



# *Governance* — Fitness Training



# Governance performance

## —4 key elements:

1. Competency of directors/trustees
2. Culture of the boardroom
3. Care of fiduciary obligations
4. Conduct of essential functions

# Competency of trustees:

- ❖ Refers to personal and professional skills of individuals on the Board.
- ❖ Refers to the collective range of professional skills represented on the Board when evaluated against the type of business conducted in the organization.

# Competency of trustees:

## Personal

- Reputation (integrity)
- Time and commitment
- Objectivity in thinking
- Ability to function beyond 'self-interest'
- Team member or soloist
- Social behavior

## Professional

- Training/education
- Experience
- Skill and judgment

# The effect of Board size:

Group size

Engagement

# Recruit Board members who:

- ✓ Bring added expertise
- ✓ Attend meetings regularly
- ✓ Come prepared
- ✓ Understand org's mission
- ✓ Disclose conflicts of interest
- ✓ Recognize warning signs
- ✓ Maintain confidentiality
- ✓ Challenge assumptions
- ✓ Demonstrate support

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# Elements of Boardroom culture:

## Attitude

- Commitment to excellence
- Enthusiasm about mission

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## Atmosphere

- Safe to talk
- Good group dynamics

# Ten Commandments for Boards:

1. Make the boardroom a safe place to talk.
2. Reserve prime time for the most important item.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

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## Altitude

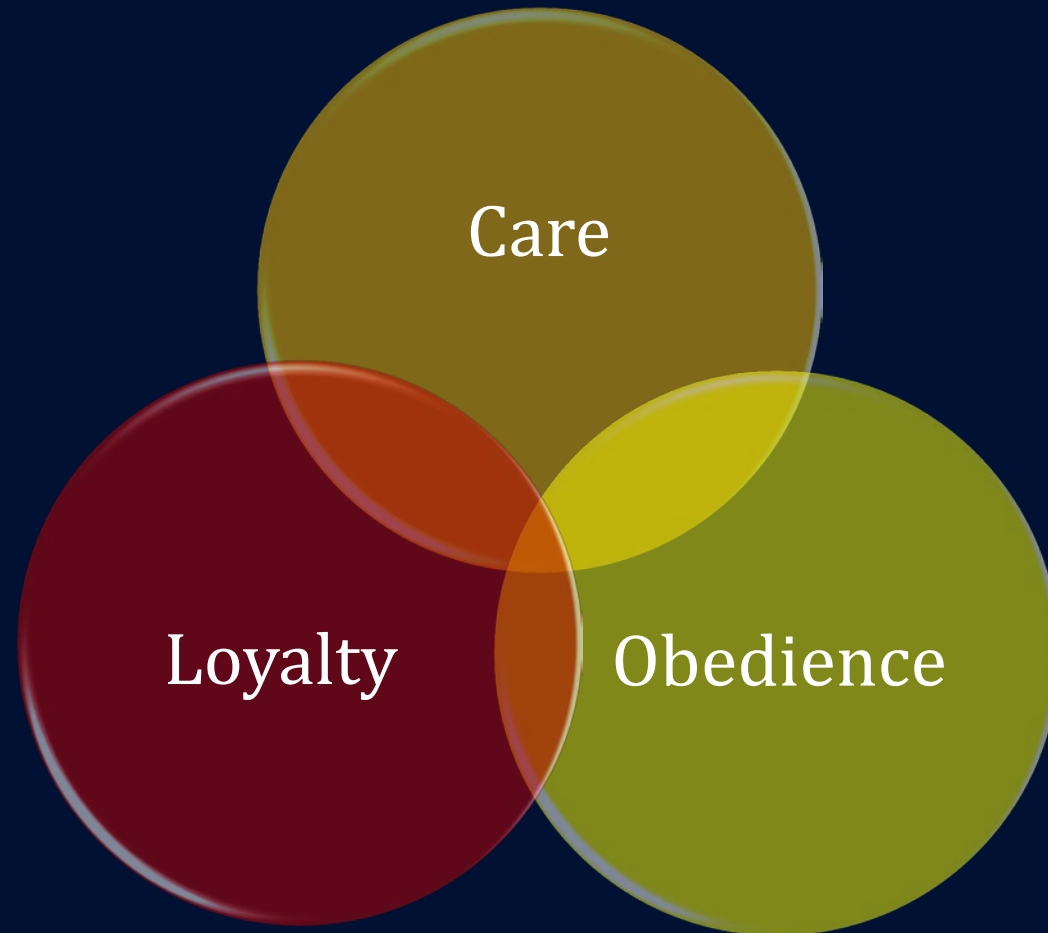
- Governance not management
- Big picture/future perspective

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# Fiduciary obligations for boards:



# The duty of Care

- The Board performs due diligence in all matters
- The Board has access to information from experts
- Decisions reflect the best interest of the organization
- The Board acts in a timely manner



# The duty of Loyalty:

- Faithfulness to the organization and its mission
- Board position not used for personal advantage
- Conflict of interest awareness and disclosures
- Undivided allegiance when making decisions
- Maintaining confidentiality of privileged information

# The duty of Obedience:

- Decisions in reference to organization purpose and mission
- Compliance with governance documents
- Compliance with State laws and regulatory agencies
- Fulfilling commitments (to owners, to employees, to clients, to community, to government)

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# Governance responsibilities for Boards:

- ✓ Mission-based strategies
- ✓ Protect and maintain identity/continuity
- ✓ Establish key policies
- ✓ Select/develop/evaluate officers
- ✓ Ensure adequate resources
- ✓ Enhance org reputation
- ✓ Provide adequate risk management
- ✓ Assess performance in light of mission
- ✓ Improve board performance



Competency of directors/trustees  
Culture of the boardroom  
Care of fiduciary obligations  
Conduct of essential functions







Stop saying “tomorrow”!  
Some things can be done “today”!

Governance excellence is within reach. It will take intentionality, knowledge, and practice. The results will be well worth the effort.







Strategy/Procedures  
/Programs/Policies

Organizational culture

# Board performance—the environment:

- Board meeting frequency facilitates timely governance
- Reports provided to Board in advance of meeting
- Physical setting for meeting supports good group dynamics
- Adequacy of time for deliberations and decisions
- Agenda preparation and prioritization of items
- Timely documentation and subsequent approval of decisions

## Board performance—Board self-evaluation:

- Excellence in governance does not happen automatically! It requires on-going education, assessment, and improvement.
- Periodic (not less than once every two years) Board self-evaluation serves as internal feedback on Board performance.

# The duty of care:

- What does it mean:
  - The manner in which the board makes decisions and oversees the institution.
- What to look for:
  - Board education and orientation for new trustees
  - Trustees attend meetings regularly
  - Trustees receive background material ahead of time
  - Decisions reflect best interest of the organization
  - Timely presentation of materials
  - Access to experts and opinions

# The duty of loyalty:

- What does it mean:
  - Faithfulness to the organization and its mission
- What to look for:
  - Position not used for personal advantage
  - Conflict of interest awareness and disclosures
  - Undivided allegiance when making decisions
  - Maintaining confidentiality of privileged information

# The duty of obedience:

- What does it mean:
  - Faithfulness to corporate purpose, mission, and decisions.
- What to look for:
  - Compliance with governance documents
  - Compliance with laws
  - Fulfilling commitments (to owners, to employees, to clients, to community, to government)

