

Great Governing Boards

"No institution will be better than its Board."

For over 60 years, our firm has offered the following adage to communicate the importance of governing boards. Over the long-term, it is true that no institution will be able to fully live up to its mission or achieve its inspirational vision without the leadership of its board. In today's complex, fast-paced environment, it is difficult to overestimate the importance and value of exceptional board governance. Regardless of the institution type or size, governing boards possess the unique capacity to directly increase or decrease resources, strengthen or weaken the institution's brand, and, even, enhance or diminish the institution's workplace culture.

As individuals, governing board members play unique and important roles as both fiduciaries and champions. As a corporate body, the governing board serves the institution as both the "court of last resort," as well as, a key philanthropic constituency. With so many important roles and responsibilities, it is important to understand clearly how great governing boards behave and perform. Additionally, and perhaps more importantly, it is crucial to understand how governing boards can get better.

In this edition of the Bulletin on Advancement, we will look closely at five hallmarks of great governing boards. And we will provide strategies to help your governing board become better – no matter how effective it may be today. At the outset, it is important to recognize that governing boards come in many forms. Some governing boards, for instance, may have politically-elected, or church-appointed members. Others may be completely self-perpetuating. Some boards may govern institutions that provide a key charitable program – such as education, healthcare, or a social service. While other boards may govern foundations that financially support that good work. Regardless of the type of governing board applicable in your circumstance, the following principles and strategies, when applied consistently, will make your board more effective.

Underpinnings of Great Governing Boards

The concept of, "first, do no harm," which medical professionals around the world are taught, stems from the Hippocratic Oath. The idea, of course, is that before you can make a positive difference in any particular situation, you must first ensure that your efforts will not be injurious. The same concept is true with governing boards. Before they can help their institutions advance and realize ambitious goals, governing boards must be certain that their actions are not harming the institution.

Historically, when matters of law or concerns about governing board impropriety are raised, the legal responsibilities of governing board members are understood to be informed by the "Three Duties:"

1. *Duty of Care* – this duty addresses the degree to which the board member acted as a "prudent person" would in a similar position. For instance, was the member actively attending and participating in meetings?
2. *Duty of Loyalty* – this duty addresses the degree to which the board member's actions are consistent with or faithful to the institution and its mission. Board members are to put the institution's interest above all other interests, including self-interest.
3. *Duty of Obedience* – this duty addresses the degree to which the board member's actions were in accordance with the board's procedures, the institution's policies, and applicable law.

These duties represent the "do no harm" aspect of governing board service. They are the seeds from which great governing boards begin to grow. Governing boards that understand the foundational importance of these duties build into their processes and procedures opportunities to reflect on the "Three Duties" regularly and hold members accountable in fulfilling them. For example, conflict of interest statements are reviewed, discussed, and signed by each member annually. Or, should a board member miss a prescribed number of meetings, a board officer will visit with them to better understand the circumstances. These are not ad hoc activities that great boards participate in. Instead, great boards formalize such policies and procedures because they understand the critical importance of the "Three Duties."

It takes more than simply “doing no harm,” for a governing board to become great, however. Great governing boards do not happen by chance. Instead, they are shaped and molded by consistent application of thoughtful practices. And great governing board members blossom when they are engaged regularly in ways that value their unique gifts and honor their interests.

If great boards and great board members do not just happen, what do they look like and how can we encourage good boards to become better? It is to this important topic that we now turn.

Five Hallmarks of Great Governing Boards

Great governing boards may not all look exactly alike. However, it is clear that there are key principles or hallmarks that distinguish highly-effective or great governing boards from other less-effective boards. For each of the five hallmarks listed below, we will identify strategies to help your board become better. Think of these hallmarks as muscles. No matter how strong you might be today, if you begin a practice of consistently exercising these muscles, you will be stronger tomorrow.

Great Governing Board Hallmark 1: An Effective Committee on Trustees

Governing boards have many different committee structures and there is not one committee arrangement that will work for all governing boards. Having said that, the first hallmark of great governing boards is that they have an effective committee on trustees (this committee is also referred to as a “board development committee” or a “board affairs committee”). As institutional advancement consultants, you might expect our firm to list the advancement committee of a governing board as the most important. The reality, however, is that if the committee on trustees is not working well, nothing else will much matter.

The reason for this committee’s importance is due to its function. The committee on trustees should lead the way for the board with respect to the following tasks:

- Potential board member identification
- Recruitment process of potential board members
- On-boarding and orientation of new board members

- Ongoing education of the board and its members
- Evaluation of the board as a corporate body and as individual members
- Recognizing, honoring, and keeping departing board members engaged in the mission of the institution

There is a saying among coaches of athletic teams that, “you don’t win based on your X’s and O’s. You win based on your Jenny’s and Joe’s.” In other words, *who* you have on your team is far more important than the strategies you formulate. Similarly, when you analyze the above list of responsibilities for the committee on trustees you realize that their work on identifying and recruiting high-quality board members is of paramount importance.

