GETTING THE MOST FROM GOVERNANCE

by Peter Eckel and Cathy Trower

Essays from Inside Higher Education for Presidents and Board Members
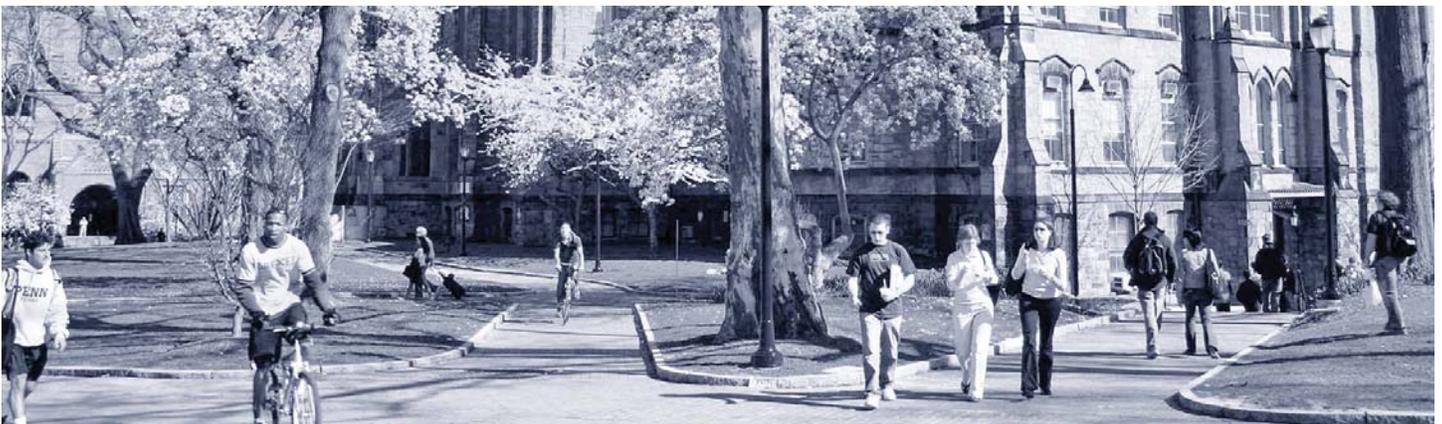
FOREWORD

Dear Readers

I suspect that much of your time during the year is dedicated to working with the board to move your institution foreword.

I am pleased to provide you with a compendium of articles on trusteeship by myself and Cathy Trower that appeared in Inside Higher Education. We know that the time demands of the academic year mean that you may have seen some of the enclosed, but not all of them. We also tried to make it easy for you to share them with members of your board and senior team.

The essays included are the following:

➢ The wrong questions that boards ask themselves (September 29, 2016)

➢ Advice for ensuring boards are prepared to deal with what's ahead (October 27, 2016)

➢ Boards should ensure they are being accountable for their actions (December 16, 2016)

➢ Advice for recruiting board members with the right governance competencies (March 23, 2017)

➢ Boards need to be more curious to be effective (May 15, 2017)

As you think ahead to this next academic year, I would be happy to speak with you about ways to further governance at your institution. This past year I've developed and led board retreats and workshops and facilitated efforts related to strategic planning. Cathy, I and a colleague at Penn have developed a tool to help boards assess their cultures to improve board dynamics, identifying strengths and potential vulnerabilities.

Please let me know if I can be of assistance over this next year. I can be reached at Eckelpd@ upenn.edu or 215-573-4342. Enjoy your summer. Happy reading.

Sincerely,

Peter Eckel

AUTHORS

Peter Eckel

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Peter Eckel and Cathy Trower describe the wrong questions that boards often ask themselves – as well as those they should ask but frequently don't.

Boards and presidents expect a lot from governance, and many know that they are underperforming and could and should do more. As we've written in the past, boards need a certain positive restlessness that keeps them striving to do better. Asking thoughtful, informed questions is important to that continued improvement.

In fact, this past year, we fielded many calls from presidents and board leaders in America and abroad seeking to improve governance. Those calls typically included a set of questions about which institutional leaders seek answers. While we applaud the interest and the endeavor, many of the most commonly asked questions seem to be the wrong ones. Here are a few:

How large should the board be? This question often comes up early in the conversations, particularly from presidents or board leaders at independent institutions with large boards. Our answer: "Just big enough." That response channels a faculty member in our doctoral program, who, when asked how long papers should be, said, "Just long enough" (much to the frustration of the students in our class).

A board should be large enough to address the work the institution faces, but not so large that governance becomes unwieldy. Ideally, the board is of a size that ensures a variety of perspectives on an increasingly large number of complex topics, stimulates a positive culture and camaraderie among board members, and allows the board to work effectively and efficiently. Size is less relevant to effectiveness than other factors, which we will describe below.

How often should boards meet? The answer to this well-intentioned but not really useful question parallels the one above: just often enough to get the needed work done. Rather than fixate on a set number, boards should consider the work they need to accomplish over the next 12 to 18 months and then determine the best way to structure board engagement to ensure it can address both planned issues and those yet to emerge.

We recognize that board and committee meetings require staff time, the focused attention of busy leaders and the time commitment of trustees. But too many meetings result in make-work or a lot of long, detailed (and sometimes boring) presentations by senior staff or show-and-tell sessions involving students and faculty members. Overly frequent meetings may also open the door for micromanaging, as the board members may be looking for work and take their focus beyond governance into management or operations.

Too few meetings also create challenges: board agendas become overly full, and board members have little time to discuss complex issues and are too distanced from the institution and the factors that should shape those discussions. Further, the foundation of trustee collaboration and trust may need to be re-established if the time between meetings is too long. Too few meetings is often a recipe for disengagement.

Finally, where is it written that boards must meet in person to engage in governance – except in some by-laws that might need revisiting? Some governance work must be conducted face-to-face in committee or full board meetings, but certainly not all. Votes on more routine matters can take place via virtual meeting technology (think almost virtual consent agendas), as can less scheduled but needed interactions among board members.

