise in PBG

## Resources

[www.carvergovernance.com](http://www.carvergovernance.com)

[https://en.wikipedia.org/wiki/Policy\\_Governance](https://en.wikipedia.org/wiki/Policy_Governance)

Ted Kober, "Policy-Based Board Governance in Lutheran Congregations."

[https://9a24ed0d-542b-4333-9b05-88a881d1d3a7.filesusr.com/ugd/44f895\\_4d24a4f4f76d41f9bb1da5efdfbd26a8.pdf](https://9a24ed0d-542b-4333-9b05-88a881d1d3a7.filesusr.com/ugd/44f895_4d24a4f4f76d41f9bb1da5efdfbd26a8.pdf)

James C. Galvin, "The Five Types of Governance in the LCMS."

<https://galvinandassociates.com/wp-content/uploads/2016/03/The-Five-Types-of-Governance-in-the-LCMS.pdf>