Strategies to Become Great: An indication that a governing board could be better can be seen when neither administrative nor board leaders can concisely describe the process used to identify and recruit prospective board members. Every board should have a matrix that describes the characteristics and experiences the board is seeking in new members and there should be a written description of the formal process for suggesting, identifying, researching, and recruiting board members.

Great Governing Board Hallmark 2: Clear Member Expectations

As part of the committee on trustees’ charge, there should be clear communication regarding what the board expects from its members. On governing boards that are less than great, it is not uncommon for members to report being unclear about the expectations associated with their service. From their recruitment to their departure from the board, every board member should clearly understand the expectations included in board service.

Expectations should educate and/or remind board members about the “Three Duties.” In addition, expectations should include information about the corporate responsibilities of the board and the individual member expectations or responsibilities.

During potential member recruitment, providing clarity around expectations is a way of being transparent and ethical about what you are asking someone to consider.

It reflects poorly on the institution when board members are recruited without a clear understanding of expectations and then are surprised to learn, after joining the board, that they are unable or unwilling to fully live up to those expectations. When reviewing the expectations as a sitting board member, it serves as a helpful reminder that board service is indeed an honor, but it is not honorific.

Strategies to Become Great: Every governing board should craft a one-to-two page written position description that includes expectations of the full board and expectations of the individual member. This written position description should be shared with potential board members during their recruitment and should be reviewed annually with the full board.

Great Governing Board Hallmark 3: Mission Centered

Great governing boards are populated with a critical mass of individual members who not only care about the institution, but deeply value and believe in its mission. This does not mean that every board member must have had a personal experience with your institution prior to their board service. However, it does mean that board members should be able to articulate why and how the mission of the institution came to be important to them.

Governing board service is volunteer service. When volunteers believe they are making a difference in something that matters and is bigger than their own interests, they report a deeper satisfaction and engagement from their efforts. Governing boards populated by individuals who may have influence and/or affluence, but who are not on fire for the mission of the institution, will not become great.

Strategies to Become Great: Human beings serve best and most fervently when their hearts lead the way. Every great board takes time regularly to discuss and share why the mission of the institution is personally meaningful to its members. During annual board retreats, for instance, take the time to go around the room and ask members to share why the mission of the institution is important to them. Another strategy to refocus on mission includes inviting an individual the institution has served (student, patient, client, etc.) to share their story with the board during a meeting.

Great Governing Board Hallmark 4: A Consistent Focus on the Right Issues

When governing boards meet there is only one fundamentally “managerial-related” question that should be addressed:

“Is our chief executive officer’s performance meeting our expectations?”

If, in general, the answer to this management question is “yes,” then the board should turn their collective attention to other more appropriate (and helpful) concerns.

Great governing boards do not spend their time delving into the management of the enterprise. They do not, for instance, spend time directing how programs should be planned or implemented. Instead, great governing boards focus on three essential areas of governance that were first outlined by Dick Chait, William Ryan, and Barbara Taylor in their 2005 book, *Governance as Leadership*. These areas of board focus are:

1. **Fiduciary responsibilities** – this focus includes understanding the legal responsibilities (the “Three Duties” for instance), as well as, being knowledgeable about the facts and data of the institution.
2. **Strategic opportunities** – this focus includes asking questions about the future of the institution, its strengths, and aspirations.
3. **Generative issues and values** – this focus includes understanding why an institution should make fiduciary and strategic decisions. What values, for instance, might be expressed if our institution decided to start delivering more programs or services digitally as opposed to face-to-face?

Strategies to Become Great: Assess the standard agenda of your governing board meetings. Is it filled with more “reporting out” than discussion time? If so, you are probably spending too much time focused on “fiduciary” issues and missing opportunities to focus on “strategic” and “generative” concerns. Great boards consistently create meeting agendas that include discussion opportunities on topics related to all three focus areas.

Great Governing Board Hallmark 5: Giving is Valued

If you have ever attended a meeting of a great board, you will notice that a specific kind of transparency is in play: they talk openly and genially about the important role that board giving plays as a part of their service. No, great boards are not populated solely with people who possess abundant wealth. But they are populated with people who possess abundantly generous spirits.

Personal gift giving – no matter the amount – is evidence of a greater care for and engagement with the institution. Foundations and other funding agencies understand this which is why grant applications almost always include questions regarding the degree to which the governing board has supported a project or program for which the institution is asking for additional funds. Because the board's philanthropic leadership is critical to receiving other funding, great boards openly discuss the importance and status of board giving during meetings. Great boards list the expectation of board member giving in their position descriptions. Great boards have giving goals for their members. And great boards take the responsibility of soliciting each other for annual, major, and planned giving commitments.

Conversely, boards that are less effective will either not discuss giving regularly, or when it is discussed, will have members who share a belief that personal giving should be downplayed as part of their board responsibilities.