Do we have the right committees and the right number of committees? Many presidents and board leaders worry about their committee structure, and they often ask these questions in comparison to other boards. Some presidents wonder if they have too many committees. The largest we'd heard of was 18 committees on a board of 30 or so trustees. Each trustee on that board was expected to serve on at least three, if not four, committees. Trustees went to a lot of meetings, and sometimes committees had only one or two trustees present given the demands on trustee time.

Other presidents and board members wonder if they need more committees: Do we need a technology committee? A risk committee? An enrollment committee? What about civic engagement? Should academic affairs and student affairs be combined or remain separate?

Our answer: committees matter only in light of the work you are doing. What are the strategic and fiduciary issues the board needs to address? Where will those issues be given attention? How can you ensure key issues do not fall through the gaps between committees or that multiple committees aren't discussing the same issues, creating redundancy?

In addition, comparing boards is difficult, as many factors shape boards and board committees. Some boards at similar institutions look very different in their size and committee structures. Conversely, some very different institutions have similar boards. A complex university with a larger board may function at a higher level than a similarly complex university with a smaller board. Given all of the factors that shape board effectiveness, the committee structure might actually contribute little.

Should faculty or students serve on the board? It's important to ensure that many perspectives are voiced in the boardroom. Boards make better decisions with more complete information, and sometimes students and faculty members can best provide that information directly.

However, voice should not equate with vote. Current employees of the institution as well as enrolled students (or even parents of students) can too easily adopt a stakeholder mind-set rather than a fiduciary one. We are reminded of a quotation attributed to Harvard sociologist David Riesman: "The role of the board is to protect the future from the demands of the present." Stakeholders are often mostly concerned with the present.

You can ensure a larger number of voices, rather than allocate what might be a single board seat to a representative of one group or another, by having faculty leaders serve on select board committees. You can also organize open forums with faculty members or create ad hoc task forces that include key campus individuals.

These questions, although somewhat off target, are well intended. What we think these questions are really asking are the following, which are important:

- How can boards develop robust formats to accomplish all of their work?

- Through what approaches can boards ensure that time is well spent on meaningful issues that demand attention, even when the amount of meeting time is limited?

- How can boards guarantee the right voices, perspectives and expertise exist on the board and are heard in the boardroom?

- How should the board organize itself to accomplish meaningful governance?

At their heart, these questions are concerned with key elements of governance: Who governs, what are they governing and how should governance be conducted? How one frames the questions is essential to finding good answers. As iconic designer at General Motors, Charles Kettering, once said, "A problem well stated is a problem half solved."

While boards should ask many questions about governance, they should prioritize four.

How well is the board performing? Great boards have the capacity to look in the collective mirror, understand with intentionality how well they are working and think critically about the value their efforts are bringing to the college, university or state system. Boards should put in place robust assessment processes, collect data about themselves as a group and about individual board member performance, and use the findings to continuously improve. That should be the responsibility of the governance or trusteeship committee, or it can be done through the executive committee. A small group of trustees must take ownership of board performance, make it regular board work, ensure that the board receives feedback, and develop strategies to act upon that feedback.

To whom is the board accountable, and how can it demonstrate its accountability? A criticism of too many boards is that they lack accountability. The board has the ultimate legal and fiduciary responsibility for the institution it holds in the public's trust. Being transparent in its deliberations, using data well, engaging stakeholders and having high ethical standards are important to that greater sense of board accountability. Once a board loses trust with key stakeholders, it is difficult and time-consuming to recapture.

Bottom line: Accountability is ultimately a legal threshold, but boards are responsible for ensuring that the views of stakeholders are heard and considered, and that the board and administration act in the best interests of the institution.

To what extent is the board spending its time on the right issues? Given the numerous and complex issues facing higher education today, boards must understand and focus their work on the strategic priorities of their institutions and the fiduciary responsibilities of governance. Since those priorities, as well as the external environment, will change, what is important

next year may be less important five years from now. Boards with the ability to adapt, respond and pivot will outperform those mired in nostalgic conversations about yesterday's topics.

Relevant boards will need the structures and capacities to allow for flexibility and adaptation. That may mean fewer standing committees and more ad hoc task forces or a committee structure that can flex to align with the changing priorities of the institution or system. For example, a board might align its work around key issues such as financial sustainability; compliance, risk and accountability; the student experience; academic excellence; economic impact and relevance; and other issues specific to the university, such as academic health centers or mission. The bottom line is that it doesn't matter how the board is organized or who sits on it if the board doesn't know what it should be doing or where its primary focus should be.

To what extent does the board have the right culture?
Too often boards that seek improvement focus on changing structures – either the organizational structure or the meeting structure. However, what might be more meaningful to alter, and surely more challenging, is the culture of the board. Culture is that often invisible set of behaviors and beliefs that shapes board dynamics such

as who speaks, about what issues, with what effect. It is taught to new generations of trustees, sometimes intentionally, but other times not.

A positive culture that promotes inclusivity of people and ideas, reflection and discussion, constructive disagreement and a strong sense of purpose can help boards leap ahead. At the same time, a dysfunctional culture of backroom decision making, poor engagement, fervent convictions and personal agendas, and incivility between board members or between the board and the administration can set governance back light-years. Poor culture is poor culture, and it prevents effective governance, period.

One of the essential traits of highly successful boards is that they learn how to ask meaningful and focused questions, a skill that can be difficult to master. But it is those boards and presidents who stop asking questions that worry us most. Boards can and should develop the capacity to ask good questions and to recognize when those questions add value rather than move the board in an unconstructive direction. Indeed, trustees should practice the art of asking questions rather than simply asserting opinions. Great questions lead to meaningful conversations, which in turn result in better governance.

