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Epiphany Prep School of San Diego Board Governance Training Presentation

Epiphany Prep School of San Diego

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Hopes and Fears

- What are your hopes for Epiphany Prep?

- What are your fears for Epiphany Prep?
Overview

1. **Governance 101: Basic governance essentials**
   - Hopes & Fears
   - Three frameworks for governance
   - Legal obligations of the board
   - Board responsibilities
   - Best practices and key governance documents
   - The Brown Act

2. **Building an Effective Board: Developing the tools for generative work**
   - Fundamental characteristics of effective board members
   - Board structure and effective meetings
   - 12 Principles that Power Exceptional
   - Board development and skill building (an overview)

3. **Getting Started: You decide**
   - Define norms
   - Create policies
   - Self-assess
   - Continue to learn
What is Governance?

“What Trusteeship is the holding of a charter of public trust for an institution…Trustees are accountable to all parties at interest for the best possible performance of the institution in the service of the need of all constituencies – including society at large.”

-Robert Greenleaf
What is Governance?

- Governance includes....
- Articles of Incorporation
- Bylaws
- Policies
- Procedures
- Leadership

Governance is the process of providing strategic leadership through setting direction, making policy and strategy decisions, overseeing and monitoring organizational performance, and ensuring overall accountability for the common good and benefit of the community.
Approaching Governance Through 3 Lenses

1. Fiduciary
2. Strategic
3. Generative
# 3 Modes of Governance

<table>
<thead>
<tr>
<th></th>
<th>Fiduciary</th>
<th>Strategic</th>
<th>Generative</th>
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</thead>
<tbody>
<tr>
<td><strong>Board’s purpose</strong></td>
<td>Safeguard organization’s assets</td>
<td>Create and evaluate the organization’s impact in order to plan for the future</td>
<td>Make sense and meaning of the organization and its environment</td>
</tr>
<tr>
<td><strong>Board’s work</strong></td>
<td>Oversee operations</td>
<td>Shape strategy</td>
<td>Discern problems/Sense making</td>
</tr>
<tr>
<td><strong>Board’s role</strong></td>
<td>Overseer and sentinel</td>
<td>Strategist</td>
<td>Reflective learner or sense maker</td>
</tr>
<tr>
<td><strong>Board’s means</strong></td>
<td>Oversight, accountability and efficiency</td>
<td>Effectiveness, performance and strategy</td>
<td>Creativity, expression, questioning</td>
</tr>
<tr>
<td><strong>Key question</strong></td>
<td>What is right/wrong?</td>
<td>What is your thinking about the future of the School and what is the plan?</td>
<td>What is the right question to ask?</td>
</tr>
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Fiduciary

- Resources
- Assets
- Organizational Goals

Strategic

- Data from Multiple Sources
- Analysis, Synthesis and Problem Solving
- Strategic Planning

Generative

- Define challenges and opportunities
- Discover What's Important
- Make Sense of it All “Epiphany”!
Legal Obligations of the Board

Who is Accountable?

- The Board of Directors is the primary group of people entrusted with and accountable for the leadership and governance of the School.

Legal Obligations of the Board

- Duty of Care
- Duty of Loyalty
- Duty of Obedience
Duty of Care

"It is always the board’s responsibility to keep staff abreast of laws and regulations, not the other way around.”

- The duty of care requires directors to exercise the care, due diligence and skill that an ordinary, prudent person would exhibit under similar circumstances.

- Become informed
- Attend meetings
- Prepare for meetings
- Ask questions
- Challenge assumptions
- Follow up
- Consult experts
The duty of loyalty requires members to work unselfishly, in a manner that benefits only the organization and not the board member personally.

Board members MUST...

- Avoid self dealing and conflicts of interest.
- Pursue the organization’s best interest.
- Disclose potential conflicts of interest.
Duty of Obedience

The Duty of Obedience presumes the mission of the School and the means to achieve it are inseparable.

- The duty of obedience requires directors to act in accordance with and to be faithful to the school’s charter and bylaws and in furtherance of its mission.
“Board members are governors. When they sit around the table and vote their ‘I so move,’ they govern the institution.

Board members are sponsors, and here we get to their role in giving money and raising money.

