Boerner on “Eco-System” to Strategic Governance

The Governance and Accountability Institute’s recently published Strategic Governance sets out to provide “business leaders” with the “opportunity to integrate governance with strategy, risk, culture and corporate responsibility to achieve financial, environmental and social sustainability.” Authors Hank Boerner, CEO, Governance and Accountability Institute and Professor Mark Sickles, an “organizational architect” with the Institute, pursue the ambitious agenda from a 30,000-foot view, proposing a set of systems and principles, a Strategic Governance and Universal Purpose of Corporate Governance, both designed to help others “walk the talk.”

Taking an ecosystem system approach, Boerner and Sickles begin by explaining the book is “part of a whole” and constitutes one leg of the three-legged stool that is the Strategic Governance System created by the Institute. The other two “legs” are service and software. The authors ask readers to “imagine a future where all of your valued stakeholders praise your ability to integrate and manage financial, social and environmental responsibilities in ways that meet or exceed their needs and expectations.”

Survey Singles out “Models” and “Laggards”

To assess the reader’s need for adopting Strategic Governance, Sickles and Boerner recommend taking the Self-Assessment Survey (in the Appendix or online, URL provided) before tackling the remaining chapters. The Survey makes 10 statements about governance and asks the respondent to indicate on a scale of 1 to 5 “the extent to which these statements reflect your firm’s current approach to governance, strategy, risk management, culture and corporate social responsibility. Statements include, for example:

- The purpose of governance is to align the interests and efforts of stakeholders, establish the firm’s strategic direction, assure performance of the business, and enable a sustainable eco-system.”
- The board of directors is a governance mechanism available to risk-bearing owners to direct and control the strategic actions of decision-making managers.

To score highly on the assessment, respondents need to strongly agree with the statements. Top performers are classified as a “Model Strategic Governance Organization” with judgment for laggards as “Urgent Attention Required.”

Global Standard based on “Integrity”

In making the case for the need for a global governance standard, the book asks: “What’s been missing that needs to be present for communities and businesses to work together as a more harmonious system, to simultaneously and continuously create and maintain good economies and good societies?” The answer, according to Boerner and Sickles is “integrity”—a quality that appears to be the broad underpinning concept of the integrated systematic governance approach featured in the book.

The Universal Purpose of Corporate Governance, reportedly created under Sickles’ direction by “a cadre of global business leaders and governance opinion leaders” in 2009, is central to achieving the Strategic Governance endgame. The following six assertions are cited as the foundation of governance:

- The four critical pillars of strategic governance are government, education, professional association and industry.
- Government needs to coordinate with education and professional associations
to provide guidance and support to industry.

- Industry values and standards need to be managed in the context of professional and ethical values and standards toward the goal of sustainability.

- The focus should be on the creation and management of firm-level customs based on ethical, professional, and industry values and standards.

- The goal for industry and professional values and standards is to set the bar higher than ethical values and standards and governmental regulations, whose purpose is "to serve as a safety net to prevent economic fiascos like Enronitis beginning in 2001 and the capital markets crisis beginning in 2008."

- "If a firm, unit or individual is not conforming with all three categories of values and standards (ethical, professional and industry)," Boerner and Sickles assert, "it is unethical to continue on that path. Governments should prevent this through regulation, legislation and enforcement."

The book also offers guidance on designing a "principle-based and systematic approach to organizational leadership" as per the simple formula laid out below:

<table>
<thead>
<tr>
<th>Strategic Governance:</th>
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<tbody>
<tr>
<td>Organizational Alignment</td>
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<tr>
<td>Sustainable Competitive Advantage</td>
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<tr>
<td>= Long-Term Success</td>
</tr>
</tbody>
</table>

Boerner and Sickles conclude their exposé by observing: "We believe that the systems approach set out in this slim volume will help you to radically and fundamentally think through the parts and whole of your organization to make it more competitive and more sustainable over the long-term."

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**Engagement Webinar: A Practical Process Guide**

On 19 April 2011 from 10-11 a.m. ET, the Issue Management Council launches the first offering in a Webinar series flowing from selected IMC Member Forum plenary sessions. Featuring David Laufer, president, Forum Strategies, the topic is "Stakeholder Engagement: A Practical Process Guide."

The interactive one-hour event provides a concise, compelling overview of Stakeholder Engagement, including:

- A step-by-step generic process
- A listing of "key elements" critical to a successful initiative
- Basic definitions of "who" is a stakeholder and "what" is engagement
- A clear assessment of what stakeholder relations "is not"
- Identification of scenarios that demand stakeholder engagement
- And, importantly, examples of when not to engage.

Webinar fees are waived for registrants who attended the MetLife Forum where Laufer first delivered this very well-received presentation. IMC Member fees are US$49 and others, US$99. Register for the Webinar today by visiting www.issuemanagement.org.