PennAHEAD HIGHLIGHTS

Indicators of Higher Education Equity in the United States – 2017 Historical Trend Report is a joint publication of the Pell Institute for the Study of Opportunity in Higher Education (Pell Institute) at the Council for Opportunity in Education (COE) and the

Alliance for Higher Education and Democracy at the University of Pennsylvania Graduate School of Education (PennAHEAD). The report compiles data from the nationally representative government statistics, including the Census Bureau household studies, and the National Center for Education Statistics (NCES)-sponsored high school and college longitudinal studies, which track college entrance and completion by family income, socioeconomic status, and race/ethnicity, with the goal of increasing our understanding of issues of equity of access and outcomes in higher education.

Family income remains the primary focus of the 2017 edition. Recognizing the need to also address inequity based on other interrelated demographic characteristics, the 2016 and 2017 editions include selected indicators that highlight differences by race/ethnicity, parent education, and a composite socioeconomic status (SES). The Indicators Reports present data as far back as comparable data warrant, often beginning with 1970. Methodological appendices provide additional relevant notes, tables, and figures.

IS YOUR BOARD READY FOR THE FUTURE?

Published on October 26, 2016. Click to see the original article.

INSIDE HIGHER ED

While it is impossible to "futureproof" a board, assessing its strengths and potential vulnerabilities can go a long way toward ensuring that it is prepared for what's ahead, write Peter Eckel and Cathy Trower.

"Prediction is very difficult, especially if it's about the future," said Niels Bohr, Nobel laureate in physics. While he wasn't speaking specifically about governing boards, his quotation is apt. How well prepared is your board for the future, predictable or not?

Boards must work concurrently across three points of time: past, present and future. The oversight work of boards by definition is historical. Boards look to the past to understand how well the college, university or state system is performing against plans and goals. Events happen in the past that the board reviews. Did we meet our institutional objectives this past year? How accurate was the budget projection, or were there shortfalls or overages? Did the institution hit its enrollment goals?

Boards also live in the present. How is the university responding to a crisis, such as student protests, or how well is it addressing pressing issues, such as the employment conditions of adjunct faculty? What are the financial costs of a new tuition and aid policy?

Finally, boards must work in the future. They approve a five-year strategic plan, for example. But they also are stewards of the university and long-term guardians of its mission, looking well into the future. It is this third area that is most difficult, given the flux in which most colleges, universities and state systems find themselves.

While it is impossible to "future-proof" a board, assessing its strengths and potential vulnerabilities can go a long way toward ensuring that it is prepared for what's ahead. Such assessments give board leaders and the administrators a sense of the board's strengths and the areas where it is potentially vulnerable, and can provide a road map for improvement.

We know that boards vary in their level of functioning, in the scope of their work and in their level of sophistication. Governance is rarely uniform, and different boards will find some approaches resonate more with them than others. But here are some general ideas you might consider to help your board be prepared for the future.

Baseline Fundamentals

Certain key fundamentals support governance, and most boards should already have these in place. But some boards lack these elements and, without a firm foundation, will struggle to address future challenges.

The board chair and institutional president should easily answer the following questions, which are intended to help a board determine a baseline of its effectiveness.

- Are there written expectations for trustees?
- Are there mechanisms for orienting new board members?
- Are board members asked to prepare for board meetings so they can contribute to the discourse? (For example, are key documents sent out 10 to 14 days in advance?) Do board members actually prepare for meetings?
- Do board members physically attend all meetings, with rare exceptions? How many join by phone? And how many simply don't show up?
- Is it possible to tell what is most important for the institution by looking at the board agenda?
- Does the board have a set agenda, and is it designed to promote discussion and debate about the most pressing issues?
- Has the board (or a board subcommittee) reviewed the board bylaws within the last five years?

Performance

Boards need to know where they are performing well, where they have blind spots and where they might need to improve. As they discuss their ability to navigate the whitewater ahead, boards may wish to consider the following:

- **Time spent on meaningful issues.** There are many complex issues to address and time is

limited, so a board must spend it effectively and efficiently. Does the board have clear goals and objectives for each meeting? To what extent do discussions allow it to explore complicated topics? Is the meeting efficient? Does the board take the necessary time to deliberate important issues? Does it have the information it needs to govern well?

- **The use of board member talent and knowledge.** Board members should be intentionally selected or invited to participate based on their talents, skill sets, knowledge and ability to work well together. To what extent is the board composed of diverse thinkers? Are the areas of expertise that the institution needs reflected in the various members of the board? How well does the board tap into the collective wisdom of its members? Does the board work together as a high-performing team? Does the board add value?

- **The relationship between the board and the president.** The board-president relationship is complex, in part because of the multiple roles involved: the board oversees the president as boss, serves as a strategic thought partner and is also a coach. Does the board play these three roles well, or is it predisposed to one type of work over the others? Does the board regularly and effectively evaluate the president? Does the board listen to the president? Is there mutual trust, respect and accountability? Is there open, two-way communication and transparency?

- **Board integrity.** The board should evaluate its sense of integrity as well as that of the president and college, university or system. Does the board have the capacity to ensure that both it and the institution or system it oversees are operating within the boundaries of applicable laws? Does the board have and uphold a conflict-of-interest policy? How transparent is the board in its decision making? Does the board maintain confidentiality?

- **Board member satisfaction**. It is important to understand the extent to which board members believe their work has a positive impact, their level of overall satisfaction with the board, and the degree to which they find the experience rewarding. After all, these roles are voluntary. And boards want to ensure they are getting the most from their volunteers.

Other categories of possible assessment include the participation and engagement of board members, the effectiveness of board education, and the depth of board knowledge.

Furthermore, boards can assess performance in a number of ways. One approach is to look at simple yet potentially powerful questions as presented in a two-by-

two matrix defined by frequency and value or impact.

Culture

Finally, to understand how well it is prepared for the future, the board should assess its culture. While it is important to understand if the board carries out its functions effectively, it is equally important to ask how the board does what it does. Its beliefs and ways of working and engaging are passed on to new trustees and can become deeply ingrained, often without examination. The group itself becomes the "invisible director," as Clayton Alderfer astutely noted 30 years ago (Harvard Business Review, Nov.-Dec. 1986) of the influence it can exert.

