The Making of an Excellent Board Policy Manual

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President Emeritus, Hope International University
Purpose of this Session

• To better understand ways that boards fulfill their responsibility and exercise leadership.

• To encourage a higher degree of engagement in the decision-making process.

• To introduce a model of management by establishing policies and setting outcome expectations.

• To provide a framework for developing a Board Handbook and Policy Manual.
Importance of Board Governance

When a ministry encounters failure—or even worse, scandal—it’s difficulties can almost always be traced to a breakdown in governance.

The importance of an active, informed governing body cannot be overemphasized. Left unchecked, even minor board neglect can eventually intrude upon the accountability and effectiveness of the ministry. In contrast, the active, informed board will hold to the mission, protect the integrity of ministry objectives, and ensure consistent adherence to board policies.

Comments on ECFA Standard 2
Who’s in Charge?

• The Board bears ultimate responsibility for the institution.

• The Board speaks with a single voice.

• There is growing demand for accountability of corporate, nonprofit, and college boards.
## Who’s does What?

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<th>Board’s Role</th>
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<td>Guide Strategic Planning</td>
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<td>Establish/Approve Policy</td>
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<td>Select and Evaluate President</td>
<td>Provide KPI’s and Timely Reports</td>
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<td>Represent Constituency</td>
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Three Types of Governance

Type I - Fiduciary

Type II - Strategic

Type III - Generative

GOVERNANCE AS LEADERSHIP by Chait, Ryan, & Taylor
Three Types of Governance

• Type I – Fiduciary: the focus is on control and conformance.

• Type II – Strategic: the focus shifts to direction, policy, performance, and mission fulfillment.

• Type III – Generative: the focus is more on problem solving and realizing potential for the organization

The best boards engage in all three modes.
Shared Governance

• Shared governance increases collaboration, builds trust, balances competing interests, and leads to better decisions.

• Shared governance gives voice (but not ultimate authority) to concerns common to stakeholders.

• Misconceptions
  • Everyone votes on decisions
  • Academic freedom trumps board authority
  • A faculty senate must be formed
How can a board best manage its authority, responsibility, and accountability?

• Define, Document, and Communicate Expectations

• Be Sensitive to the Social Aspect of Governance

• Establish Good Policies
Policy Governance – A Leadership Tool

• Carver Model
  o Ends – define organizational results
  o Executive Limitations – guide management decisions
  o Board/CEO Relationship – one employee reports to the board
  o Process – board’s operation and leadership; speak with one voice

• Adapted Variations of Carver that blend with Shared Governance
Why a Handbook and Policy Manual is Essential

- The Temptation to Get Involved in Management over Policy
- To Maintain a Record of Policies Approved and Implemented
- A Necessary Resource for New Trustees
- To Provide Parameters and Guidance to New Presidents
- To Stay Focused on the Main Thing
# Hierarchy of Policy

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Developing Good Policy Statements

- Can’t be done without proper planning and input
- Board policies guide the president
- Policies and Motions
- Policies and Procedures
- Be selective with what becomes policy
- Choose your words carefully
- Have the president and board chair prepare a first draft
Example: Conflict of Interest Policy

Components Include:

• Policy Statement
• Disclosure Review and Resolution
• Standards
• Maintenance of Records
• Annual Conflict of Interest Compliance Statement Form
Conflict of Interest Policy Statement

The purpose of this Conflict of Interest policy is to provide for timely disclosure and to protect the interests of XXXXX College in the context of transactions or relationships involving the College in which a trustee or officer has a direct or indirect interest that may be adverse to the interest of the College, or may directly or indirectly benefit the personal interest of such trustee or officer.

Therefore, the Board of Trustees requires that annually each trustee and officer of the College shall:

• Review this Policy
• Disclose in writing any existing or anticipated Conflict of Interest transactions
• Acknowledge by signature on the Conflict of Interest Statement provided by the College that such trustee or officer is in accord with the letter and spirit of this Policy.
Developing a Board Handbook and Policy Manual

- Major commitment of time and effort with ROI
- Assign Responsibility
- Establish a Timeline
- Agree on a Model
- Ensure Accuracy and Consistency
- The Board Handbook/Policy Manual is a Living Document
- Plan for regular review
Contents of the Board Handbook

• Maintain an Accessible Digital Version
  • Board Portals (boarddoc.com, boardeffect.com, myboardpacket.com)
  • Outlook SharePoint, Google Drive, Dropbox, Box.com, etc.

• Key Sections
  • Section One: College Profile
  • Section Two: Governance Structure
  • Section Three: Governing Documents
  • Section Four: Board Approved Policies
  • Appendices

• Board Policies Manual Template - theandringagroup.com/resources
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Sample Board Portal

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✓ URL

Association for Biblical Higher Education
Association of Governing Boards
Council of Christian Colleges and Universities
HIU Website
WASC
Summary

• Make sure there is clarity in your policies on where the lines are drawn between the authority of the board and the decision-making role of the president.

• Find ways to make board meetings more efficient so you can spend time tapping into the wealth of wisdom and experience of board members.

• Regularly use your Board Handbook as a governance tool and not simply a reference book.
Discussion/Questions