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ESSENTIAL 2: UNDERSTANDS AND EXERCISES STEWARD BOARD AUTHORITY

- ▶ Create a steward board vs. owner board culture
- ▶ Cultivate the board's spiritual vitality
- ▶ Board authority expressed as one voice through policy governance and the board policy manual
- ▶ Prudent plans for presidential selection and evaluation



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OUR PRIMARY MISSION IS TO DO GOD'S WORK, GOD'S WAY, FOR GOD'S GLORY

God's Work – Creation Mandate & the Great Commission

- ▶ Great Commission - Matthew 28:19-20
 - Go and make disciples
 - Baptizing them
 - Teaching them to obey



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OUR PRIMARY MISSION IS TO DO GOD'S WORK, GOD'S WAY, FOR GOD'S GLORY

God's Way – Stewards **NOT** Owners

- ▶ Owner – The person who owns something – To own is to have legal possession
- ▶ Steward – The person who is given authority to manage or look after someone else's property



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OWNER BOARDS

- Set strategy based primarily on proven business methods and board/staff expertise and wisdom
- Rely primarily on the skills and experience of the CEO and Board to execute the strategy
- See the board and staff role as controlling outcomes, making things happen and getting results
- Raise funds using successful secular techniques
- Top priority for new board members is the expertise and/or wealth and contacts they can bring to the board
- Measure success in metrics of growth, financial strength and program effectiveness
- Celebrate what they have accomplished when goals are met



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STEWARD BOARDS

- Set strategy based primarily on the leading of the Holy Spirit sought through concerted prayers and dialogue
- Rely primarily on God's guidance and strength as they execute His plan His Way
- See the board and staff's role as working with excellence to faithfully carry out God's plan with His power, trusting Him for the results
- Raise funds using biblical principles and see it as part of the ministry of the organization
- Top priority for new board members is spiritual maturity and a calling to serve
- Measure success in terms of faithfulness in executing the plan: was it God's work, did we do it God's Way and was it for His glory?
- Celebrate what God has done through worship and praise – making it a witness to His faithfulness



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OWNER BOARD	STEWARD BOARD
Owner Boards seek God's blessing on their work	Steward Boards seek to know and do God's work
Owner Boards add prayer to their agenda	Steward Boards make prayer their agenda
Owner Boards focus on controlling outcomes	Steward Boards surrender the need for control
Owner Boards defend and take offense	Steward Boards repent and give grace
Owner Boards seek to lead with strength and courage	Steward Boards seek to follow the One who will lead them with strength and courage

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UNDERSTANDING CONTEXT – STEWARDED A SPIRITUAL ENTERPRISE

Key Differentiators

- ▶ We are part of a spiritual movement – 158 institutions 68,000+ students
- ▶ We have a distinct ideological drive – the Great Commission
- ▶ We are committed to practical leadership training
- ▶ We are committed to integrated biblical and theological instruction
- ▶ We have a strong connection to the Church



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FIVE PRACTICES TO CULTIVATE SPIRITUALITY

1. Embrace God's call for the Board and for each Board member
2. Set and execute spiritually oriented goals
3. Invest in spiritual vitality
4. Establish accountability
5. Celebrate when God moves

It seemed good to the Holy Spirit and to us Acts 15:28



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Three Responsibilities of Steward Boards

- ▶ Assure Missional Fidelity
- ▶ Ensure Operational Viability
- ▶ Superintend the one to whom you will delegate authority and responsibility for Missional Fidelity and Operational Viability
- ▶ Note: you never delegate away your responsibility to ensure that your delegated authority is being exercised in the best interest of the institution's mission



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THE POLICY GOVERNANCE APPROACH

Steward Boards Fulfill the Institution's Missional Promises and Ensure Viability Through Policy Formulation and Accountability

Policy Governance

- John Carver developed the Policy Governance Model in 1990.
- We see many Boards that utilize various versions of this highly developed model but *adapt* it rather than *adopt* it.

Authority When Under Authority

- The Centurion Principle - Matthew 8:5-13
- Parameters provide the Board and the CEO with the freedom to exercise authority.



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THE BOARD'S ONE VOICE OVERSIGHT

- ▶ Policies are the “One Voice” for guiding and guarding the fulfillment of the mission.
- ▶ The Board only has policy authority when meeting in a duly called meeting with the established quorum present.
- ▶ The CEO is guided by and held accountable to the policies established by the full Board – the Board Chair provides counsel to the CEO on the Board’s intent.
- ▶ No individual Board member can act or speak on behalf of the Board unless duly authorized by Board action.



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GOVERNING vs. MANAGING & ADMINISTRATION

- ▶ Governing Boards are policy-focused using clearly defined parameters to guide the operating and oversight of their own and the staff’s work.
- ▶ What distinguishes **governing** from **managing and administering** is the Board’s **delegation of responsibility** to the organization’s CEO and senior staff for operating the business of the organization within clearly established, approved and monitored policies.
- ▶ While authority is delegated by the Board, it does not abandon its ultimate responsibility to ensure that the delegated authority is being exercised in the best interests of missional fidelity and operational viability.