Strategies to Become Great: The advancement or development committee of the governing board should be the focus of strategy and discussion regarding board giving. This committee annually should propose or affirm giving goals for the full board to approve (for instance, a dollar goal for the amount that the total board will give in support of the annual fund). Additionally, this committee should spend committee meetings creating strategies and reporting back on their solicitations and discussions with other board members. The chief advancement officer for the institution should coordinate this committee's efforts.

Conclusion

Good governing boards can become better, and even great, if practices like those mentioned here are adopted. Great boards, though, do not emerge in a vacuum. Instead, it is through a partnership between institutional administrative leaders and governing board leaders that great board service emerges. Institutional administrative leaders should set the stage for great board service by supporting, preparing for, and helping to implement on the issues and activities that lead to effective board engagement. And governing leaders must fully accept their role, responsibility, and partnership with the institution's administrative leaders in achieving the best possible board experience. While great governing boards will not grow into that classification after one meeting, when best practices are consistently applied, every board will enjoy more effectiveness, and each board member will report a deeper satisfaction from their service.

KENT HUYSER JOINS GONSER GERBER LLP AS SENIOR CONSULTANT



Gonser Gerber is pleased to announce the appointment of Kent Huyser to our team of consultants in advancement effective January 1, 2016.

Kent comes to the firm with more than 13 years of advancement experience. Most recently, he served as Associate Vice Chancellor for Advancement at Metropolitan Community College, Kansas City where he led a successful advancement program and was responsible for the College's Foundation (development, constituent relations, stewardship), communications, public relations and marketing functions. At MCC, he launched a \$20 million campaign, the college's first-ever comprehensive fundraising campaign, reaching record fundraising levels that yielded the largest individual and grant gifts; largest event-based fundraising totals; and largest employee giving totals in the institution's history.

Before MCC, Kent served as Director of Development at the University of Missouri-Kansas City (UMKC) Foundation where he led fundraising efforts for the School of Medicine and assisted in a \$250 million comprehensive campaign for the institution.

Prior to UMKC, Kent served in leadership positions at William Jewell College (MO), including Regional Development Director and Executive Director of Alumni Relations and Annual Giving. In those roles, he helped manage campaigns that secured more than \$80 million, doubled annual operating support, increased the percentage of alumni giving, and better positioned Jewell as a national liberal arts college.

Previous to working in advancement, Kent served the Federal Reserve Bank of Kansas City for 10 years, participating in the management development program and holding leadership roles in human resources, savings bonds, and information technology.

As a member of the Gonser Gerber team of consultants, Kent will provide counsel to educational, healthcare, religious and other non-profit organizations in the areas of building effective advancement programs and comprehensive campaigns, board development, public-private partnerships, enrollment management, integrated marketing, public relations, and strategic planning.

"We are delighted to welcome Kent to the firm," said Doug Mason, Gonser Gerber Coordinating Partner. "I have worked with him in the past, and I know his broad base of experience gained by working in advancement at a small private liberal arts college, a public university, and a large multi-campus community college system will serve our clients well and help Gonser Gerber continue its legacy of strengthening non-profit institutions."

Join us in welcoming Kent. You can reach him at our Naperville office at 630.505.1433 or directly at 816.509.9997 / khuyser@gonsergerber.com.

LINDA DAVIDSON JOINS GONSER GERBER LLP AS SENIOR CONSULTANT



Linda Davidson comes to Gonser Gerber following a 40 year career in advancement at two public land grant universities.

Linda began her advancement career in 1976 when she was hired by her alma mater, the University of Idaho, as Annual Giving Director. That foundation prepared her for a position as Constituency Development Officer at the University of Tennessee (UT). Dozens of targeted and comprehensive campaigns later, Linda was serving as Vice Chancellor for Development and Alumni Affairs at UT, Knoxville. In this role she provided leadership for the comprehensive campaign which concluded in 2011 and garnered \$1.3 billion for the UT System.

Linda has guided the formation of constituency based advancement programs at both the University of Idaho and the University of Tennessee. Building cultures of synergy between alumni affairs and development, and coaching deans and development officers to maximize the effectiveness of their working relationships, has been her professional hallmark.

Serving as the Executive Director of the University of Idaho Foundation for seven years provided Linda with great experience on building a strong relationship between a university and their related foundation.

Linda has been active nationally including: terms on the Board of Directors of the Association of Public and Land Grant Universities (formerly NASULGC); Society for Institutionally Related Foundations; and Delta Gamma Foundation. Regionally, she has been recognized by the Girls Scout Council of Southern Appalachia as a Woman of Achievement and in 2011 was inducted into the University of Idaho Alumni Hall of Fame.

"We are thrilled to have Linda join our advancement consulting team," said Jason McNeal, Gonser Gerber Partner. "I have known Linda for almost 20 years. She has been an incredibly successful advancement leader in public higher education and her experience and knowledge only strengthens our firm's capacity to help all our non-profit clients reach their highest destiny."

Join us in welcoming Linda. You can reach her at our Naperville office at 630.505.1433 or directly at 865.250.2794 / ldavidson@gonsergerber.com.