Governance Best Practices

Ellen Chaffee, Ph.D.
You are Responsible for TWO Organizations

- The University
- The Board itself

FOCUS FOR THIS MORNING
Should the Board “Put its own oxygen mask on first?” Why (not)?
Responsibilities of the Board
Responsibilities of the Board:

1. 
2. 
3. 
4. 
5. 
6. 
7. 
8. 
9. 
10.
Responsibilities of the Board: ByLaws
[of this particular university]

1. **Appointments**: president, faculty, administrative staff
2. **Budget**, financial management, expenditures over $50K
3. Approve administrative **structure** and organizational plan
4. Approve faculty, staff, and student **bylaws**
5. Grant diplomas, confer **degrees**
6. Make/approve **policy** statements on governance and operation
7. Evaluate university **progress** and hold accountable
8. Define **mission**, approve long-range **plans**
9. Assess board and president **performance** periodically
What is “fiduciary duty?”
Fiduciary Duty

Duty of CARE
• Decide and act in good faith
• Prudent person level of care

Duty of LOYALTY
• Decide and act in the best interest of the organization, protect and support

Duty of OBEDIENCE
• Faithful to founding documents
• Obey the law

Long-Term Perspective
Fundamental Board Responsibilities

1. Current **mission** aligned with public purposes
2. Select, support, assess, compensate **CEO**
3. Charge CEO to lead **strategic plan**, participate, approve, and monitor the plan
4. **Ensure**
   1. Fiscal integrity, asset protection; give/get
   2. Educational program/service **quality**
   3. Organizational **autonomy**, academic freedom, public purposes
5. Meet with **constituencies** in concert with administrators
6. Demonstrate exemplary **governance**

Board Duties: **Deliver** and **Sustain** the Mission

- **Deliver**: Are we doing what we are supposed to do?
- **SUSTAIN**: Will we exist and succeed “forever?”

- Ensure organization fulfills its mission
- Ensure long-term viability
Responsibilities of a Board Member
Board Responsibilities

What is Board members’ one overriding and all-encompassing responsibility?

1. Board meeting preparation and participation
2. Ensure good management of the organization
3. The best interests of the university
4. Choosing the logo
Responsibilities of Board Members:

ByLaws [of this particular university]

1. Entrust internal administration to the president
2. Devote time to learning how the university functions
3. Learn, commit, abide by bylaws and state law
4. Accept academic freedom and shared governance
5. Respect policy that only the chairperson speaks for the board
6. Do not speak, act, or commit on behalf of the board
7. Work with and through the president
8. Questions/concerns to president, board chair or vice chair
9. Do not influence a university employee
10. Attend special events/activities as feasible.
As a Regent, I will...
[from the bylaws of this particular university]

1. Sustain and advance the institution’s mission, traditions, values, and reputation
2. Demonstrate functional understanding of the difference between oversight and management—that is, between the roles of the board and the administration
3. Learn how the institution functions—its uniqueness, strengths, needs, finances, educational programs, and its place in higher education
4. Regularly attend meetings of the board, well informed and prepared in advance
As a Regent, I will...

4. Regularly **attend** meetings of board committees as assigned, well informed and **prepared** in advance.

5. Provide philanthropic **support** through personal contributions and the identification and solicitation of potential contributors to the institution.

6. In keeping with the board’s policy on **conflict of interest**, disclose promptly and fully any potential or actual conflicts of interest, and personally maintain exemplary ethical standards.
As a Regent, I will...

7. Recognize that the president and the administration are responsible to the **board as a whole** and not to individual trustees

8. Be committed to serving the **institution as a whole** rather than any part of it or any personal or political cause

9. Support the **consensus** of the board after fully exercising the responsibility to **debate** and disagree

10. Maintain **confidentiality** as required or appropriate

11. Serve as a public **advocate and ambassador** for the institution. Advocate the institution’s interests, but speak for the board or the institution only when authorized to do so by the board or the chair
Relationships with Others
What to Do?

