

**AGB** CONSULTING

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# **Oregon Institute of Technology Board Orientation**

# Big Issues Facing Higher Education\*

1. Business Model
2. Attainment, Retention and Completion
3. Strategic Plan
4. Affordability and Value Proposition
5. Educational Delivery and Quality Assurance
6. Academic Workforce
7. Technology
8. Globalization
9. Institutional Risk
10. Public Policy Issues—HEA, Tax Reform, Student Aid and Student Debt, External Influences

# Trustees as Fiduciaries\*

1. Fiduciary – One who holds some asset(s) in trust for another and is charged to act beneficially on behalf of the other in managing that asset.
2. The Asset – The college/university you govern, including mission & identity, property, human resources & educational product.
3. For Whom – Founders and sponsors, students and families, donors, alumni, (public)

# Fiduciary Duties\*

## 1. Duty of Care

- Act in good faith for best interests of institution
- Act reasonably, competently and prudently

## 2. Duty of Loyalty

- Put interest(s) of institution above all else
- Do not act from self interest; no self-dealing
- Conflict of loyalty

## 3. Duty of Obedience

- Obligation to advance mission
- Duty to act ethically and consistent with mission

## 4. Serve a Public Purpose

\*AGB.org, *Fiduciary Duties*

# Public Trusteeship—Core Principles

Respect the public trust.

Ensure that public purposes are served and be advocates for the value of public higher education.

Reflect the best interests of the university even when there are competing forces.

Engage in vigorous debate but speak publicly with one voice.

# Essential Responsibilities of Boards

1. Boards have ultimate fiduciary responsibility for their institutions.
2. Public and non-profit boards are overseers of the public trust and need to be accountable for meeting the public trust in ways appropriate to the mission of their institution.
3. Boards are responsible of ensuring the independence of their institution and for safeguarding academic freedom.

# Essential Responsibilities of Boards

4. Boards define the terms of shared governance within their institutions, through respect for traditions of shared governance including delegation of recommendations for academic policy to faculty.
5. Boards need to understand the legal and regulatory environment within which their institution operates and ensure compliance with fiscal, academic, licensing and other standards.

# Effective Governing Boards\*

## **Mission**

- Ensure that the institution's mission is kept current and aligned with public purposes.

## **Chief Executive**

- Select a chief executive to lead the institution.
- Support and periodically assess the performance of the chief executive and establish and review his or her compensation.

\*“Effective Governing Boards: A Guide for Members of Governing Boards of Public Colleges, Universities and Systems,” AGB, 2010



# Effective Governing Boards

## Strategic Planning

- Charge the chief executive to lead a strategic planning process and participate in the process.
- Approve the strategic plan.
- Monitor progress on implementing the plan.

# Effective Governing Boards

## **Fiscal Integrity**

- Ensure the institution's fiscal integrity.
- Preserve and protect assets.
- Engage in fundraising and philanthropy.

## **Educational Quality**

- Ensure the educational quality of the institution and its academic programs.

# Effective Governing Boards

## Autonomy, Policies and Constituencies

- Preserve and protect institutional autonomy, academic freedom and the purposes of higher education.
- Ensure that institutional policies and processes are current and properly implemented.
- Working with senior administrators, engage with the institution's major constituencies.

# Effective Governing Boards

## Conduct of the Board

- Conduct the Board's business in an exemplary fashion and with appropriate transparency, adhering to the highest ethical standards and complying with applicable open-meeting and public records laws.
- Ensure the currency of the board's governance policies and practices.
- Periodically assess the performance of the board, its committees and its members.

# High-Performing Boards

- Engaged and informed—understand and respect differences between governing and managing.
- Support presidential leadership—build a partnership around distinct roles of board and president.
- Balance oversight and advocacy—serve as ambassadors while ensuring accountability.

# High-Performing Boards

- Opportunities for meaningful deliberation.
- Forward looking and strategic.
- Understand value of informal and formal communication.
- Observe the highest ethical standards and avoid conflict of interest.

# High-Performing Boards

- Engage in robust debate and speak with one voice once decisions are made.
- Engage the important constituencies but reserve the authority for decisions.

# Clarifying Roles & Responsibilities

- What belongs to the board?
- What belongs to the president and the administration?
- What belongs to the faculty?

There may be overlapping areas but each group should understand whether its purview as well as that of others is **determinative**, **consultative**, or **informational**.



# Clarifying Roles & Responsibilities\*

“While they cannot delegate their ultimate fiduciary responsibility for the academic quality and fiscal integrity of the institution, boards depend upon the president for institutional leadership, vision, and strategic planning, and they delegate to the president abundant authority to manage the operations of the institution. . . .A board must clearly convey the responsibilities it expects the president to fulfill and hold the president accountable, but it also must establish conditions that generate success for the president.”

