AIA GRASSROOTS 2001 ISSUES FORUM
AIA GOVERNANCE – AIM Objective #7
January 2001

Background: *"Structure either inhibits or enhances a culture of innovation. If leadership is the key to achieving a transformed AIA, then the structure should promote the election and hiring of capable and forward-thinking leaders who are committed to this transformation. If it does not, the remedy is clear: Better align the structure to facilitate what we want to become. Accountable leadership is key to achieving this."* From "The AIM Report," page 27.

In May 1999, The AIA national Board of Directors (Board) adopted a new long-range strategic plan, the "AIM Report." Among the seven Objectives identified in the AIM Report is one entitled "Governance." Its charge is to: "Transform the culture, structure, and resources of the Institute to facilitate the bold implementation of policies that support the Mission and Vision Statements and provide more timely, consistent, and innovative responses to emerging issues." In September 1999, the AIA Executive Committee (ExCom) was assigned the task of analyzing the governing process of the Institute at the national component. Their challenge was to recommend actions that will lead to a governance structure that is truly representational, efficient, responsive, accountable, and capable of nourishing a culture of innovation.

Issues: In the months that followed the September Board meeting, the ExCom's analyzed the governing process, first in terms of the primary **functions** of governance and then in terms of the **structural characteristics** used to support those functions. From this information, observations were made on the effectiveness of the current governing model which, in turn gave insight into an alternative model that may be adopted.

Prior to a meeting of the full Board in March 2000, the AIA ExCom gathered in Nashville for a working session. To understand the governing process, the minutes and agendas from previous Board and ExCom meetings were analyzed to identify the basic functions that were being performed. This analysis was verified by examining literature about governance and the practice of other organizations. Eight functions were identified:

1. Understand the issues
2. Set policies and positions
3. Consider strategic initiatives
4. Provide fiscal oversight
5. Monitor management performance
6. Evaluate programs
7. Make work appointments
8. Recognize and reward excellence

These functions were presented to the Board at the March meeting. During the ensuing discussion, it was suggested that the first three functions represent the strategic leadership activities upon which a Board should concentrate its attention; whereas functions four through eight, while important, tend to take time away from adequate consideration of the strategic functions. It was further noted that in many associations, the ExCom's primary job is to address functions four through eight on an interim basis between Board meetings. It was reasoned that the Board and ExCom might distinguish their responsibilities in ways that let the full Board focus more on issues, policy, and agreement on strategy. The Board endorsed this understanding.

In July 2000, the ExCom gathered once again for a working session on governance. At this retreat, the elements of function, the structural characteristics of governance, and the areas of influence demonstrated by structural characteristics were reviewed and refined. It was here that discussion began of an appropriate model of governance that would be responsive to the challenge of the AIM Report.

Alternatives: The September 2000 meeting of the Board featured a working session at which the ExCom shared the following observations about the AIA's current governing model:

1. The Board's size is very large for its current scope of work, which includes full responsibility for *all* governing functions.
2. The ExCom's scope of work has little to clarify its role from the Board's, other than its interim authority between Board meetings. As a consequence, there is functional redundancy and failure to capture the advantages offered by role differentiation.
3. The Board is better at dealing with professional issues than with organizational matters, by virtue of its size and representational characteristics.
4. The current number of meetings in the December to May period creates an excessive demand on resources and is an inefficient distribution of work for all involved.
5. Clearly defined expectations for Board members' effective roles could result in greater productivity in the governing process and assist the regions in their Board member selection.
6. The representation responsibilities and corresponding communication role of Board members are poorly defined.
7. In a growing number of nonprofit organizations, board member accountability is being given greater scrutiny, with the resulting development of performance measures.

In the place of the current model, the ExCom offered a new governance model. Elements of this concept included the following:

1. The **functions** of governance should be used to differentiate the **responsibilities** of the full Board from those of the ExCom.
2. The Board should focus more on **professional issues** and **policy-making**, whilst the ExCom should focus more on Institute-related performance issues.
3. The **representational** role of board members should be increased to improve communication with constituents on policy issues and strategies
4. A more specific focus by the Board on professional issues and policy-making could be accommodated in **fewer or shorter** Board meetings.
5. The current Board composition and size could be justified by limiting its **lead responsibilities**, reducing its **meeting time**, and increasing its **representational functions**.
6. A more specific focus by the ExCom on Institute-related **performance issues** may require an increase in the frequency of its meetings, whether real or virtual.
7. The Grassroots Leadership Conference should be adjusted to include a **forum** where elected state and local component representatives and the Board discuss the policy-related issues on the Board's agenda.

The Board advised that the ExCom's suggestion that representatives who "could offer additional insights into Institute-related performance issues be added to the ExCom" required additional discussion and greater justification.

Implications: Having gained a general acceptance of these attributes and armed with the Board's input, the ExCom met once again in October to make adjustments and discuss the details

of a proposed implementation plan. The outcome of this meeting was a conceptual model delineating ideal attributes. This model together with the Board's actions follows:

Attribute 1: The Board should focus more on the deliberation of professional issues through the establishment of a formal process that would (a) maintain an awareness of all strategic issues being tracked by the Institute and (b) place selected issues on the agenda for deliberation. Action: Unanimously approved.

