

# Board/Management Culture (Adopted August 11, 2016)

## 1. Governance roles and responsibilities

Clarity about the governance roles and responsibilities of the board and the management roles and responsibilities of the chancellor is foundational to building and sustaining a healthy board/management culture and ensuring an effective enterprise.

As the governing body, the board leads by ensuring that the mission of Minnesota State Colleges and Universities is achieved. As the governing body, the board: establishes the long-term strategic direction and policy (in collaboration with management); oversees adherence to policy; monitors progress in meeting strategic goals; appoints the chancellor and assesses his/her performance; appoints the presidents, vice chancellors, director of internal audit, and general counsel; sets the operating budget and makes legislative requests (in consultation with management); and approves labor contracts and other contracts in excess of \$1 million. Board leadership and oversight are also provided through informed and candid discussions; thoughtful questions and suggestions; and the setting and maintenance of high standards.

## 2. Management roles and responsibilities

The board has delegated to the chancellor full authority and responsibility for leadership, management, and operation of the system.

**Chancellor's duties and responsibilities.** "The chancellor shall be the chief executive officer of the Minnesota State Colleges and Universities system and shall have full executive responsibility for higher education leadership and effective management and operation of the system according to board policies and state and federal laws. The chancellor's duties and responsibilities shall include but not be limited to implementing board policy; providing for educational leadership; recommending operating and capital budgets; recommending allocation of resources; planning; oversight of collective bargaining; providing information systems; management of personnel resources; annual evaluation of the presidents; and establishment of committees, including a presidents' advisory council." Board Policy 1A.3, Part 2.

**Delegation.** "The chancellor is delegated full authority and responsibility consistent with the duties of chief executive officer to take actions required for the system to function appropriately in accordance with board policy, system procedures, guidelines, and applicable federal and state law, including but not limited to:

"Governance is governance. That's more than a title – it's a deeply held conviction. It's a conviction first of all that governance is not management and, second, that governance in the not-for-profit sector is absolutely identical to governance in the for-profit sector . . .

Governance is not management. In my opinion, one of the worst sins of charitable organizations is that too often they do not distinguish between the two. Rather, they confuse the two responsibilities and in the process hamper the mission of the institution."

"Governance is not management . . . governance is governance, management is management, and the difference between the two must be clearly understood and accepted."

– Kenneth N. Dayton,  
*Governance is Governance*,  
Independent Sector, 1987.

"Essential to effective leadership is board recognition of the need to delegate to the chief executive officer many tasks over which it may hold legal authority. An effective president must be able to lead and manage the institution and remain confident that the governing board will not seek to intervene or preempt that role. A board that insists on micromanagement or recurrent interference dooms an effective presidency from the outset."

– *Effective Governing Boards*,  
Association of Governing Boards, 2010.

"An effective board understands and respects the vital difference between governing and managing, and it nurtures and supports presidential leadership. Despite the temptation to manage the institution's affairs, especially in challenging times, an effective board appreciates the limits of its proper role and delegates management of the institution to the president and senior administrators. While holding the administration fully accountable for the exercise of that delegated authority, the board nonetheless avoids intruding even occasionally into internal affairs – at the risk of seeming to spurn an urgent plea from one or more campus groups for such action. Periodic meetings with the chief executive should include discussion of this delineation, launched by a board question such as, 'Are we interfering unduly in campus affairs.'"

– *Effective Governing Boards*,  
Association of Governing Boards, 2010.

1. Following any board action required by board policy, signing and execution of all legal and financial documents on behalf of the board, including contracts, agreements, instruments relating to real and personal property transactions, and other legal papers;
2. Delegating parts of the chancellor's authority to employees under the chancellor's direct supervision; and
3. Appointment of personnel, development and enforcement of personnel programs, discipline and termination, and signing collective bargaining agreements following board approval.”

“This delegation is conditioned upon ongoing compliance with applicable statutes and law, board policies, system procedures, guidelines, and other applicable state and federal regulations and policies. The delegation expires upon termination of the chancellor’s employment or as otherwise determined by the board.” Board Policy 1A.3, Part 4.

