Consequential Boards
Consequential Governance

1. Focus on accountability and fiduciary principles
2. Board structure should facilitate a focus on things that matter
3. Strategy over reports—future over past
4. Board lead in advocacy for higher education—value proposition
5. Board-presidential leadership and institutional governance
6. Defend board independence
Consequential Boards Must:

• Add value and lead a restoration of public trust in higher education.
• Add value to leadership and decision making through their role as institutional fiduciaries.
• Address sustainability through financial solvency, providing high-quality education at lower cost.
• Improve shared governance and board-president relations.
Consequential Boards Must:

- Strengthen board effectiveness through purposeful member recruitment, orientation, board composition, and removal of members for cause.
- Focus board time (and structure) on issues of greatest consequence to the institution, reducing time spent on reviewing routine reports.
- Enforce board accountability, acting as exemplars of the behavior and performance expected of their constituencies.
Trustees as Fiduciaries*

• **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.

• **The Asset** – The college/university you govern, including mission & identity, property, human resources & educational product.

• **For Whom** – Founders and sponsors, students and families, donors, alumni, (public)
Fiduciary Duties*

• **Duty of Care**  
  – Act in good faith for best interests of institution  
  – Act reasonably, competently and prudently

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

• **Duty of Obedience**  
  – Obligation to advance mission  
  – Duty to act ethically and consistent with mission

• **Serve a Public Purpose**

*AGB (web), Fiduciary Duties*
Fiduciary Questions

• How is our board educated on these principles [duty, loyalty, obedience]?

• Do we understand how our fiduciary duties relate to our particular responsibilities in overseeing the college?

• Do we understand the ways in which we could be exposed to personal liability for breaching our fiduciary duties?
Board Culture: How Board Members Work Together

- What are the expected norms of board behavior?
- Do board members affirmatively commit to specific board member expectations?
- Is there respect for input from all board members?
- Do board members respect agreed upon areas of priority for board oversight?
- Do the few dominate the majority of the board’s time (in committee/full board meetings)?
- Does the board police board member behavior and model the same behaviors and performance expected from others in the institution?
- What other cultural elements define (should define) how the board achieves consequential governance?
Continuum of Board Effectiveness

High Performing Board
Hold Accountable; Verify
Confuse Governance with Administration
Interrupt (and Disrupt)
Eat and Tour
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
High Performing Boards

• Focus on fiduciary principles
• Build a candid partnership/dialogue with leadership
• Address issues related to the long-term mission of the institution
• Actively participate in developing board and committee agendas
• Engage in constructive dialogue on meaningful issues
• Support board decisions with one voice
• Engage in honest and critical self-assessment of the work of the board and individual board members
• Manage and disclose conflicts of interest