

Secure Choice Retirement Savings Investment Board

Board Governance Overview

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Governance Questions

- What are the Board's responsibilities?
- How do we assure that the Board's responsibilities are carried out?
- What are management's responsibilities?
- How do we, as the Board, assure the organization performs at its highest levels?
- How do we assure ongoing clarity of roles and responsibilities?

Evolution of Boards



Habits of High-Performing Governing Boards

- A governing Board needs to act in certain ways in order to assure high levels of performance throughout the organization.
- The following slides lay out the five habits of high-performing governing boards.

Habit 1: Board members cultivate the Board as a distinct entity.

- Board members observe their fiduciary duties and avoid conflicts of interest.
- Board members recognize the Board as a distinct entity that governs the organization.
- The Board directs the organization via the chief executive.
- Individual Board members do not direct staff, except when authorized to do so.
- Board members offer suggestions and ask for information from staff.

Habit 2: The Board focuses on results – and on monitoring results.

- The Board defines the results/goals that the organization is to achieve through a written plan or policies.
- The Board clarifies in writing the delegations to the chief executive.
- The Board regularly monitors the goals, via measures of success.
- The Board recognizes that the feedback loop established through regular monitoring creates strong levels of performance.

Habit 3: The Board develops itself so it can effectively serve the organization.

- The Board regularly clarifies the roles of the Board, Board chair, Board members, and its direct reports.
- The Board regularly monitors its policies, its structure, and its effectiveness.
- The Board assures an orderly succession of Board leadership.
- The Board assures new Board members are oriented to be effective as Board members.

Habit 4: The Board ensures sufficient resources are on hand and that those resources are managed effectively.

- The Board regularly reviews the finances of the organization.
- The Board assures resources are sufficient to meet the organization's goals.
- The Board assures an audit is conducted of the organization's finances.

Habit 5: The Board provides feedback and support to the chief executive.

- The Board regularly evaluates the chief executive on the basis of the organization's success in achieving the goals.
- The Board assures the chief executive receives the coaching, mentoring, and training support that he or she needs.
- When a vacancy occurs, a new chief executive is selected based on his or her ability to achieve the Board's goals.

When Governance Is Effective

- Board members and executive team members agree on the principles and habits of effective governance.
- Board members and executive team members adopt a well-understood governance approach and apply themselves to maintaining it.

When Governance Is Effective

- The Board steps back from trying to manage how things get done and focuses on defining desired results.
- Delegations to the chief executive clarify roles and enable the Board to stay focused at a high level.

When Governance Is Effective

- “Unity of control” is upheld.
 - It is the Board that directs management, not Board members.
- There is a recourse for management in cases of micro-management by Board members.

When Governance Is Effective

- Individual Board members may and should try to influence the Board on a particular issue, but:
 - Members should not undermine the credibility of the Board's policies or decisions; and
 - When making statements outside the Board's presence, they are clear that any statement contrary to the Board's policy is their personal opinion.

Lessons Learned

- During a start-up phase, Boards are often more deeply involved in the details of products, services, pricing, marketing etc.
- Once the start-up phase is over, the Board needs to step back and let management execute on the defined goals and policies.

Lessons Learned

- The Board's goals need to provide a stable set of expectations that align the organization and eliminate confusion...
- ...at the same time, the Board's goals can and should evolve as the operating environment changes.