

## **Top Ten Recommendations to Govern at the Leading Edge of Validated Management Practice**

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- **Live by a set of fundamental values.** All members of the governance board should be guided by the established set of core values that serve as the bedrock for the organization governed. All organizations should have such a set of core values that will guide their ethical and business decisions.
- **Demonstrate true leadership, and hold yourselves accountable.** Boards should establish an internal structure that is responsive to the needs of the organization and then hold themselves accountable to those needs. A critical need for any board is accountability for oversight of the CEO and assurance of proper succession planning, including a smooth transition.
- **Build an appropriate board.** The board should have members with all the skills needed to align with organizational requirements and strategy. Members should have the time to exercise their roles. Directors should have the capabilities and will to balance their focus on the short-term needs and long-term sustainability of the organization.
- **Take responsibility for performance and conformance.** The performance aspect gives you responsibility for organizational strategy and for stakeholder value creation. The conformance aspect gives you responsibility for oversight in a legal, ethical, fiduciary audit sense.
- **Exercise your role in risk management.** Manage the relationship between risk taking and risk avoidance. Manage risk while fulfilling organizational objectives. Involve the whole board in key decisions related to balancing risk and potential reward.
- **Agility and adaptability should be treated as the norm.** Directors need to expect a constantly changing environment. Flexibility in oversight and a focus on sustainable success are needed.
- **Balance the interests of key stakeholders.** Stakeholder groups will frequently have differing, and possibly conflicting, interests. Understand those differences, and govern with a sense of balance and responsibility for addressing the short term while seeking alignment for the longer term.
- **Measure what is important, and share your metrics.** Measures should not be solely financial. Measures should include strategic goals and board self-assessment. Share the results of your board self-evaluation.
- **Reward good performance, and compensate accordingly.** Relate pay and incentive packages to long-term performance criteria. Align the interests of the board to those of the permanent shareholders, and compensate the board accordingly. Consider including equity grants in the retirement package
- **Communicate, communicate, communicate!** Communication with all stakeholders should be regular, not episodic or solely event-driven. Communication requires speaking, listening, and hearing what is on stakeholders' minds.