They are ambassadors – interpreting the mission of the institution, defending it when it’s under pressure, representing it in their constituencies and communities.

Finally, they are consultants; almost ever trustee will have some professional skill which would be expensive if you had to buy it…”

-David Hubbard, President of Fuller Theological Seminary
Core Responsibilities

How does each responsibility hold different meaning in each governance mode?

Fiduciary

1. Determine mission and purpose.
2. Select the chief executive.
3. Support and evaluate the chief executive.
4. Protect assets and ensure financial oversight.
5. Ensure adequate resources.
6. Ensure legal and ethical integrity and maintain accountability
7. Ensure effective, strategic and generative planning

Strategic

8. Build a competent board
9. Determine, monitor and strengthen the School’s programs and services.

Generative

10. Enhance the School’s public standing.
The Board must ensure that the School complies with federal and state laws and regulations.

The board must establish, adopt and implement effective policies and procedures that will govern the organization.

The board is responsible for making the School accountable to the public using the Form 990 as a guideline.
Key Policies & Best Practices

Key Policies

- Code of Ethics
- Conflict of Interest Policy
- Whistler Blower Policy
- Document Retention Policy
- Risk Management Policy

Best Practices

- Ensure transparency by making the School's Form 990, annual reports and financial statements accurate, complete and available to the public.

- Regularly evaluate the performance of senior staff and set their compensation.

- Review and audit the financial statements, evaluate internal controls and interact with independent auditors.

- Identify, attract and nominate talented new directors.
What is the Form 990?

- The Form 990 is the main tool used by the IRS to verify that an organization meets its tax exempt requirements.

- US Federal tax regulations require that the expanded **Form 990 must** be filed by nonprofits with revenue greater than $200,000 or total assets over $500,000.
The Brown Act guarantees the public’s right to attend and participate in meetings of local legislative bodies including governing boards of charter schools.
The Brown Act

**Regular Meetings**
- Public is allowed to address board, but board may set time limits.

**Special Meetings**
- Agenda must be posted 24 hours in advance. Only items on the posted agenda may be discussed.

**Emergency Meetings**
- Only listed agenda items may be considered.

**Closed Session**
- After the closed session, there must be an oral or written report in the public session on the action taken and the vote abstention of every board member.
The Brown Act

- BE AWARE….Violation of the Brown Act is a criminal offense.
1. Fundamental Characteristics of Effective Board Members

2. Board Structure and Operation

3. Principles that Power Exceptional Boards

4. Board Development
“Great boards don’t just happen. It takes a lot of work to make a board effective. That work begins with the selection of individual board members who, regardless of the type of organization, have certain fundamental characteristics.”

- Geoff Loftus
  
  Society of Corporation Secretaries and Governance Professionals
“Without foresight, a leader is not leading – he or she is only reacting.”

- Robert Greenleaf

- Vision and leadership
- Advocacy, Stewardship and Integrity
- Knowledge
- Personal Commitment
- Collegiality
Board Structure and Operation

**Board Officers**
- Officers are NOT staff members, they are unpaid volunteer board members
  - Board Chair
  - Vice President
  - Secretary
  - Treasurer

**Board Committees**
- Committees vary with the needs of the organization. Typical standing committees include:
  - Executive Committee
  - Finance Committee
  - Nominating Committee
  - Development Committee
Principles of Governance that Power Exceptional Boards

1. Constructive Partnership
   - Build a balanced partnership with the chief executive and staff based on trust, candor, respect and honest communication.

2. Mission Driven
   - Shape and communicate the mission and vision, and ensure connection between decisions and core values.
   - Treat questions of mission, vision and values as crucially important.
   - Recognize when a change of direction is needed.
Principles of Governance that Power Exceptional Boards

3. Strategic Thinking
   - Allocate time for what matters most and use strategic priorities to guide agendas, goals, assessments and board recruitment.
   - Adopt systems thinking to consider internal and external factors when setting priorities.
   - Incorporate space for generative thinking.

4. Ethos of Transparency
   - Make accurate information regarding finances, operations and results available to all constituencies; staff, public, board and donors.

“A board’s contribution is meant to be strategic, the joint product of talented people brought together to apply their knowledge and experience to the major challenges facing the institution.”