Prof. Smith takes Regent Jones aside at a Board-faculty social to ask him to support Issue X. Regent Jones should:

1. Ask her for a full briefing
2. Keep it short and explain that he will decide based on what comes to the board meeting
3. Talk with her superior to assess internal support
4. Refer her to the appropriate board committee chair
5. Other
What To Do?

A reporter called Regent Jones about her dissenting vote on a Board decision to approve funding for a major renovation. Regent Jones should:

1. Explain her dissenting vote
2. State that she supports the Board’s decision and is confident that the renovation will be worthwhile
3. Bring Regent Taylor, who also dissented, into the conversation
4. Decline to comment
The Staff Senate is adamantly and vociferously opposed to one major part of a multi-part budget reduction proposal. Regent Jones is a staff member. What should Regent Jones do?

1. Talk with the Senate Chair to learn more about the concerns
2. Study the proposal and make sure all of Jones’ questions are answered by or through the President
3. Oppose the proposal – send it back for revision
What to Do?

The student senate threatens to oust student body president/student Regent Miller unless s/he votes “no” on a proposed tuition increase. What should Regent Miller do?
1. Miller believes that the tuition increase is not in the university’s best interest. Miller votes “no.”
2. Miller has not yet decided how to vote. This makes it easy – Miller votes “no.”
3. Miller believes the increase is essential, disregards the student senate, and votes “yes.”
What to Do?

Other difficult situations?
Who Decides What?
Strategic Role of the Board
Governance or Management

1. Is it big?
2. Is it about the future?
3. Is it core to the mission?
4. Is a high-level policy decision needed to resolve a situation?
5. Is a red flag flying?
6. Is a watchdog watching?
7. Does the CEO want and need the board's support?

Barry Bader, “Distinguishing Governance from Management,” Great Boards, Fall 2008
# President and Board Involvement in Decision-Making

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<tr>
<th>High</th>
<th>GOOD GOVERNANCE</th>
<th>STRATEGIC LEADERSHIP</th>
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<tbody>
<tr>
<td></td>
<td>- Elect new board chair</td>
<td>- Visioning process</td>
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<td>- Structure board committees</td>
<td>- Strategy</td>
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<td></td>
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<td>- Major decisions</td>
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<tr>
<td>Low</td>
<td>PRESIDENTIAL DELEGATION</td>
<td>PRESIDENTIAL MANAGEMENT</td>
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<td></td>
<td>- Construction</td>
<td>- Hire senior staff</td>
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<td>- Program change</td>
<td>- Organizational chart</td>
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<td>- Technology change</td>
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<tr>
<td>Low</td>
<td>PRESIDENT INVOLVEMENT</td>
<td>High</td>
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Adapted from Terrence MacTaggart, *Leading Change*, AGB, 2011
Governance or Management?

- Organizational mission
- New program approval
- Strategic plan
- Floor plan of new building
- Vendor selection
- Selection of new vice president
- Annual budget
- Awarding promotions
With which (one or more) of the following should you share remarks that are not or may not seem supportive of the university or the president?

1. Governor
2. Board Chair
3. President
4. Board Committee Chair
5. Fellow Regent
6. University administrator
7. Spouse
8. Legislator
9. Reporter
The Board’s Strategic Role
Strategic Governance

Which of these Board-member question(s) are strategic?

1. How’s the search for a new VP going?
2. Why do you recommend changing this year’s budget mid-stream?
3. What are the long-term implications of this proposal?
4. How much time do you spend on external relations?
5. What are our critical success factors?
6. How do we know Harper delivers excellent student learning outcomes?
The Board’s Roles in Strategy

1. Approve the mission statement
2. Approve other major, enduring organizational statements
3. Launch a major strategic planning/strategy statement process and committee
4. Maintain sufficient contact with the strategy development process to be informed of progress and major issues/recommendations
5. Approve the strategic plan/strategy statement
6. Regularly review progress and assess/support revisions
Board Action Plan

How will you follow up on what you’ve learned?

1. 
2. 
3. 
4.
Thank you!!

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