Effective governance demands that board members ask two questions: To what extent do we have the right board culture, given: 1) the work we have to do, and 2) the context in which we are working?

A board must also confront two challenges when assessing group culture. The first is to make something that is often invisible to those people immersed in it observable ("fish don't know they're in water"). The second is to find a shared language to describe culture in ways that can become actionable. This is difficult work and something with which boards and other groups have long struggled. We have designed a board culture self-assessment that accomplishes both of these. For more information, see the Penn AHEAD or Trower & Trower websites. Organizational culture is a complex phenomenon and difficult to describe succinctly and consistently. Without agreement about what one is seeking and a strategy to do that, boards will struggle on this dimension.

While it is important to assess the dimensions described here at the board level, board leaders should also identify variances within a board, because understanding the differences that exist across board members may be even more telling. How cohesive is the board and its culture? Do people have vastly different assessments of their experience, the board culture or how well the board is working? Do those differences vary by a trustee's length of service, gender, race/ethnicity or membership on a specific committee?

Finally, boards can conduct the assessments themselves, but they may be better served by having outside experts help craft questions and make sense of the results. People with fresh eyes who are able to call things as they see them can help surface assumptions and keep blind spots in check. (Remember that reference to the fish and water?)

"The future ain't what it used to be," said Yogi Berra. Ensuring that your board is ready for that future begins with an understanding of where it is today.

MAKING BOARDS ACCOUNTABLE FOR THEMSELVES

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INSIDE
HIGHER ED

Boards are at the apex of the institutions they serve, so the buck stops with them. They should not hide, as they should have nothing to hide, write Cathy Trower and Peter Eckel.

As we read the current news about higher education and of failures of leadership by both administrators and boards, we can't help but ask ourselves, "What the hell is going on?" Consider Antioch College, Cooper Union, Sweet Briar College, Temple University, the University of Louisville, the University of Missouri, the University of Virginia – it seems that no institutional type is exempt from governance woes and sometimes the intervention of attorneys general, governors, alumni and more.

At the heart of many of these situations is the challenge of board accountability. Most people involved in higher education are familiar with some form of accountability. Accreditation addresses institutional accountability. The student learning movement has increased the emphasis on faculty accountability. But while accrediting agencies do call attention to board accountability, particularly when boards go off the rails, board accountability has yet to garner the same attention.

Governance accountability is difficult for a variety of reasons. First, it often includes high-stakes decisions that not everyone will agree with. Second, board deliberations often take place behind closed doors or, even if open, without much of an audience. Third, many stakeholders don't understand governance and its role. These factors add up to a degree of skepticism about the board – even if it is doing its work well and

honorably. Because of this, boards must work extra hard to ensure they are accountable and viewed as being so.

Indeed, boards should be out ahead of the accountability curve. Doing so would greatly help them and their institutions. So what is accountability when it comes to governance? To whom are boards accountable and for what? And how can they improve their accountability?

For What Is the Board Accountable?

There are five essential areas of board responsibility and accountability:

1. Upholding the institution's mission;
2. Selecting, compensating, evaluating and firing the president;
3. Overseeing the fiscal health and integrity of the institution;
4. Overseeing the quality of programs, services and other institutional offerings; and
5. Ensuring the board's own performance and conduct.

Of this list above, the final one tends to be the one that boards most often are least prepared to carry out well.

To Whom Is the Board Accountable?

First and foremost, because they hold their institutions in the public trust, boards of both independent and public colleges and universities are accountable for achieving public purposes. Boards that end up in the headlines for misbehavior often do not violate legal statutes. Instead, they and their institutions lose public trust.

Thus, board accountability has a public dimension to it. Boards need to behave in ways that make sure that the public trusts them and they are doing their collective best to move the institution or state system forward. While boards are often called upon to make difficult and controversial decisions, it often is the court of public opinion in which boards are judged.

At its most basic level, this public accountability is akin to government agencies answering to the electorate and businesses answering to stockholders. However, boards do not have stockholders or electorates who can readily demand greater accountability. Higher education's stakeholders are a varied group, including policy makers, alumni, students, staff and faculty, and for public universities, the citizens of the state. And the

expectations of these different constituencies may differ greatly from each other.

How, Legally, Is the Board Accountable?

Because the institutions they govern are supported by public contributions and enjoy favorable tax treatment, higher education boards are legally bound by the duties of care (exercising diligent oversight, being prepared for meetings), loyalty (placing organizational interest over self-interest, ensuring no conflicts of interest) and obedience (staying true to the institution's mission, ensuring funds raised are used in support of the mission).

All academic institutions have articles of incorporation (bylaws) that describe the board as responsible for what the institution does and how it does it. Boards are also answerable to federal, state and local agencies, and they must file a Form 990 with the IRS that provides an overview of institutional governance, activities and programs, as well as discloses detailed financial information. In addition, regional accreditation keeps an eye on governance.

How Can Boards Ensure Governance Accountability?

So far, this all seems fairly straightforward. So, why so many train wrecks? We don't believe they occur because laws, bylaws and articles of incorporation aren't clear – they are. We don't believe they occur because of stupidity – by and large, trustees are really smart, experienced people. We don't believe they occur because of evil intention – trustees generally want to do good work and serve faithfully.

Perhaps they occur because it's easy to have words on paper, but more difficult to enact them. Some boards lack internal practices that help keep them aware of their accountability and that bring issues to light to help them avoid blind spots, potholes and sinkholes.

Further, boards of public universities and state systems govern in public, which certainly ups the ante. State sunshine laws are intended to increase transparency and, correspondingly, accountability. But there's a downside, too: having to govern in public sometimes encourages individual trustees to create workarounds or to curtail dialogue, robust discussion, provocative questions and meaty deliberations.

Still despite the challenges of governing in public – in the sunshine – we believe that all boards can serve their organizations better by ensuring accountability. Here's how.

