

OPPD Governance Initiative

Board Policy Workshop July 24, 2017



Safety Briefing

OPPD Corporate Governance Initiative

Overview

- Chartered by Board Governance Committee 12/16/14.
- Assessed and refined OPPD's corporate governance infrastructure to:
 - Sharpen focus on critical issues
 - Clarify relationship between Board and management
 - Optimize decision-making
 - Deliver organizational results aligned with agreed upon (Board approved) strategic performance objectives and risk levels

Guiding Philosophy

"Governance exists in order to translate the wishes of an organization's owners into organizational performance."

John Carver



Board Policy Workshop

Review current progress, address key issues and potentially enhance policies to strengthen the effectiveness of OPPD's corporate governance infrastructure in service to OPPD's customer-owners.

Date July 24, 2017

Time 8:00am-4:30pm

Place UNO Community Engagement Center Room 201
 OPPD Board of Directors
 OPPD Senior Management Team
 Steve Bruckner, Fraser Stryker
 Facilitator: Eric Douglas,
 President & CEO, Leading Resources, Inc.

Public Attendees
 OPPD Subject Matter Experts

Workshop Goals

- Ensure mutual understanding around the key factors of effective Board governance;
- Deepen the Board's understanding of its approach to governance and how it benefits the District;
- Identify areas of governance system that are working well for OPPD;
- Identify areas of governance that could be improved;
- Develop consensus around specific ways to refine the Board's governance system;
- Facilitate discussion of what changes, if any, are needed in the Board's SD policies to align them with the future direction of OPPD.
- Facilitate discussion of the senior management team's strategic planning process and OPPD's strategic priorities;

Facilitator: Eric Douglas

Senior Partner, President and Founder- Leading Resources Inc.

- Founder, president and senior partner of Leading Resources Inc. (“LRI”).
- Recognized expert in Board governance and organizational leadership; designed and orchestrated engagements with dozens of public agencies, non-profit organizations, and large and small companies.
- Authored two books. His most recent book, *The Leadership Equation*, details the practices that effective leaders use to build high-performing organizations. His previous book, *Straight Talk: Turning Communication Upside Down for Strategic Results*, provides insights into how leaders can productively communicate around tough issues.
- Honors graduate of Harvard University and serves on its alumni Board of Directors.
- Honored by the Institute of Management Consultants (IMC) for his work and devotes considerable time to charitable and community projects.

Agenda Overview

8-8:30 a.m.

I. Welcome

- Welcome by Board Chair & CEO
- Introductions
- Agenda overview

8:30-10 a.m.

II. The Principles of Policy Governance

- Discuss foundational principles of effective Board governance
- Solidify consensus on principles
- Discuss assessment of the Board's practices

10-10:15 a.m.

Break

10:15-11:30 a.m.

III. Refine Governance Processes

- Discuss current processes and potential refinements
- Build consensus on changes
- Define action steps

11:30 a.m-12:15 p.m.

Lunch

12:15-4:00 p.m.

IV. Work on Strategic Policies

- Model an approach to work collaboratively to discuss and refine the Strategic Direction policies.
- For each selected policy, discuss Board members' goals, broaden understanding around current context and future trends, brainstorm options, and decide on next steps

4:00-4:30 p.m.

V. Conclusion

- Summary of next steps
- Adjourn

Board Governance Overview

OPPD Board Workshop 2017

Presented by:

Eric Douglas, senior partner

Leading Resources Inc.

Governance Questions

- What are the Board's responsibilities?
- How do we assure that the Board's responsibilities are carried out?
- How do we to maximize the role of the Board to assure the organization performs at its highest levels?
- How do we assure clarity of executive roles and responsibilities?

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 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's job is to define the high-level results that the organization is to achieve.
- The Board expresses its goals through a written plan or policies.
- The Board regularly monitors the goals, via measures of success.
- The feedback loop established through the monitoring process creates strong levels of performance.

Habit 3: 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 helps develop and approves the organization's budget.
- The Board assures an audit is conducted of the organization's finances.

Habit 4: The Board develops itself so that it can effectively serve the organization's needs.

- The Board regularly monitors its effectiveness and structure.
- The Board regularly clarifies the roles of the Board, Board members, and staff.
- The Board assures an orderly succession of Board leadership.
- The Board recruits and approves new Board members and orients them to be effective as Board members.

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 Board's goals.
- The Board assures the chief executive receives the coaching, mentoring, and training support that he or she needs.
- When a vacancy occurs, the Board selects a new chief executive based on his or her ability to achieve the Board's goals.

Evolution of Boards



When Should a Board Use Policy Governance?

- When the Board is defined as a governing Board.
- When the organization has developed significant staff capability.
- When the organization is a non-profit or public agency.

