Governance Effectiveness

Citizen to Leader

- I am their leader.
- Which way did they go?

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Board Skills

- Ability to think deeply and broadly about the mission, vision and strategy
- Ability to imagine consequences, both intended an unintended, of decision
- Ability and willingness to make tough decisions
- Ability to be active but not intrusive
- Ability to establish clear expectations and to monitor for performance
- Ability to delegate strategic direction and operations to staff and to hold staff accountable
- Attributes of Leadership

Gaining on Governance

- Coping with my election
- Once I was one of us, now I am one of them
- When my behind hits the seat, I am an expert
- People, potholes and poop

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Now We Are One

- Dialogue with many voices
- Consider many alternatives
- Be cautious and considerate
- Learn the facts
- Decide What's Best for All Citizens
- Speak with **One Voice**

Positive Governance

A POSITIVE APPROACH YIELDS POSITIVE RESPONSES

LEARN YOUR COMMUNICATION STYLE

LEARN HOW YOUR FELLOW BOARD MEMBERS COMMUNICATE

DISCOVER EACH OTHER TO SEEK UNDERSTANDING

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Roles & Responsibilities

- Adopt Vision & Mission
- Act as Trustees for those you serve
- Set governing policies
- Assure manager performance
- Fulfill fiduciary role
- Strategic plan

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Challenge Questions

- Which agenda items support or illustrate that the board is fulfilling its
  - Mission
  - Vision
  - Motto
  - Core values
  - Strategic plan
  - Goals

Mission Statement

Board Strategy Focus

- Ends or Outcomes
- Strategy progress reports
- Strategy deviations discussion
- Strategic enhancements discussion
- What decisions would maximize results?
- What new strategies arise from roadblocks?

Policies

- Statements of intent that guide and constrain further decision making and action and limit subsequent choices
- Policies give the organization direction

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Key Board Responsibilities

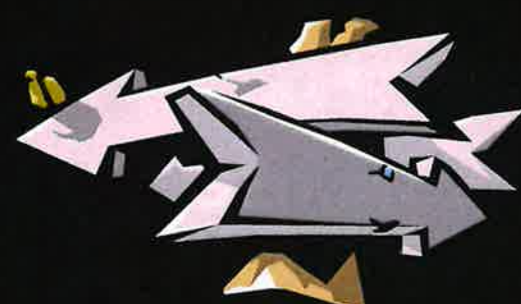
- Financial oversight – no margin, no mission
- Quality oversight
- Set Strategic Direction
- Self-assessment and development
- Management oversight
- Succession plan, process and goal

Board Best Practices

- Strategic Direction:
  - Board sets priorities and approves strategic direction
  - Board spends 60-80% of time on the future; focus on strategy issues
  - Board reports focus on strategic impact of activities
  - Board packets focus on preparation for key strategic decisions

Decision Making

- The most important role of governance
- Decisions are based on policy
- Board can retain or delegate decision making authority



Oversight

- Involves monitoring decisions and actions to ensure they conform to policy and produce intended results
- Board assures executive performance

Governing board looks through the window to watch over management

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Fiduciary Duties

- Care: act with prudence
- Obedience: assure central purpose
- Loyalty: unselfish toward organization
- Confidentiality: certain legal communications and HR matters must remain privileged

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Board Best Practices

- Board Self-Assessment & Development
  - Orientation for new board members
  - Department Liaison assignments spread among board members
  - Annual self-assessment process
  - Board maintains succession strategy

Developing Board Capacity

- Spend time where it matters: strategy and policy focus increases board performance
- You get what you pay for: boards that invest in educating board members improve performance
- Follow best practices: performance benchmarks improve quality and financial results

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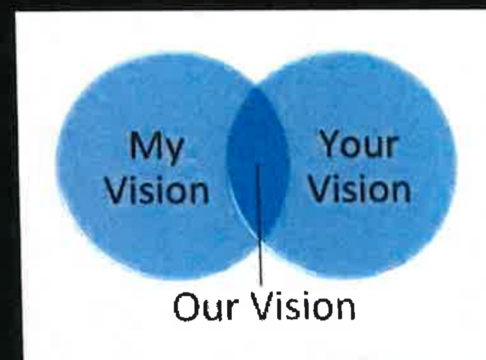
Self-Assessment: Vision

- Our board has a clear vision
- We review our vision, mission and goals annually based on our performance and member input
- We regularly refer to our mission during meetings to assure our actions and programs are consistent with the mission
- We take time together as a Board to discuss current and future issues



Self-Assessment: Accountability

- We debrief our board meetings to assure continuous improvement
- We regularly self-assess our performance as a board
- We have written norms and clear expectations for our own behavior
- We stay out of administrative strategies and actions, but monitor their progress toward achieving our goals
- We invest in our own development and education
- Our board selects the external auditor who reports to the Audit Committee and the Board
- Our board monitors financial statements against written policy on budget, financial administration and asset protection
- We evaluate our CEO annually on achieving our performance targets

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The Dysfunctional Board

Learning to Balance Reality and Unreality

Your Board Might Be Dysfunctional IF

- Power Struggles
  - The chair demands to be called "Your Excellency"
  - One individual or sub-group is in control of the board
  - There is little focus on the board as a whole
  - Ideas other than from those in control are treated with contempt or ignored

Your Board Might Be Dysfunctional IF

- Lack of Civility and Respect
  - Call to order is: "Let's get ready to rumble!"
  - Blindsiding staff at meetings
  - Verbal battles and disrespect abound
  - Chair cannot maintain order

