

## **POLICY DEVELOPMENT**

Organisations need to develop policies for a range of reasons: to comply with laws, new court decisions, in response to stakeholder concerns, to change behaviour, provide direction or influence culture.

As all organisations are different, policies must be linked into your organisation's objectives and be consistent with your policy framework and the law.

### **What is a policy framework?**

Your framework is your collection of different policies, tools and controls involved in policy development. Your framework extends to governance and board structure.

Your framework draws on your core values.

It also determines how best your stakeholders can access your policies and how they should be structured. How can policies be found in your organisation? Do you have an intranet? Are your HR policies kept separate from your financial risk management policies.

Your governance processes are an important part of your framework: they decide who initiates new policies, who reviews them, who signs off on them and the timetable for adoption.

### **What is a policy?**

A policy is your organisation's position or "stance" on a particular issue.

It may be directed to internal users or external users or both.

It may be enforceable (eg punished by dismissal) or advisory.

Sometimes policies may also include procedures.

The document should state whether the policy is mandatory or not.

It should refer to your organisation's Code of Conduct.

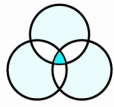
### **What are procedures?**

Procedures are the rules and controls needed to implement a policy.

Each business unit in the organisation needs to consider the practical impact the issue will have on it so that procedures can be designed.

### **The policy development process**

The process of developing a policy involves a number of steps:



### *1. Issue identification*

A new law or court decision or customer complaint may identify a policy issue. Is there a gap in your policies? Review your existing policies to see whether they are adequate or if new policies should be adopted. Assign a policy development lead manager.

### *2. Establish priorities*

The Board needs to establish the priority of the project. If it is unanticipated, the Board needs to revise its priorities and allocate resources.

### *3. Develop a timetable*

Identify legal or statutory deadlines and allow time between draft policy and Board approval as well as post-board approval implementation time.

### *4. Research and analyse the issue*

If it is a new law or a change to an existing law, look at the relevant laws and regulations or court judgment.

Is there any relevant overseas research?

Talk to your industry association.

Talk to subject matter experts.

Identify related policies.

Identify obstacles and implementation issues.

Develop a budget.

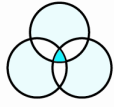
### *5. Identify the stakeholders*

Each stakeholder should have a representative in the policy development process. The representative must understand their role and be in a position to express the stakeholder's view (eg their business unit's view not their personal view).

The person managing the process must identify all stakeholders, decide who has a say on changes and who gives the ultimate sign off before it goes to the Board: eg is it legal and compliance? Who is the policy distributed to? Who monitors a policy after it has been adopted? What infrastructure is required? Annual reviews? Controls?

### *6. Stakeholder input- Stage 1*

Inform stakeholders of possible changes to policies. Find out how a possible policy change might affect them. Get their feedback. Improve policies. Avoid surprises. Identify issues not previously considered. Identify areas of agreement and disagreement. Perhaps conduct a workshop to discuss scenarios and to help identify options as the basis for an options paper and an impact statement. Focus groups



with customers. Consider the input in policy development; do not reply individually to each submission.

Co-ordinate the process. Put a deadline on responses.

#### *7. Issue a policy proposal paper*

Develop a draft policy proposal for consideration of senior management.

It should be clear and concise and consistent with your values. It should not contradict other policies. It should consider the needs of users and stakeholders.

The policy proposal paper should state:

- why we need the policy (background)
- a summary of the draft policy (plus a copy of the actual draft policy)
- its impact
- the main points/the main changes
- what you want the Board to do.

Attach a list of people it is being circulated to and identify their function eg review only or review and sign off.

#### *8. Stakeholder input- Stage 2*

The purpose of this stage is to give notice of an intended policy change. The policy is virtually final. Stakeholders can still provide feedback. This step results in a final draft policy for consideration of the Board.

#### *9. Board approval*

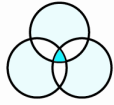
Once the policy is approved by the Board it is published to the intended audience in an easily accessible way.

#### *10. Implementation*

- Procedures and guidelines
- Allocation of resources
- Training/communication of impact on different positions
- Software
- Forms design
- Printing
- Rule changes

#### *11. Policy Review*

Monitor and review your policies regularly. Have they become out of date, unclear or inconsistent with other policies?



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