**Authority to delegate.** “Delegation of authority to sign all documents on behalf of the Minnesota State Colleges and Universities, its colleges or universities, the system office and/or its Board of Trustees is vested without limitation in the chancellor. The chancellor may delegate to the presidents, vice chancellors, and his/her cabinet officers the authority relating to their specific areas of responsibility.” System Procedure 1A.2.2. Delegation of Authority, Part 2.

**The board has also delegated to the chancellor the plenary authority and responsibility to supervise the presidents and cabinet.**

**Supervision of presidents.** “The president shall report to the chancellor and is responsible for leading the college and/or university faculty, staff, and students in developing and implementing the college or university mission, consistent with the board mission and goals.” Board Policy 4.2, Part 1.

**Supervision of administrators.** “For purposes of this Plan, supervisory authority for administrators in the system office and college/university presidents resides with the chancellor. Supervisory authority for campus administrators resides with the president.” MnSCU Personnel Plan for Administrators, Section 1.02, Subd. 3.

**Termination.** “The chancellor, upon advance notification to the board chair, may terminate a president in accordance with the Personnel Plan for MnSCU Administrators and, if applicable, the president’s employment contract.” Board Policy 4.2, Part 6, Subpart A. “The chancellor after notifying the board chair, may terminate a deputy chancellor or vice chancellor in accordance with the Personnel Plan for MnSCU Administrators and, if applicable, the deputy chancellor or vice chancellor’s employment contract.” Board Policy 1.A.4, Part 3, Subpart C. (*under board consideration*). “The chancellor may terminate the employment of an individual serving as general counsel after consultation with and approval by the board chair.” Board Policy 1.A.4, Part 5. (*under board consideration*).

**Extensions of employment.** “The chancellor, in consultation with the board chair and chair of the Human Resources Committee, and with input solicited from the full board, may enter into an employment agreement to extend the employment of a president, deputy chancellor, or vice chancellor.” Board Policy 1.A.4, Part 3, Subpart B. (*under board consideration*).

“As a trustee, you and your board select the president. Then the board takes care of policy and the president takes care of administrative matters until it’s time to get a new president. . . . Policy is often so stable that it’s not enough to keep trustees interested, tempting them to become involved in administration. . . . All management functions belong to the president.”

– Vaughn A. Sherman,  
*Essentials of Good Board/CEO Relations*,  
Association of Community College Trustees, 2009.

“Board members must be smart in balancing their interest, engagement, and authority – their role in oversight and policy setting – with a clear understanding that the actual management of the institution should be left to its top administrators. . . . Effective boards, while strategically engaged, will look to the CEO to set a course and establish a vision. Ultimately the objective of strategic governance is to achieve a level of mutual objectives, but effective boards must put a high degree of trust in the leadership they selected with the expectation that strategic goals will be achieved.”

– Rick Legon,  
“The 10 Habits of Highly Effective Boards,”  
*Trusteeship*, March/April 2014.

### **3. Mutual responsibility and expectation for open communication, trust, and support**

Open communication, trust, and mutual support are critical ingredients of a healthy board/management culture. Members of the board need to trust and support the chancellor and his/her management team. The chancellor and management team need to trust and support the board and its members.

The chancellor should regularly communicate in an open, candid fashion with members of the board either through the board chair or with the knowledge of the board chair. Members of the board should regularly communicate with the chancellor in an open, candid fashion, either through the board chair or with the knowledge of the board chair.

Cabinet members who staff board standing committees should communicate regularly with their committee chairs. Committee chairs should communicate regularly with the cabinet member who staffs the committee and with all the committee's members.

Members of the management team and members of the Board of Trustees should appreciate each other and treat each other with respect in both public and private settings.

### **4. The board/board chair/chancellor relationship**

It is important for the chancellor to have a good working relationship with each member of the board and for each member of the board to have a good working relationship with the chancellor. Board members should share with the chancellor their suggestions, ideas, concerns, and questions; the chancellor should seek counsel from and keep board members informed, while honoring the board chair's role as the chancellor's supervisor.

The relationship between the board chair and the chancellor is critical to the performance and effectiveness of the chancellor, the board, and the system. This relationship is essential to creating a healthy and effective board/management culture.

The board chair serves as the chancellor's supervisor and, in conjunction with the chancellor's performance review committee and with input from the full board, annually assesses the chancellor's performance.

The relationship between the board chair and the chancellor must be a partnership based on total trust, transparency, candor, respect, and mutual support. There should be clarity about mutual expectations, frequent and open communication, and shared strategies for realizing the board's goals.