Your Board Might Be Dysfunctional IF

- Open meeting means
  - I made up my mind already
  - I don't want to talk about issues in public
  - Why should I say what I think; that way you'll hold it against me
  - Deliberation means I tell everyone what they have to do
  - I talk – you listen

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Your Board Might Be Dysfunctional IF

- Preoccupied with Procedure
  - Rules disputes
  - Inefficiency
  - We've always done it that way
  - Hidden agendas
  - Control is the goal

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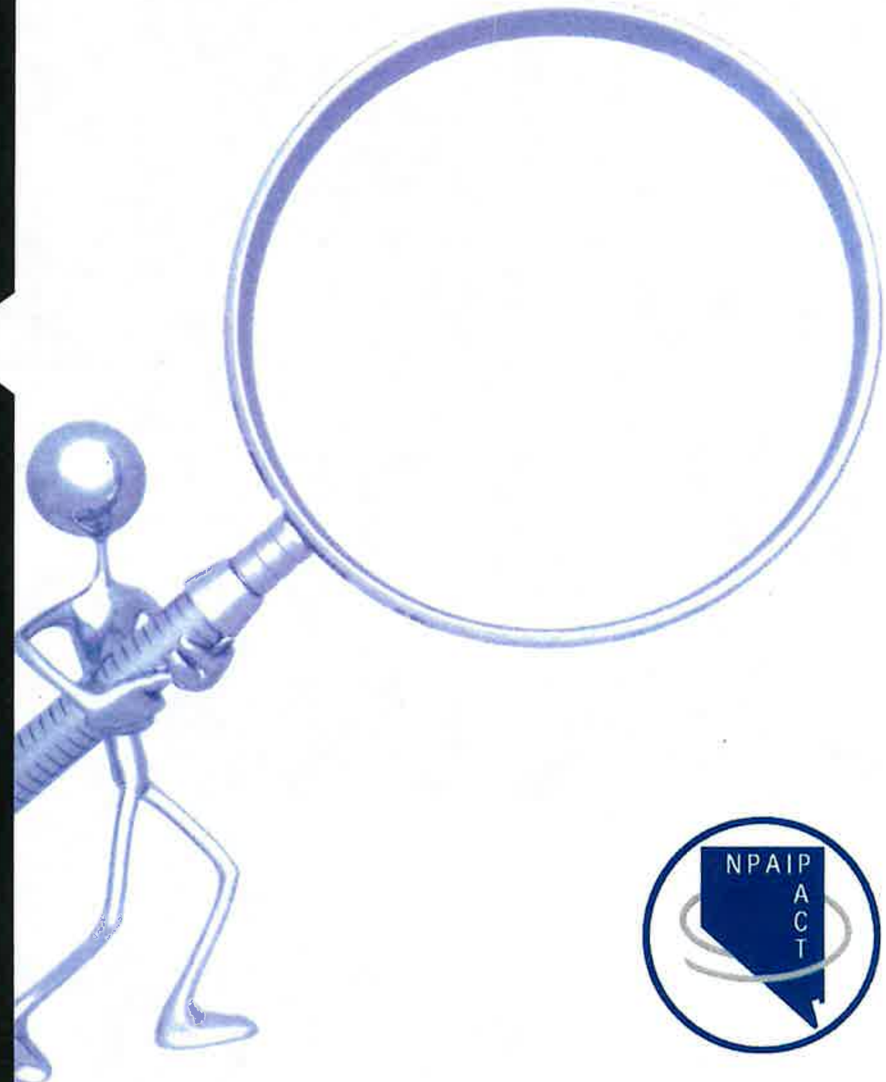
Your Board Might Be Dysfunctional IF

- Micromanaging Staff
  - Directing other than CEO
  - Spying on staff
  - Asking staff for personal favors
  - Wasting staff time
  - Confused about policy-making vs. administration



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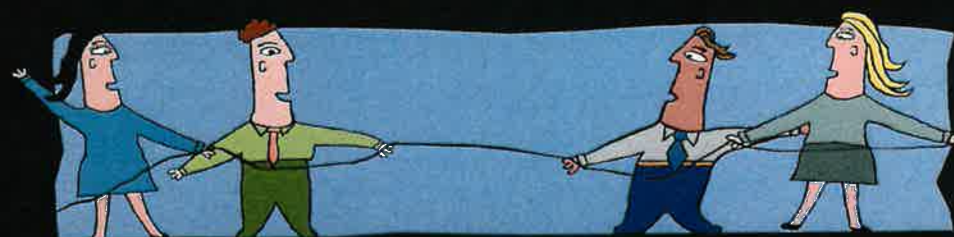
Your Board Might Be Dysfunctional IF



Fighting for Control
Board vs. CEO

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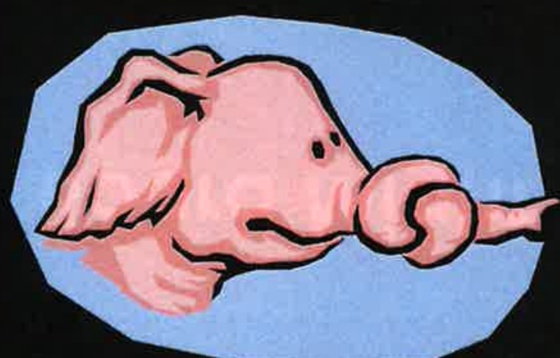
Governance v. Management

- Governance is the inverse of management
- Governance: policy, strategy, decision making, oversight
- Management: implementing policy and strategy set by board
- Effective governance by a board is a rare and unnatural act



Nose in;
fingers
out

Governance

Lead, follow or get out of the way

Follow your vision

Governance: balancing power and trust

Seek first to understand, then to be understood

Deliberate with due diligence

Unity through diversity: speak with one voice