Attribute 2: The ExCom should focus more on the performance issues affecting the Institute's ability to deliver on the outcomes of the Board's strategic deliberations. Action: Approved with the provision that some functions will be shared between the Board and the ExCom.

Attribute 3: Regional Directors should be creative and consistent in the way they (a) communicate their constituents' thinking to the Board and (b) the way that they communicate outcomes from the Board's deliberations back to their constituents. Action: Some revision in the wording but the concept was approved.

Attribute 4: The composition of the AIA Board should remain in its present form. Action: Broad agreement that required no specific action.

Attribute 5: The composition of the ExCom should be adjusted to include the current President of CACE and the current Associate Member of the Board. Action: It was agreed that the past CACE President should be added as an ex officio, non-voting member. A similar proposal to include the Associate Director was not approved.

Attribute 6: A Board committee charged with the responsibility for leadership development should nominate a single slate of candidates for election to the ExCom, with the exception of candidates for the office of President/President-elect, which would not change from the current procedure. This slate of officers should go to the membership for election by delegates at the Convention. The election process should be open for additional nominees from the floor. Action: An edited version of this attribute was looked on favorably. Requires a Bylaws amendment at the May Convention.

Attribute 7: The number of full Board meetings per year could adjust downwards to a maximum of three. Action: Not approved, although the Board did agree with the underlying spirit of this attribute and noted that less time spent on meetings was an appropriate goal.

Attribute 8: The Grassroots Leadership Conference should be adjusted to include a forum where elected state and local component representatives and the Board discuss the policy-related issues on the Board's agenda. Action: Approved without discussion.

Desired Actions:

1. Input on revised governance attribute #6: A Board committee charged with responsibility for leadership development should nominate a single slate of officers for election to the ExCom, with the exception of candidates for the office of the President/President-Elect, which would not change from the current procedure. In addition to the nominating committee's slate, an open process by which AIA members are invited to identify other candidates for consideration shall be established and encouraged.

Commentary: A fundamental premise of the entire AIM initiative was the belief that leadership must be developed in a long-term, systematic manner. Leaving the election of officers to whoever steps forward was not seen as an organizational commitment to developing leaders. The intent of this notion is that a new Board level committee should be established to take a long view of where the Institute's leaders come from and how they develop. Development opportunities would be cultivated at various points in the life cycle of active member/leaders. The culmination of this process would be the nomination of a single slate of candidates, carefully selected using criteria that reflect the Institute's leadership values. To maintain credibility, the process would remain open to the nomination of competing candidates and a final election by Convention delegates.

During discussion last December, the Board agreed there should not be a single slate of Board-approved candidates, as that would give the appearance of being "anointed." Rather, a slate of suggested candidates for each office would be preferable. In either case, the chances of success of a member interested in running for office but not part of the Board-sponsored slate of candidates was a major concern.

2. A full discussion of the division of functions between the Board and the ExCom.

Commentary: The differentiation of responsibilities would be defined using the functions of governance and would be along the following lines:

Functions	**Lead**
a. Understanding issues	Board
b. Setting policy, positions	ExCom
c. Proposing strategic initiatives	Board
d. Evaluating/Approving Strategic initiatives	Board
e. Providing fiscal oversight	Shared
f. Monitoring management performance	ExCom
g. Evaluating programs	ExCom (tactical)
h. Appointing/selection of representatives/officers	ExCom
i. Recognizing excellence	ExCom

This role differential would not require Bylaw changes and would not reduce the authority currently vested in the Board. It would be a delegation of responsibility by the Board based on improved governance effectiveness.

3. A full discussion on the representation qualities of the Regional Directors.

Commentary: The deliberation of issues would define much of the information that Directors would convey to and from their constituents under this recommendation. Implementation of this expanded responsibility would require a clearer set of expectations that should influence the regional selection of Directors and provide better support for them from the national component.

4. Taking the next steps.

Commentary: A critical element of the design process, of which the governance proposal is an example, calls for a continuous critique. These initiatives to improve the AIA's governance are evolutionary in nature. For some, the proposed initiatives may not seem bold enough. What is perhaps more important, however, is the direction of change. If it is correct,

the speed can be accelerated. Acting deliberately allows all participants to monitor the effects of change and make adjustments wherever appropriate.

Further, although the discussion of governance has thus far focused on the national Board, the issue is much larger, embracing all the components that together make up The American Institute of Architects. Today the AIA comprises approximately 300 independently operating corporations, each run its own way. The strength of this model is that it reflects the diversity of the AIA's members and their regions. There is also the opportunity for innovation on all fronts, including the very issues discussed in this Forum.

However, the inherent weaknesses of the existing model are all too apparent. The most detrimental consequences are nowhere more apparent than in the quality of services delivered to the members. The AIM strategic planning process provides a matrix for a better understanding of the appropriate role of each component. With such an understanding, we may begin collaboratively and collectively to better align the relationships, the influence, the funding, the flow of resources, and the relationships to AIA members wherever they live and in whatever ways they make their contributions to their clients and communities.