“Effective Governance Practices and Board Decision Making”

“Leadership is creating the environment and setting the tone so that others can do their best work.”

Mark W. Lauria and Dane Peters
The Masters School
December 3, 2016
“Over the door to the nonprofit’s boardroom there should be an inscription in big letters that says:

‘Membership on this board is not power, it is responsibility. Board membership means responsibility not just to the organization but to the board itself, to the staff, and to the institution’s mission.’” --Peter Drucker
Goals for today:

- Understanding the services provided by NYSAIS
- Understanding the role and responsibilities of Trustees in a non-profit organization
- Taking the strategic view
- Effectively using NYSAIS accreditation to measure the health of your school
- Making the best decisions for your school
- Understanding what resources exist for Trustees
NYSAIS

Provides member schools with:

- Accreditation
- Professional development
  - eSeminars
  - Conferences
  - Workshops
  - Roundtable Discussions
- Advocacy
- Legislative

- Founded 1948
- 194 member schools and organizations
- More than 81,000 students & families
What should all trustees know about their school?

- History of school
- Recent history of board
- Governance structure and relationship with management and staff
- Committee structure
- Ways in which the board and administration communicate with each other
What documents should new and experienced Trustees receive and read?

- Bylaws
- Mission Statement
- Budgets (current and past)
- Board and Committee Minutes (past 2 years)
- Audit (current and past)
- Conflict of Interest form
- Short and Long-Range Plan

“Trustees are the fiduciaries of the school they govern. The board is the sole corporate identity; it alone can take action, unless such authority has been expressly delegated by the board to an individual or group of people.”

---NAIS Trustee Handbook
3 Duties of Trustees:

- **Duty of Care**
  - Actively participate in making decisions on behalf of the school and use best judgment in doing so.

- **Duty of Loyalty**
  - Trustees must set aside their own personal and professional interests. The organization’s needs come first.

- **Duty of Obedience**
  - Legal responsibility to ensure that the organization is true to its mission and complies with all laws.
Trustees should focus on…

- **Fiduciary mode**
The bedrock of governance where boards ensure that the school is faithful to the mission, accountable for performance, and complies with laws and regulations.

- **Generative mode**
A partnership in which the Board, along with the Head of School and key leadership, frame problems and *makes sense of ambiguous situations* – which in turn shapes the organization’s strategies, plans, and decisions.

- **Strategic mode**
Board develops strategy with Head of School and key leadership to set the organization’s priorities and course, and to deploy resources accordingly. *Without strategic thinking it is more about staying on course than setting the course.*
Taking the Strategic View in Governance: It Starts with the Trustees

- Successful school governance and leadership does not happen by accident; it is purposeful.
- We know the necessary practices for successful school governance and they are readily available from professional organizations and in scholarly works.

“Nonprofit organizations are an essential part of our society.” – Board Source
How does NYSAIS define a Board of Trustees?

“The school’s governance is led by a deliberative group with clearly defined roles and responsibilities that are key to the sustainability of the school. The governing body attends to new policy and changes in existing policy, all within the spirit of the mission of the school, and consistently exercises its fiduciary responsibility while delegating the operational and educational functions of the school to the head of school.”
What guidance does NYSAIS provide for Trustees?

- **NYSAIS Manual for Evaluation and Accreditation 4.0**
  - Governance section is a key part of evaluating individual schools
  - There are 5 Baseline and 14 Strategic Criteria for Accreditation in the Governance Section
Section 3.0 Governance: Criteria for Accreditation

B-3.1 The governing body ensures administrative follow up as a result of an outside, annual professional audit and the corresponding management letter.

B-3.2 The governing body reviews and maintains appropriate by-laws that conform to legal requirements while assuring that the school and governing body operate in compliance with applicable laws and regulations.

B-3.3 The governing body creates a conflict of interest policy that is reviewed annually with, and signed by, individual trustees.

B-3.4 The governing body keeps full and accurate records of its meetings, committees, and policies.

B-3.5 The governing body ensures the confidentiality of all conversations.

6 = criterion fully and completely met; 5 = criterion substantially met
4 = criterion generally met; 3 = criterion generally not met
2 = criterion not met in significant respects; 1 = criterion not met in any respect
Section 3.0 Governance: Criteria for Accreditation

S-3.1 The roles and responsibilities of the governing body are clearly defined, transparent, and communicated to all constituents.

S-3.2 The decisions of the governing body are effectively communicated to the appropriate constituents.

S-3.3 The members of the governing body recognize and fulfill their responsibility as stewards of the mission.

S-3.4 The governing body undertakes effective strategic planning for the school.

S-3.5 The governing body provides stability in transitions of leadership for itself and its head of school.

S-3.6 The governing body ensures that the head of school receives appropriate support, evaluation, and compensation.

S-3.7 The governing body ensures that financial resources are provided for the school.

S-3.8 The governing body has appropriate policies to support the creation, review, and approval of an annual operating and capital budget as well as a multi-year financial plan.