Carver Policy Governance

Ends

The organizational “swap” with the world. What human needs are to be met, for whom, and at what cost.

Executive Limitations

Those principles of prudence and ethics that limit the choice of staff means (practices, activities, circumstances, methods).

Board-Executive Relationship

The manner in which power is passed to the executive machinery and assessment of the use of that power.

Board Process

The manner in which the board represents the “ownership” and provides strategic leadership to the organization.

“Coherent” Policy Governance

Results

Policies define the outcomes that the organization is expected to achieve - and the performance targets for the CEO.

Operational Expectations

Policies define what the Board either wants to occur or not occur in the management of the organization.

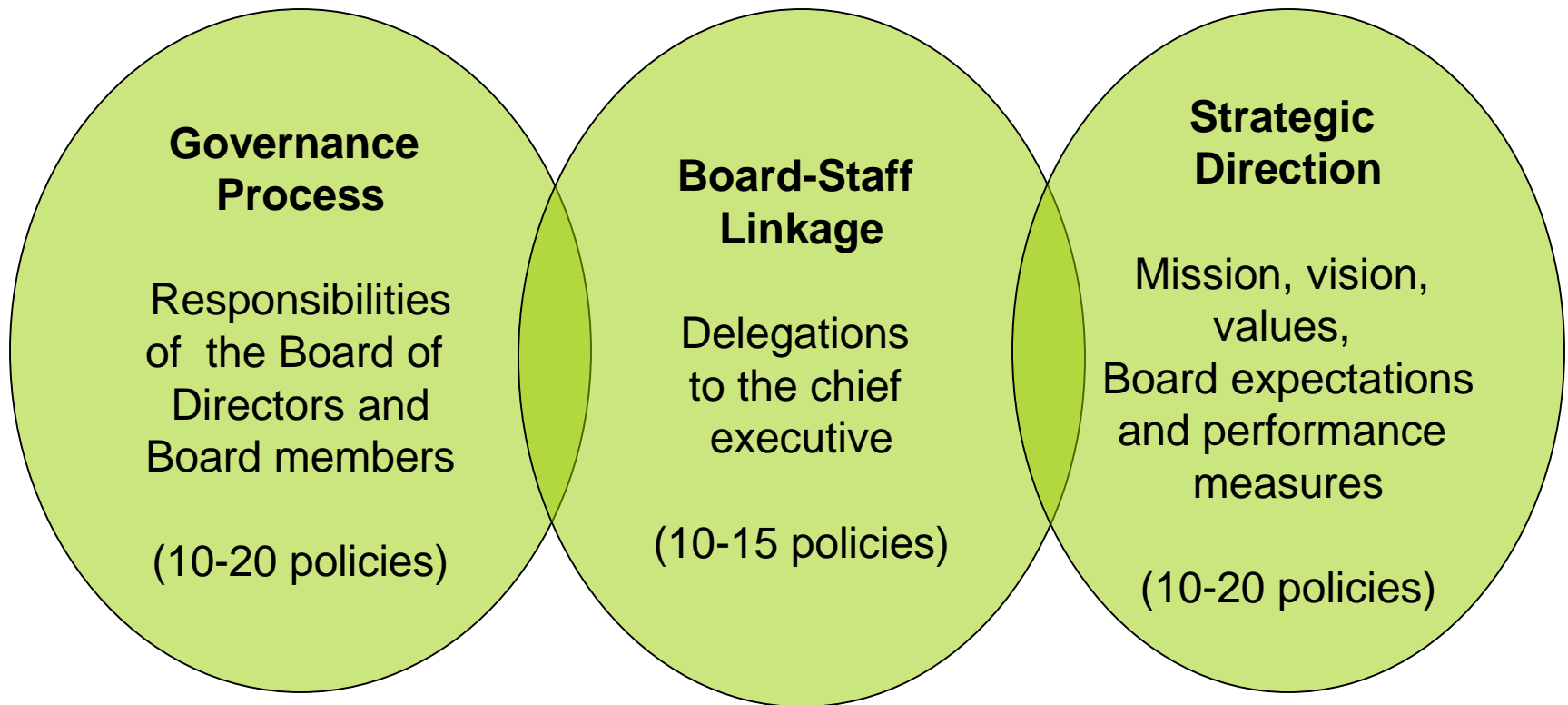
Board-CEO Relations

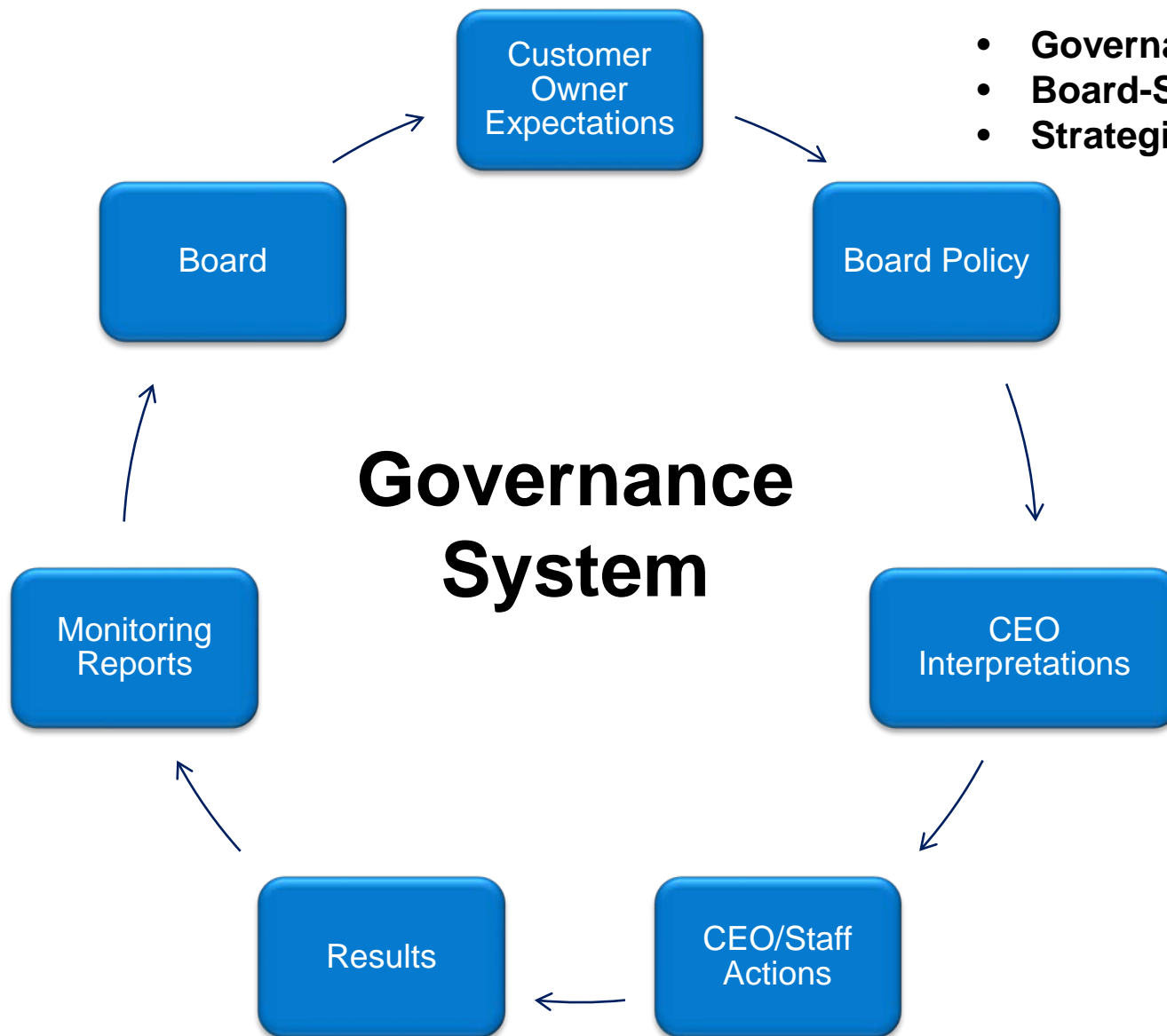
Policies define The degree of authority conveyed by the Board to the CEO.

Governance Culture

Policies define how the Board performs its work, including Board's purpose, norms of behavior, role of committees, Board discipline and accountability.

Strategic Policy Governance





- **Governance Process (GP)**
- **Board-Staff Linkage (BL)**
- **Strategic Directives (SD)**

Governance System

When Governance Is Broken

Board Members think:

- The executive team is making the important strategic decisions.
- We are “rubber stamping.”
- We need to play more of a leadership role.
- We are unclear what to do or how to redefine their responsibilities.

When Governance Is Broken

Executive Team members think:

- Board members are micro-managing.
- We have too many individual bosses – not one boss.
- We have to spend a lot of time interpreting what Board members want.

When Governance Is Effective

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

Principles of Policy Governance

- The Board steps back from trying to manage how things get done and focuses on defining desired results.
- The Board speaks as one via written policies.
- Delegations to the CEO clarify roles and enable the Board to stay focused at a high level.

Principles of Policy Governance

- The Board's policies establish high-level values, goals and performance measures.
 - Policies are organized in a modular fashion that is easily accessible.
- The CEO interprets the organization based on the Board's policies, using his/her prudent judgment.

Principles of Policy Governance

- “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.

