

Principles of Trusteeship

Kentucky Council on Postsecondary Education

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Goal: Building a Strategic Board

Strategic boards are genuinely fiduciary, not managerial; they protect and enhance institutional assets.

Focus should be on **primary assets**:

Mission, vision, and strategic priorities

Character and quality of education

Organizational sustainability

Presidential leadership

High Stakes for Boards

These are **disruptive times** for higher education, making it even more important to get governance right. Board members need to be familiar with issues that impact their work on behalf of the institutions they serve.

AGB identified the greatest strategic challenges that boards must grapple with in 2023.

High Stakes for Boards

The challenges are in five broad categories:

Ensuring institutional vitality

Improving outcomes for students

Strengthening civic education and democracy

Preparing new higher education leaders

Managing serious risks

Source: Top Strategic Issues for Boards 2022-2023, published by AGB, 2022.

Institutional Vitality

Examples of questions boards should ask:

What are the key strategic business issues facing us?

Do we understand our business model? Is it sustainable?

What are your questions in this category?

Source: Top Strategic Issues for Boards 2022-2023, published by AGB, 2022.

Student Outcomes

Examples of questions boards should ask:

Do we have benchmarks in place to measure student outcomes and well-being?

What support services do we have in place to help students stay and complete? Are they working?

What are your questions in this category?

Source: Top Strategic Issues for Boards 2022-2023, published by AGB, 2022.

Civic Education and Democracy

Examples of questions boards should ask:

What are we doing to educate citizen learners who can fully engage in democratic practices?

Does the board discuss ways in which our commitment to civic education can be implemented?

What are your questions in this category?

Source: Top Strategic Issues for Boards 2022-2023, published by AGB, 2022.

Higher Education Leadership

Examples of questions boards should ask:

Does the board have succession plans for the president and other top leaders?

Do we know and understand the rate of turnover in or top administrative positions?

What are your questions in this category?

Source: Top Strategic Issues for Boards 2022-2023, published by AGB, 2022.

Risk Management

Examples of questions boards should ask:

Do we have an enterprise risk management system to track issues before they become crises?

Who is responsible for leading our crisis management team? Do we have a plan for dealing with a crisis?

What are your questions in this category?

Source: Top Strategic Issues for Boards 2022-2023, published by AGB, 2022.

Trustees Are Fiduciaries

Board members hold fiduciary duties **individually**, but they act **collectively** as a board.

Unless specifically authorized, no board member has the authority to determine a course of action.

Duty of care

Duty of loyalty

Duty of obedience

Principles of Trusteeship

A board is only as strong and effective as the collective wisdom and actions of its individual members.

The authority of the board resides in the collective action of its members, but **each individual trustee contributes to or limits** the effectiveness of the board as a whole.

Source: Principles of Trusteeship, AGB, 2021 (source for all remaining slides.)

Intrinsic Challenges to Effective Boards

All Boards Have These Challenges

- Orchestra without the optimal mix of members that rarely rehearses
- Wealth of conductors
- Powerful personalities with personal priorities
- Limited time and episodic engagement
- Full-time professionals reporting to part-time volunteers

Principles of Trusteeship



1. Embrace the full scope of your *responsibilities* as a board member.

- Fiduciary responsibilities
- Collective endeavor
- Prepare in advance, show up fully present, and participate productively

2. Respect the difference between *the board's role* and the administration's role.

- Shape strategy, set policy, support goals, hold executive accountable
- Share governance
- Accept recommendations from governance partners not unconditionally but respectfully
- Serve as thought partner, sounding board, pro bono advisor
- Don't manage, implement, or operate

Management vs. Governance

MANAGEMENT

- What is enrollment in “Program x” this semester?
- How many recruiters do we have?
- How many dual-credit classes did we teach?

GOVERNANCE

- What are our growth markets in the future & how will we sell into those segments?
- Are you happy with our product mix? Why?
- How do we assess the viability of our programs? What role does dual credit play in program growth?
- How’s our growth compared to the state rates & to the growth in our local high school graduation classes?

3. Be an *ambassador* for your institution and higher education.

- Advocate for the institution as an informed, objective, sharp-eyed interpreter
- A bridge between the institution and its many stakeholders
- Who do you represent?

4. Conduct yourself with impeccable *integrity*.

- Trust and reputation—hard to gain and easy to lose
- Conflicts of interest can be managed
- Disclose more-rather than less-information
- Step aside from voting and discussion
- Do you have a conflict-of-interest policy?

5. Think *independently* and act collectively.

- How open is the board to dissenting opinions? How are its tensions handled?
- “Independent” is not “unilateral”
- Board value lies in diversity of members’ expertise and experience
- Thinking independently happens inside the boardroom, and acting collectively happens outside it

6. Model justice, equity, and inclusion.

- Trustees are ultimately accountable for a welcoming, safe, supportive, and equitable environment for all
- Pursue equitable outcomes
- Look hard at campus climates for barriers
- Pay attention to which voices are loudest or silent, which dismissed or defended
- Recognize and appreciate personal journeys

7. Learn about your institution's *mission, constituents, culture, and context.*

- Know and value what makes your institution unique
- Work with administration on strategies distinctive to your institution that play to its strengths and ameliorate its limitations
- Think about your role as an outside governor as changing professions and changing industries at the same time

8. Focus on what matters most to the institution's long-term *sustainability*.

- Oversight . . . Insight . . . Foresight
- How well do you understand the business model and financial circumstances?
- Help define what constitutes success . . . now and in the future
- Encourage innovation that will help achieve success

9. Ask insightful *questions* and listen with an open mind.

- Bring genuine curiosity
- Probing questions that frame problems, move discussions forward, and illuminate alternatives
- Cooperative back-and-forth, not competitive debate—no “gotchas”
- Enough information to make a sound decision? What more needed to better understand the issue?

Board Culture

HEALTHY

- Team players
- Distributed influence
- Collective wisdom
- Engaged listeners
- Constructive dissent
- Transparency
- Confidentiality
- Diligence
- Mutual accountability
- quarterbacks
- Dominant inner circle
- Individual convictions
- Assertive speakers
- Back channel sabotage
- Obfuscation
- Leaks
- Disengagement
- Collective impunity

Source: Chait, Richard, "The Bedrock of Board Culture", Trusteeship, May-June 2016.

AGB Consulting

The Big Questions

- How well do you think you follow these Principles—as individual Trustees and as a Board?
- Where are your strengths, and where are the areas that need improvement?
- What do you need to do to make those improvements—as individual Trustees and as a Board?

Resources

- [Principles of Trusteeship](#), AGB, 2021.
- [Top Strategic Issues for Boards 2022-2023](#), AGB, 2022.
- “The Bedrock of Board Culture” by Richard Chait, [Trusteeship](#), May-June 2016.
- [AGB Board of Directors’ Statement on the Fiduciary Duties of Governing Board Members](#), AGB, 2015.

Check the AGB website (AGB.org) for these and other related resources.