- Hold a discussion about accountability. Boards should periodically have a straightforward conversation about to whom they are accountable

and how they might demonstrate it. Public boards may more easily have this conversation, given their appointment processes and the strong sense of priorities that exists in many states, while boards of independent colleges and universities may have a more complicated situation. Boards at religiously affiliated institutions may feel accountable to the sponsoring order, particularly regarding mission. Other boards may identify other stakeholders such as students, alumni, donors or the larger community. The ways in which boards demonstrate accountability to each group may vary. But the more boards can be intentional about this, the better they will govern.

- Practice predecision accountability. In its simplest terms, this strategy means that boards should make decisions as if they – not the president – had to explain them to stakeholders. For example, for each board meeting, randomly select two trustees who will, in mock trial fashion, need to explain a board dialogue or decision to an unknown entity (a stakeholder group) waiting outside the door. Research shows that practicing predecisional accountability increases trustee engagement in the meeting discussions and encourages trustees to consider more stakeholder viewpoints (because they don't know who's waiting to hear the upshot), ask more questions and take more notes. Ultimately, they govern better.

- Epitomize performance accountability for the institution. If the board holds itself up as an exemplar of performance accountability, it is better positioned to hold others accountable as well as themselves. That means being explicit about the board's collective understanding of great governance, how it intends to execute it and how it will measure it. Periodically (every two to three years, although some boards undertake an annual review) you should conduct a comprehensive self-assessment of the board's collective performance. It's also a good idea to have trustees self-assess their own engagement and performance. While these assessments might be a bit inflated, the simple act of self-reflection is helpful. It's also good practice to assess the work of committees and board meetings. Specific ideas for all of these types of assessment may be found in Trower's book The Practitioner's Guide to Governance as Leadership.

- Create and uphold a statement of expectations. Another good practice is to have a written statement of trustee expectations, or a code of conduct, that spells out the responsibilities of board members and how the board will deal with violations. You should make this statement public and demonstrate that the board takes seriously the ways its members engage with one another and

with the work of governance. Such a statement can also help boards to moderate potentially disruptive behavior by a few rogue trustees. Great boards do not tolerate renegades who violate agreed-upon terms of engagement and have consequences for misbehavior.

- Seek management's overall assessment annually. The best boards engage in dialogue with the president about how the board is performing. Such conversations can happen with the board chair or with the executive or governance committee, and overarching views should be discussed with the full board. Some boards ask the senior staff members to also complete the written board assessment survey and analyze results comparing board to staff members, in the aggregate (so as to not compromise anonymity). Boards provide presidents with feedback and assessment, so why not reverse the process?

- Hold executive sessions for reflective practice. To learn and improve, boards should reflect on their performance, which can often best be done in executive session without senior leadership present. Such sessions are a time for trustees to open up with one another about how they see the board's performance and talk about blind spots that may have been revealed in the assessments and how to overcome them. Another best practice of the best boards is to periodically take stock of the past year and discuss both contributions/ successes and shortfalls in terms of the board's governance function. Questions to ask: What did we do especially well? Where did we fall short?

Why? What have we learned? How will we govern still better in the year ahead?

- Avoid conflicts of interest. This point should not need to be reinforced, yet trustees too often find themselves in conflict. Board accountability is undermined quickly and deeply when conflicts of interest exist. While not all conflicts are avoidable, many are and should be.

- Use the mission as a guidepost and touchstone. Too many boards get into difficulty when their actions are viewed as running counter to the mission and values of the university. For example, boards lose credibility when they offer presidents excessive compensation packages, yet leave students with a high debt load or come under scrutiny for not paying staff living wages. Boards can appoint trustees at each meeting to ask, "How does this decision reflect on our values and mission?" Hopefully such a capacity will become naturally ingrained over time. This is a type of values sniff test – if the decision smells bad, it probably is.

In summary, a board can take many steps to ensure accountability for itself. Because boards are at the apex of the institutions they serve, the buck stops with them. They cannot and should not hide, as they should have nothing to hide. You may have noted an undercurrent of the concept of integrity running through all this. Ultimately, that is what board accountability boils down to: integrity. Without it, nothing good can happen. Once violated, it is difficult to overcome. With it, good work is possible.

Penn AHEAD HIGHLIGHTS

Alliance for Higher Education & Democracy

China Senior Leadership Seminar at Peking University
APRIL 2018 in BEIJING, CHINA

Coming Up in 2018

Co-hosted by the Penn GSE and Peking University – China's leading research university, this seminar for university presidents and senior leaders offers a unique introduction to the Chinese higher education system and helps make crucial connections in the higher education sector of the world's second largest economy.

Registration opens in October 2017. For additional information e-mail **ahead@gse.upenn.edu.**

Most trustees come to the board table with no clue about what to expect. Cathy Trower and Peter Eckel examine the individual competencies they should have to improve how the board governs.

Much of the conversation on effective governance looks at what boards do as a group, and that's all to the good. The best boards are those in which the sum adds up to more than the individual parts. Boards operate as collectives of individuals.

But we don't choose a group of people for board service, we choose individuals. And what are – and should be – the competencies of those individuals? This essay looks at the individual competencies of board members that will help improve how the collective governs.

Individuals matter to boards. While the trustees of public colleges and universities or state systems are usually gubernatorial appointees, private or independent institutions are typically populated in "self-perpetuating fashion," nominated by current board members. Some college and university boards have constituent representatives – for example, students, faculty, members of a religious order, alumni – and therefore accept nominations made by others.

Whatever the selection process, people join boards for a host of reasons and with a wide variety of backgrounds and expertise. Some trustees have never served on a nonprofit board, let alone that of an academic institution. Others have corporate board experience and may lack knowledge of higher education and shared governance. Some trustees serve to "give back," while others have more personally motivated (looks good on a résumé) or political reasons, or a combination of these.

The point is that most trustees come to the board table with no formal training about board service, no clue about what to expect and little understanding of what's expected of them.