Principles of Policy Governance

- 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.

Principles of Policy Governance

- There is a regular schedule and process for monitoring the Board's policies.
- There are regular opportunities to reflect on the Board's policies and refine them.
- These are related but separate functions.

Principles of Policy Governance

- The Board assesses the CEO's performance, based on the organization's performance vis a vis the policies and his/her leadership.
- The Board regularly evaluates its own performance.

Principles of Policy Governance

- There is a plan for the Board's work (including committees).
- There are clear protocols for getting items on Board and committee agendas.

Principles of Policy Governance

- The roles of the Board chair and the committee chairs are spelled out.
- The roles are primarily to organize the work of the Board and committees and keep things on track.

To Summarize

When governance is effective:

- There is a clear role and voice for the Board.
- There is a strengthened relationship between Board and executive team and staff.
- The organization is aligned around a clear set of performance expectations.

Lessons Learned

- All Board members need to be informed and involved in a) monitoring and b) developing/refining the Board's policies.
- Board and committee meetings need to be structured and managed accordingly.

Lessons Learned

- There are different ways to measure performance in achieving the Board's policies:
 - ❑ Numerical metrics and targets
 - ❑ Evidence of strategic action and initiative
 - ❑ Surveys
 - ❑ Audits

Lessons Learned

- New Board member orientation needs to be thoughtfully planned and carried out.
- Board chairs and committee chairs need training in how to facilitate discussions and build consensus.

Lessons Learned

- Boards experience differing degrees of change and pressure depending on:
 - Changes in operating environment
 - Changes in Board composition
 - Changes in CEO and executive management

Lessons Learned

- The Board's policies need to be a self-contained set.
- There shouldn't be separate documents that "explain" the policies.

Questions?

The G.R.O.W. Model of Facilitation

- Our discussions will be more productive if we agree on a step-by-step approach.
- We are going to use the G.R.O.W. model today to facilitate our discussions about the policies.
- This can serve as a useful model for future discussions.

The G.R.O.W. Model of Facilitation

- G = Goal
- R = Reality
- O = Options
- W = Will

The G.R.O.W. Model of Facilitation

- G = Goal.
 - ❑ What is the larger goal or issue we want to tackle?
 - ❑ What are our goals related to this issue?
 - ❑ What specific topic or issue is the focus of our discussion?

Note: People typically don't spend enough time being clear about the goal of the discussion or the larger goals that the discussion relates to.

The G.R.O.W. Model of Facilitation

- R = Reality.
 - ❑ What is the present situation in more detail?
 - ❑ What data do we have? What do we know?
 - ❑ What are the concerns?
 - ❑ What has been tried? What have we learned?

Note: People typically don't spend enough time sharing information about the current reality before they start brainstorming.

The G.R.O.W. Model of Facilitation

- O = Options
 - ❑ What are our ideas for achieving the goal or addressing the issue?
 - ❑ What are the implications of each idea?
 - ❑ What are the pros and cons of one option over another?
 - ❑ Which of these options appeals to you most?

Note: This is the part that people enjoy and typically jump to without spending enough time on “G” and “R.”

The G.R.O.W. Model of Facilitation

- W = Will
 - ❑ What are the next steps we want to take to gain additional understanding or to resolve this issue or to make a decision?
 - ❑ Who will specifically do what?
 - ❑ When will we take up this matter next?

Note: People often wrap up discussions of issues without making a decision on what to do next.

Consensus Building

- The facilitator listens and paraphrases ideas.
- When people suggest an idea, the facilitator repeats it and asks if people agree.
- Test consensus using a “1-2-3” system:
 - 1 = I fully support it.
 - 2 = I support it, with some reservations.
 - 3 = I don’t support it.
- You can also use ground rules: e.g. silence means consent.

Questions?

Next Steps

| Action | Lead | Date |
|---|-----------------------------------|------------------------|
| Gather and review governance-related information pertinent to shape the workshop. | S. Focht K. Tracy | On-going |
| Conduct survey of OPPD's Board and Senior Management Team and analyze results. | E. Douglas | 7/2017 |
| Announce workshop during Board meetings | Governance Committee | On-going |
| Develop workshop agenda, approach and materials. | E. Douglas | 7/2017 |
| Provide press release announcing workshop | K. Tracy | 7/17/17 |
| Workshop: Policy Review/Discussion – open to public | E. Douglas, S. Focht, K. Tracy | 7/24/2017 |
| Finalize policy drafts/revisions | Board | 8/17/17 |
| Make available for Public Comment – typically 30 day period | K. Tracy | 8/17/17 |
| Review feedback on policy drafts/revisions; finalize policies | Board | 9/14/17 |
| Approve any revised and/or new policies | Board | 9/17/17 or 10/12/17 |