

# Consequential Boards



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Charitable Trust



# 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)

\* AGB (web), Fiduciary Duties

# 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

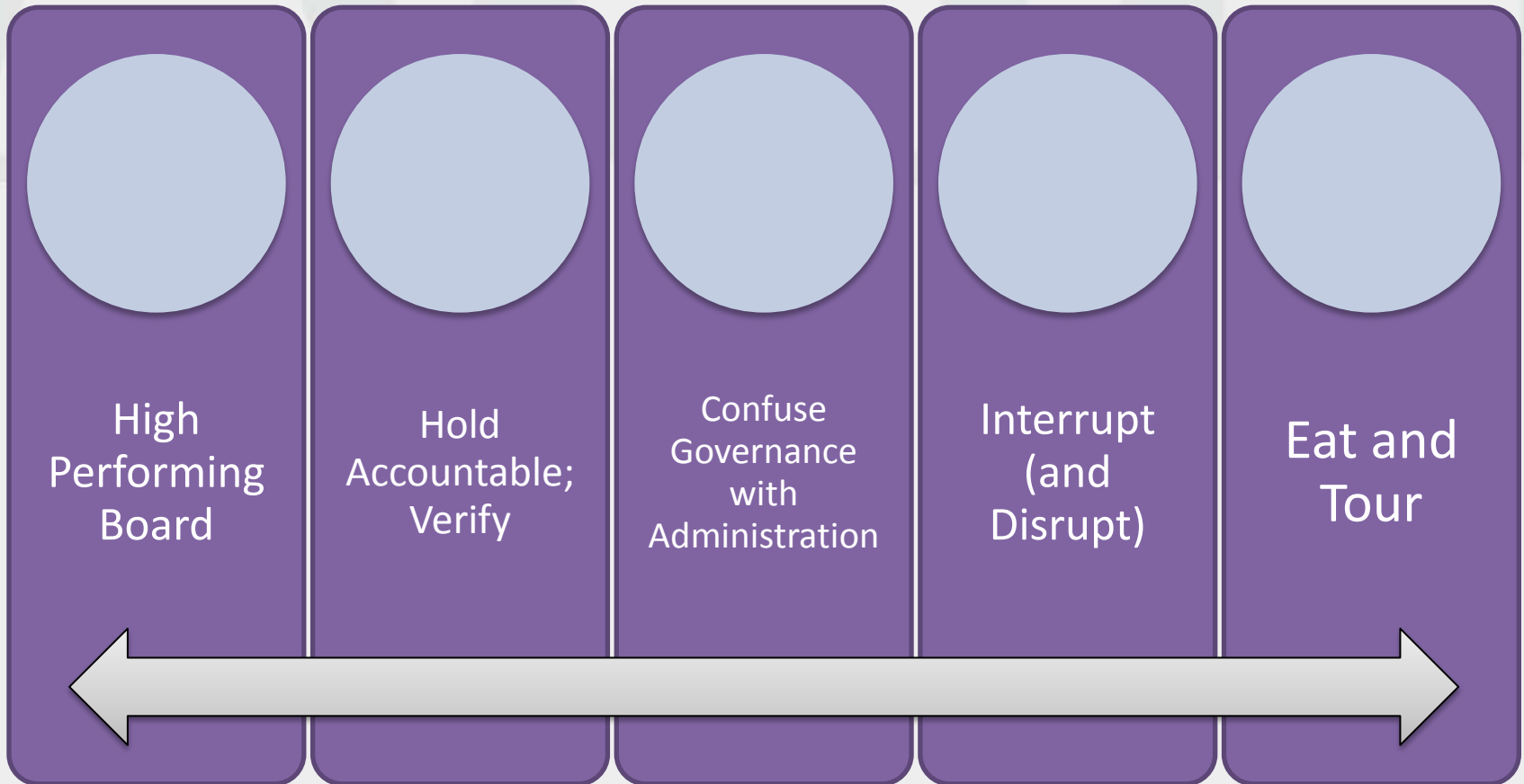
- How is our board educated on these principles [duty, loyalty, obedience]?
- Do we understand how our fiduciary duties relate to our particular responsibilities in overseeing the college?
- Do we understand the ways in which we could be exposed to personal liability for breaching our fiduciary duties?

# 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



# 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