Just-in-Time Pool Board Orientation

An AGRiP Webinar
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Our Presenters

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The Center for Public Skills Training

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California Joint Powers Insurance Authority
Board Governance: Fundamental Assumptions

- Distinction between governance and management.
  - “Ends” and “means”
- Clarity and agreement about who does what.
- Governance as Leadership: Fiduciary, Strategic and Generative modes.
Governance as Leadership

Richard Chait, William Ryan & Barbara Taylor
3 Modes of Governance

- **Fiduciary Mode – Key Questions**
  - "How are we doing to date?"
  - “Are we in compliance?”
  - Anything wrong?

- **Strategic Mode – Key Questions**
  - "What should we be doing?"
  - "Where are we going?"
  - What’s the plan?

- **Generative Mode – Key Questions**
  - “What are the new possibilities?”
  - “What’s coming next?”
  - What’s the new question?
Fiduciary Mode:

- Oversee operations
- Ensure effective and efficient use of resources
- Ensure legal compliance and fiscal accountability
- Evaluate CEO
- Monitor organization results
Strategic Mode: From Planning to Ongoing Thinking

- Ensure mission is relevant
- Scan internal and external environments
- Monitor outcomes & impact via critical success factors and benchmarks
- Review and modify strategic plan
- Select the CEO
Discover new strategies, priorities, and realities
Perceive and frame better problems and opportunities
Suspend the rules of logic to tap intuition and intellectual playfulness
Encourage robust discourse not quick consensus
## Three Modes of Governance

<table>
<thead>
<tr>
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<th>Fiduciary Mode</th>
<th>Strategic Mode</th>
<th>Generative Mode</th>
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</thead>
<tbody>
<tr>
<td><strong>Board’s role</strong></td>
<td>Steward/Watchdog</td>
<td>Strategist</td>
<td>Sense Maker</td>
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<tr>
<td><strong>Key question</strong></td>
<td>What’s wrong?</td>
<td>What’s the plan?</td>
<td>What’s the key question?</td>
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<tr>
<td><strong>Problems are to be</strong></td>
<td>Spotted</td>
<td>Solved</td>
<td>Framed</td>
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<td><strong>Way of deciding</strong></td>
<td>Reach resolution</td>
<td>Reach consensus</td>
<td>Reach understanding</td>
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Individual Responsibilities of Board Members
Individual Board Member Responsibilities

- Participate in the governance of the organization
- Attend all regular board meetings
- Serve as an active committee/task force member
- Prepare in advance for board decision-making
- Serve as ambassadors to membership
- Participate in board planning and education events
- Represent interests of the pool above those of individual member entities
- Support the Board/CEO partnership
The Board Role in Fundamental Pool–Specific Matters
What is the pool’s objective?
- Claims management organization
- Risk management organization

Level of services
- Training
- Loss Control
- All-inclusive
- À la carte

Monitoring performance and member needs
Maintaining Relationships

- Among the Board
- With the CEO
- With staff
- With members
- With other pools
Training and Education

- Enhance Board’s skill set
- Attend pooling industry training
- Take part in pool’s educational programs
Engage in pool’s financials
Review and question audit and audit findings
Prevent opportunities for fraud
Scrutinize expenditures
Monitor investments
Consider organizational priorities in establishing budget
Actuarial Analysis

- Qualified actuary with pool experience
- Expresses “real” claims liability
- Rate setting and upcoming funding needs
- Probability/confidence level
- Discount rate
- Reserve adequacy
- It is one of several elements to consider in determining capital asset/surplus needs
Claims and Litigation

- Who manages claims: In-house or TPA
- Measuring effectiveness of claims handling
- Settlement philosophy
- Delegation of settlement authority
- Confidentiality
Risk Management and Loss Control

- What to offer
- How to deliver
- What should it cost members
- Measuring effectiveness
- Providing resources
- Seeking new techniques
- Setting an example
Any questions?

Type your question in the Questions box and click Send
Getting the Lay of the Land
The Board At Work

- Strategic planning
- Policy making
- Board/Staff relations
- Meetings
- Committees
Strategic Planning
The Role of the Board
Strategic Planning Defined

Strategic Planning is the process by which the guiding members of an organization envision its future and develop the necessary plans, procedures and operations to achieve that future.
Planning as a Journey

Today’s Reality

Vision of Intended Impact
Make Decisions About . . .

- The mission, vision and goals your pool will pursue
- Whom you will serve
- Your pool's role in the industry
- The kinds of products, services and programs you will offer
- The resources needed to succeed
- How to best combine these resources, products/services and relationships for mission impact
Strategic Planning Roles

- Participates in strategic planning.
- Formally approves the strategic plan.
- Assures alignment with overall board and committee planning.
- Assures that strategic plan guides board development efforts.
- Establishes and monitors outcomes.
- Evaluates and updates strategic plan.
Policy Making
The Role of the Board
Policies Defined

- Policies are broad precepts or principles designed to influence, guide and control future decisions, directions and actions of the board.
Types of Policies

- Conflict of Interest
- Investments
- Whistle Blower
- Nepotism
- Sexual Harassment
- Executive Compensation
- Board Member Expense Reimbursement
- And more ....
Board Staff Relations

Building the Partnership
Clearly Define Roles & Responsibilities

- Clarity and agreement re: roles of management and governance.
- Ensure current position descriptions in place for CEO, board, board chair, and committees.
Building the Board–Staff Team

- Maintain solid relationship between board chair and CEO.
- Maintain clarity re: board policy and oversight functions.
- Keep each other informed – No surprises!
- Approach assessment as tool to strengthen board and executive performance.
## Responsibility Matrix

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<tr>
<th>Responsibility</th>
<th>Board of Directors</th>
<th>CEO</th>
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<tr>
<td>Finance and Accounting</td>
<td>• Approves annual budget</td>
<td>• Prepares annual budget with input from finance committee</td>
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<td>• Reviews periodic financial reports (balance sheet, income statement, changes in financial position)</td>
<td>• Oversees preparation of periodic financial reports</td>
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<tr>
<td></td>
<td>• Ensures that proper internal controls are in place</td>
<td>• Implements proper financial controls</td>
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Board Meeting Design and Conduct
Meetings that Advance Governance
Building Blocks for Great Meetings

- Effective recruitment – people who are passionate about the mission, have needed skills, knowledge, values, contacts
- Solid board chair/CEO partnership
- Functioning committee and workgroup structure
- A strategic plan that the board has had a hand in creating and to which it is committed
- Thinking about board meeting process
New Thinking About Board Meetings

Traditional Approach
- Board meetings emphasize transmission of information and reports
- Same agenda structure
- Focus on the past and present

New Approach
- Emphasis on participation and action
- Meetings are outcome driven
- Focus agendas on critical issues
- Use meeting for strategic and generative thinking
- Focus on the future
Committees as “Powerful Engines of Governance” – Doug Eadie
Committee Effectiveness

- Committee participation as an expectation
- Help the board do its work
- Structure aligned with strategic plan
- “The fewer the better”
- Use of task forces and workgroups
- Assign strategic and generative thinking responsibilities
Any questions?

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