The board chair and the chancellor should keep each other informed of internal and external issues and risks. The board chair should share with the chancellor suggestions and concerns raised by board members and the chancellor should bring to the board chair suggestions and concerns that have arisen from members of the management team. The board chair should keep the full board informed of discussions with the chancellor and guide the chancellor on when topics should be discussed with the full board.

The board chair should work through the chancellor and should not engage directly with internal and external constituencies or other members of the management team without the knowledge of the chancellor. The chancellor should not engage directly with other board members without the knowledge of the board chair.

“The tone that this is set at the top through board-presidential interactions is key to a healthy board culture. The board and the president should act as a team, with total transparency between the president and the board chair. They should have a good understanding of their roles and relationships, and work through inevitable tensions over the boundaries between the board and management when they arise.”

– Mary Graham Davis, “Rx for a Successful Board,”  
*Trusteeship*,  
November /December 2014.

“The success of any college or university ultimately depends on an effective working relationship between the board and the president. . . . The board chair and president must have a relationship that allows for candor yet is also mutually supportive. The specific traits of a board chair of a highly effective board include: a sense of partnership with the chief executive.”

– Rick Legon, “The 10 Habits of Highly Effective Boards,”  
*Trusteeship*,  
March/April 2014.

## 5. Protocol for interactions between members of the board and members of the management team

**Members of the board should not give instructions to or engage directly with members of the management team with the following important exceptions.**

- The chair of the audit committee supervises and provides direction to the director of Internal Audit.
- The chair of the board's relationship with the chancellor (articulated above).
- Although not supervisors, chairs of board standing committees should work collaboratively with the cabinet member who staffs the committee to set agendas, identify the information the committee needs for board oversight, policy development, and understanding of key issues under the auspices of the committee.
- Board members should enjoy a collegial relationship with presidents, members of the cabinet and other members of the management team, and should be curious about and seek opportunities to learn about the ways our colleges and universities serve students and communities across the state.

Members of board standing committees should work through their committee chair to make requests for information or express concerns to the cabinet member who staffs a board committee. Members of the board should work through the board chair to express concerns or make requests of the chancellor.

### Honoring delegated lines of authority

- Individual members of the board should not take part in meetings with students, faculty, staff, bargaining units, student associations, legislators or other stakeholders that circumvent management or the authorities that have been delegated to the chancellor. Individual members of the board should not raise questions about or criticize members of the management team other than in communication to the chancellor or other trustees.
- Management should not undercut the board by criticizing members of the board to students, faculty, staff, bargaining units, student associations, legislators or other stakeholders.

## 6. Mutual Obligation to nurture and respect the board/management culture

Individual members of the management team and individual members of the Board of Trustees all share a mutual obligation to nurture and respect the board/management culture. Members of the board should make suggestions and raise concerns with their fellow board members and with the board chair. Members of the management team should make suggestions and raise concerns with the chancellor. The board chair and the chancellor are responsible for striving to resolve concerns that surface and to initiate discussions that would nurture and improve the board/management culture going forward.

“The potential minefield that lies between management and governance is best traversed when the board chair and the president can *privately* disagree about anything and everything and work out their differences. In a healthy working relationships, the chair and president can admit to the board (and even the public) that they may disagree on how an issue or a proposed recommendation should be handled, but it is important that such differences be rare. Clearly, the two leaders need not agree on every issue, but they should see eye-to-eye on most. The board expects the chair and president to be on the same page; indeed, the news media's instincts are to constantly look for evidence of breaches of confidence among leaders and to report accordingly. If mutual confidence and trust between board chair and chief executive are lost, one or the other should move on, and it need not necessarily be the president or chancellor. It is the *institution's* reputation and integrity that must prevail.”

“One of the most common expectations between chairs and chief executives is the doctrine of “no surprises.” Boards, and especially board chairs, do not like to be blindsided; they understandably expect “to know” before campus constituencies or the news media do. But ditto for the chief executive. It is the chair's responsibility to see things that the president may be seemingly “blind” about. That is why a close working relationship based on mutual respect and confidence is so helpful to both parties.”

– Richard T. Ingram, *The Board Chair's Responsibilities*, Association of Governing Boards, 2002.