# Governance

## A Technical Approach

* "Boards of Trustees are supposed to be the ultimate guardians of institutional ethos and organizational values." -Richard Chait , Governance as Leadership: Reframing the Work of Non-Profit Boards.

# Referenced Readings

* Governance as Leadership: Richard P. Chait, William P. Ryan, Barbara E. Taylor

* Governance as Ministry: Dan Hotchkiss

* Clear, Calm, and Connected: Paul E. Walters and Robert F. Holley

# Carver

* Boards set policies the management implements

* Board determines ends and management determines means



**Policy Management & Strategic Priorities**
An Integrated Model for Cooperatives
Presented at CCMA 2004 by
Ann Waterhouse, Buck Rhyme, & Ann Hoyt

ENDS

VISION

MISSION

STRATEGIC PRIORITIES*

BOARD
(Adopts/Owns)

MANAGEMENT
(Implements)

MEANS

GOALS

OPERATIONS

*Board and Management work together to define strategic priorities, which are owned by the Board and implemented by Management.

# Minimum Duties of a Board Member

* Duty of Care

Be informed, attend, exercise judgment, leave personal agenda behind.

* Duty of Loyalty

Act in a manner that will not harm the organization; conflict of interest.

Carry out the purpose of the org.

* Duty of Obedience

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# Duty of Care

* Minutes (Approve)

* Financials (Receive)

* CEO Management

* Insurance

* Legal Voting (Online?)

* Policies

* Prevent theft, waste or misuse of resources; ensure that resources are deployed effectively and efficiently to accomplish the organizations mission

# Duty of Loyalty

* Conflict of interest policy

* Must begin with setting mission

* Who is on your board

* Require that trustees operate solely in the best interest of the organization

# Duty of Obedience

* Safeguard the mission against unintentional drift and unauthorized shifts in purpose
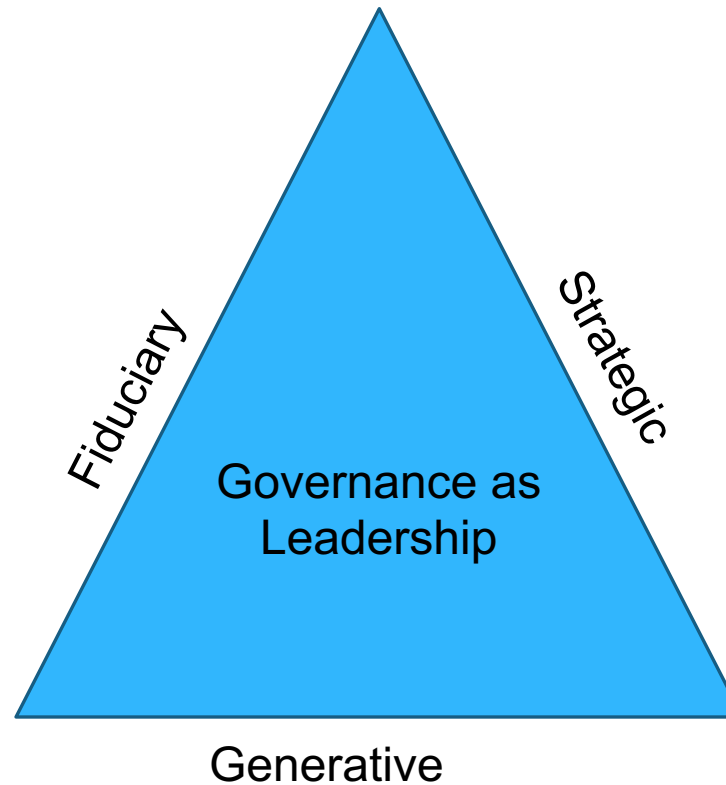
# Summary - 4 Things councils should

Set Clear mission

Be the carriers of the mission

Set SMART Goals

Measure success/failure

# A New Model

Fiduciary

Strategic

Governance as
Leadership

Generative

Chait ©

# Reflections on fiduciary Issues

* What do we hold in trust, and for whom?
* What are the fiduciary, but non-financial, roles of our board and committees?
* How do we know that the organization is fulfilling its mission?
* Does a proposed initiative forward our mission?
* What safeguards do we have in place to avoid well-publicized fiduciary failure of some other board?
* If we held an annual stakeholder's meeting, what would we say about the organization's fiduciary performance and the board's effectiveness as steward/
* What is the evidence that we are a trustworthy org?
* What are our other major financial vulnerabilities? What are we doing to address them?

Executive/Staff Engagement                                     High

Council Engagement

**Governance by Fiat**

Trustees Displace Executives

**Governance**

Trustees and Executives Collaborate

Governance types

**Governance by default**

Trustees and Executives Disengage

**Leadership as Governance**

Executives Displace Trustees

Low

# Who Is on Your Board?

* Recruiting is the FIRST fiduciary Responsibility of every board

# Forms of Board Capital

| Form of Capital | Resource optimized | Traditional use | Enhanced value |
|---|---|---|---|
| Intellectual | Org Learning | Individual trustees do technical work | Board as a whole does generative work |
| Reputational | Org Legitimacy | Organization trades on trustees status | Board shapes org's status |
| Political | Org Power | External heavy weight : Trustees exercise power on the outside | Internal fulcrum: Board balances power on the inside |
| Social | Efficacy of the board | Trustees strengthen relationships to gain personal advantage | Trustees strengthen relationships to bolster board's diligence. |

# Committees

* New: Committees mirror the organizations strategic imperatives

* Formed around the question: "What is the most important work the board must organize to do?"

# How To Avoid Slipping into Committee Slump

* Rely more on Task Forces to accomplish specific mission focused tasks:

  * Community Image
  * Peer Institution review
  * Organizational Benchmarks
  * Staff Development
  * Dashboards
  * Technology
  * Marketing
  * Board and Trustee Assessment

* Review committee structure every two years:

# Review Questions For Committees

* Should certain committees be merged or consolidated?

* Should any be eliminated?

* Should some meet on a need only basis?

* WHAT DID THIS COMMITTEE DO OVER THE LAST TWO YEARS THAT WAS STRATEGICALLY INDISPENSABLE?

# BHAG

* Big
* Hairy
* Audacious
* Goals

* Strategic thinking is not merely for the desperate. Even the most successful organization needs to reinvent itself from time to time.