\*“Board Responsibility for Institutional Governance” AGB, 2010

# Getting Governance Right: 10 Habits of Highly Effective Boards

1. Create a Culture of Inclusion
2. Uphold Basic Fiduciary Principles
3. Cultivate a Healthy Relationship with the President
4. Select an Effective Board Chair
5. Establish a Strong Governance Committee
6. Delegate Appropriate Decision-Making Authority to Committees
7. Consider Strategic Risk Factors
8. Provide Appropriate Oversight of Academic Quality
9. Develop a Renewed Commitment to Shared Governance
10. Focus on Accountability

“The 10 Habits of Highly Effective Boards” by Rick Legon,  
Trusteeship Magazine, March/April, 2014

# What is Culture?\*

A culture is a system of beliefs and actions that characterize a particular group. Culture is the unique whole—the shared ideas, customs, assumptions, expectations, philosophy, traditions, mores, and values—that determine how a group of people will behave.”

\*"Leading Change" by James O'Toole, 1995.

# Culture Matters\*

The cultural dimension is central to organizational life.

Even if it is not explicit, it matters.

\*"Understanding Organizational Culture" (2<sup>nd</sup> ed.) by Mats Alvesson, 2013.

# Importance of Shared Values\*

Values form the bedrock of an organization's culture.

Shared values:

- foster strong feelings of personal effectiveness
- promote high levels of loyalty
- facilitate consensus about key goals
- encourage ethical behavior
- reduce levels of stress and tension

\*"The Leadership Challenge: How to Get Extraordinary Things Done in Organizations" by James Kouzes and Barry Posner, 1987.

# Effective Value Systems\*

**Clarity:** know what the organization stands for

**Consensus:** understand the values, share and agree with them

**Intensity:** feel strongly about the worthiness of the values

\*Kouzes and Posner

# Go Deep\*

Significant beliefs are often under the surface. It is important to identify values, beliefs and priorities at all levels of the organization because they are the framework that determines performance.

**Beliefs create decisions. Decisions create actions. Actions create results.**

\*adapted from [www.culturalresearch.org](http://www.culturalresearch.org)

# Summary

How people THINK, FEEL, ACT, VALUE  
Is guided by IDEAS, MEANINGS, BELIEFS  
That are SHARED.

Shared ideas, beliefs, and meanings lead to  
COORDINATED ACTIONS which lead to  
RESULTS.



# Defining the Culture of the Board

What are desirable characteristics of your board culture?

What observable behaviors would define your ideal board culture?

What resources do you have to build your board culture?

# Sample Statement from a Public Institution: Commitments by Board Members

- Respect final board decisions
- Yield to the chair and president as the spokespersons for the board and institution
- Build strong relationships with colleagues
- Seek the views of others and accept criticism
- Trust other board members and be worthy of their trust

# The Partnership: Board and President

**Board of the  
President**

1. Clear expectations
2. Common sense of purpose
3. Shared vision
4. Mutually agreed upon plan
5. Commitment to inclusion of all stake holders

**President of  
the Board**

# Board Leadership

- Partnerships with presidents and board chairs
- Success of leadership depends on leadership strengths, effective strategies, respect from colleagues, and appropriate support and cooperation—building consensus

# Board Leadership

- Make sure board members' time is well spent
  - Time for discussion on strategic issues and challenges
  - Monitoring the performance of the institution
  - Time for board education – about the institution, state or local issues, national trends
- Develop ways to strengthen board effectiveness
  - Meetings, agendas, committees
- Integral leadership – engagement with the president, faculty and other stakeholders

# Facilitating Collegiality

- Collective thinking is smarter than individual opinions.
  - Respecting the right of others to disagree
  - Avoiding impugning the motives or integrity of others with whom one disagrees

# Board Work

- Board work affects institutional reputation, mostly based on how it conducts board business
  - Internal constituencies
  - External constituencies
- Board meetings should be models of good governance, and focus on that which only a board can address—consequential governance

# Board Leaders and Board Performance

- Boards Must be Self Regulating
  - A president cannot police the board
  - Challenge: Governance is a team sport but boards are often composed of quarterbacks
- A Team of Equals...Fiduciary Principles



# Resources @ agb.org

## **I. AGB Statements on Important Governance Topics:**

- Board Accountability
- Educational Quality
- External Influences
- Institutional Governance
- Intercollegiate Athletics
- Sexual Misconduct
- Conflict of Interest with Compelling Benefit

## **II. Knowledge Center:**

- Videos, Podcasts, Governance Briefs, Data Files, Governance Database

## **III. “AGB U,” your guide to good governance**

## **IV. November Report: National Commission on Governance**

Thank You

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