6 = criterion fully and completely met  
5 = criterion substantially met  
4 = criterion generally met  
3 = criterion generally not met  
2 = criterion not met in significant respects  
1 = criterion not met in any respect
S-3.9 The governing body understands its central role in institutional advancement and actively supports these efforts.

S-3.10 The governing body is responsible for establishing broad school policies and appropriately delegates responsibility for the operations of the school to the head of school.

S-3.11 Members of the governing body focus on the strategic interests and needs of the school in fulfilling their responsibilities.

S-3.12 The governing body participates in an effective program of board development that includes annual new trustee orientation, ongoing trustee education, evaluation and self-evaluation, and board leadership succession planning.

S-3.13 The governing body ensures that issues of gender, diversity, and multiculturalism are appropriately considered in policymaking and governing body membership.

S-3.14 The governing body ensures that the school has in place adequate provisions for risk assessment and management, including the transfer of risk through appropriate insurance coverage.
Principles of best practice for Trustees

- A trustee separates the interests of the school from the interests of a particular constituency or child
- A trustee accepts and supports board decisions
- Trustees do not become involved in specific management, personnel, or curricular issues
- A trustee keeps all board deliberations confidential
Principles of best practice for Trustees

- Trustees regularly assess their effectiveness as a governing body
- A trustee supports the school and Head of School and demonstrates that support within the community
- Authority rests with the entire board and not individual board members
- A trustee actively participates in the development efforts of the school
Indicators of Effective Governance

• Typically, the board has one employee who...
  • implements board policies
• has complete authority over faculty and staff selection, evaluation, and dismissal
• is responsible to keep the board informed about actions taken in these areas
• is responsible for working with the board in developing and monitoring the school’s resources
Making the Best Decisions
Be careful about trying to please everyone all of the time.
A mid-morning email from a trustee to Board Chair with Head cc'd:

“Who’s making the decisions for the school anyway? My daughter’s fabulous math teacher is not having his contract renewed. Why did the Board decide to do this?”
Mini Case Study

It’s April 4 and the Board passed a balanced budget in January. Teachers and parents are clamoring to have the excellent, part-time Learning Specialist become full-time. Including benefits, this would mean that the adopted budget would run a $40K deficit.
# Decisions John Carver Style

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Let’s Make Some Decisions

1. Whom to include in strategic planning process
2. Add a summer camp program
3. Ask a trustee to resign from the Board
4. Suspend a child from school for a week
5. Invite a teacher to sit on a board committee
6. Ask a family to leave the school mid-year
## Decisions John Carver Style

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**Board’s Advice**: Trustee Resign

**Strat. Plan Process**: Head’s Advice

**Camp Program**: Tchr on Com.

**Board’s Advice**: Family Leave

**Suspend Student**: HEAD’S DECISIONS

**Strat. Plan Process**: Family Leave

**Camp Program**: Tchr on Com.

**Trustee Resign**: HEAD’S DECISIONS

**Suspend Student**: HEAD’S DECISIONS
Assessing the School: Using Dashboard Indicators

- Use information to measure trends that indicate the health of the school over time (*trend analysis*)
- Create a set of comparison organizations (*comparative analysis*)
- The board level focus should be on the “big picture” (*comparative and trend analysis*)
- Should be used by the board to think about the school in a fiduciary, strategic, and generative manner
- Dashboard Indicators should be reviewed by the appropriate Board committee at regular intervals with regular reports to the entire Board.
- Dashboards help Trustees focus on important trends and not overreact to short term “blips.”
What are some FINANCIAL dashboards?

- Audited Income and Expense Trends (Comparative and trend analysis)
- Fee and Tuition Trends (Comparative and trend analysis)
- Salary Trends (Comparative and trend analysis)
- Financial Assistance Trends (Comparative and trend analysis)
- Annual Giving Trends (Comparative and trend analysis)

What are the FINANCIAL dashboards that are important to your school?
What are some NON-MONETARY dashboards?

- Student Admissions Data (Comparative and trend analysis)
- Student Attrition Data (Comparative and trend analysis)
- Staff and Faculty Attrition (Comparative and trend analysis)
- College Placement (K-8 delayed satisfaction syndrome)

What are the NON-MONETARY dashboards that are important to your school?
What is an important resource for the Board of Trustees and Administrators?

✓ Accreditation Dashboard Data to Make Decisions using DASL
Finally...Some Trustee Resources

NYSAIS- Now
www.nysaisnow.org

The Nonprofit Board Answer Book: A Practical Guide for Board Members and Chief Executives by Board Source

A Guide to Effective Governance for Independent School Boards: Trustee Handbook by NAIS

Five Life Stages of Nonprofit Organizations by Judith Sharken Simon with J. Terence Donovan

Governance as Leadership: Reframing the Work of Nonprofit Boards by Richard P. Chait, William P. Ryan, and Barbara E. Taylor

Independent School Magazine by NAIS

The Trustee’s Letter by Educational Directions Incorporated

Independent School Management (ISM)

National Association of Independent Schools (NAIS)

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