Thus, the importance of a comprehensive orientation

for new trustees. Too often orientations, if done at all, are quick and incomplete (and include a campus tour and lunch with a student or two). Effective orientations should provide an overview of the university or system, including budget, risk, mission and values; bring new trustees up to speed on the external environment and the context in which they must govern; and, finally, orient newcomers to how the board governs, the board's culture and what it means to be an effective trustee. Unfortunately, this last element is often overlooked – and with consequences.

One Bad Apple

We hear many stories about boards and governance gone awry, and oftentimes about a "rogue" trustee – someone who doesn't understand the practice of governance or disruptively violates the culture of the board. Although boards and presidents hope they never have a rogue in their midst, a small 2009 study of community college presidents reported that 97 percent of respondents had "personally experienced or knew of colleagues who had a rogue trustee on their board."

The behaviors of rogues can vary, depending on who's describing them, from relatively benign (meddlesome, micromanaging) to malicious (attacking or undermining the president). And although they can be elected or appointed, elected rogues are especially problematic because they typically can only be removed by the electorate or when their terms end. Therefore, they can do a lot of damage over both the short and long term.

Start With the Selection

It is common practice for institutions with self-perpetuating boards to build a roster of talented individuals. Distinguished alumni, community members and corporate and nonprofit leaders are cultivated for future board openings. Institutions typically match potential board members against a list of criteria that include: demographic characteristics (e.g., age, gender, race/ethnicity), geographic location (e.g., nearby, state, region, international) and expertise (e.g., financial, real estate, social media, IT, PR, health care and even higher

education).

Some colleges and universities add other criteria to the mix, such as:

- resource development capacity (e.g., ability to get/ connections to resources, ability to give)
- oversight expertise (e.g., risk management, compliance, legal, investment/audit)
- knowledge of key audiences (e.g., current or former charity CEO; former college president; corporate partner; foundation/grant maker; large community-based nonprofit)

Boards with a range of expertise and characteristics tend to govern better than those that are quite homogeneous. One governance consultant tells the story of a board in which half the members were lawyers and the other half were church leaders. They had limited expertise in or experience with key areas such as finance and audit, risk, real estate, capital projects, and higher education. And, as the consultant said, they were in constant battle, either arguing or praying.

For public universities, which must accept political appointees, it is good practice for presidents and board chairs to identify areas of strength and weakness in their board's composition and meet with the governor's appointment staff to discuss what to consider in making appointments. Some public institutions go a step farther and develop a list of individuals who meet stated criteria and take those names to the governor.

Then Add Competencies

Savvy boards and presidents are moving beyond individual demographics and expertise (and individual wealth) to get to actual individual governance competencies: in other words, the ability to do the job.

A 2009 report entitled "Competency-Based Governance" from the American Hospital Association's Center for Healthcare Governance provides an excellent distillation of some key competencies that should be sought in all hospital board members and that apply equally well to higher education trustees. They include: accountability, collaboration, innovative thinking, complexity management, organizational awareness, professionalism, relationship building, strategic orientation, information seeking, change leadership and team leadership. For each of these competencies, the report defines the individual trustee competency, lists behaviors associated with the competency and provides sample interview questions to identify the competency in a prospective trustee.

Let's take innovative thinking as an example.

Defined: The ability to apply complex concepts, develop creative solutions or adapt previous solutions in new ways for breakthroughs in the field.

Behaviors: Makes complex ideas or situations clear, simple or understandable, as in reframing a problem or using an analogy; fosters creation of new concepts that may not be obvious to others to explain situations or resolve problems; looks at things in new ways that yield new or innovative approaches – breakthrough thinking; shifts the paradigm; starts a new line of thinking; encourages these behaviors in others.

Sample interview questions: Think of a situation or situations where you were involved in reinventing or creating a new program, product or service.

- How did you identify and help others understand all the factors contributing to the need to reinvent the existing resource or to create something completely new?
- How did you help make complex ideas or situations more clear or understandable?
- How did you help explain problems or obstacles in ways that may not have been obvious to others?
- How did you help others involved in the creative process look at things in new ways?
- Have you participated in a process of breakthrough thinking and what role did you play in the process?

The AHA report also provides an example from Presbyterian Healthcare Services of the competency-based governance model in use with sitting members where trustees are evaluated against expected individual competencies. Some of the items listed on PHS board members' competencies and definitions table are as follows:

Competency: Team player.
Definition: Encourages and facilitates cooperation within the board.

Competency: Demonstrated commitment to the mission, vision, values and ethical responsibilities to the community served by PHS.
Definition: Uses Presbyterian's vision, values, purpose, strategies and the PHS Plan as a basis for discussions and decisions.

Competency: Demonstrated willingness to devote the time necessary for board work, including board education.
Definition: Welcomes requests for work to be completed at other times than board meetings.

Another example comes from the YMCA, which has developed a Board Leadership Competency model. The

model includes four overarching areas of importance: mission advancement, collaboration, operational effectiveness and personal growth. Underneath each of those is a set of competencies including definitions and checklists.

For example, a competency under collaboration is inclusion, defined as embracing contributions from a wide range of people; its checklist includes these (among others):

- Embraces the differences of all people (i.e., culture, ability, ethnicity, religion, sexual orientation, gender, age, nation of origin, etc.);

- Treats all people with dignity and respect;

- Builds consensus by intentionally listening and engaging in diverse perspectives;

- Promotes cooperation and collaboration with other organizations to achieve mutual benefits to all stakeholders; and

- Advocates for and designs the strategic vision that reflects the diverse needs and concerns of the whole community.

Put Competencies Into Action

Some colleges and universities are already moving in the direction of individual board member competencies. For example, Robert Morris University in Pittsburgh has added a list of demonstrated inclusion competencies to its board composition matrix that includes more traditional characteristics such as alumni status, professional background and demographics. And, in fact, most higher education boards would be well served by adding an individual competency approach to their current trustee recruitment and screening efforts.

