

Session 8 Community Ownership

The Board governs on Behalf of and is responsible to the Owners

1. On whose behalf are we making decisions? What is the *source* of the board's legitimacy? These are the owners.
2. In order for the decision-making of the board to be ethical due consideration must be given to the owners – *as a whole* – not as individuals. The board's job is *not* to represent the various constituencies.
3. This “whole” will have competing interests. The board's job is to know what these competing interests are.
4. Identifying the ownership is not a meaningless gesture. It establishes a new level of discourse about accountability and the proper role of “stakeholders” – such as staff, vocal groups, and customers.
5. Owners jointly inform the board. The board makes decision for the whole, not for the individual constituencies within the ownership. Owners decide what the organization *focuses* on (Ends).
6. Often the ownership doesn't know it's the ownership – and some people who think they are owners are not – or they are not *all* of them.
7. The board defines who the consumers are and what benefits the organization should produce for them – Ends. But it does not concern itself with the consumer complaints except, if they choose, as a way to monitor Executive Limitations.

8. Nothing in the concept of ownership denies the importance of other interests; those other interests are just considered differently.
9. There are many, many voices clamoring for the board's attention. The board listens to these voices differently – or not at all – depending on whether they are owners, stakeholders, or consumers. Knowing clearly who the ownership is enables the board to listen to owners in order to make decisions on their behalf.
10. The board should listen to anyone who can increase its wisdom, but the board *works for* the ownership.
11. The board is established to gather the desires of multiple owners and to translate these competing wishes (short term vs. long term, emerging markets vs. historic, etc.) into strategic direction (Ends). Individual owners do not direct the board. Owners *jointly* inform the board.
12. The board's legitimacy is not tied to any particular consumer group – but to the owners, which may or may not include particular consumer groups. The board is not able to be accountable to its ownership if it doesn't define who that ownership is.
13. The board looks to the ownership in order to:
 - a. Be accountable
 - b. Create the future
 - c. Clarify values
 - d. Educate the owners
 - e. Build relationships
14. Confusion between owners and stakeholders:
 - a. Stakeholder is a more inclusive term than owner.

- b. Stakeholder concerns are a legitimate consideration in board deliberation, but should not be confused with owner concerns.
- c. Obligations to stakeholders are weighted within the framework of accountability to the ownership.

15. *Confusion between owners and customers:*

- a Owners decide what the organization *focuses* on (doing the right thing). Consumers say whether the delivery of that was high quality (doing things right).
- b Owners don't have individual rights the way consumers do. Owners jointly inform the board while consumers complain or make demands or give input individually to the staff of the organization.