-Taylor, Chait & Holland
“The New Work of the Nonprofit Board”
Principles of Governance that Power Exceptional Boards

5. Culture of Inquiry

- Encourage inquiry, constructive debate and mutual respect that leads to sound decision making.
- Question assumptions, challenge conclusions, and consider external factors to ensure decisions are based on thorough analysis.

6. Independent Mindedness

- Adhere to strict conflict of interest policies
- Always make decisions that are in the best interest of the School.
Principles of Governance that Power Exceptional Boards

7. Compliance and Integrity
   - Institute ethical decision-making as a core value of the School
   - Reduce the risk of waste, fraud and abuse through a comprehensive internal control policy

8. Sustaining Resources
   - Link visions and plans to financial support, expertise and networks of influence.
   - Be strategic in the approval and implementation of plans based on the School’s capacity and infrastructure.
Principles of Governance that Power Exceptional Boards

9. Results Oriented
   - Evaluate the School’s programs and services to ensure they are effectively and efficiently meeting mission.
   - Clearly define goals and how they will be achieved.

10. Intentional Board Practices
    - Be proactive and anticipate governance needs and support organizational priorities
    - Make governance intentional not incidental
Principles of Governance that Power Exceptional Boards

11. **Revitalization**
   - Recognize the importance of “new blood” and facilitate board turnover.
   - Use strategic board recruitment as a means of reenergizing the board through the diversity of experiences that new members bring.

12. **Continuous Learning Through Evaluation**
   - Conduct board assessments to evaluate performance and the value that the board adds to the School.
   - Imbed board development opportunities into routine governance work and in activities outside of the board room.
WHERE TO START?

Forms requested by the State and SDCOE?
Getting Started…

1. Define operational norms for the board.
2. Create policies.
4. Continue to learn.
1. Define Norms

Define Board Operating Norms

For example, The Casa de Amparo Board of Directors operates under 3 basic guidelines:

- Decide by consensus
- Mutual Respect
- No Bitching

Tone at the Top

You have the power to create a positive organizational culture.

Marjorie Kaplan from the Jewish Community Foundation suggests it is as simple as:

1. Being **organized** and **goal-oriented**.
2. Leading with **enthusiasm**.
3. Leading with **kindness** by showing all constituencies that they are valuable members of the School community.
Example Norm # 1

Let us help you with Norm # 1....

100% BOARD PARTICIPATION IN FUNDRAISING EFFORTS
100% Board Participation in Fundraising Efforts

Why is board participation in stewardship, advocacy and fundraising so important?

- You have a passion for the mission.
- You are volunteers.
- You are considered peers to the donors, as opposed to staff.
- You can open doors and create or extend relationships.

“People give because they are asked. And they give to people they trust.”
—Stanley Weinstein

Identify

Steward

Solicit

Cultivate

Qualify

The “ask” is only 1/5 of the cycle
2. Create Policies

Create policies to...

- Define clear expectations
- Prevent unnecessary conflict
- Eliminate reinventing the wheel
- Avoid crisis
- Promote organizational justice
- Establish a level playing field

Organize policies into 4 categories:

1. Ends
2. Executive Limitations
3. Board/staff Linkage
4. Governance Process
3. Self Assess

3. Self-Assess*

- Fill out an assessment
- Discuss
- Evaluate
- Use

*Consider doing an assessment at the end of your first meeting to evaluate the new board’s strengths and weaknesses and which aspects of governance need to be explored in further detail.
4. Be a Learning Organization

- Team work
- Effective Communication
- Decision Making
- Leadership

Make board development training a priority...
- Fundraising 101
- Strategic Planning 101
- Understanding Epiphany’s Financials 101
- Generative Thinking 101

Facilitate ongoing development of member skills and board competency in the areas of...
GET EXCITED!

YOU HAVE THE POWER TO SHAPE THE FUTURE OF EPIPHANY PREP...
Resources


- Ordezkati Power Point Presentation by Ignacito Aizpurua (July 2011). Mondragon, Spain


- Kaplan, Marjorie, Jewish Community Foundation Presentation to Lead 501 Class in November 2011.


- Stein, Jerry, Casa de Amparo presentation to Lead 510 November 2011.


- Stump, Don, North County Lifeline presentation to Lead 501 November 2011.