For instance, the governance or trusteeship committee could begin by determining and defining the competencies that are most needed for effective board dialogues and decisions and then seek feedback from the rest of the board members, key administrators and faculty leaders who interact regularly with the board.

The next step would be to identify the corresponding behaviors that demonstrate each competency or skill. The board could then use its list to assess both current board members and future board members against the competencies with an eye to where there are gaps (for prospective trustees to fill) and as areas for current trustee education or training and develop a plan to build trustee competence.

Boards are groups, and the best ones function like teams. But even the best teams understand the contributions of each team member and have expectations for the skills and competencies each must bring. Similarly, the best boards pay close attention to what each individual brings to the table – not only in terms of background, skill sets, demographic characteristics and functional areas of expertise but also the competencies that encompass that person's ability to function as part of a high-performing board.

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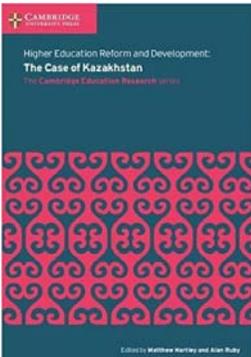
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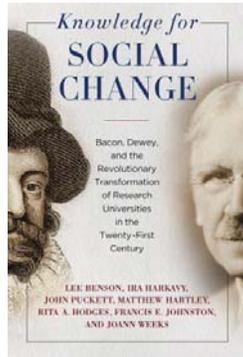
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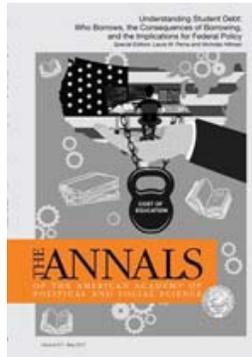
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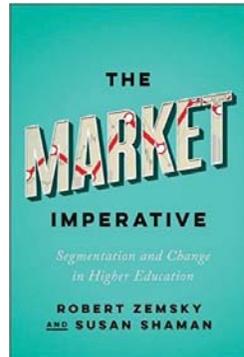
Good boards ask good questions, and great boards ask great questions. The ability to ask meaningful questions is an important skill in the boardroom and fundamental to effective governance. Said the chairman of Bain & Company, Orit Gadiesh, in a 2009 Harvard Business Review interview, "The most distinguished board is useless and does a real disservice to the organization, in my view, if the people on it don't ask the right questions. If you're not asking questions, you're not doing your job."

Too many boards struggle with asking questions at all, let alone asking good or great questions. Statements, not questions, frequently carry the day. Why? They lack sufficient curiosity.

In some instances, boards develop a culture in which curiosity is perceived as an indication of ineptness. Advancing arguments or making statements, not inquiring, is rewarded and reinforced. In other boardrooms, presidents and staff don't readily welcome questions from trustees; "let us explain to you what you need to know" is the modus operandi. And too often, boards just don't have the proficiencies or the structures to foster curiosity.

Boards can particularly benefit from a collective curiosity because trustees come from a variety of sectors and industries. The questions that a successful leader of a local bank has learned to ask over her career are in some key ways different from those that are essential to a multinational manufacturing firm and from those asked by a successful tech entrepreneur. Yet boards can weave together these different ways of understanding and questioning to create a powerful approach to governing – one that yields deep and broad insight into higher

College and university boards have much about which to be curious these days, argue Peter Eckel and Cathy Trower, but too many struggle with asking questions at all, let alone good or great ones.

education's complex issues. Boards are ripe for curiosity-driven work.

Boards are composed of accomplished people, many of whom have learned over time how to ask impactful questions. The ability to ask and answer meaningful questions is how they get ahead, challenge norms and find innovative pathways. Reportedly A. G. Lafley, two-time chairman and CEO of Procter & Gamble, asks himself each week, "What am I going to be curious about?" as a reminder of the power that questions have to provide strategic insight.

Boards that lack sufficient curiosity risk:

- Complacency and disengagement. It is too easy for the work of boards to become routine. Boards go through the motions of governance without the drive to really understand what they need to ask and discuss in order to govern well. When there is little investment in meaningful work, trustees – particularly busy, accomplished individuals – become disengaged.

- Lost opportunities to add value. Boards that lack curiosity foreclose occasions for trustees to meaningfully contribute. What are the contributions of boards, beyond philanthropy? Former Secretary of Labor Robert Reich once spoke publicly about his experience as a trustee, memorably noting, "We ate well." Such statements don't say much for the impact he felt the board gave to that institution.

- Advocating answers to the wrong questions. Boards that don't develop the capacity for curiosity risk applying solutions regardless of the problems. Without understanding the real challenges, boards may pursue the wrong solutions.

- Falling short in their fiduciary duties. Boards that are not curious may be underperforming in their most fundamental responsibility: acting as a fiduciary. Without asking questions, boards cannot fulfill their duties of care, loyalty and obedience.

On the flip side, curiosity in the boardroom can deepen

engagement, intensify observation among board members of important issues, add diverse and better informed perspectives to discussions, minimize trustee solutions in search of problems, and increase individual trustee fulfillment.

What Should Boards Be Curious About?

Boards have much about which to be curious these days, including demographic trends; changing faculty work; student learning and degree relevance; student persistence and success; the intersection of access, affordability and excellence; opportunities to grow revenue; the impacts of technology on higher education; and many other issues. However, what might be most important is not the topic itself, but the nature of the problem and the ability to grasp the complexities and opportunities behind the issues.

Leadership scholar Ron Heifetz argues that there are two types of problems: technical and adaptive challenges. Technical problems are those that are easy to spot and can be solved by applying current knowledge. They are well defined and widely understood. Adaptive challenges, in contrast, are difficult to identify (and easy to deny), do not have "right answers," and are unsolvable with current skills and knowledge. The challenge, Heifetz argues, is that too often organizations treat adaptive challenges as technical problems, only to make matters worse.

In the table below, we provide some comparisons of technical versus adaptive challenges relevant today.