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POLICY FORMATION

Key Principle: Whatever is not prescribed is permitted.

- ▶ The multiple tasks and responsibilities of the CEO.
- ▶ The Board needs to decide, in partnership with the CEO, what elements of those responsibilities need policy guidance,
- ▶ and determine how the Board will monitor the CEOs performance and compliance within those policy parameters (KPIs).



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THE BOARD POLICY MANUAL (BPM)

A Board Policies Manual (BPM) is an organized “living” document that contains **all** the current policies a nonprofit board has adopted to govern wisely.

Included in a BPM are:

- ▶ best practices that articulate vision/mission/values,
- ▶ set out board-level goals,
- ▶ define how the board functions,
- ▶ the board’s relationship with its CEO and staff,
- ▶ definition of committee functions, and
- ▶ board parameters around executive actions.

Robert C Andringa - <https://theandringagroup.com/resources/>



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SUCCESSION PLANNING AND PRESIDENTIAL RECRUITMENT

Overview: The board has one employee – the President/CEO. Thoroughly understanding and properly exercising the Board’s authority in relationship to that one employee is the key to effectively guiding and guarding the mission of the institution – the steward board’s highest responsibility.

The details on CEO succession policies and procedures are best defined well in advance in the board’s policy manual (BPM).



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SUCCESSION PLANS – SELECTION & ON-BOARDING THE NEXT PRESIDENT

- ▶ Increasing rate of turnover of presidents due to multiple factors.
- ▶ The scope of presidential responsibilities & needed accountabilities are not understood by many boards.
- ▶ Steward boards have a well-defined set of plans and policies established in advance for the eventual succession of a new CEO.
- ▶ ABHE has templates for succession planning policies



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SUCCESSION PLANS – SELECTION & ON-BOARDING THE NEXT PRESIDENT



- Importance of a comprehensive set of policies that answer key questions to inform a succession/transition process.

- How well is our board leading?
- What is our institution's current reality?
- Who do we need to lead us?
- Where do we find our next leader?
- How do we say "Goodbye" to our current leader?
- How do we say "Hello" to our next leader?
- How do we ensure the continuing effectiveness of the board/president relationship?

See *Facilitating Leadership Transitions*, Gyertson et al, www.abhe.board-governance resources



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BOARD CHAIR/PRESIDENT PARTNERSHIP



- The board has one employee (the CEO) and one manager (the chair)
- In all policy formulation, interpretation and application, the transparent and pro-active relationship between the CEO and chair is essential
- Establishing that relationship is foundational to the onboarding of and continuing success of the new and current CEO
 - Regular communications
 - Mutual respect and accountability
 - "No surprises" commitments



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UNDERSTANDING AND EXERCISING STEWARD BOARD AUTHORITY

- ▶ These are critical days for our faith-based, biblically anchored institutions. The need for the service our calling provides has never been greater.
- ▶ Steward Boards do God's work God's way for His ultimate glory.
- ▶ Policy-based governance uses the Scriptural concepts of collaborative discernment, consensus agreement and responsible oversight to guide and guard the effectiveness, as well as the integrity, of the important work your institution does to advance Christ's Kingdom. (case study of Jerusalem Council and principle that "it seems good to the Holy Spirit and to us" Acts 15:28)
- ▶ The strategic partnership between governing Boards and CEOs must be strengthened and enhanced. Understanding and exercising **steward board authority** will help your institution unlock its greatest potential for serving our Lord's purposes in times like these.



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Discussion Questions and Assessment Exercise



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Assessment Statements:

Please evaluate your board on each of these items, using the scale below to assign a number according to the level of follow-up needed. 1 = This is a current board practice, no work needed. 2 = This is perhaps an area of need; further study might be warranted. 3 = This is a significant issue we need to address. 4 = This is an urgent issue that needs to be addressed soon. 5 = This is the most significant and urgent issue, and our board needs to follow up in a timely manner.

- 1. We understand our responsibility to model spiritual direction for the rest of our campus community.
- 2. Our board functions with a steward mindset, brought together by God to lead a piece of His kingdom work.
- 3. Our board governs rather than manages our institution.
- 4. Our trustees understand the duties, roles, responsibilities, and limits of their governing authority.
- 5. We have a Board Policy Manual/Handbook that is current and is reviewed on a regular basis.



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Assessment Statements Continued:

- 6. The board regularly monitors compliance with the established policies that guide the administration and guard the mission.
- 7. Our institution has a set of executive parameters that define the roles, responsibilities, and accountabilities of our CEO.
- 8. Our board regularly evaluates the performance of our CEO in the context of the defined executive parameters and outcomes.
- 9. We have a well-articulated and board approved succession plan with clearly stated policies for guiding the search, selection, and onboarding of our next CEO.
- 10. There is an effective working relationship between the board chair and the CEO.



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