Example	Technical Problems	Adaptive Challenges
Sexual assaults on campus	Compliance problems	Institution's culture regarding risk and safety
Fund-raising down	Insufficient outreach	Mission no longer resonates Lack of alumni and donor engagement
Website hits declining	Outdated website	Message no longer effective
High faculty turnover	Low faculty salaries	Low quality of work life
Excessive student drinking	Poor alcohol policies	Harmful student culture
Student protests over race	Lack of diversity	Lack of inclusion

Developing the capacity for curiosity can help boards move beyond what might be initially framed as a readily solvable technical problem to understand the situation as an adaptive challenge.

How to Increase Curiosity

Curiosity isn't simply an innate talent. It can be developed intentionally among a collection of people if they:

Break routines. Too often board business is conducted in ways that eventually become routine, if not ossified. Routines are the enemy of curiosity. They create expected patterns of behavior that tend to elicit similar types of questions. If the board always conducts its business in one way, over time, it learns the types of questions to ask and not to ask within that framework. Expectations, not novelty, shape the work.

By creating new routines in board and committee meetings, boards can spark innovation and curiosity. Seating trustees in small groups, rather than around the typical large board table, can spur different types of interactions and conversations. As one trustee recently said of this format, "I can look the other trustees in the eye." Holding board meetings off-site, such as at innovative corporate headquarters, a high school or a community center, can alter perspectives leading to new conversations. At one institution, a board "field trip" to the construction site of new campus drastically altered the conversation. Changing the order of reports and discussions or assigning different trustees to lead various sections of the agenda also can disrupt the commonplace.

Commit the time. Routine becomes curiosity killing unless it is to create opportunities that promote curiosity. Too often the agendas of board meetings are overly full, and therefore, overly scripted. Developing the time for reflection and discourse can encourage curiosity. Embedding board educational sessions as a continuing of board work can be powerful. Be judicious about the number of topics addressed in a board meeting and finding ways to "steal time" for probing questions are other strategies. Moving to consent agendas can help streamline routine board work. Limiting reports by staff members is another strategy to make time. Show-and-tell sessions with questions at the end don't leave much room for exploring new ground.

Take a statement/question census. Some boards may believe that they are asking a significant number of questions. To check that assumption, charge someone with tallying the number of curiosity-driven questions asked over the course of a board meeting against the number of statements made and questions for clarification. The comparison will probably be telling.

Some boards may need permission to be curious. Board leaders may need to not only "ask for questions," but also demonstrate curiosity themselves by raising an initial set of good questions.

Relabel some challenges as puzzles. As scholar Spencer Harrison suggests in his work on curiosity in organizations, labels matter. He argues that issues framed as problems invoke a negative emotion and the search for solutions. Such work may foreclose curiosity. The same issue framed as a "puzzle" – and using that word or related terms – may lead to a mind-set geared toward exploration and divergent thinking. He argues that puzzles (and by extension, puzzling challenges) can be invigorating in ways that problems rarely are.

Craft agendas as questions. Too many board and retreat agendas are framed around a series of statements, when what the board really needs are questions. An agenda that is simply a list of topics – enrollment, campaign update, risk – as such doesn't create the expectation for questions and curiosity. In contrast, agendas posed as questions, such as the following from a recent retreat lead to curious inquiry: What are the key trends in the regional economy and changing employment needs? How is the higher education marketplace changing in the region? What do we know about the next generation of students?

Adopt curiosity-invoking activities. Boards can leverage a set of small behavioral changes that can lead to new levels of curiosity. Practice matters. Before a particular agenda item, the board can engage in a 90-second brainstorm in which each trustee writes down a list of questions associated with the topic. Another powerful strategy is to ask trustees at the end of the board meeting to write down one question that they have when looking back at the board's work of that day. One can make a second request asking each trustee to write down one question she or he had earlier in the day but didn't ask for a variety of reasons. The responses are collected and read back to the group. The next-generation questions and the unanswered questions are ways to provoke and encourage curiosity.

Understand not all questions are curious ones. Boards often report that they are good at asking questions. And many are. The challenge is not the frequency of questions but the style and type of questioning. Some questions can lead to curiosity, while others are simply interrogations. The latter are rarely helpful in moving conversations ahead. Questions such as, "Why did you do that?" or "Didn't you consider X?" seldom spawn anything but defensiveness.

Furthermore, some questions that trustees ask are merely rhetorical; others are posed not to expand the conversation but instead to place blame; others are intended to go unanswered because they are part of a soapbox or soliloquy by those who like to hear themselves talk.

Roger Schwartz suggests in a 2013 Harvard Business Review article the You Idiot test. He offers that the person ready to ask the question first ask themselves privately the question and add the phrase "you idiot" to the end. Why did the administration project the budget so poorly (you idiots)? Why did you not think students would protest (you idiot)? He says if the question sounds natural with that phrase at the end, it's not constructive.

Strive for a culture of curiosity. Curiosity is contagious, and boards can create cultures where it flourishes. Developing the right culture that encourages constructive questions, that is defined by curious minds, that carefully and intentionally frames questions, and that appreciates the time and work required to engage this way will serve boards well. Look at patterns of engagement. Who speaks and with what effects is an artifact of culture, for instance. Do discussions end when certain board members speak? Does the board expect constructive "devil's advocate" perspectives? Does it welcome devil's inquisitors? When is a consensus that is too easily reached questioned as being too simplistic?

The End Result

Boards that are intentionally curious develop deep investments in the institution and its trajectory. They create more rewarding experiences for individual trustees, are better strategic partners with the administration, challenge well-worn assumptions that may block progress and bring their collective expertise to the problems (and puzzles) the institution faces.

Elon Musk was quoted in a recent Inc. magazine article saying, "A lot of times the question is harder than the answer. If you can properly phrase the question, then the answer is the easy part." Boards need to continue to develop the curiosity to pose and pursue just such questions.

INSIDE HIGHER ED

Essays from Inside Higher Education for Presidents and Board Members

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